

G Steel Public Company Limited

# ANNUAL REPORT 2020

*GSteel*

# Contents

General Information.....	2
Message from the Chairman .....	4
Message from Chief Executive Officer .....	5
Names of Directors and Executives.....	6
Policy and Business Overview .....	27
Nature of Business .....	36
Steel Industry situation .....	42
Risk Factors and Risk Management .....	49
Securities Details and Shareholders .....	54
Management Structure.....	57
Good Corporate Governance .....	66
Corporate Social Responsibility .....	97
Internal Control and Audit System.....	104
Related Transactions.....	107
Management Discussion and Analysis .....	112
Audit Committee Report.....	120
Financial Statements 2020.....	122

## General Information

The Company Name:	G Steel Public Company Limited
Trading Symbol on the Stock Exchange of Thailand:	GSTEEL for ordinary shares
Company Registration Number:	0107538000746
Headquarter Location:	88 PASO Tower, 18 <sup>th</sup> Floor, Silom Road, Suriyawong, Bangrak, Bangkok 10500
	Tel: (02) 634-2222      Fax: (02) 634-4114
Factory Location:	55 Moo 5, SSP Industrial Park, Nonglalog, Bankhai, Rayong 21120
	Tel: (038) 869-323      Fax: (038) 869-333
Website:	www.gsteel.com
Date of Establishment:	31 October 1995
Date of Production Commencement:	1 November 1999
Type of Business:	Production and Distribution of Hot Rolled Coil and Slab Hot Rolled Coil <ul style="list-style-type: none"> <li>• Width      900 - 1,550 mm.</li> <li>• Gauge      1.0 - 13.0 mm.</li> </ul> Slab <ul style="list-style-type: none"> <li>• Width      900 -1,550 mm.</li> <li>• Gauge      80 - 100 mm.</li> </ul>
Production Technology	Melting      - Electric Arc Furnace from Germany Casting      - Medium Slab Casting Machine from Japan Rolling      - Hot Strip Mill from Japan
Maximum Production Capacity:	1,580,000 tons per annum
Number of Employees:	613 persons
Registered Capital:	Baht 158,059,755,140.00
Paid-up Capital:	Baht 144,643,827,160.00
Paid-up Common Stock:	28,928,765,432 Ordinary shares, with per value of Baht 5.00 per shares
Fiscal Year:	1 January - 31 December

## Reference

Share Registrar:

Ordinary Shares: Thailand Securities Depository Company Limited  
No. 93 Rachadabhisek Road, Dindaeng, Dindaeng, Bangkok 10400  
Tel: (02) 009-9999 Fax: (02) 009-9991

Debenture Registrar: The Hong Kong and Shanghai Banking Corporation Limited  
Level 30, HSBC Main Building, 1 Queen's Road Central, Hong Kong

External Auditor: **Baker Tilly Audit And Advisory Services (Thailand) Limited**

Mr. Apichart Sayasit,  
Certified Public Accountant License No. 4229, or

Miss Wimolsri Jongudomsombut,  
Certified Public Accountant License No. 3899, or

Miss Waleerat Akkarasrisawad,  
Certified Public Accountant License No. 4411

21/1 Floor, Sathorn City Tower,  
175 South Sathorn Road, Sathorn, Bangkok 10120

Tel: (02) 679-5400 Fax: (02) 679-5500

Investor Relations: Investor Relations Department

Tel: (02) 634-2222

E-mail : IR@gsteel.com

**Other Related Information:** - None -



## Message from the Chairman



As I reflect on a uniquely challenging year, it is clear that the effects of the Covid pandemic have impacted everyone at home and abroad, and in common with most every business has raised serious challenges in efforts to successfully manage continued operations of the Company.

It seems clear that the full effects of the pandemic will not be known for some time to come, but in the meantime, the health and welfare of all our employees, their families and loved ones has and continues to be of paramount concern, and we are very proud of and grateful to our teams who come on site every day to ensure business continuity.

Against this background, it is therefore extremely reassuring to note that during 2020 the Company was able to focus on leveraging operational improvements and profitability following the 2019 restructuring and debt-to-equity swap, which enabled the Company to demonstrate a return to positive shareholder equity.

During the year, production volume increased from 341k Mt in 2019 to 574k Mt in 2020, despite a 21% decline in Hot Rolled Steel consumption in Thailand, and an expected 6.5% contraction in the Thai GDP attributable to the impact of the Covid pandemic; as I write, there is cautious optimism that this positive trend in production and profitability has continued into the early part of 2021.

The significance of the Company results reflects in large part the contribution from the new CEO, who was welcomed to our senior management team in May 2020. He has brought with him many years of invaluable experience in his leadership roles of enterprises and financial institutions. He has since been responsible for guiding the management team, and also the introduction of various new initiatives which have enabled the Company to take advantage of and manage market opportunities during these challenging times, as well as positioning the Company to make sustainable improvements in 2021 and beyond.

On behalf of the Board of Directors, I would like to thank the Thai Government, Investors, and Business Partners for their kind support, and would also like to appreciate the Management Team and all the Employees for their efforts during such difficult times.

**Mr. Christopher Michael Nacson**  
Chairman of the Board of Directors

## Message from Chief Executive Officer



Outbreak of the global pandemic of Covid-19 made the Year 2020 an unprecedented year causing severe disruption to the businesses and economies across the Globe. While the Global GDP is expected to contract by 4 - 4.5%, Thailand GDP is expected to decline by about 6.5% when compared to 2019. As all Governments try to contain the damage and take steps to recover, Thai Government has also announced a series of measures which will go a long way to stimulate the economy and bring it back to pre Covid growth levels. With the measures taken and under consideration the Bank of Thailand has projected a GDP growth of 3.2% for the year 2021.

The contraction in economy also severely impacted the steel industry with total steel Consumption in Thailand declining from 18.6 million MT in 2019 to 16.4 million MT in 2020, a fall of 12%. Hot Rolled segment, which was already facing challenges due to expiry of Safeguard duties in 2019, took a further hit in 2020 and the consumption declined by 21% compared to 2019. To summarise the last two years, the Hot Rolled Consumption in Thailand decreased from 7.3 million Mt in 2018 to 5.4 million Mt in 2020, a decline of 26%. G Steel has joined the Steel Associations in representing this difficult situation to the Government Authorities who are taking various steps to support the domestic Industry.

To overcome the difficult situation and declining profitability, the Company undertook several long term cost reduction measures which included optimization in metallic mix to reduce metallic cost, reduction in manpower costs, energy saving initiatives etc. The Company also continued its focus on ordering some critical spare parts and maintaining equipment health and spend on Capex for cost reduction and quality enhancement. These initiatives coupled with improving market conditions have helped the Company to embark on the recovery path since 3<sup>rd</sup> Quarter of 2020.

As we cross over to 2021, the steel consumption in Thailand is expected to grow by 4.6% as per Iron and Steel Institute of Thailand (ISIT) and with all the internal improvement measures being undertaken, the Company is now better positioned to leverage the expected improvement in the market.

I would like to express my sincere gratitude and thanks to our all esteemed Stakeholders, Employees, Customers, Suppliers, Investors and the Royal Thai Government for supporting us during these hard times and assure them of our best efforts to improve in all areas as we move ahead.

Kanit Sukonthaman

Chief Executive Officer

## Names of Directors and Executives

As at 31 December 2020



**Dr. Somsak  
Leeswadtrakul**  
Honorary Chairman



**Mr. Li  
Zhong Yuan**  
Independent Director  
Chairman of the Audit Committee



**Khunying Patama  
Leeswadtrakul**  
Director  
Authorized Director



**Mr. Andreas Rizal  
Vourloumis**  
Director  
Authorized Director



**Mr. Sudhir  
Maheshwari**  
Director



**Ms. Arttaya  
Sookto**  
Company Secretary



**Mr. Christopher  
Michael Nacson**  
Chairman of the Board of Directors  
Independent Director  
and Audit Committee Member



**Mr. Chainarong  
Monthienvichienchai**  
Independent Director  
Audit Committee Member



**Miss Kannikar  
Yomchinda**  
Director  
Authorized Director



**Mr. Sharad  
Bajpai**  
Director  
Authorized Director



**Mr. Kanit  
Sukonthaman**  
Director and Chief Executive Officer  
Authorized Director



## The Executives



**Mr. Kanit  
Sukonthaman**  
Chief Executive Officer



**Mr. Sittisak  
Leeswadtrakul**  
Deputy Chief Executive Officer



**Mr. Rajeev  
Jhavar**  
Chief Financial Officer



**Khunying Patama  
Leeswadtrakul**  
Chief of Corporate Social  
Responsibility Officer



**Mr. Warawut  
Suwannasorn**  
Chief Production Officer

## Executive Committee



**Mr. Kanit  
Sukonthaman**  
Chairman of the Executive  
Committee



**Mr. Warawut  
Suwannasorn**  
Member



**Mr. Sudchai  
Visuddhidham**  
Member



**Mr. Sittisak  
Leeswadtrakul**  
Member



**Mr. Rajeev  
Jhavar**  
Member



**Mr. Yotsakorn  
Srisuksawadi**  
Member



## Profile of the Directors and Executives

### Mr. Christopher Michael Nacson

Age 70 years

#### Current position

- Chairman of the Board of Directors
- Independent Director
- Audit Committee Member
- Nomination and Remuneration Committee Member

#### Date of Appointment

2 March 2020

#### No. of years in position

9 months

#### Education / Training

##### Education

- Completed secondary education at Chester City Grammar School, UK
- Served Articles to a Chartered Accountant, UK
- Membership of Insolvency Practitioners Association, UK
- Partner, Arthur Andersen & Co, Certified Public Accountants

##### Director Training

None

#### Positions in other listed companies

June 2013 to present

- Formerly Chairman, Independent Non-Executive Director, and member of the Audit Committee of Suntech Power Holdings Group, and continuing roles as a Director of companies and Manager of the Luxembourg SICAR together comprising the Group's controlling entities.

#### Positions in other non-listed companies

November 2014 to Present

- Non-Executive Director and Legal Representative of various investee companies in Asia for Clearwater Capital Partners (Fiera Capital)

October 2014 to Present

- Formerly Non-Executive Director with continuing Advisory Roles, AMCG Partners

April 2013 to Present

- Advisor to the Board and Shareholders, and subsequently Liquidator, Digital Marketing Solutions Co. Ltd.

April 2014 to July 2017

- Non-Executive Director, and member of the Audit Committee, Allianz ABS

2012 to 2015

- Corporate Advisory, Sell-side Advisory, Advisory Role to PE fund, Consultancy role, and Interim CFO role, CSL Asia Ltd.

#### No. of share(s) in the Company

(as at 30 December 2020)

- Held personally: None

- Held by Spouse or Minor children: None

#### Family Relationship among Directors and Executives

None

#### Director has direct and indirect in any contract entered into by company

None



## Mr. Li Zhong Yuan

Age 51 years

### Current position

- Chairman of the Audit Committee
- Independent Director
- Chairman of the Nomination and Remuneration Committee
- Chairman of the Corporate Governance and Risk Management Committee



### Date of Appointment

11 October 2019

### No. of years in position

1 year 2 months

### Education / Training

#### Education

- Master of Business Administration, Sasin Graduate Institute of Business Administration, Chulalongkorn University, Thailand
- Master of Science in Computer Engineering
- Bachelor of Science in Electrical Engineering, Boston University, Massachusetts, U.S.A.

#### Director Training

None

### Positions in other listed companies

None

### Positions in other non-listed companies

2019 to Present

- Executive Director, Lima Capital Asia Limited, Singapore

2017 to Present

- Director, Turnaround Management Association Singapore and South East Asia Ltd., Singapore

2017 to 2018

- Executive Director, Credit Structuring and Distribution Group, Standard Chartered Bank, Singapore

2016 to 2017

- Executive Director, Credit Loan and Special Situations, Standard Chartered Bank, Singapore

2014 to 2016

- Executive Director, Fixed Income, Currencies and Commodities Distribution, Morgan Stanley, Singapore

2011 to 2014

- Director, Fixed Income Distribution, Barclays Capital, Singapore

2010 to 2011

- Executive Director, Fixed Income, Currencies and Commodities Distribution, UBS AG, Singapore

2001 to 2010

- Director, Distressed Products Group / Strategic Investment Group, Deutsche Bank AG, Singapore and Hong Kong

2000 to 2001

- Vice President, Fixed Income Sales, Global Market, Thailand, Deutsche Bank AG, Singapore and Hong Kong

1996 to 1999

- Associate (Bankers Trust Company), Global Corporate Finance, Thailand Deutsche Bank AG, Singapore and Hong Kong

**No. of share(s) in the Company  
(as at 30 December 2020)**

- Held personally: None
- Held by Spouse or Minor children: None

**Family Relationship among Directors and Executives** None

**Director has direct and indirect in any contract entered into by company** None



## Mr. Chainarong Monthienvichienchai

Age 76 years

### Current position

- Audit Committee Member
- Independent Director
- Corporate Governance and Risk Management Committee Member

### Date of Appointment

Since 2000

### No. of years in position of Director

21 years

### No. of years in position of Independent Director

6 years

### Significant Designation in the past

December 2019 to August 2020

- Chairman of the Board of Directors

August 2017 to December 2019

- Independent Director

November 2015 to August 2017

- Independent Director and Chairman of Corporate Governance Committee

2013 to August 2017

- Independent Director and Audit Committee Member

2000 to 2013

- Director

### Education / Training

#### Education

- M.A. (Management), Asian Institute of Management
- B.A. (Business Administration), Chulalongkorn University

#### Director Training

- Executive Management with Business Development and Investment (No. 5/2018), Institute of Business and Industrial Development (IBID)
- Role of the Chairman Program (RCP) 43/2018, Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP) 2004, Thai Institute of Directors (IOD)

### Positions in other listed companies

August 2017 to July 2020

- Chairman of the Board of Directors, and Independent Director, G J Steel Public Company Limited

### Positions in other non-listed companies

2014 to Present

- Chairman of the Board of Directors, Salan Development Co. Ltd.



2007 to Present

- Chairman of the Board of Trustees, Saint John's University

2002 to Present

- Director, Arnoma Hotel Bangkok Co., Ltd.

**No. of share(s) in the Company  
(as at 30 December 2020)**

- Held personally: 300,000 Shares (0.001%)
- Held by Spouse or Minor children: None

**Family Relationship among Directors and Executives**

None

**Director has direct and indirect in any contract entered into by company**

None

## Khunying Patama Leeswadtrakul

Age 55 years

### Current position

- Authorized Director
- Chief Corporate Social Responsibility Officer

### Date of Appointment

17 May 2002

### No. of years in position

18 years 7 months

### Education / Training

#### Education

- B. Econ. Ramkhamhaeng University
- MBA., Ramkhamhaeng University Master of Science (Human Resources Development), University of Manchester, England
- Honorary Doctorate Degree of Liberal Arts, Rajamanagala University of Technology Phra Nakhon
- Honorary Doctorate Degree of Liberal Arts (Tourism Industry), Christian University of Thailand
- Honorary Doctorate in Music, Mahidol University
- Honorary Doctor of Philosophy (Management), Lampang Rajabhat University
- Honorary Doctorate in General Administration, Ramkhamhaeng University
- Wharton-NIDA Executive Leadership Program, University of Pennsylvania
- Leadership Program, Capital Market Academy, Class 5
- The Program of Senior Executive in Criminal Justice Administration, Class 16
- The Program of Senior Executive in Business and Industrial Development and Investment, Class 1
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)
- Director Certification Program (DCP), Thai Institute of Directors (IOD)
- The Role of Chairman Program (RCP), Thai Institute of Directors (IOD)
- Financial Statements for Directors (FSD), Thai Institute of Directors (IOD)



#### Director Training



**Positions in other listed companies**

2011 to Present

- Chief Corporate Social Responsibility Officer, G J Steel Public Company Limited

**Positions in other non-listed companies**

Present

- Chairperson, Arnoma Grand Hotel Bangkok
- Chairperson, Homeland Loyalty Club
- Chairperson, Cultural Promotion Fund, Department of Cultural Promotion, Ministry of Culture
- Director, Ramathibodi Foundation under the Royal Patronage of HRH Princess Mahachakri Sirindhorn
- Individual Expert Member, Thailand Institute of Justice
- Chairperson, Thailand Philharmonic Orchestra
- Honorary Chairperson and Founder Thailand Choral Association
- National Reform Committee on Culture, Sports, Labor and Human Resource Development
- Chair of National Reform Sub-committee on Sports
- Member of the International Olympic Committee
- Executive Member of Olympic Council of Asia
- President of the Badminton Association of Thailand under the Royal Patronage of HM the King
- Director, Foundation for Business and Industrial Development

**No. of share(s) in the Company  
(as at 30 December 2020)**

- Held personally: 273,095,200 Shares (0.94%)
- Held by Spouse or Minor children: None

**Family Relationship among Directors and Executives**      None

**Director has direct and indirect in any contract entered into by company**      None

## Miss Kannikar Yomchinda

Age 46 years

### Current position

- Authorized Director
- Nomination and Remuneration Committee Member

### Date of Appointment

12 December 2019

### No. of years in position

1 year

### Significant Designation in the past

July 2018 to December 2019

- Senior General Manager - Risk Commercial Assurance

May 2017 to July 2018

- Advisor to Executive Committee

April 2015 to May 2017

- Senior General Manager - Raw Material & Spare Part Procurement

### Education / Training

#### Education

- Master of Business Administration

University of the Thai Chamber of Commerce

- Bachelor of Arts

Chandrakasem Rajabhat University

#### Director Training

None

### Positions in other listed companies

1999 to December 2019

- Senior General Manager - Risk Commercial Assurance,

G J Steel Public Company Limited

December 2019 to February 2021

- Strategic Steering Committee,

G J Steel Public Company Limited

### Positions in other non-listed companies

March 2020 to Present

- Vice President, Thailand Iron and Steel Industry Club,

The Federation of Thai Industries

October 2019 to Present

- Vice President,

The Association of Thai Hot-Rolled Flat Steel

1992 to 1999

- Administration Officer,

Saint John's College / Dale Carnegie Bangkok

### No. of share(s) in the Company

- Held personally: None

(as at 30 December 2020)

- Held by Spouse or Minor children: None

### Family Relationship among Directors and Executives

None

Director has direct and indirect in any contract entered into by company None



## Mr. Andreas Rizal Vourloumis

Age 46 years

### Current position

- Authorized Director
- Nomination and Remuneration Committee Member

### Date of Appointment

11 October 2019

### No. of years in position

1 year and 2 months

### Education / Training

#### Education

- Master of Science (Economic History),  
London School of Economics and Political  
Science
- Bachelor's degree in Economics, London School  
of Economics and Political Science
- None

#### Director Training

### Positions in other listed companies

August 2017 to Present

- Director,  
G J Steel Public Company Limited

December 2019 to February 2021

- Strategic Steering Committee Member,  
G J Steel Public Company Limited

### Positions in other non-listed companies

January 2016 to Present

- Director,  
Alpha Capital Asset Management Co, Ltd.

2020 to Present

- Partner,  
Ares SSG Capital Management (Hong Kong)  
Limited

2009 to 2020

- Partner and Co-Founder,  
SSG Capital Management (Hong Kong) Limited

### No. of share(s) in the Company

(as at 30 December 2020)

- Held personally: None
- Held by Spouse or Minor children: None

### Family Relationship among Directors and Executives

None

### Director has direct and indirect in any contract entered into by company

None





## Mr. Sharad Bajpai

Age 53 years

### Current position

- Authorized Director
- Corporate Governance and Risk Management Committee Member

### Date of Appointment

11 October 2019

### No. of years in position

1 year 2 months

### Education / Training

#### Education

- PGDBM, XLRI, Jamshedpur, India
- Bachelor of Engineering (Civil) Honours, National Institute of Technology, India
- Director Accreditation Program (DAP) (146/2018), Thai Institute of Directors (IOD)

#### Director Training

### Positions in other listed companies

December 2019 to February 2021

- Strategic Steering Committee Member  
G J Steel Public Company Limited

### Positions in other non-listed companies

March 2018 to Present

- Director, Audit Committee Member, Nomination & Remuneration Committee  
Member, Risk Management Committee Member, Asset Liability Management  
Committee Member, Corporate Social  
Responsibility Committee Member, and Credit  
Committee Member,

October 2016 to Present

- Shapoorji Pallonji Finance Private Limited, India
- Chairman and Director, Siam Power Generation  
Public Company Limited

2020 to Present

- Partner, Ares SSG Capital Management (Hong  
Kong) Limited

2016 to 2020

- Managing Director, Head of Asset Management,  
SSG Capital Management (Hong Kong) Limited

2009 to 2016

- Managing Director, Global Markets Risk  
Executive (Asia), Bank of America Merrill  
Lynch (Hong Kong)

2008 to 2009

- Deputy Head, Global Markets Asia, RZB  
(Austria), Singapore Branch

2003 to 2008

- Principal, Senior Trading Strategist, Bank of  
America N.A., Singapore and Hong Kong

2000 to 2002

- Director, Head of Execution, FleetBoston  
Financial, Singapore

1994 to 2000

- Assistant Vice President, Industrial Credit and  
Investment Corporation of India (ICICI)



<b>No. of share(s) in the Company</b>	- Held personally: None
<b>(as at 30 December 2020)</b>	- Held by Spouse or Minor children: None
<b>Family Relationship among Directors and Executives</b>	None
<b>Director has direct and indirect in any contract entered into by company</b>	None

## Mr. Sudhir Maheshwari

Age 57 years

### Current position

- Director
- Corporate Governance and Risk Management Committee Member

### Date of Appointment

11 October 2019

### No. of years in position

1 year 2 months

### Education / Training

#### Education

- Chartered Accountant, Institute of Chartered Accountant India
- Company Secretary - Institute of Company Secretaries of India
- Bachelor's degree (Honors) in Accounting and Commerce, St. Xavier's

#### Director Training

None

### Positions in other listed companies

August 2017 to Present

- Director, G J Steel Public Company Limited
- Strategic Steering Committee Member, G J Steel Public Company Limited

December 2019 to February 2021

### Positions in other non-listed companies

2015 to Present

- Founder & Managing Partner, Synergy Capital
- Managing Director, Mittal Investments
- Member of Group Management Board / Alternate Chairman of the Corporate Finance & Tax, ArcelorMittal Group

2008 to 2015

2006 to 2015

### No. of share(s) in the Company

(as at 30 December 2020)

- Held personally: None
- Held by Spouse or Minor children: None

### Family Relationship among Directors and Executives

None

### Director has direct and indirect in any contract entered into by company

None





## Mr. Kanit Sukonthaman

Age 62 years

### Current position

- Authorized Director
- Chief Executive Officer
- Chairman of the Executive Committee

### Date of Appointment

29 April 2020

### No. of years in position

7 months

### Education / Training

#### Education

- MBA, Warwick Business School
- Bachelor's degree, BA Economics (2<sup>nd</sup> Class Hons), Birmingham City University
- Diploma, National Defence College, The National Defence Course Class 51
- Capital Market Academy Leadership Program (Class 14) Capital Market Academy

#### Director Training

None

### Positions in other listed companies

May 2020 to present

- Director, and Chief Executive Officer, G J Steel Public Company Limited
- Chairman of Audit and Corporate Governance Committee and Independent director, Globlex Holding Management Public Company Limited

July 2015 to December 2017

### Positions in other non-listed companies

2003 to present

- Director, Wall Street Tullet Prebon Securities Company Limited

1996 to present

- Director, Wall Street Tullet Prebon Company Limited

### No. of share(s) in the Company

- Held personally: None

(as at 30 December 2020)

- Held by Spouse or Minor children: None

### Family Relationship among Directors and Executives

None

### Director has direct and indirect in any contract entered into by company

None



## Mr. Sittisak Leeswadtrakul

Age 42 years

### Current position

Deputy Chief Executive Officer

### Date of Appointment

12 December 2019

### No. of years in position

1 year

### Significant Designation in the past

August 2019 to December 2019

May 2017 to December 2017

2014 to October 2017

### Education / Training

#### Education



- Deputy Chief Executive Officer - Production and Commercial
- Chief Production Officer
- Chief Operation Officer and Executive Vice President - Marketing (Acting)
- Master of Business, Administration Program in Business Modeling and Analysis (International Program), Mahidol University
- Bachelor of Science (General Engineering), Queen Mary University (London), United Kingdom
- Executive Certificate in Strategy - Building and Sustaining Competitive Advantage, Harvard University, USA
- Executive Certificate in Management and Leadership, Massachusetts Institute of Technology, Cambridge, USA
- Executive Certificate in Transforming Your Leadership Strategy, Massachusetts Institute of Technology, Cambridge, USA
- Executive Certificate in Developing a Leading Edge Operations Strategy, Massachusetts Institute of Technology, Cambridge, USA
- Executive Certificate in Fundamental of finance for the Technical Executive, Massachusetts Institute of Technology, Cambridge, USA
- Executive Certificate in Strategic Cost Analysis for Managers, Massachusetts Institute of Technology, Cambridge, USA
- Certificate in Advanced Corporate, Banking and Financial Services Law Program (ABFL Program), Faculty of Law, Ramkhamhaeng University

**Director Training**

**Positions in other listed companies**

December 2019 to present

August 2019 to December 2019

May 2017 to August 2019

2011 to May 2017

2014 to April 2017

2011 to 2014

**Positions in other non-listed companies**

2008 to 2011

2006 to 2008

**No. of share(s) in the Company  
(as at 30 December 2020)**

**Family Relationship among Directors and Executives**

None

**Director has direct & indirect in any contract entered into by company**

None

- Director Certification Program (DCP 163/2012), Thai Institute of Directors (IOD)
- Deputy Chief Executive Officer, G J Steel Public Company Limited
- Deputy Chief Executive Officer - Production and Commercial, G J Steel Public Company Limited
- Chief Production Officer, G J Steel Public Company Limited
- Director, G J Steel Public Company Limited
- Chief Operation Officer, and Executive Vice President - Marketing (Acting), G J Steel Public Company Limited
- Executive Vice President - Marketing, G J Steel Public Company Limited
- Senior Officer, Steel Division, Mitsui & Co., (Thailand) Ltd.
- Business Assistant, Steel Division, Mitsui & Co. Europe Plc.
- Held personally: None
- Held by Spouse or Minor children: None

## Mr. Warawut Suwannasorn

Age 59 years

### Current position

Chief Production Officer

### Date of Appointment

20 October 2017

### No. of years in position

3 years 2 months

### Significant Designation in the past

5 April 2013 to 19 October 2017

- Senior General Manager Production & Maintenance,
- Human Resources & Administration Vice President,

1 March 2009 to 4 April 2013

### Education / Training

#### Education

- Master of Public Finance Administration, National Institute of Development Administration
- Bachelor of Political Science, Ramkhamhaeng University

### Positions in other listed companies

None

### Positions in other non-listed companies

None

### No. of share(s) in the Company

- Held personally: None

(as at 30 December 2020)

- Held by Spouse or Minor children: None

### Family Relationship among Directors and Executives

None

### Director has direct and indirect in any contract entered into by company

None





## Mr. Rajeev Jhawar

Age 48 years

### Current position

Chief Financial Officer

### Date of Appointment

1 July 2019

### No. of years in position

1 year 5 Months

### Significant Designation in the past

2017 to July 2019

### Education / Training

#### Education

- General Manager - Financial Controlling
- Post Graduate Certification in Business Management,  
Xavier Labour Relations Institute (XLRI), India
- Chartered Accountant  
Institute of Chartered Accountants of India
- Cost Accountant  
Institute of Cost & Works Accountants of India
- Bachelor's degree in Commerce from St. Xavier's College, India
- E-learning CFO's Orientation,  
The Stock Exchange of Thailand
- Director Accreditation Program (DAP), Thai Institute of Directors

#### Training

### Positions in other listed companies

March 2019 to Present

- Chief Financial Officer,  
G J Steel Public Company Limited
- General Manager - Financial Controlling,  
G J Steel Public Company Limited

2017 to March 2019

### Positions in other non-listed companies

2014 to 2017

- Director - Finance and Commercial,  
Tropical Agrosystem (India) Pvt Ltd, India (Chennai)

2011 to 2014

- Director - Finance and Commercial,  
SBQ Steels Ltd., India (Chennai)

### No. of share(s) in the Company

(as at 30 December 2020)

- Held personally: None
- Held by Spouse or Minor children: None

### Family Relationship among Directors and Executives

None

### Director has direct and indirect in any contract entered into by company

None



## Mr. Yotsakorn Srisuksawadi

Age 36 years

### Current position

- Deputy Chief Financial Officer
- Deputy Chief Compliance and Legal Officer

### Date of Appointment

12 December 2019

### No. of years in position

1 year

### Education / Training

#### Education

- Master of Business Administration Degree, Kellogg School of Management, Northwestern University, Evanston, IL
- Bachelor of Arts in Economics, International Program, Thammasat University
- None

#### Training

### Positions in other listed companies

December 2019 to Present

- Deputy Chief Financial Officer, and Deputy Chief Compliance and Legal Officer, G J Steel Public Company Limited
- Deputy Chief Financial Officer, G J Steel Public Company Limited

March 2019 to December 2019

### Positions in other non-listed companies

2018 to Present

- Director, Investment Department, SSG Capital Management (Hong Kong) PCL, Bangkok, Thailand

2016 to 2018

- Vice President, Investment Banking & Capital Markets Department, Phatra Securities PCL, Bangkok, Thailand

2013 to 2016

- Associate, Leveraged Finance, Investment Banking Department, CITIGROUP INC, New York, NY, USA

### No. of share(s) in the Company

(as at 30 December 2020)

- Held personally: None
- Held by Spouse or Minor children: None

### Family Relationship among Directors and Executives

None

### Director has direct and indirect in any contract entered into by company

None



## Ms. Arttaya Sookto

Age 47 years

### Current position

Company Secretary

### Date of Appointment

10 November 2020

### No. of years in position

1 month

### Education / Training

#### Education

- Received Lawyer's License
- The University of Manchester, LL.M. in International Business Law, Manchester, England
- Thammasat University, LL.B., Bangkok, Thailand
- Fundamentals for Corporate Secretaries 2020, Thai Listed Companies Association

#### Training

### Other positions

August 2019 to Present

### Positions in other listed companies

November 2020 to Present

August 2019 to Present

March 2008 to July 2019

October 2002 to April 2005

- Department Manager - Commercial Law
- Company Secretary, G J Steel Public Company Limited
- Department Manager - Commercial Law, G J Steel Public Company Limited
- Legal Manager, True Corporation Public Company Limited
- Manager, Contract and Documentation Section, Nawarat Patanakarn Public Company Limited

### Positions in other non-listed companies

August 2007 to February 2008

October 2006 to August 2007

May 2005 to September 2006

May 2002 to August 2002

August 2000 to April 2002

May 1999 to August 2000

- Corporate Counsel, Destination Properties Co., Ltd.
- Contracts Manager, BlueScope Lysaght (Thailand) Limited
- Managing Director, Sukhothai Company Limited (Ghana)
- Assistant to the President, Jafa Technology Company Limited (USA)
- Lawyer, Dispute Resolution Department, Tilleke & Gibbins International Ltd.
- Lecturer and Head of LL.B Course, School of Law, Rangsit University
- Held personally: None
- Held by Spouse or Minor children: None

### No. of share(s) in the Company (as at 30 December 2020)

### Family Relationship among Directors and Executives

None

### Director has direct and indirect in any contract entered into by company

None



## Policy and Business Overview

G Steel Public Company Limited runs a business of producing and selling hot-rolled steel sheet in coils (or hot-rolled coils) as main products, also including slitting and shearing services as per customers' orders, and steel slabs as supplementary products. The Company's main products are used directly in construction works, water irrigation and civil engineering, and used as substrates or raw materials for many downstream industries, such as cold-rolling and galvanizing industries to make steel products for several kinds of industrial manufacturing, in steel sheet fabrication industry, e.g. making pipes, tubes and structural shapes for uses in construction, other downstream industries, namely, automotive parts (for passenger cars, buses, trucks) and parts for other vehicles, for making oil drums, gas cylinders, general industrial equipment or parts, etc.

The Company's hot-rolled coil plant has deployed state-of-the-art technologies that perfectly and efficiently integrate melting, casting and rolling processes in one plant, or known as "Compact Mini Mill", which consists of melting technology with Electric Arc Furnace (EAF), Continuous Casting Machine technology and Hot Strip Mill in tandem continuously throughout all the said processes.

The Company's production process, in brief, begins from taking ferrous scraps and pig iron to melt in the EAF to make liquid steel at 1,600 degrees Celsius, then improving the quality of liquid steel with ferro-alloys and other substances to meet the requirements of the standard or customer's specification, and casting the improved liquid steel into the continuous casting machine to make steel slabs of 100 mm thickness, and hot-rolled to reduce the thickness down to the range of 1.0 - 13.0 mm as per the customer's order. The Company's plant is the first in Thailand and one of a few plants in the world that can make as thin as 1.0 mm hot-rolled sheet. The said production process is thoroughly continuous and takes just 3 hours and a half to finish.

The Company's hot-rolled coil plant has a designed capacity of 3.4 million tons per year at maximum, currently has implemented a capacity of 1.58 million tons per year, and currently has an effective capacity of 1.3 million tons per year that meets the various product mixes by customers' orders. Our hot-rolled coil products are made to comply with the Thai industrial standards (TIS), and also international and foreign standards, for instances, Japanese standards (JIS), American or the U.S. standards (ASTM and SAE), European standards (EN, DIN and BS), Malaysian standards (MS) and Indian standards (BIS), etc., according to the local and foreign markets' needs.

### Vision Mission Business Objectives

#### Vision

"To be the leader in the regional steel industry"

#### Mission

1. Provide the worldwide markets with wide range of steel products
2. Grow with more production capacity and utilize it with minimal cost
3. Improve and develop products to fulfill customers' requirements
4. Continuously develop human resources
5. Preserve the environment and contribute to society
6. Enhance values to stakeholders
7. Anti-Corruption and Corruption



### Business Objectives:

The overall global steel consumption during 2020 was estimated at 1725 million mt which decreased by 2.4% compared to 2019. However, this reduction was arrested by improving consumption trend towards the second half of 2020, mainly aided by spurt in demand from China. China on the other hand recorded an increase in steel consumption from 908 million mt in 2019 to 980 million mt in 2020 and increase of 8%. The Global steel consumption is estimated to grow at 4.1% in 2021 as per the World Steel Association. While China is expected to maintain its 2020 consumption levels.

Closer home, steel consumption in ASEAN declined by 6% from 78 million mt in 2019 to 73 million mt in 2020 but expected to grow by 6% in 2021 as per World Steel Association. Total Steel consumption of Thailand decreased by 12% from 18.6 million mt in 2019 to 16 million mt in 2020 but is expected to grow by 5% in 2021 as per Iron & Steel Institute of Thailand (ISIT). Demand for HRC also saw a steep decline by 21% from 6.8 million mt in 2019 to 5.4 million mt in 2020. While several factors such as trade war between China and US, general elections, strengthening of Thai Baht etc. reduced the demand in 2019, the outbreak of global pandemic with declaration of emergency and stringent travel restrictions severely affected the domestic economy and consequently the steel demand in 2020. With several steps taken and substantial stimulus money being pumped in the economy, the steel demand is expected to grow by 4.6% in 2021 as per ISIT.

### Key Objectives of the Company are:

- Continue its focus on strategic and sustainable cost optimization to generate reasonable returns through various cycles
- To continue investment in improving the health of plant & machinery to ensure minimum breakdowns and continuous upgradation to newer technologies
- To improve the quality of products and new product development
- To continue working with various Steel Associations to seek Governmental support
- To strictly follow guidelines set up by the Collective Action against Corruption (CAC)

### Business policy

The Company has policy for developing the working system in compliance with international standards regularly. The company has certified international standards as following:

#### Certification related to management system as follows:

- Quality Management System (ISO 9001:2015)
- Environmental Management System (ISO 14001:2015)
- Occupational Management System (OHSAS 18001:2007)

#### Certification related to products as follows

##### Thai Industrial Standards (TIS)

- Thai Industrial Standard (TIS 1479-2558) Hot-rolled carbon steel coil, strip, plate and sheet for general structure
- Thai Industrial Standard (TIS 1499-2541) Hot-rolled carbon steel coil, strip, plate and sheet for Welded Structure
- Thai Industrial Standard (TIS 2060-2543) Hot-rolled carbon steel coil, strip, plate and sheet for gas cylinders

- Thai Industrial Standard (TIS 528-2548) Hot-rolled flat carbon steel of commercial and drawing qualities
- Thai Industrial Standard (TIS 1735-2542) Hot-rolled carbon steel coil and strip for pipes and tubes
- Thai Industrial Standard (TIS 1884-2542) Hot-rolled high strength steel coil, strip, plate and sheet with improved formability for automobile structure use
- Thai Industrial Standard (TIS 1999-2543) Hot-rolled steel coil, plate and sheet for automobile structure use

#### **Malaysian Standards (MS)**

- Malaysian Standards (MS 1705-2003) Hot-rolled carbon steel strip and sheet of commercial and drawing qualities
- Malaysian Standards (MS 1768-2004) Hot-rolled carbon steel strip for pipe and tube
- Malaysian Standards (MS EN 10025-2) Hot-rolled plates and strips of non-alloy structure steels
- SAE J 403-2014 SAE Carbon steel coil

Moreover, the company has a policy to continuously operate social responsibility. As can be seen in 2019, the company has been certified to comply with the standards of responsibility of industrial enterprises to society (CSR-DPIM) and awarded maintain Green Mining standards 2019 from the Department of Primary Industries and Mines (DPIM), the Ministry of Industry.

In addition, the company also has a policy to develop the employees and knowledge training continuously to enable employees to be knowledgeable and proficient in the steel industry.

### **The significant change and development during the past 3 years**

#### **Key Events in 2020**

- The Company increased its production to 574 k Mt an increase of 68% over 2019 in order to regain the market share and several other cost saving measures have been made possible.
- On January 20, 2021, the Company entered into the Settlement Agreement and Termination Fee Restructuring Agreement with a creditor (former finance supporter) with the effective date on March 1, 2020. Under the agreements, the Company committed to pay quarterly installments of the settled debts of Baht 283.1 million and termination fee of Baht 100 million plus interest at the rate of 6% as specified in the agreements starting on June 1, 2021 and ending December 1, 2025. In this regard, the Company incurred loss on compromise debts of Baht 30 million which was recorded in the consolidated and separate statements of comprehensive income for the year ended December 31, 2020. However, there are unsettled debts claimed from such creditor totaling Baht 266.3 million and advance payment claimed by the Company to such creditor of Baht 68 million. Both parties agreed to pay the unsettled amount through the Arbitration Process which the creditor should file a claim with the Thai Arbitration Institute, Office of the Judiciary within 60 days after the agreement date.
- The Subsidiary of the Company, G S Securities, decreased its Authorized share capital from THB 691.9 million (divided in 69.19 million ordinary shares at THB 10 par value) to THB 67.0 million (divided in 6.7 million ordinary shares at THB 10 par value) in two steps during the year.

### Key Events in 2019

- Post Scrap Metal Tolling Agreement Tolling arrangement from 31 January 2019, the production of the Company was temporarily stopped for 3 months due to paucity of working capital. Working capital was arranged from an investor in April 2019 with which plant operations resumed from May 2019.
- Subsequently in order to reduce debt and interest burden on the company and to solve negative equity, the Extra Ordinary General Meeting of Shareholders on 11 October 2019 resolved to approve the Debt-to-Equity Conversion Scheme.
- Scrap handling system: Operations taken over by plant from contractor and now being operated departmentally; thereby establishing more flexibility.
- Slag handling process: Switched over to newer technology and stabilized to have smooth operations establishing ease in operations; thereby reducing dependency on other.
- Product development; Established the capability to produce value added steel viz Gas cylinder grade, high tensile and working on development of CR grade.
- Road map for investment to improve health of plant and equipment and to improve process efficiency including product development has been drawn to implement in stages matching fund availability.
- Cost optimization efforts helped in achieving highest ever yield during the year and improvement in some months in the areas of oxygen consumption, metallic recovery etc. which however could not be made stable due to reduced operations arising out of lower sales.
- Operations of the plant got severely affected in 2019 due to negative domestic market arising out of expiry of Safe Guard Measures on Alloy steel Imports since February 2019 combined with global recession in steel market. Post resumption of operations in May 2019, several old Customers who had resorted to imports and purchasing from competitors were brought back.

### Key Events in 2018

- Plant operations beyond off peak period was established after a long gap; thereby enhancing leveraging capability of plant to produce higher volume as and when required by the market.
- Scrap handling system operations were taken over by plant from contractor and now being operated departmentally; thereby establishing more flexibility.
- Slag handling process changed to better technology to have ease in operations and reduce dependency on other.
- Company established the capability of producing value added steel viz Gas cylinder grade, high tensile and working on development of CR grade.
- Company went under rehabilitation in November 2017 and perused with Hon'ble Central Bankruptcy Court, Thailand. However the proposal did not go through. Since then the Company has quickly initiated actions for a suitable alternative.
- Road map for investment to improve health of plant/equipment and to improve process efficiency including product development drawn and is under implementations in stages to the extent of fund availability.
- Customers and suppliers base broadened to cater higher volume of business.



## February 2021

The Board of Directors' Meeting No. 2/2564 on 24 February 2021 has resolved to approve the termination of Strategic Steering Committee, with effect from 24 February 2021. The termination, however, have no impact on the business operation.

## November 2020

The Board of Directors' Meeting No. 12/2563 on 10 November 2020 has resolved to approve the appointment of Ms. Arttaya Sookto to be the Company Secretary with the effect from 10 November 2020 onwards.

## August 2020

The meeting of the Board of Directors' Meeting No. 10/2563 held on 11 August 2020 has passed the following key resolutions:

- Approve the appointment of Mr. Christopher Michael Nacson as Chairman of the Board of Directors with the effect from 11 August 2020 onwards.
- Approve the appointment of Dr. Chainarong Monthienvichienchai as Audit Committee Member with the effect from 11 August 2020 onwards.

## July 2020

The meeting of the 2020 Annual General Meeting of Shareholders on 27 July 2020 at 13.30 hrs. at the Mandarin AB, 1<sup>st</sup> Floor, Mandarin Hotel Bangkok, at No. 662 Rama IV Road, Bang Rak, Bangkok 10500, has approving the appointment of Mr. Apichart Sayasit, Certified Public Accountant License No. 4229, or Miss Wimolsri Jongudomsombut, Certified Public Accountant License No. 3899, or Miss Waleerat Akkarasrisawad, Certified Public Accountant License No. 4411 from Baker Tilly Audit And Advisory Services (Thailand) Limited to be the Company's auditor and to determine the auditor remuneration for the year 2020 ended 31 December 2020

## April 2020

The Board of Directors' Meeting No. 4/2563 on 29 April 2020 has resolved to approve the appointment Mr. Kanit Sukonthaman as a director and Chief Executive Officer with the effect from 5 May 2020 onwards.

## March 2020

The Board of Directors' Meeting No. 2/2563 on 2 March 2020 has resolved to approve the appointment Mr. Christopher Michael Nacson as an independent director and the Audit Committee member with the effect from 3 March 2020 onwards.

## December 2019

The meeting of the Board of Directors' Meeting No. 13/2562 held on 12 December 2019 has passed the following key resolutions:

- Acknowledged of the resignation of Mr. Yanyong Kurovat from being the Company's director with the effect from 13 December 2019 onwards.
- Approved the appointment of Miss Kannikar Yomchinda as a director in replacement of vacant position of Mr. Yanyong Kurovat who has resigned from the director position.



- Acknowledge the resignation of Mr. Tanu Visittigamonyotin from being the Company Secretary, and to unanimously resolve to appoint Mrs. Kwanjai Kasemlonnappa as the Company Secretary in replacement with effect from 13 December 2019 onwards.
- Approve to set up the Strategic Steering Committee delegated by the Board of Directors in order to check, give advice and closely monitor the day-to-day operation of the Executive Committee, and to appoint members of the aforesaid Committee, with effect from 12 December 2019 onwards:
  - 1) Dr. Somsak Leeswadtrakul
  - 2) Miss Soontareeya Wongsirikul
  - 3) Miss Kannikar Yomchinda
  - 4) Mr. Andreas Rizal Vourloumis
  - 5) Mr. Sharad Bajpai
  - 6) Mr. Sudhir Maheshwari
  - 7) Mr. Davinder Chugh
- Approved the appointment of Miss Kannikar Yomchinda and Mr. Andreas Rizal Vourloumis as an Nomination and Remuneration Committee Member with effect from 13 December 2019 onwards.
- Approved the combination of the Risk Management Committee and the Corporate Governance Committee, including appointing members of the Corporate Governance and Risk Management Committee, with effective from 12 December 2019 onwards. In addition, there is no meeting of the said committee in year 2019.

#### November 2019

The meeting of the Board of Directors' Meeting No. 12/2562 held on 18 November 2019 has passed the following key resolutions:

- Acknowledged of the directors' resignation with the effect from 2 December 2019 onwards:
 

1) Prof. Paichitr Rojanavanich	Independent Director and Chairman of the Audit Committee
2) Mr. Ryuzo Ogino	Director
3) Mr. Somchai Leeswadtrakul	Director
4) Asst. Prof. Komol Wong-Apai	Director
5) Ms. Methikan Chutipongsiri	Director
- Acknowledged the resignation of Mr. Yanyong Kurovat from being the Chairman of the Board of directors position. He still remains the position of Director with effect from 2 December 2019 onwards.
- Approved the appointment of Mr. Chainarong Monthienvichienchai as Chairman of the Board of Director of the Company with effect from 2 December 2019 onwards.
- Approved the appointment of Mr. Li Zhong Yuan as Chairman of the Audit Committee of the Company with effect from 2 December 2019 onwards.

## October 2019

The meeting of the Extraordinary General Meeting of Shareholders No. 2/2019 on 11 October 2019 at 9.30 a.m. at the Arnoma Grand Room, 3<sup>rd</sup> Floor, Arnoma Grand Bangkok, has passed the following key resolutions:

- Approved the decrease of registered capital of the Company of Baht 7,024,838,910 from the existing registered capital of Baht 48,775,743,730 to Baht 41,750,904,820 by decreasing the number of unissued shares of the Company which were issued to accommodate GSTEEL-W1 in the number of 1,135,237,165 shares and GSTEEL-W2 in the number of 269,730,617 shares, totaling 1,404,967,782 shares at a par value of Baht 5.
- Approved the Debt-to-Equity Conversion Scheme by allocating and offering 22,078,584,468 ordinary shares of the Company at a par value of Baht 5 to Group 1 Creditors who were the judgment creditors consisting of (1) M-Power TT LTD. (“M-Power”) (2) D-Sinchai Steel Company Limited (“D-Sinchai”) (3) Mrs. Wanida Yomchinda (“Mrs. Wanida”) (4) Mrs. Benjamars Pituktum (“Mrs. Benjamars”) (5) New World Intermetal Company Limited (“New World Intermetal”) (6) Mr. Tanuchai Vesaracharnont (“Mr. Tanuchai”) (7) Superior Oversea (Thailand) Company Limited (“Superior”) and Group 2 Creditor who was a commercial creditor according to the Memorandum of Understanding, i.e. Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) by way of debt to equity conversion. The total number of M-Power’s debt, D-Sinchai’s debt, Mrs. Wanida’s debt, Mrs. Benjamars’s debt, New World Intermetal’s debt, Mr. Tanuchai’s debt, Superior’s debt and ACO I’s debt which shall be converted to equity (“Debts to be Converted to Equity”) was Baht 4,194,931,048.92 (the “Amount of Debts to be Converted to Equity”). The Company intended to repay Debts to be Converted to Equity in the total amount of Baht 4,194,931,048.92 by the ordinary shares of the Company, by which the Company shall determine the Debt-to-Equity price at Baht 0.19 per share, totaling up to Baht 110,392,922,340 in order to repay the Amount of Debts to be Converted to Equity.
- Approved the increase of the Company’s registered capital in the amount up to Baht 116,308,850,320 from the existing registered capital of Baht 41,750,904,820 to Baht 158,059,755,140, by issuing up to 22,078,584,468 new ordinary shares at a par value of Baht 5 per share to (1) accommodate the allocation and the offering of the newly issued shares of the Company under the Debt-to-Equity Conversion Scheme in the number of 23,261,770,064 shares and (2) accommodate the right adjustment to exercise the right to purchase the newly issued ordinary shares of the Company for GSTEEL-W3 in the number up to 1,183,185,596 shares.
- Approved the allocation of the newly issued ordinary shares of the Company in the number of 22,078,584,468 shares at a par value of Baht 5 per share in order to offer to specific persons (Private Placement) under the Deb-to-Equity Conversion Scheme as follows
  - 1) Amount of 4,571,096,822 shares to M-Power;
  - 2) Amount of 566,056,684 shares to D-Sinchai;
  - 3) Amount of 52,631,578 shares to Mrs. Wanida;
  - 4) Amount of 78,947,368 shares to Mrs. Benjamars;
  - 5) Amount of 567,312,699 shares to New World Intermetal Company Limited;
  - 6) Amount of 31,578,947 shares to Mr. Tanuchai;
  - 7) Amount of 1,749,470,897 shares to Superior;
  - 8) amount of 14,461,489,473 shares to ACO I

- Approved the allocation of the newly issued ordinary shares of the Company up to 1,183,185,596 shares, at the par value of Baht 5 per share to accommodate the right adjustment of GSTEEL-W3 up to 1,183,185,596 shares according to conditions of the right adjustment specified in the Terms and Conditions Governing the Rights and Obligations of the Issuer of GSTEEL-W3
- Approved a waiver from the requirement to make a tender offer for all securities of the Company (Whitewash) from the allocation and the offering of the newly issued ordinary shares of the Company under the Debt-to-Equity Conversion Scheme to ACO I up to 14,461,489,473 shares, or equivalent to 49.99 percent of the total number of sold shares of the Company
- Approved the appointment of the following 5 persons nominated by ACO I to be the directors of the Company;
 

1) Mr. Andreas Rizal Vourloumis	Director
2) Mr. Sharad Bajpai	Director
3) Mr. Sudhir Maheshwari	Director
4) Mr. Amrendra Prasad Choudhary	Director
5) Mr. Li Zhong Yuan	Independent Director and Audit Committee Member

#### December 2018

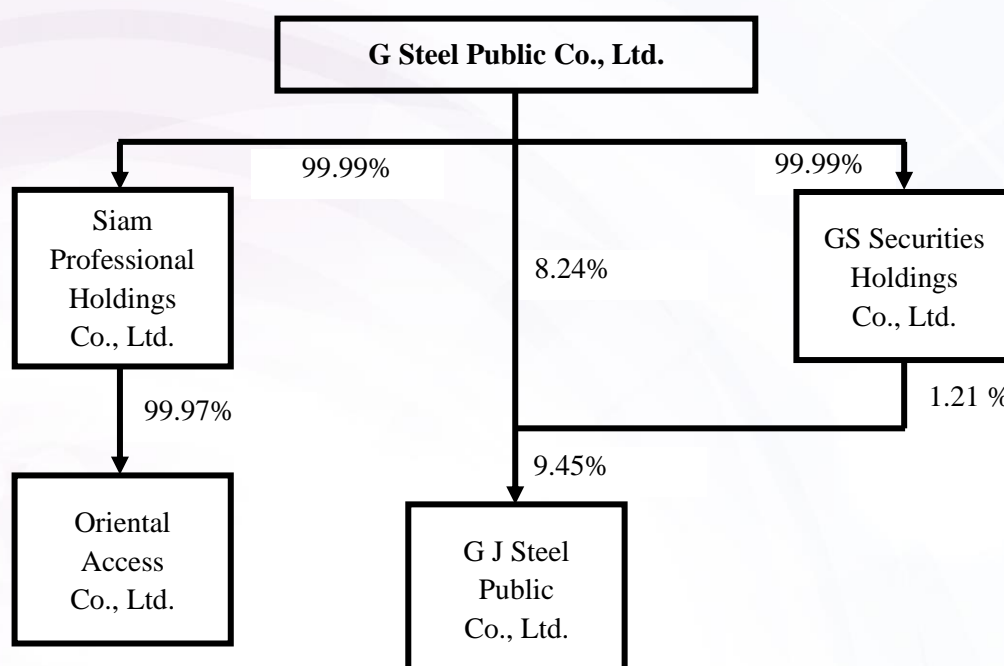
On 24 December 2018, the Central Bankruptcy Court (“Court”) is of the view that as at 14 November 2017, the date the company had filed the petition requesting for entering into business rehabilitation plan, the financial position of the interim financial statement for the period of third quarter of 2017 ended 30 September 2017 as reviewed by the auditor showed that total assets was more than total liabilities of Baht 373 million. Under Section 90/3 of the Bankruptcy Act, B.E. 2483, in force at the date of filing the rehabilitation petition, the company is not insolvent, as a result the rehabilitation cannot be granted. Therefore, the Court hereby ordered the petition to be dismissed.

#### November 2018

As the company has declared the intention to join the Thailand’s Private Sector Collective Action Coalition Against Corruption (“CAC”). The company has prepared and submitted the self-assessment form in respect of anticorruption measure as well as proposed to the committee of the CAC for consideration. On 6 November 2018, the company has received the letter from Thai Institute of Directors (IOD), as the secretary to the committee of the CAC, informing that the meeting of CER COM No. 3/2018 held on 5 November 2018, has resolved to certify the Company as a member of CAC. The certification shall be valid for 3 years from the date of approval.

## Shareholding Structure in the Company's Group

as at 31 December 2020



In order to increase the company's competitive capability and to reduce its production cost, the company has invested in subsidiaries by held shares in target subsidiaries and type of business as at 31 December 2020 and 2019 as follows:

Subsidiaries	The Group Ownership interest		Type of business
	2020	2019	
<b><u>Direct subsidiaries</u></b>			
Siam Professional Holdings Co., Ltd. (“SPH”)	99.99	99.99	Investment holdings company
G J Steel Public Co., Ltd. (“G J Steel”) (held by the Company 8.24% and GS Securities 1.21%)	9.45	9.45	Manufacture and distribution of hot rolled coil steel products
GS Securities Holdings Co., Ltd. (“GS Securities”)	99.99	99.99	Special-purpose restructuring entity
<b><u>Indirect subsidiaries</u></b>			
Oriental Access Co., Ltd. (“OAC”) (held by SPH 99.97%)	0	99.97	Consulting service and investing



## Nature of Business

### Revenue structure

The company and its subsidiaries earned its income mainly inside the country as there is high demand in the local market, both from the construction industry and manufacturing industry. Nevertheless, the subsidiary exported its products overseas to secure customer base and to support potential business expansion in future.

Details of the company's and its subsidiaries' revenue structures in the past 3 years are as follows:

(Unit: Thousand Baht)

Revenue (company and subsidiaries)	2020		2019		2018	
	Revenue	%	Revenue	%	Revenue	%
Local sales						
-Related companies <sup>(1)</sup>	241,446	1.13	293,586	1.22	977,197	3.22
- Other groups	20,374,749	95.73	17,122,832	71.00	27,964,945	92.17
Total local sales	20,616,194	96.87	17,416,418	72.22	28,942,141	95.39
Overseas	76,915	0.36	-	-	1,023,603	3.37
Total	20,693,109	97.23	17,416,418	72.22	29,965,744	98.76
Other income <sup>(2)</sup>	590,300	2.77	6,700,448	27.78	375,586	1.24
<b>Grand total</b>	<b><u>21,283,408</u></b>	<b><u>100.00</u></b>	<b><u>24,116,866</u></b>	<b><u>100.00</u></b>	<b><u>30,341,330</u></b>	<b><u>100.00</u></b>

#### Remark:

1. Related companies consist of Liberty Steel Siam Co., Ltd., Asia Metal Public Co., Ltd. and The Steel Public Co., Ltd.
2. Other income consists of interest income, dividend, sales of scraps, gains from write-off of net expired debt, gains from debt restructuring, gains from exchange rate and other income.

(Unit: tons)

Sales volume (Company only)	2020	2019	2018
Local sales			
- Related companies	14,493	453	-
- Other groups	562,884	259,523	2,772
Total local sales	577,377	259,976	2,772
Overseas	-	-	40
<b>Total</b>	<b><u>577,377</u></b>	<b><u>259,976</u></b>	<b><u>2,812</u></b>

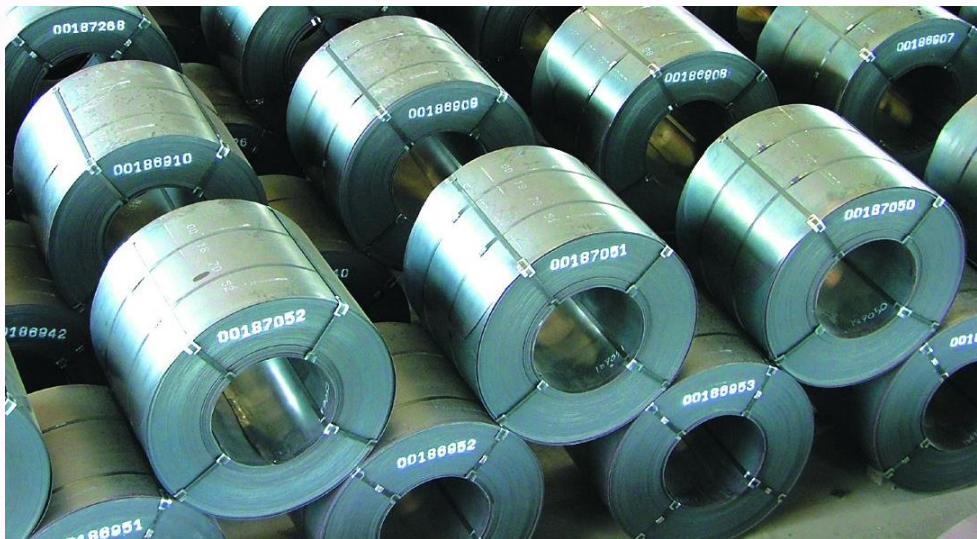
Details on the ratio of local and overseas sales to total hot-rolled steel coil product sold during 2018 to 2020 are as the following:

(Unit: Million Baht)

Sales	2020		2019		2018	
	Revenues	%	Revenues	%	Revenues	%
Local	20,616	99.63	17,416	100.00	28,942	96.58
Overseas	77	0.37	-	-	1,024	3.42
<b>Total</b>	<b><u>22,693</u></b>	<b><u>100.00%</u></b>	<b><u>17,416</u></b>	<b><u>100.00%</u></b>	<b><u>29,966</u></b>	<b><u>100.00%</u></b>

### Product features

The Company's products are hot rolled coils and slabs that are positioned as the upstream industry for flat steels. The Company's products are used as raw materials for pickling and oiling hot rolled coil, hot-dip galvanized steel, galvanized steel and cold rolled steel, for utilizing in the construction industry, packaging industry, electrical appliance industry and automotive industry, for instance.



The hot-rolled steel products of the company have the quality meeting the Thailand Industrial Standard (TIS) and the international standards such as the Japanese standards (JIS), the American standards (ASTM, SAE, AISI and API), the Europe standard (EN, DIN, BS), the Indian standards (BIS) and the Malaysian standards, with the width from 900 - 1,550 mm, and the thickness from 1-13 mm, as well as the weight of the coil from 8 to 28 tons.

Details of the Products of the Company can be summarized as follows:

Product Characteristics	Detail
Width	900 - 1,550 mm
Thickness	1.9 - 13 mm
Weight per length	8.3 - 18 kilograms / mm.
Total Weight of Steel Coil	8 - 28 tons

## Production technology

The Company's hot rolled coil mill is called Compact Mini Mill which is equipped with the world's state-of-the-art technology. The continuous melting, casting and rolling processes are efficiently integrated into the Company's mill with the short production cycle of only 3.5 hours on transforming the raw materials into the finished products. The details of key technologies are as follows:



1. Technology of Electrical Arc Furnace with the Ladle Heat Furnace for the refined liquid steel. This technology came from Mannesmann Demag Huttentechnik, Germany. This technology begins with melting scrap and pig iron in an electrical arc furnace. Oxygen and other gases will be added to increase the temperature. Additives will be added into the liquid steel to adjust the quality per requirement. The Company's melting process has capacity of 1.7 million tons per annum.



2. Technology of Electrical Arc Furnace with the Ladle Heat Furnace for the refined liquid steel. This technology came from Mannesmann Demag Huttentechnik, Germany. This technology begins with melting scrap and pig iron in an electrical arc furnace. Oxygen and other gases will be added to increase the temperature. Additives will be added into the liquid steel to adjust the quality per requirement. The Company's melting process has capacity of 1.58 million tons per annum.





3. Technology of Hot Strip Mill is to reduce the size of Slab to be thinner. The technology came from Mitsubishi Heavy Industry of Japan. It is can be reduced steel's thickness from 100 mm to 1-13 mm. The production has capacity of 3.4 million tons per annum.



### **Production process**

The Company produces the hot rolled coil by melting scrap and pig iron in an electrical arc furnace. Then the refined liquid steel will be cast into slab and is subsequently hot rolled into the specific required gauge as the following processes

1. Melting Process. The scrap and pig iron will be melted in an electrical arc furnace into liquid steel. After that, in the ladle heat furnace, the additives will be added into the liquid steel to adjust the quality per requirement.
2. Casting Process. The refined liquid steel will be cast into medium sized slab with 80-100 mm. thickness.
3. Rolling Process. The medium sized slab from the reheating furnace will be subsequently rolled. thickness and will be kept in the down coiler for further transporting to store in the coil yard.

### **Marketing and Competitions**

#### **Expanding Products Range**

The Company is continuously looking at opportunities to develop and improve its products range to have more diverse range in terms of developing new and special quality grades, that the market still has to depend on import, such as steel quality for Cold-Rolling, gas cylinder, API, welding and high-tensile steel.

The Company has a plan to improve the strategy on product development as follows:

1. To focus on products on demand of the market and of regular use.
2. To develop products to support the market not only for the general construction industry and Tube sector, but also for automobile and large construction industry, including the industries of household and electrical appliances.
3. To supply Hot-rolled steel Coils for production of cold-rolling & coated steel products.
4. To develop product with special thickness in the form of coil which is in the niche and the upscale market.



## Pricing Strategies

1. The Company sets the price by base on world steel market price and production cost that is suitable for the general steel grades to be able to compete with the competitors and still can maintain the market share. This is included a method of expanding market share.
2. The Company improves the existing technology to help support low production cost to have the opportunity to enter new domestic and foreign markets.
3. The Company can produce goods with difference from the competitors on the quality and grade, so it can set the sales price that is higher. This strategy involves building an effective after-sales service.
4. The Company gives more information and confidence on the consumption of steel to the customer, including building good relations with the customers continuously.

## Target Customer Groups

The customer target groups of the Company can be divided into three groups as follows:

1. Steel Service Centre is the buyers of hot-rolled and cold-rolled steel to cut to sizes and in turn for sales to the users.
2. Pipe Makers such as the steel pipe manufacturers for use in the pipe work, including production for export.
3. Direct Users such as the manufacturers of cold-rolled steel in the country, the manufacturers of auto parts and electrical appliances.

## Channels of Distribution

For domestic sales the Company shall distribute its goods via the two channels as follows:

1. Direct Sales

The Company has a plan to distribute directly for the customer group of the steel service center is the manufacturers of steel pipe, Cold-Rolled Steel producers, auto parts and electrical appliances, which expected to have the ratio of 60 percent of the total domestic turnover.

2. Sales Through the Wholesalers

For other groups of the customers, which are the small customers and have numerous numbers, the Company shall distribute through the wholesalers, which can make the Company to reduce the expense on hiring the salesmen and the expense on marketing activities. Moreover, it is to shift the risk on credit in this group of customers to the wholesalers to be responsible for it. The Company expects to sell through this channel at the approximate ratio of 40 percent of the domestic turnover.

Company proposes to continue exports of its products in the international market to maintain domestic price and supply balance, bench mark its quality with best producers in the world, help build Company's profile globally.

## Marketing Strategies

1. The Company's customers are in various industries such as the pipe manufacturing, the domestic and foreign cold-rolled manufacturers, the steel service center, gas cylinder manufacturers, the auto industry, the large construction projects with the demand to use special quality steel.

2. The Company has developed and improved the quality of its products all the time by investing in the tools for modernization to increase potential and quality improvement and reduce cost of the production.
3. The Company has succeeded very much in building confidence in the delivery of the goods to the customers punctually, so the customers can plan and manage the inventory suitably.
4. The Company has given prioritization on the improvement and development of the goods and service of the Company regularly with a survey and listening to the opinion of the customers periodically, so the Company knows of the correct and suitable demand of the customers clearly.

## Steel Industry situation

### Thailand's 2020 steel industry situation

From statistical information obtained from the Iron and Steel Institute of Thailand (ISIT), the volume of finished steel production in Thailand from January to December 2020 totaled 7.19 million tons, decreased 7.86% compared to the previous year (2019). If categorized by product groups, long steel products represent 4.59 million tons, a decrease of 9.07% compared to the prior year whilst the production volume of flat steel products stood at 2.60 million tons, a decrease of 5.63% compared to the prior year. The most produced product belongs to hot rolled sheet and coil where, in 2020, it totaled 2.42 million tons, decrease 7.95%, followed by cold rolled sheet at 1.72 million tons, decreased 16.33% year on year and coated steel, at 1.55 million tons, a decrease of 9.16% year on year.

<b>Total Apparent Finished Steel (Unit : Tons)</b>	<b>2019</b>	<b>2020</b>	<b>% Change</b>
Production	7,798,611	7,185,867	-7.86%
Import	12,227,196	10,406,758	-14.89%
Export	1,384,393	1,110,990	-19.75%
Consumption	18,641,414	16,481,635	-11.59%

<b>Long Product Finished Steel Consumption (Unit : Tons)</b>	<b>2019</b>	<b>2020</b>	<b>% Change</b>
Production	5,042,868	4,585,245	-9.07%
Import	2,861,730	2,332,375	-18.50%
Export	898,662	602,463	-32.96%
Consumption	7,005,936	6,315,157	-9.86%

<b>Flat Product Finished Steel Consumption (Unit : Tons)</b>	<b>2019</b>	<b>2020</b>	<b>% Change</b>
Production	2,755,743	2,600,621	-5.63%
Import	9,365,466	8,074,383	-13.79%
Export	485,731	508,527	4.69%
Consumption	11,635,478	10,166,477	-12.63%

Source : Iron and Steel Institute of Thailand, by Steel Business Intelligence

The finished steel consumption in Thailand in 2020 stood at 16.48 million tons, decreased by 11.59% year on year. If categorized by product group, long steel products decreased 9.86% compared to the prior year, to 6.32 million tons whereas the consumption of flat steel products decreased by 12.63% compared to the prior year, to 10.12 million tons. The most consumed steel category is hot rolled flat product, at 5.63 million tons followed by coated steel at 4.85 million tons and steel bar and hot rolled structural steel, at 3.74 million tons respectively.

Import of finished steel into Thailand in 2020 stood at 10.41 million tons, decreased 14.89% over the prior year. The highest imported product is coated steel at 3.45 million tons followed by hot rolled steel flat product at 3.08 million tons and cold rolled steel at 1.28 million tons respectively. The ratio of

imported steel consumption versus local steel consumption is at 63.14% against 36.86%, reflecting that Thailand still heavily relies on imported steel.

Thailand exported steel products 1.11 million tons in 2020, decreased 19.75% year on year. The most exported steel products are structural steel, at 231,082 followed by welded pipe, at 189,996 tons.

### Hot rolled steel flat product situation in Thailand in 2020

There is no upstream iron and steel industry in Thailand which starts with the melting of iron ore. As such, the structure of Thailand's iron and steel industry begins at the middle stream by melting steel scraps using electrical arc furnace (EAF) of local manufacturers. From there, the outputs are sent to the downstream production facilities, consisting of long steel products, for example, bar, HR section, wire rod, cold-drawn bar, steel wire, seamless pipes etc. and flat steel products, for example, hot rolled plate, hot rolled sheet, cold rolled sheet, coated, cold-formed section, welded pipe etc. From there, the output is distributed to connected industry comprising users of steel products. As for the state of hot rolled steel sheet industry in Thailand, the statistical information obtained from ISIT i.e. production volume, import volume, export volume and consumption volume during January to December 2020 reveal the followings.

The local production volume of hot rolled steel, coil and non-coil, in 2020 totaled 2.60 million tons, decreased by 5.63% over the prior year. It consists of hot rolled sheet and coil at 2.42 million tons, a decrease of 7.95% whereas the production of hot rolled plate increased by 42.56% year on year, to 180,518 tons.

<b>Total Hot Roll (Unit : Tons) (Excluding Stainless Steel)</b>	<b>2019</b>	<b>2020</b>	<b>% Change</b>
Production	2,755,743	2,600,621	-5.63%
Import	4,040,598	2,794,082	-30.85%
Export	7,952	18,733	135.58%
Consumption	6,788,389	5,375,970	-20.81%

<b>Total Hot Roll Plate Thickness &gt; 3 mm. (Unit : Tons) (Excluding Stainless Steel)</b>	<b>2019</b>	<b>2020</b>	<b>% Change</b>
Production	126,628	180,518	42.56%
Import	442,016	262,367	-40.64%
Export	2,370	2,049	-13.54%
Consumption	566,274	440,836	-22.15%



<b>Total Hot Roll Coil &amp; Sheet Thickness &lt; 3 mm. (Unit : Tons) (Excluding Stainless Steel)</b>	<b>2019</b>	<b>2020</b>	<b>% Change</b>
Production	2,629,115	2,420,103	-7.95%
Import	3,598,582	2,531,715	-29.65%
Export	5,582	16,684	198.89%
Consumption	6,222,115	4,935,134	-20.68%

*Source : Iron and Steel Institute of Thailand, by Steel Business Intelligence*

The local consumption of hot rolled steel, both coil and sheet in 2020, stood at 5.38 million tons, decreased 20.81% consisting of HR sheet and coil of 4.94 million tons, decreased 20.68% and HR plate 440,836 tons, decreased 22.15%.

Import of hot rolled steel in 2020, both coil and sheet, decreased 30.85%, to 2.79 million tons divided into hot rolled sheet and coil of 2.53 million tons, decreased 29.65% and hot rolled plate of 262,367 tons, decreased 40.64%.

Export of hot rolled steel in 2020, both coil and sheet, stood at 18,733 tons, increased 135.58% compared to the prior year, divided into hot rolled sheet and coil of 16,684 tons, increased 198.89% from the same period last year and hot rolled plate of 2,049 tons, decreasing by 13.54% from last year.

### **Outlook of steel industry in Thailand in 2021**

The steel situation in the world market in the year 2020 has been quite volatile. By the beginning of the year from January to around March, the price level has dropped compared to the year 2019 due to COVID-19 outbreak in the beginning of the year, which began in December 2019, was first seen in Wuhan, China. The COVID-19 outbreak has led China, as the world's number one producer and consumer of steel, to disrupt economic activity in key industrialized cities and other cities. In addition, the outbreak has spread to many countries around the world. Therefore, lockdown measures are in place to reduce the spread of the virus. This causes the economic conditions and economic activity to slow down in many countries. And demand for steel products slowed in line with economic conditions and economic activity, resulting in a sharp drop in steel prices in early 2020. Until March 2020, a weaker virus outbreak, China began to relax the lockdown measures. As a result, the economic activity has started to come back again along with economic stimulus measures from the government sector especially in infrastructure making the demand for steel gradually increase in the real estate sector and the domestic infrastructure sector. When China can control the outbreak of COVID 19 along with stimulus measures from the government causing the trend of steel prices in Southeast Asia trend to recover in line with the improved demand from the economic stimulus from the second quarter of 2020 onwards. The overall in 2020, HRC and rebar prices have declined in line with lower demand in the first quarter of the year and began to recover in the second quarter, with the average HRC price at about 490 USD per ton decrease 1.3% compared to the average price of 2019 and the price of rebar has an average price of about 457 USD per ton, down 3.1% compared to the average price of the previous year. The global steel price volatility was caused by the impact of the COVID-19 outbreak, which resulted in the disruption and slowing down of both the supply and demand side of the steel industry, causing the price of raw materials to fluctuate as well, in particular scrap prices have been declining since the beginning of 2020 and began to rise in the second quarter of the year, with scrap prices averaging around US \$ 312 per ton decreased by approximately 0.5 percent compared to the average price of the previous year. The steel situation in Thailand in 2020 was also affected by the epidemic of COVID 19 as well. It is found that in the steel industry It has slowed down on all fronts whether in consumption, production,

imports and exports. This is the lowest drop since 2014, partly due to the impact of the 2019 trade war and the main impact of the 2020 COVID 19 outbreak that affect to the overall economy. The disruption of economic activity from the lockdown measure to mitigate the COVID-19 epidemic linked to a slowdown in consumer demand and to a contraction in the supply side. The downstream industries of the Thai steel industry in 2020 were slowing, especially in the industries that are the main user of steel such as the construction industry, automotive industry and electrical appliance industry. As a result, the consumption and production of domestic steel products decreased as well.

On outlook of steel industry, World Steel Association (WSA) anticipates the global demand for finished steel products in 2021 is expected to grow 4.1 percent to 1,795 million tons, according to the forecast by the world steel demand for 2021 of various regions around the world are likely to increase compared to previous years. The European Union (28 countries) forecasting demand for finished steel in 2021 to grow at 11 percent. The Commonwealth of Independent States (CIS) predicts the demand for finished steel in 2021 to expand by 5.5 percent. ASEAN 5 countries including Indonesia, Malaysia, Philippines, Thailand and Vietnam in 2021, the demand for finished steel is expected to increase by 5.8% as a result of investment in infrastructure construction projects, expansion of investment to various countries in ASEAN countries and measures to stimulate the economy from the government sector of various countries in this region. While WorldSteel predicts finished steel demand of China, the world's largest producer and consumer of steel, will be stable in 2021 due to 2 factors. First of all, the infrastructure and housing projects that started in 2020 will continue to be the driving force behind steel demand in 2021, and partly if the economy has fully recovered, the government is likely to cut its stimulus policy, slowing down the construction sector.

For trends in the steel industry, WorldSteel Association predicts global demand for finished steel products in 2021 is expected to grow 4.1 percent to 1,795 million tons. By forecasting the world's demand for finished steel products in 2021 in various regions all over the world are likely to grow more compared to 2020. European Union (28 countries) forecasting demand for finished steel in 2021 to grow at 11 percent. The Commonwealth of Independent States (CIS) predicts the demand for finished steel in 2021 to expand by 5.5 percent. ASEAN 5 countries including Indonesia, Malaysia, Philippines, Thailand and Vietnam in 2021, the demand for finished steel is expected to increase by 5.8% as a result of investment in infrastructure construction projects, expansion of investment to various countries In ASEAN countries and measures to stimulate the economy from the government sector of various countries in this region. While WorldSteel predicts finished steel demand of China, the world's largest producer and consumer of steel, will be stable in 2021 due to 2 factors. First of all, the infrastructure and housing projects that started in 2020 will continue to be the driving force behind steel demand in 2021, and partly if the economy has fully recovered, the government is likely to cut its stimulus policy, slowing down the construction sector.

According to the National Economic and Social Development Board (NESDB), GDP growth for 2021 is projected at 2.5 to 3.5 percent, supported by

1. The recovery of the world economy and global trade volume in 2021.
2. The government budget's disbursement and economic stimulus measures.
3. The rebound of domestic private demand
4. The unusually low base effect in 2020 from the impact of the COVID-19. Accordingly, it is expected that export value in US dollars term will expand by 5.8 percent while private consumption and total investment are expected to increase by 2.0 percent and 5.7 percent, respectively

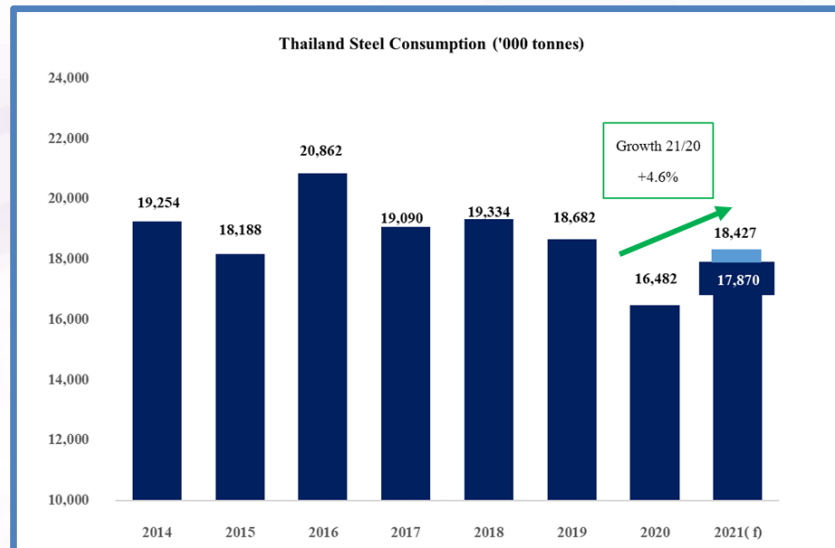
However, there are limitations and risks that may affect the economic recovery in 2021, consisting of:

1. The uncertainty of both domestic and foreign COVID-19 epidemic situations that may be more violent and prolonged than expected, leading to more stringent control measures.
2. Tendency of delay in the recovery of the tourism sector.
3. Conditions on the financial status of the household and business sectors amidst the labor market and business activities that have not fully recovered.
4. The risk of drought situation.
5. The volatility of the world economy and finance by there are the conditions in the world economy need to be closely monitored and assessed include:
  - Directions for change in US international policy under the leading of the new president.
  - International investment volatility under the uncertainty of the epidemic situation. This will affect exchange rate fluctuations and capital flows.
  - The implementation of the monetary policy of major central banks in the next phase. Especially the trend of rising inflationary pressures due to improvements in the world economy and commodity prices.
  - The risk of economic stability problems in countries with weak economic structure and fundamentals still facing severe epidemics such as Spain, Italy, Brazil, Argentina, Peru, Turkey and South Africa.
  - Geopolitical conflicts and political stability, such as the conflict between China and Taiwan, political situation in Hong Kong and Myanmar including the conflict in the Middle East.

For the steel industry in Thailand, The Iron and Steel Institute of Thailand (ISIT) predicts the demand for steel products in 2021 will increase by approximately 4.6% from 2020, with demand expected to be approximately 17.87 to 18.43 million tons. The downstream industries in the country will expand such as construction industry, and the automotive industry including the other industrial sectors used of steel products began to recover if the COVID-19 situation can be controlled in the country. There are situations need to be watched such as the situation of the COVID-19 epidemic both in the country and abroad which will affect to the production in various industrial sectors that may affect to the demand for steel products. Including the uncertainty of the trade war in the implementation of economic policies under the leadership of the new president of the United States "Joe Biden".

From the forecast that the demand for Thai steel in 2021 will return to growth, would inevitably support the Company's business operations as a producer of hot rolled coil. With the company focusing primarily on business fundamentals and having strategies to mitigate the impact from negative factors. By focusing on reducing production costs and increasing sales continuously. It will focus on the domestic market primarily with efficient production aimed at achieving operational excellence and able to deliver a wide range of value-added products to meet customer needs in order to reduce the import of flat steel products in the country.





Source : Iron and Steel Institute of Thailand

## Products and Services

### Production Capacity

The Company's hot rolled coil mill is located on approximately 429 Rai Nonglalog, Bankhai, Rayong, which the melting, casting and rolling processes are all efficiently integrated into one mill called Compact Mini Mill. Its designed maximum capacity of production is 1.58 million tons per annum while its current effective capacity is 1.5 million tons per annum. The Company's hot rolled coil mill was designed to be able to expand the production capacity to reach 3.4 million tons per annum providing some additional machines and equipments.

The entire production process takes approximately 3.5 hours. The Company's mill operates 24 hours during the weekend where the production operators are divided into 2 shifts and 3 sets of workers alternating current operations. The Company's mill has the annual shutdown for maintenance once a year with 7-10 days per period. The maintenance is carried out and controlled by the Company's engineers.

### Important Utilities and Raw Materials used in production

The main raw materials used for the Company's production are scrap and pig iron, including the scrap derived from the production process. In addition, the mixture of the burnt lime and alloy compounds must be added in the manufacturing process to obtain the product features as required.

Regarding the utilities that are used in the production process are electricity, natural gas, oxygen and other gases, as well as, water, for instance.

The main raw materials that become 70 % (2020) of the total cost of production, consists of scrap, pig iron, admixtures and additives such as lime, alloy and so on.

### Raw Materials

There are four main raw materials used in the production process which are Pig Iron, Import Scrap, Local Scrap and Return Scrap (scrap from production process).

The raw materials used in production process can be divided into two types namely "Scrap" and "Pig Iron" The raw material cost is calculated to be about 65% of total production cost.



## **Raw Materials for Production**

### **Consisting of;**

1. Pig Iron: This is pure and clean steel of raw material to be used in production process and is considered 7.1% of total raw material used in production process.
2. Import Scrap: Consisting of Shredded Scrap and heavy melting Scrap (HMS). Shredded Scrap is considered 10.4% of total raw material used while HMS is considered 14.8% of total raw material used in production process.
3. Local Scrap: is considered 64.7% of total raw material used in production process.
4. Return Scrap: is the scrap that can be returned from production process and is considered 3.0% of total raw material used in production process.

### **Raw Materials procurement**

The local scrap supply is not enough compared to the high demand of local scrap. Therefore, in protect raw material in year 2020 is considered 32 % while the local scrap and return scrap are considered 68 % of total raw material used in production process.

### **Other Raw Materials**

Apart from Scrap, there are other raw materials to be used in HRC production process which are Fluxes (Burnt Lime, Light Burnt Magnetite and Ferroalloys) which will enhance the product to meet the requirements.

## Risk Factors and Risk Management

Risk factors involved in the Company's business that may have a significant effect on the return on investment and ways to prevent risks can be summarized as follows.

### **Risks arising from Production, Transportation and Scrap Purchasing**

#### **Production risks involving procurement and repair of spare machinery to replace worn out machinery.**

Due to unique characteristics of large machines, the risk factors occur when the plant carries out repair arrangements or orders a replacement machine as time is extremely important. Therefore, the maintenance schedule and plan on procuring the new replacement machine must be on time so that the production is not interrupted. If it is necessary to stop the production, it must be the minimal time spent.

#### **Risks arising from domestic scrap procurement**

Domestic scrap is the main raw material for production. It accounts for 68% of all major raw materials used in production. The proportion of its use depends on the scrap procurement process and the amount of scrap available in the country. The company has planned to supply more good quality scrap by continuously expanding the domestic scrap distributors and procurement base. In addition, the company plans to adjust the proportion of domestic scrap to increase to 70-80% of the main raw materials in production so that there is a regular steel scrap used in production. Purchasing foreign scrap would take a longer time to process and there is a price uncertainty from foreign exchange rates causing the production cost to fluctuate. Therefore, the use of more domestic scrap increases the certainty in terms of quantity and price.

#### **The risks of goods delivery to customers**

To deliver the goods to customers, the Company employs third-party transportation services. In order to have a sufficient volume of transport vehicles and be able to deliver the products to customers in full as scheduled with a higher delivery rate and can control the shipping cost, the company then entered into a long-term contract with transportation agencies by specifying transportation rates for each period of oil prices that have fluctuated. If the transportation company is unable to deliver the goods to the customer or the product is damaged during transportation, the Company shall be entitled to reimburse the damage from the transportation company.

#### **Purchasing of scrap and raw iron from abroad (Import Scrap and Pig Iron)**

The main raw material for production is pig iron which must be purchased from abroad and steel scrap which the company purchases both domestically and internationally. In the purchase of main raw materials from abroad, the company must plan for orders carefully to avoid problems with sufficiency of raw materials for use in production. In 2020, the COVID-19 situation has caused uncertainty in the global transportation time including the volume and the prices of raw materials that are constantly moving according to the world market conditions. Therefore, the company closely follows the movements of the world iron and steel market and coordinates with the production department in order to plan for the procurement to ensure sufficient raw materials for continuous production.

In addition, the company has specified appropriate and concise conditions for the claim and compensation in the raw material purchase agreement in the event that the Company is receiving inferior raw materials or the quality of the raw materials does not meet the agreed condition in order to minimize the damage.

## **Marketing and Distribution Risks**

### **Risks from the fluctuation of product demand and price arising from a downward business cycle**

Some continuous industries using the company's products such as steel pipe industry and construction industry such as infrastructure construction projects are characterized by fluctuations in the business cycle. As a result, the demand and product prices of the company fluctuate as well. This could affect the company's future profits during business downturns.

In addition, hot-rolled coils are widely used in other downstream industries such as cold-rolled steel industry, automobile industry, galvanized steel and steel plates used in various industries. However, the company expects that - with the current production efficiency and the ability to compete at the current level - if the demand or selling prices drops significantly during a down cycle, the Company shall be able to produce other value-added products. In this regard, the Company plans to develop products of higher quality with a variety as well as to expand the customer base and export to foreign countries. In addition, the Government policies to promote the domestic steel industry assisted in reducing the import of hot-rolled coils at the same time. As a result, the prices of hot-rolled coil products have improved to a reasonable level.

In addition, the Company has control over the difference between the selling price and the cost of production by monitoring the raw material costs, both in terms of quantity and pricing in accordance with the orders received from customers.

## **Financial Risks**

### **Foreign exchange volatility risks**

Foreign exchange rate fluctuation can affect the profit and loss of the Company since it purchases main raw materials - both scrap and pig iron - from abroad causing expenditures in foreign currency while it earns most of its sales in Baht currency. The Company does not expect to suffer much although it does not have a hedge agreement. This is because the company has a reduced policy of purchasing raw materials from abroad. In addition, the company has exported its products abroad in foreign currency as well.

### **Risks in providing credit to customers**

The company analyzes the performance and financial status of new customers before granting a credit limit. Also, the financial status of each customer is reviewed at least once a year to confirm their credit limit.

### **Financial liquidity risks**

The Company has maintained and reviewed its monthly financial projection and its 6-month cash flow projection to regularly monitor the financial status.

### **Risks of default on payment of debt, fee, interest under the loan agreement with creditors**

The Company has negotiated various debt settlement plans with creditors including installments, debt conversion and moratoriums so as to avoid prosecution problems.

## **Environmental and personnel risks**

### **Production risks that may cause pollution**

The Company engages in the production of hot rolled coils including melting, casting and rolling processes which may cause pollution in terms of dust contaminants in the air, heavy metals that may contaminate the water, the temperature of the processed water and the noise level that may exceed the standard value. The Company has provided an air pollution prevention system to trap the dust before



releasing into the atmosphere. There is a cooling tower water treatment system to treat heavy metals that may contaminate the cooling tower system effluent. However, the company has used the wastewater to spray over the hot steel slag where the water would evaporate into the atmosphere. Moreover, it has planted tree fences to prevent dust and noise around the factory which is in line with current environmental laws and regulations. Due to the deterioration of the machinery involved in the pollution treatment system over time, the work efficiency decreases which may cause the pollution to escape to the outside environment and may cause damage or impact on the community or the environment which will increase the cost of the company to renovate and restore the environment for the community. Otherwise, the company may need to add a pollution monitoring and control system to comply with potentially more stringent laws or regulations in the future resulting in increased costs which includes the costs that may arise from being prosecuted if the company is unable to reduce the pollution that occurs. Ultimately, it may affect the business, financial condition and future performance of the Company.

Therefore, the company hires a company that specializes in the environmental issues to conduct factory environmental quality audits every six months according to the EIA measures and presented the audit report to the Office of Natural Resources and Environmental Policy and Planning, Department of Industrial Works, The Industrial Estate Authority of Thailand and the Department of Primary Industries and Mines on an ongoing basis. Therefore, the Company believes that it will not face any problems in this matter.

#### **Business operation risks that may cause insecurity to employees**

The Company operates the business that is considered a heavy industry. As a result, the employees of the company may be exposed to hazards arising from the forging, casting, rolling processes and loading and unloading of heavy materials. This may result in the Company incurring additional costs from being prosecuted by the injured persons, including the expenses incurred from fines which may affect the business financial status and future performance of the company.

However, the company has prepared an emergency plan and measures for safety while working that meet the standards accepted by government agencies and related private sectors. It is also certified to the Standard Occupational Health Management (ISO 45001) to prevent or reduce the risk of accidents and impact on the health of workers while working. From historical data, it was found that the accident statistics of the company since the establishment of the factory are low. Moreover, there has never been a case of complaint or claim for compensation or reimbursement under employee violation at all.

#### **Risks related to public policy and the relevant regulations.**

##### **Risk management by using Anti-dumping and Countervailing measures under the Anti-Dumping and Countervailing Act, B.E. 2542 and (No.2) B.E. 2562**

Hot Rolled Steel Industry is a basic commodity for the development of the country and there are many large manufacturers around the world. So, under intense competition in the free trade world especially during the ongoing economic downturn for many years, the producers are struggling to survive by export the excess products to other countries in forms of price-dumping (ie, export selling price is cheaper than local selling price). As a result, the market price mechanism in importing countries has been distorted. It can be said that it destroys the market of domestic industry and leads to unfair competition. Therefore, anti-dumping policy is an important measure to alleviate the damage of the domestic steel industry and make fair trade to all parties.

In addition, the importers have been trying to circumvent from the anti-dumping measures to avoid paying additional anti-dumping duties on regular import tariffs. Make the measures ineffective and inefficient. Moreover, the countervailing measure is still lacking the sub-law so that cannot apply the measure at the moment.



Therefore, The Department of Foreign Trade has proposed the amendment of this law to be effective enforcement by:

- Expand the scope to cover and prevent the circumvention of anti-dumping and countervailing measures.
- Increased the measures to control and collect anti-dumping and countervailing duty to be more effective.
- Legislation of sub-law for countervailing measures.

In this regard, the revision of Anti-Dumping and Countervailing Act (No.2) B.E. 2562 has added the above provisions and was announced in the Government Gazette on May 22, 2019. Coming into effect on November 18, 2019 which will help prevent the import of hot rolled steel products that circumvent the Anti-dumping and countervailing measures and will also help alleviate damage from termination of Safeguard measures for hot rolled steel flat products with alloy as well.

For Thailand, The Ministry of Commerce has implemented anti-dumping measures for hot rolled steel flat products as follows:

- Extension of Anti-dumping measure for hot rolled steel flat products originating from the People's Republic of China and Malaysia for further 5 years, effective from June 23, 2017 to June 22, 2022.
- Extension of Anti-dumping measure for hot rolled steel flat products - *boron added* originating from the People's Republic of China for a period of 5 years, effective from December 13, 2018 to December 12, 2023.
- Extension of the Anti-dumping measure for hot rolled steel flat products originating from 14 countries for a further 5 years, effective from May 23, 2015 to May 22, 2020.
- Anti-dumping measure for hot rolled steel flat products originating from the Federal Republic of Brazil, Islamic Republic of Iran and the Republic of Turkey for a period of 5 years, effective from May 16, 2017 to May 15, 2022.

Currently, the company has collaborated with the domestic industry to gather information for filing petition to Department of Foreign Trade, consisting of 1 measure, which is

- Filing petition to the Department of Foreign Trade to consider extending the enforcement of anti-dumping measure for hot rolled steel flat products originating from 14 countries for a further 5 years.

The cases is currently in the investigation process. In the case of anti-dumping measures sunset review for hot-rolled coil and non-coiled steel products originated from 14 countries, the government continue to collect collateral for retaliation duty until there is the final determination.

The use of anti-dumping measures by the government has resulted in a significant reduction of trade problems caused by dumping. Therefore, it can also support and protect local hot rolled steel industry from unfair trade. Meanwhile, the company continues to monitor the dumping situation or in other ways that may arise from other countries to prevent the unfair trade that may occur to the hot rolled steel market in Thailand.

#### **Risks from price control by the government**

Throughout the year 2020, hot rolled steel product is one of many items controlled by the Ministry of Commerce. In practice, it tracks the volume and price movements of domestic products. The company also cooperated with the Department of Internal Trade to provide information on products and prices. In case of each hot rolled steel manufacturer including the company would like

to adjust the price of the product, must informing the Department of Internal Trade and provide all the details as requested or in case of Ministry of Commerce applies price fixation measure for consumer goods or commodities. This may affect the ability to generate revenue and profit slightly sometime in the future. It can be said that the company has low risk in price control by the government.

However, when the company needs to raise prices to the required level, the details of raw material cost and production cost can be clarified in line with the actual sales price, which is reasonable and can be further increased.

### **General Risks**

#### **The risks of inability to operate due to uncontrollable factors**

The Company's business may be at risk from several uncontrollable factors such as sabotage, natural disasters, industrial accidents, terrorism, machinery malfunctions and other technical problems.

Although each of the above factors may be uncontrollable, the company is confident in prevention and correction of these problems from causing significant loss of income by providing regularly trainings and knowledge on how to safely operate the machine tools to its employees. In addition, the company has a security system running by its own staff and it also employs an efficient security company to supervise and monitor strictly 24 hours a day. Moreover, the company has an insurance policy that covers the loss or damage of property in specific cases. In terms of labor relations, the Company has set up a committee comprising members from employees and the employer. Apart from this, the Corporate Social Responsibility Committee, CSR, will be the representative to take care of the welfare of employees in a proper and fair manner.

### **Corruption Risks**

The Company has announced an anti-corruption policy on November 13, 2017 with an emphasis on anti-corruption actions as well as supporting and promoting personnel at all levels to have an awareness of anti-corruption and all forms of corruption. The Board of Directors has established a policy on prevention and anti-corruption (Anti-Corruption and Anti-Bribery Policy) to supervise operations in accordance with the law and regulations (Corporate Compliance Policy) which is in line with the practices set out in the business ethics for executives and employees. Moreover, the company has joined the Thai Private Sector Collective Action Coalition Against Corruption (CAC) project and has been certified by the Thai Private Sector Collective Action Coalition against Corruption Committee as a member of the Thai Private Sector Collective Action Coalition Against Corruption (CAC) project which demonstrates its commitment and determination to combat all forms of corruption. In this regard, the anti-corruption policy has been established by defining the responsibility and appropriate practice guidelines for the prevention of corruption in all activities. The policy has been communicated to directors, executives, employees as well as internal and external stakeholders to be a common practice guideline for conducting business with transparency and fairness.

In addition, the Company has assigned the Risk Management Committee to assess, analyze and define measures for managing the risks of the business and corruption, including a good internal control system and regular effective audits.

## Securities Details and Shareholders

### Securities of the Company

As at 31 December 2020, the Company authorized capital was Baht 158,059,755,140.00, of which Baht 144,643,827,160.00 had been paid up. The paid up capital comprises of 28,928,765,432 ordinary shares with a par value of Baht 5 per share.

### Name list of Shareholders

As of 31 December 2020, top ten shareholders and stock holding proportion based on paid-up capital are as follows:

No.	Name of shareholders	Number Shares	% of paid-up capital
1.	ASIA CREDIT OPPORTUNITIES I (MAURITIUS) LIMITED	14,461,489,473	49.99
2.	M-POWER TT LTD.	3,183,223,286	11.00
3.	Superior Overseas (Thailand) Co., Ltd.	2,025,246,897	7.00
4.	Apex Prime Capital Ltd.	1,263,641,300	4.37
5.	New World Intermetal Company Limited	567,312,699	1.96
6.	D-Sinchai Steel Company Limited	566,056,684	1.96
7.	Mr. Niram Ngamchamnurit	444,682,520	1.54
8.	Mr. Taweechat Jurangkul	432,208,900	1.49
9.	Mr. Nattaphol Jurangkul	402,878,400	1.39
10.	Mr. Kritsanan Kevallee	276,463,000	0.96
11.	Minor shareholders	5,305,562,273	18.34
<b><u>Total</u></b>		<b><u>28,928,765,432</u></b>	<b><u>100.00</u></b>

### Remark:

Shareholding structure of Superior Overseas (Thailand) Co., Ltd.

No.	Name of shareholders	% of paid-up capital
1.	Khunying Patama Leeswadtrakul	29.42
2.	Marco Wealth Investment Company Limited	25.39
3.	Ms. Methikan Chutipongsiri	19.81
4.	Mr. Manit Chiachuabsilp	15.38
5.	Mrs. Patum Chiachuabsilp	10.00

## Other Securities

For the year 2020, the Company does not issue other securities.

As of 31 December 2020, the Company has securities namely debentures which are issued and offered to overseas investors. Details are as follows;

Amount	USD 15.51 million
Type of debenture	Senior unsecured notes
Interest Rate	3% per annum
Term	5 years Mature in October 2015
Purpose	For investing in project of expansion of production capacity of hot rolled steel.
Right of debentures holders in redemption	Debentures holders has right to redeem the debentures before maturity at the rate of 101% of the principal plus accrued interest until the maturity date If there is a significant change in the Company's shareholding structure
Underwriter	UBS Investment Bank
Secondary market for debentures trading	Singapore Exchange Limited
Registrar and debenture holder representatives	The Hong Kong and Shanghai Banking Corporation Limited Level 30, HSBC Main Building, 1 Queen's Road Central, Hong Kong

This was due to the global economic crisis in the year 2008 resulted in a significant fluctuation of raw material and steel prices which had an severely impact on the performance of the Company. As a result, the Company defaulted on the payment of debentures interest since 30 December 2011. At present, the Company has begun the debt restructuring process which is now on the negotiation depending on the Company's existing cash flow.



**Dividend Policy**

The Company has a policy in relation to dividend payment to the shareholders. As a normal practice which the Company does not require to use the fund for additional investment or expansion project and have sufficient cash flow, the Company has its policy in relation to dividend payment the rate of approximately 50 percent of the net profit from operations after corporate income tax and legal reserves. However, the Board of Directors may determine the dividend payment to be differed from the aforesaid policy as the Company's appropriateness and necessity, such as in the case that the Company requires fund for investment or business expansion, or in the event of changing in economic or market conditions or any other events that impact to the Company's liquidity

**Subsidiaries' Dividend Policy****G J STEEL Public Co., Ltd.**

The Company has a policy in relation to dividend payment to the shareholders. As a normal practice which the Company does not require to use the fund for additional investment or expansion project and have sufficient cash flow, the Company has its policy in relation to dividend payment the rate of approximately 50 percent of the net profit from operations after corporate income tax and legal reserves. However, the Board of Directors may determine the dividend payment to be differed from the aforesaid policy as the Company's appropriateness and necessity, such as in the case that the Company requires fund for investment or business expansion, or in the event of changing in economic or market conditions or any other events that impact to the Company's liquidity, etc.

## Management Structure

### Board of Directors

As of 31 December 2020, the Company's Board of Directors comprises of 9 members including:

1. Executive Directors 5 persons
2. Non-Executive Directors 4 persons, comprises of Independent Directors 3 persons (account for one-third of Board members)

No.	Name	Position
1.	Mr. Christopher <sup>(1)</sup> Michael Nacson	Chairman and Independent Director/ Audit Committee Member
2.	Mr. Li Zhong Yuan	Independent Director/ Chairman of the Audit Committee
3.	Dr. Chainarong <sup>(3)</sup> Monthienvichienchai	Independent Director/ Audit Committee Member
4.	Khunying Patama Leesawadtrakul	Director/ Executive Director
5.	Miss Kannikar Yomchinda	Director/ Executive Director
6.	Mr. Andreas Rizal Vourloumis	Director/ Executive Director
7.	Mr. Sharad Bajpai	Director/ Executive Director
8.	Mr. Sudhir Maheshwari	Director/ Non-Executive Director
9.	Mr. Kani <sup>(4)</sup> Sukonthaman	Director/ Executive Director

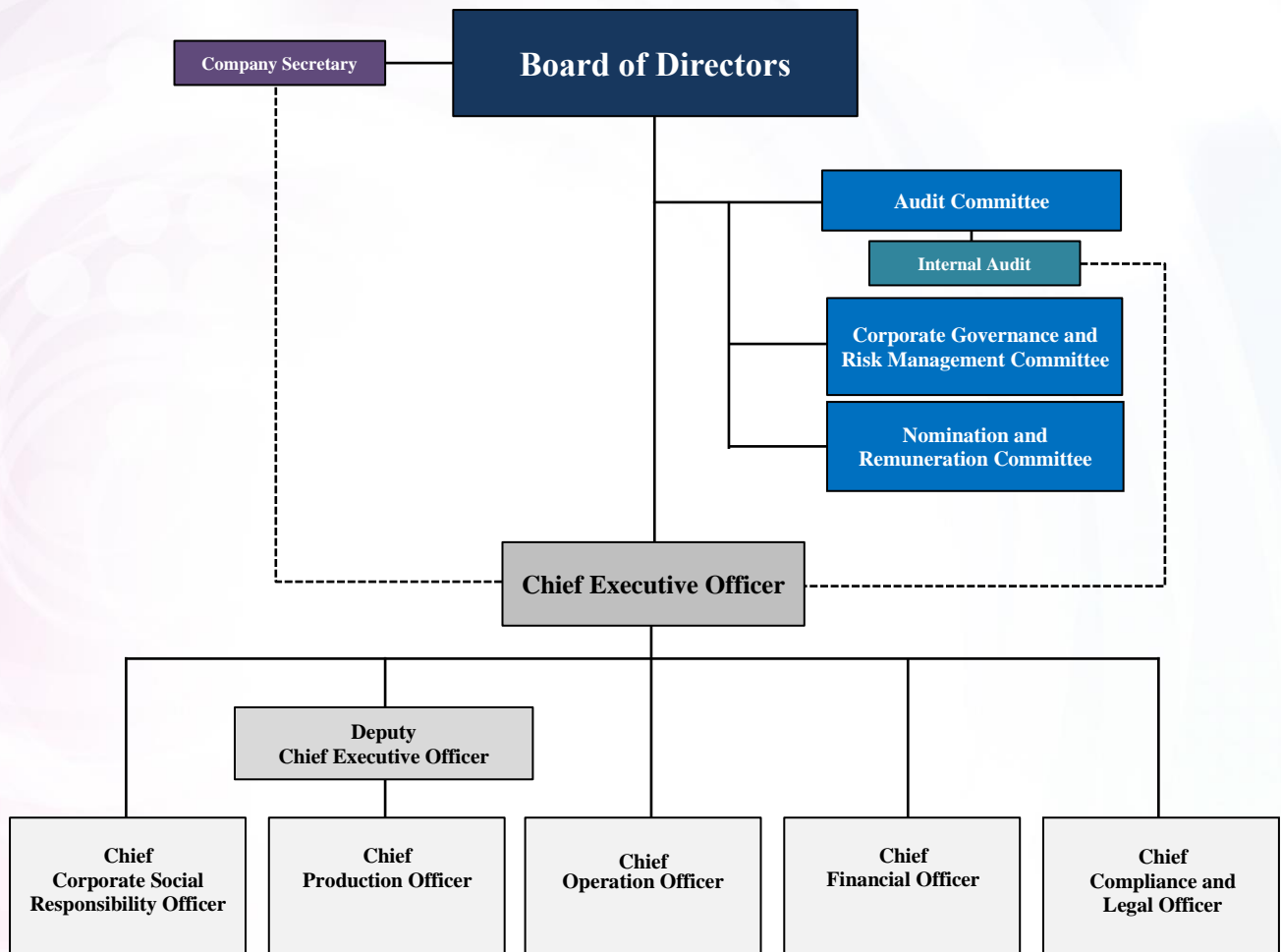
#### Remarks:

- 1) The Board of Directors' Meeting No. 2/2563 held on 2 March 2020 resolved to approve the appointment of Mr. Christopher Michael Nacson as an independent director and the Audit Committee member, in replacement of vacant position of Mr. Teerapol Pussadet who has resigned from the director position. Mr. Christopher Michael Nacson shall retain his office as only as Mr. Teerapol Pussadet was entitled to retain the same with the effect from 3 March 2020 onwards.
- 2) The Board of Directors' Meeting No. 10/2563 held on 11 August 2020 resolved to approve the appointment of Mr. Christopher Michael Nacson as Chairman of the Board of Director of the Company with effect from 11 August 2020 onwards.
- 3) The Board of Directors' Meeting No. 10/2563 held on 11 August 2020 resolved to approve the appointment of Dr. Chainarong Monthienvichienchai as the Audit Committee member with effect from 11 August 2020 onwards.
- 4) The Board of Directors' Meeting No. 4/2563 held on 29 April 2020 resolved to approve the appointment of Mr. Kani Sukonthaman as a director and Chief Executive Officer in replacement of vacant position of Mr. Amrendra Prasad Choudhary who has resigned from the director position and Chief Executive Officer position. Mr. Kani Sukonthaman shall retain his office as only as Mr. Amrendra Prasad Choudhary was entitled to retain the same with the effect from 5 May 2020 onwards.
- 5) During the year 2020 there were 2 directors have retired which were Asst. Prof. Dr. Teerachai Arunruangsirilert and Ms. Soontareeya Wongsirikul

**Authorized Directors are as follow;**

“(1) either Khunying Patama Leeswadtrakul or Miss Kannikar Yomchinda jointly signs with either Mr. Andreas Rizal Vourloumis or Mr. Sharad Bajpai or Mr. Kanit Sukonthaman, totaling 2 persons together with the Company’s seal being affixed or (2) Mr. Andreas Rizal Vourloumis or Mr. Sharad Bajpai or Mr. Kanit Sukonthaman, 2 out of 3 directors jointly signs with the Company’s seal being affixed.”

**Organization Chart**



**Remark:**

The Board of Directors’ Meeting No. 2/2564 held on 24 February 2021 resolved to approve the termination of Strategic Steering Committee, with effect from 24 February 2021.

**Definition**

**Non-Executive Director** means outside directors who are not the Company’s executives or employees, nor executive directors, nor authorized directors

**Executive Director** means directors who are involved in routine operation and management as well as are authorized directors.

### Position in Sub-Committees

No.	Name	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee and Risk Management Committee	Executive Committee
1.	Mr. Christopher Michael Nacson	✓	✓		
2.	Mr. Li Zhong Yuan	✓	✓	✓	
3.	Dr. Chainarong Monthienvichienchai	✓		✓	
4.	Khunying Patama Leesawadtrakul				
5.	Miss Kannikar Yomchinda		✓		
6.	Mr. Andreas Rizal Vourloumis		✓		
7.	Mr. Sharad Bajpai			✓	
8.	Mr. Sudhir Maheshwari			✓	
9.	Mr. Kanit Sukonthaman				✓

\*   = Chairman

### Board of Directors' Meeting

In 2020, there were 13 the meetings of the Board of directors, in which held according to the Articles of Association of the Company and the Public Limited Companies Act B.E.2535 (1992). There were the agenda submitted for the directors' consideration 7 days prior to the meeting day and meeting documents for the directors' consideration prior the meeting day, and also the opportunities for directors to discuss on the significant matters with carefulness. In this connection, the Company Secretary had attended the meeting in order to take minutes, respond the directors' inquiries and recommendations. Therefore, the directors or relevant persons can follow and monitor the matter properly.

Details of meeting attendance of Directors for year 2020 are as follows:

No.	Name	Board of Directors Meeting/ Attendance	Audit Committee Meeting/ Attendance	Nomination and Remuneration Committee Meeting/ Attendance	Corporate Governance and Risk Management Committee Meeting/ Attendance	The 2020 Annual General Meeting of shareholders / Attendance
1.	Mr. Christopher <sup>(1)</sup> <sup>(2)</sup> Michael Nacson	11 / 11	12 / 13	3 / 3	-	✓
2.	Mr. Li <sup>(3)</sup> <sup>(4)</sup> Zhong Yuan	13 / 13	11 / 11	1 / 1	1 / 1	✓
3.	Dr. Chainarong <sup>(5)</sup> <sup>(6)</sup> Monthienvichienchai	13 / 13	4 / 4	-	1 / 1	✓
4.	Khunying Patama Leesawadtrakul	8 / 13	-	-	-	✓
5.	Miss Kannikar Yomchinda	13 / 13	-	5 / 5	-	✓
6.	Mr. Andreas Rizal Vourloumis	12 / 13	-	5 / 5	-	✓
7.	Mr. Sharad Bajpai	12 / 13	-	-	2 / 2	✓
8.	Mr. Sudhir <sup>(6)</sup> Maheshwari	12 / 13	-	-	0 / 1	✓
9.	Mr. Kanit <sup>(7)</sup> Sukonthaman	9 / 9	-	-	-	✓

#### Remarks:

- 1) The Board of Directors' Meeting No. 2/2563 held on 2 March 2020 resolved to approve the appointment of Mr. Christopher Michael Nacson as an independent director and the Audit Committee member, with the effect from 3 March 2020 onwards.
- 2) The Board of Directors' Meeting No. 4/2563 held on 29 April 2020 resolved to approve the appointment of Mr. Christopher Michael Nacson as a Nomination and Remuneration Committee Member, with effect from 30 April 2020 onwards.



- 3) The Board of Directors' Meeting No. 12/2563 held on 10 November 2020 resolved to approve the appointment of Mr. Li Zhong Yuan as a Chairman of the Nomination and Remuneration Committee, with effect from 10 November 2020 onwards.
- 4) The Board of Directors' Meeting No. 12/2563 held on 10 November 2020 resolved to approve the appointment of Mr. Li Zhong Yuan as a Chairman of the Corporate Governance and Risk Management Committee, with effect from 10 November 2020 onwards.
- 5) The Board of Directors' Meeting No. 10/2563 held on 11 August 2020 resolved to approve the appointment of Dr. Chainarong Monthienvichienchai as an Audit Committee Member, with effect from 11 August 2020 onwards.
- 6) The Board of Directors' Meeting No. 12/2563 held on 10 November 2020 resolved to approve the appointment of Dr. Chainarong Monthienvichienchai and Mr. Sudhir Maheshwari as a Corporate Governance and Risk Management Committee Member, with effect from 10 November 2020 onwards.
- 7) The Board of Directors' Meeting No. 4/2563 held on 29 April 2020 resolved to approve the appointment of Mr. Kanit Sukonthaman as a director and Chief Executive Officer, with the effect from 5 May 2020 onwards.

### Executives

The Company's Executives comprises of 5 members are as follows:

No.	Name		Position
1.	Mr. Kanit	Sukonthaman	Chief Executive Officer
2.	Mr. Sittisak	Leeswadtrakul	Deputy Chief Executive Officer
3.	Khunying Patama	Leeswadtrakul	Chief Corporate Social Responsibility Officer
4.	Mr. Warawut	Suwannasorn	Chief Production Officer
5.	Mr. Rajeev	Jhawar	Chief Financial Officer

### Executive Committee

The Executives Committee comprises of 6 members as follows;

No.	Name		Position
1.	Mr. Kanit	Sukonthaman	Chairman of the Executive Committee
2.	Mr. Sittisak	Leeswadtrakul	Member
3.	Mr. Warawut	Suwannasorn	Member
4.	Mr. Rajeev	Jhawar	Member
5.	Mr. Sudchai	Visuddhidham	Member
6.	Mr. Yotsakorn	Srisuksawadi	Member

### Responsibilities of the Chief Executive Officer

1. To formulate business plan, investment plan, and annual budget plan for approval by the Executive Committee and/or the Board of Directors.
2. To operate the Company's business in compliance with the law, the Company's objectives, Articles of Association, and Code of Conduct, including the Board of directors' resolutions with honest and for the Company's benefit.
3. To be responsible for the overall management and to deliberate all the Company's policies to achieve the preset objectives and within the policy, business plan and budget plan approved by the Board of Directors.
4. To approve an execution or payment according to the Company's authorization regulations or annual budget approved by the Board of Directors.
5. To recruit, hire, transfer, reshuffle, suspend or terminate employment of any executives or employees and to stipulate scope of roles and responsibilities as well as appropriate

remuneration. For the positions equivalent to Senior Vice President or higher to report to the Board of Directors, while for the positions equivalent to the Internal Audit Department executives, the proceeding shall be made with the Audit Committee's consideration.

6. To appoint respective authorized persons to sign the Company's document in the areas of accounting, finance, purchase, production, sales and general management, as well as other important document.
7. To set, change, revise or cancel any rules, regulations, order, announcement, punishment measures and internal control systems for use as guideline for all employees and to enable the internal management to be executed as per the Company's policies.
8. To appoint advisors in various aspects significant to the operations for the best benefits of the Company. The CEO is empowered to appoint attorney(s) to file lawsuit or defend case related to the Company.
9. To assign person(s) to perform task on his/her behalf as deemed appropriate. Such authorization can be terminated, changed or modified.
10. To report the Company's performance, progress of any projects and financial status to the Board of Directors.
11. To perform other works assigned by the Board of Directors.

In case that the CEO or other persons with possible conflict of interest, the CEO shall have no right to approve such matter.

#### **The Nomination of Chief Executive Officer**

When the position of Company's Chief Executive Officer is vacant, the Nomination and Remuneration Committee are responsible for selecting and nominating the persons to take these positions. The Nomination and Remuneration Committee shall consider person with knowledge, capability, and experience with specialization that are crucial and essential to the Company's operation. The Nomination and Remuneration Committee shall consider the following qualifications:

1. Qualification as per Clause 68 of the Public Limited Company Act, B.E. 2535, and announcement or rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) and the Company's regulations.
2. The candidates' knowledge, capability, experience and specializations that would contribute to the Company's operational efficiency.
3. The candidates' qualifications shall support good corporate governance practices, such as ethics, independence, assertiveness, creativity, carefulness and integrity as well as ability to dedicate their time for the Company.

#### **Company Secretary**

The Board of Directors Meeting No. 12/2563 held on Tuesday, 10 November 2020 appointed Ms. Arttaya Sookto as the Company Secretary, with effect from 10 November 2020 onwards, to perform the duties of Company Secretary on giving the advices regarding laws and regulations which the Board of Directors shall be aware, to monitor the Board of Directors' conduct as well as to coordinate and follow up the execution to be according to the Board of Directors' resolution.

#### **Responsibilities of the Company Secretary**

- 1) To give basic advice to the Board of Directors on related laws, regulations and provisions of the Company in accordance with the good corporate governance practices, as well as follow up and monitor the compliance to be accurate and consistent.

- 2) To arrange meetings of the Board of Directors, committees and shareholders in accordance with the applicable laws, the Company's regulations and practices, as well as complying with the good corporate governance policy of the Company and the SET.
- 3) To monitor the disclosing of data and information to the responsible government agencies according to the regulations and requirements of related organizations, including communicating with shareholders and take care of them appropriately.
- 4) To provide and keep the following documents
  - a) Directors' Record
  - b) Invitation letters and minutes of the Board of Directors meetings, as well as the Company's annual report.
  - c) Invitation letters to shareholders for the meeting and the minutes.
- 5) To keep the conflict of interest report provided by directors or executives.
- 6) To support the Board of Directors' task as assigned.
- 7) To operate other tasks as specified by the SET's Capital Market Supervisory Board.

#### **A Person who supervising accounting (Account Controller)**

Mrs. Sirima Fazzaa, General Manager - Accounting, with the qualifications specified by the Department of Business Development, had been appointed as the person supervising accounting (Account Controller) of the Company. The Account Controller is responsible for reporting correct and complete accounting details according to accounting standards and financial reporting standards; and attends Continuing Professional Development Program in compliance with the criteria, methods, and timeline according to the laws.

#### **Remuneration for the Board of Directors and the Management**

As for 2020, the remuneration committee meeting has considered the suitability with the burden, duty and responsibility assigned and compared with the compensation of the directors in the listed companies in the similar industry and business for the compensation. Including considering the overall operation results, business environment, so it resolved to set up the remuneration for the directors 2020 in the same rates as the year 2019 with details on it as follows:

#### **Remuneration for the Board of Directors for year 2020**

<b>Position</b>	<b>Position Remuneration (Baht/Month)</b>	<b>Monthly Remuneration (Baht/Month)</b>	<b>Meeting Allowance (Baht/Time)</b>
Chairman of the Board of Directors	60,000	-	6,250
Director	-	20,000	5,000
Chairman of the Audit Committee	60,000	-	6,250
Audit Committee Member	-	-	5,000
Chairman of the Nomination and Remuneration Committee	-	-	6,250
Nomination and Remuneration Committee Member	-	-	5,000
Chairman of the Corporate Governance and Risk Management Committee	-	-	6,250
Corporate Governance and Risk Management Committee Member	-	-	5,000
Others	-	-	-



**Remark:**

The directors holding executive position or employee of the Company and receive salary shall not receive any of the remuneration stated in the above table and in the case where a director holds more than one position, such director shall only receive remuneration for the position with the highest remuneration.

**Remuneration for individual Directors for year 2020**

	Name of Directors	Remuneration for Director (Baht)	Meeting Allowance (Baht)				Total (Baht)
			Board of Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance and Risk Management Committee	
1.	Mr. Christopher <sup>(1)</sup> Michael Nacson	400,000	60,000	55,000	15,000	-	530,000
2.	Mr. Li Zhong Yuan	720,000	60,000	75,000	6,250	6,250	867,500
3.	Dr. Chainarong <sup>(3)</sup> Monthienvichienchai	520,000	76,250	20,000	-	5,000	621,250
4.	Khunying Patama <sup>(7)</sup> Leesawadtrakul	-	-	-	-	-	-
5.	Miss Kannikar Yomchinda	240,000	65,000	-	25,000	-	330,000
6.	Mr. Andreas <sup>(5)</sup> Rizal Vourloumis	-	-	-	-	-	-
7.	Mr. Sharad <sup>(5)</sup> Bajpai	-	-	-	-	-	-
8.	Mr. Sudhir <sup>(5)</sup> Maheshwari	-	-	-	-	-	-
9.	Mr. Kanit <sup>(4)(7)</sup> Sukonthaman	-	-	-	-	-	-
	<b>Total</b>	<b>1,880,000</b>	<b>261,250</b>	<b>150,000</b>	<b>46,250</b>	<b>11,250</b>	<b>2,348,750</b>

**Remarks:**

- The Board of Directors' Meeting No. 2/2563 held on 2 March 2020 resolved to approve the appointment of Mr. Christopher Michael Nacson as an independent director and the Audit Committee member, with the effect from 3 March 2020 onwards.
- The Board of Directors' Meeting No. 10/2563 held on 11 August 2020 resolved to approve the appointment of Mr. Christopher Michael Nacson as Chairman of the Board of Director of the Company with effect from 11 August 2020 onwards.
- The Board of Directors' Meeting No. 10/2563 held on 11 August 2020 resolved to approve the appointment of Dr. Chainarong Monthienvichienchai as an Audit Committee Member, with effect from 11 August 2020 onwards.
- The Board of Directors' Meeting No. 4/2563 held on 29 April 2020 resolved to approve the appointment of Mr. Kanit Sukonthaman as a director and Chief Executive Officer, with the effect from 5 May 2020 onwards.
- The director(s) has tendered his intention not to receive position remuneration, monthly remuneration and meeting allowance.
- Details of resigned directors' remunerations for year 2020 are as follows;

No.	Name of Resigned Directors	Directors' Remuneration Amount (Baht)
1.	Mr. Teerapol Pussadet	95,000
2.	Asst. Prof. Dr. Teerachai Arunruangsirilert	248,750
3.	Miss Soontareeya Wongsirikul	160,000
4.	Mr. Amrendra* Prasad Choudhary	-
	<b>Total</b>	<b>503,750</b>

**Remark:** \*Mr. Amrendra Prasad Choudhary was executives of the Company. Therefore, He was not receive any of the remuneration and meeting allowance.

- The directors holding executive position or employee of the Company and receive the remuneration in a form of salary, shall not receive any of the remuneration and meeting allowance.



### Monetary remuneration of the Executives in the form of salaries and other payments as of 31 December 2020

Unit: Million Baht	2020 (31 December 2020)	2019 (31 December 2019)
Salary	15.0	15.5
Employee Benefits	4.0	0.5
Provident Fund	1.0	0.5
<b><u>Total</u></b>	<b><u>20.0</u></b>	<b><u>16.5</u></b>

**Remark:** The remuneration of the Executives comprises of the remuneration for 4 executives.

### Employees

#### Number of employees

As of 31 December 2020, the Company has a total of 613 employees, which are separated under the following functions:

Functions	Number of Employees
Corporate	52
Production	561
<b><u>Total</u></b>	<b><u>613</u></b>

Remuneration for Employees (million Baht)	Total (million Baht)
Total (Comprises of salary, provident fund and others)	380

The proportion of employees is classified by gender, age, and level as follows;

Gender	Number of Employees	Proportion by Gender (%)
Male	541	88.25
Female	72	11.75
<b><u>Total</u></b>	<b><u>613</u></b>	<b><u>100.00</u></b>

Age	Number of Employees	Proportion by Age (%)
Under 30 years old	160	26.10
Between 30-50 years old	367	59.87
Above 50 years old	86	14.03
<b><u>Total</u></b>	<b><u>613</u></b>	<b><u>100.00</u></b>

Level	Number of Employees	Proportion by Level (%)
Staff (lower than the Section Manager)	564	92.00
Section Manager - Department Manager	40	6.53
General Manager	9	1.47
<b><u>Total</u></b>	<b><u>613</u></b>	<b><u>100.00</u></b>

### Employee Training and Development Policy

The Company has policy to develop its employees at all levels regularly and thoroughly by increasing their skills, knowledge and competence in various forms, such as internal theoretical and practical trainings by internal lecturers and external experts, domestic external trainings, seminars and overseas observations. To ensure that the employees will gain suitable knowledge and have ability to operate at maximum efficiency and effectiveness.

In the year 2020, the Company has organized trainings for employees thoroughly as targeted, divided into 43 internal seminars and 16 external seminars. The seminars held were varies by concerning about the suitability and consistency with the employee's job description as well as employee development to prepare for individual career growth and path in response to the Company's goals and sustainable growth.

## Good Corporate Governance

### Corporate Governance Policy

The Board of Directors intends to supervise by adhering to the principles of good corporate governance as well as realizes the benefits and importance of good corporate governance. This contributes to the efficiency, transparency and accountability of management and operation which resulting in improving the Company's competitiveness and increasing economic value for shareholders in long term as well. Therefore, the Board of Directors and the management team have established a written policy on the principles of good corporate governance and have already approved this policy with details as follows.

1. To consider shareholders rights and to grant rights to shareholders in various matters, such as the right to propose an agenda for the shareholders' meeting in advance or the right to nominate persons to be elected as directors in advance, etc., as well as not to violate or deprive the rights of shareholders.
2. To treat shareholders, investors, stakeholders and all relevant persons equally and fairly to all parties.
3. To disclose information to shareholders, investors, stakeholders and all relevant persons correctly, adequately, equally and within the specified period through appropriate channels so that the shareholders and other relevant persons are able to access information conveniently, such as through the Company's website, etc.
4. To perform duties and responsibilities of the Board of Directors in supervising and managing with honesty, morality, prudence and carefulness in order to achieve the Company's goals, to gain the maximum benefit to the Company and shareholders as well as to prevent any conflicts of interest.
5. To manage with transparency under of internal control system and audits.
6. To control and manage risks to be in appropriate level to the Company's business operations.
7. To conduct business with honesty under the legal framework and business ethical framework.

Through the year 2020, the Board of Directors has perpetuated the intentions to enhance the Good Corporate Governance ("CG") in accordance with the international standards. The Board of Directors therefore applied the CG Self-Assessment for developing the Company's governance system under the CG established by The Stock Exchange of Thailand (SET). The purposes of this are for the most efficiency of management system including priority given to the shareholders' rights, equal treatment to shareholders, stakeholders' roles, data disclosure and transparency, and responsibilities of the Board of Directors. All those are for protecting the shareholders' interest.

In this connection, the Board of Directors has acknowledged the Corporate Governance Code for Listed Companies 2017 ("CG Code") and was well awarded of the governing body to create value for sustainable business including reviewing, policy assessing and the implementation in relation to the Company's corporate governance and each CG Code. The Board of Directors has assigned the Corporate Governance and Risk Management Committee or Company secretary to amend CG policy and Ethics of the Company as well as the directions in compliance with CG Code and adaptable to the rapid change of CG development.

In the year 2020, the Company's CG practices were divided into 5 parts, as follows:

## **Part 1 Shareholders' Rights**

### **1.1 CG on Shareholders' Right Protection Policy**

The Company's Board of Directors formulates the shareholders' right protection policy in writing in 2006. The policy emphasizes on allowing shareholders to have equal rights to have access to the Company's operational performance; and to participate in important decisions making, as well as protecting, promoting, encouraging but not to infringe shareholders' rights. The policies are as follows:

#### Policy on shareholders' right protection

1. The Board of Directors is responsible for protecting and respecting basic rights of the Company's shareholders, such as right to purchase, sell or transfer shares, right to the Company's profit sharing; right to obtain sufficient information about the Company's operation, right to attend the shareholders' meeting to appoint or terminate directors and independent auditors, allocate dividend payment, formulate or amend the provisions or Memorandum of Association, approve capital increase or decrease, and special items, etc.
2. The Board of Directors has duty to promote and support shareholders to exercise their rights in various areas at the Annual General Shareholders' Meeting, i.e. the right to propose meeting agenda in advance, the right to nominate persons as directors, the right to submit questions to the Company prior to the annual shareholders' meeting and the right to openly express opinions and ask questions at the shareholders' meeting, etc.
3. The Board of Directors shall not take any action which may violate or limit, or infringe the shareholders' right to study the Company's information that shall be disclosed according to the related requirements, and the right to attend shareholders' meeting; for example, not to distribute significant information document unexpectedly added, not to add agenda or amend the important data without advance notice to shareholders.
4. The Board of Directors has responsibility to facilitate the applying of the shareholders' rights such as giving the significant information updated via website, inviting the shareholders to visit factory, etc.

### **1.2 Allowing shareholders to study information prior to the shareholders' meeting**

The Board of Directors and the Management have implemented the policy relating to shareholders' right that covers more the rights than those required by law, especially the right to general and significant information. At the Annual General Meeting of the Shareholders, the Company provided the shareholders with sufficient opportunity to study the information to the meeting date via the Company's website. Such information was also published in both Thai and English similar to the hard copy the Company submitted to shareholders.

### **1.3 Practice for shareholders prior to the shareholders' meeting, at the shareholders' meeting, and after the shareholders' meeting**

To deliver to the documents of the Annual General Meeting of Shareholders ("Meeting"), the Company assigned the Thailand Securities Depository Company Limited (TSD), which is the Company's share registrar, to distribute the invitation to the Meeting to all shareholders 14 days prior to the Meeting date in order to provide shareholders with sufficient time to study the information. Such delivery period of meeting documents was more than that specified by the applicable laws.

At the Meeting, the Company facilitated shareholders to exercise their rights to attend the meeting by implementing a barcode system for registration and vote counting, as well as providing



the revenue stamps for proxy authorization. The label of registered shareholder was provided for access convenience while meeting, without time loss to recheck their documents.

In addition, at the Meeting, for the purpose of transparency and good corporate governance imposed by Securities and Exchange Commission Thailand (SEC), the Company has invited shareholders to witness the vote-counting. There were no shareholders volunteered. In this regards, Mr. Charupat Boon-Long, Legal Advisor, Baker & McKenzie Ltd. was assigned to witness the vote-counting.

Furthermore, the Company has informed the Meeting the number and ratio of attending shareholders either by themselves or by appointment of proxies, the procedures of vote-casting, vote-counting, including notification of voting result.

After the General Meeting of the Shareholders, the Company compiled the document, including agenda, meeting resolutions, voting results, questions and shareholders' opinion expressed at the meeting, so as to provide "The minutes of Annual General Meeting of the Shareholders for publishing on the Company's website is in compliance with the regulations of SEC and SET.

The Company held the 2020 Annual General Meeting of Shareholders held on 27 July 2020. In this regards, the Company provided upon requested the video of meeting atmosphere in soft file for publishing on the Company's website for shareholders who could not attend the meeting, apart from the minutes publicized in the channel of SET and the Company's website.

#### **1.4 Preventing limitation of shareholders' rights to general information and information technology**

Through publishing all information on the Company's website prior to the Annual General Meeting of the Shareholders, the Company's Board of Directors supported and not to infringe the shareholders' rights exercise while the Company did not distribute additional document containing significant information during the meeting, or add or change meeting agenda or amend significant information without advance notice. There has been no complaint from shareholders on this case.

#### **1.5 Facilitating shareholders to exercise rights**

The Company facilitated the shareholders and shareholders' proxy to register attending the meeting by implementing a barcode system for registration and vote counting as well as distributing voting ballots to the shareholders before meeting.

The Company clearly stated shareholders' meeting rules and process in the meeting invitation. The moderator of the meeting also informed the attending shareholders of the rule and voting process at the meeting. The shareholders' meeting minutes also included a record that the meeting was informed of the rules and voting process.

Moreover, the Company invited its shareholders to exercise their right to visit its factory. Regularly, the Company updates current information and data published on its website.

#### **1.6 Providing time and opportunity for shareholders to express their opinions**

The Chairman of the Board of Directors asked the meeting at the end of each agenda whether the shareholders ask questions related to the meeting agenda or related to the Company, whereby they could openly express their opinion. Any questions related to the meeting agenda or the Company together with shareholders' opinion as well as the answers or clarification made by the Board of Directors or the Company's management, were entirely recorded in the minutes.

The Company provided recording sound of the shareholders' meeting, and disclosed the significant matters arising during the meeting in the meeting minutes for reference in the future and enables shareholders who could not attend the meeting to follow up the meeting particulars.

## **1.7 Directors to attend the shareholders' meeting**

With fully respect of shareholders' right, the attendance of all 11 Directors, including Chief Executive Officer, and Chief Financial Officer, comprised 12 persons attended the 2020 Annual General Meeting of Shareholders.

## **Part 2 Equitable treatment towards shareholders**

### **2.1 Policy on facilitating the minor shareholders**

The Board of Directors respected the equitable treatment to shareholders, and therefore the facilitation policy for minor shareholders was set as follows:

#### Policy on facilitating the minor shareholders

1. The Board of Directors has the duties to respect the shareholders' rights and treat them equally.
2. The Board of Directors has the duties to encourage and support the shareholders to exercise their rights in any respects for the annual general meeting of shareholders such as proposing an issue in the agenda in advance, nominating a person to be selectively director in advance, and submitting questions prior to the meeting, etc.
3. The Board of Directors has the duties to assist the shareholders in any respects such as supporting the shareholders to study information before making decision. For the voting, the Company supports the shareholders to authorize proxies by offering alternatives at least one independent director for the shareholders to authorize as their proxies.

### **2.2 Criteria to provide the minor shareholders the opportunity to propose in advance an issue in the agenda of the shareholders' meeting**

The Company allowed and assisted any shareholders to propose in advance an issue in the meeting agenda by providing the consideration criteria published via the data system of SET and the Company's website prior to the Annual General Meeting of Shareholders. The Board of Directors' Secretary was assigned to compile the meeting agenda and submitted to the independent directors for consideration. Basically, if the independent directors viewed such issue as proper, they shall propose to the Board of Directors. The criteria of proposing the agenda of the Annual General Meeting of Shareholders were the followings:

1. The qualifications of shareholders entitled to propose issue for the annual general meeting of shareholders agenda shall be the shareholder holding not exceeding 0.5% of the total voting shares of the Company, maybe a sole shareholder or combined shareholders, holding continuingly such shares not less than 12 months from the holding date to the proposal date.
2. An issue shall be proposed through the "Agenda Proposal Form for the Annual General Meeting of Shareholders with related complete and entire documents, to be submitted to the Company.
3. For an efficient AGM, the Company reserves its right not to include the following matters as the meeting agenda:
  - 1) Matters proposed by shareholders who are not qualified or do not follow the procedures set forth by the Company in the criteria for shareholders to propose the Agenda of AGM.
  - 2) Matters as stipulated by laws for consideration at AGM, which have been pursued regularly by the Company.
  - 3) Matters relating to a normal course of business of the Company and matters already undertaken by the Company.

- 4) Matters under the Company's management authority except ones causing material impacts on shareholders in general.
  - 5) Matters that shareholders already proposed in AGM within the past 12 months, and those under support by less than 10% of total voting shares, given that the factual events have not changed significantly.
  - 6) Matters unlikely to benefit the Company and matters previously submitted for consideration by other shareholders.
  - 7) Matters that violate applicable laws, rules, regulations of the government agencies or regulatory or involved agencies, or actions not in compliance with the objectives, Articles of Association and Statement of Business Conducts of the Company.
  - 8) Matters that are beyond the authority of the Company.
4. The Company's independent directors considered and screened the issues proposed by shareholders prior to submit to the Board of Directors. The Company would notify the consideration result after the meeting of the Board of Directors. The approved issues would be included in the agenda attached to the invitation to the Annual General Meeting of Shareholders

### **2.3 Consider not to add an issue in the shareholders' meeting agenda**

The Board of Directors complied with the policy on monitoring the shareholders' rights. In the General Meeting of shareholders, the Board of Directors strictly conducted the meeting in line with the agenda and did not distribute any additional documents suddenly, or add any issue in the agenda or change any significant information without advance notice.

### **2.4 Criteria to provide the minor shareholders to nominate person for director position**

The Company allowed and assisted any shareholders to nominate in advance qualified person for director position by providing the consideration criteria published via the data system of SET and the Company's website prior to the Annual General Meeting of Shareholders. The Board of Directors' Secretary was assigned to compile the accompanied information of the nominee's qualifications as well as his/her consent, and then submitted to the Nomination Committee to consider the qualifications of person nominated by the minor shareholders in accordance with the Company's nomination procedure. Generally, if the Nomination Committee viewed such person nominated as proper, it shall propose to the Board of Directors to consider and propose to the Annual General Meeting of Shareholders. The Criteria for the Nomination of Candidate for Directorship in the Annual General Meeting of Shareholders (AGM) Agenda are as follows:

1. Qualification of shareholder who has the right to nominate a qualified person as a candidate for the Company's directorship election must be the Company's shareholder holding continuously minimum of five percent of the total shares issued by the Company by one shareholder or several shareholders combined and shareholders must have held those shares continuously for at least 12 months by the date the shareholder nominates a qualified candidate.
2. Nomination of a qualified person as candidate for directorship, shareholder must fill out the following forms:
  - 1) Form Nominated Qualified Candidate for Directorship in AGM
  - 2) Form Personal Data on Qualified Candidate for Directorship in AGM
  - 3) Letter of Consent from the Nominated Candidate for Directorship in AGM

Together with other completed supplementary documents as required.



3. Candidate must have the qualifications in compliance with related laws and regulations as follows: Securities and Stock Exchange Commission, Thailand, The Stock Exchange of Thailand, The Public Company Limited Act, B.E. 2535 and the Company's Articles of Association.
4. The above nominated candidate, together with complete supplementary documents, as required shall be scrutinized by the Nomination Committee according to the Nomination Process of the Company, before further submission to the Board of Directors for consideration. The Company will notify the Board of Directors' (BOD) resolution after the BOD Meeting.

## **2.5 Encouraging the shareholders to use the Proxy Form**

The Board of Directors encouraged the shareholders to use the Proxy Form in voting APPROVE, DISAPPROVE, ABSTAIN by providing the Proxy Form B. Besides, the Company provided the shareholders with the Proxy Form A (general Proxy Form) and the Proxy Form C (only for custodian) published on the website 14 days prior to the meeting date for download.

## **2.6 Encouraging the shareholders to vote**

The Board of Directors provided convenience for shareholders who could not attend the meeting but wish to exercise their voting rights by allowing them to assign proxy. The Company arranged independent director to attend the meeting and vote on behalf of the shareholders. Shareholders can appoint one of the two independent directors as their proxy.

## **2.7 Giving the shareholders opportunity to exercise right to appoint individual director**

The Board of Directors encouraged the shareholders to use their voting rights by providing and distributing voting ballots at the registration before meeting. Voting ballots were provided for each issue of the agenda, such as dividend payment approval, independent auditor remuneration, and individual director appointment. The vote counting was recorded in the minutes of each meeting for transparency and reference in case of objection later.

## **2.8 Measures to prevent directors, executives, and employees from using the internal information for own benefits**

The Board of Directors stipulated the measures to prevent the directors, executives, and employees from using the internal information for their or others' benefits in the Code of Conduct covering the use of internal information for stock trading, the conflict of interest, and the confidentiality of information. The measures were notified through the business ethics, training, and the Company's website. Besides, the secretary of the Board of Directors was assigned to notify the rules in data disclosure and monitor that the Board of Directors and executives report their asset possession including the disclosure of the conflict of interest and connected transaction between directors and executives.

## **Part 3 Roles of stakeholders**

### **3.1 Good Corporate Governance policy related to stakeholders**

The Company respected and gave priority to all groups stakeholders' rights, not only particular to the applicable laws. In the past year, the Company newly considered indicating the stakeholders and established the additional policy and measure on monitoring the stakeholders in accordance with the Good Corporate Governance (CG) and CSR policy simultaneously adhered to conduct. The stakeholders of the Company shall be divided in 10 groups, as follows:

1. Employees and their families
2. Customers and creditors
3. Shareholders



4. Surrounding Community
5. Government Authorities
6. Suppliers and contractors
7. Analysts, Investors and Financial Institutions
8. Academics
9. Educational institutions
10. Mass media

The Board of Directors has established policies and measures for the treatment of stakeholders as follows;

### **3.1.1) Employees and their families**

#### Employees and their families Treatment Policy

1. The Company provides compensation to employees based on fair performance consideration and measurable results, such as monthly salary, overtime income, production commission, life and health insurance, provident fund, etc.
2. The Company aims to continually promote and develop personnel to be knowledgeable and competent, such as providing trainings and seminars for executives and employees at all levels, etc.
3. The Company treats all employees with fairness and equality, such as the employee performance evaluation, the confidential resume and the use of employee welfares, etc.
4. The Company takes into account the rights of employees and provides opportunities for the employees to complain in the event that they do not receive fairness through various channels such as complaint boxes, human resources departments, etc. to take action to the matters.
5. The Company takes responsibility for maintaining work environment to be safe, hygienic and conducive to effective working, such as arranging cleaning activities (5S), setting up occupational health and safety department in order to control and take care of occupational health and safety of employees, etc.

### **3.1.2) Customers and Creditors**

#### Customers Treatment Policy

1. The Company is responsible for building long-term relationships and cooperation with customers by adhering to honesty, trust and confidence on each other.
2. The Company has duty to achieve the highest customer satisfaction with responsibility, care, and giving priority to customers' problems and needs which requires all executives and employees to comply with the following measures;
  - 1) To adhere to presenting and delivering products that meet the quality standards as customer needs.
  - 2) To adhere to conditions as agreed with the customers at best.
  - 3) The price offering and trade terms for the customers in the same group shall be equal.

- 4) To provide accurate and truthful information to customers about the properties and quality of the manufactured products in order to build confidence and fairness to the Company's customers.
- 5) To be ready to answer customers' questions which includes handling complaints, giving advice and monitoring progress on various issues that has been notified from customers through the channels.

**Customer Relations**

**G Steel Public Company Limited**

88 PASO Tower, 18<sup>th</sup> Floor, Silom Road, Suriyawong, Bangrak, Bangkok 10500

Tel: +66(0) 2634-2222

e-mail: allbangkokmarketing@gsteeel.com

Creditors Treatment Policy

1. The Company is responsible for building relationships and treating creditors by adhering to honesty, trust and confidence on each other.
2. The Company has duty to take responsibility, pay attention and give importance to conditions as agreed with creditors at best.

**3.1.3) Shareholders**

Shareholders Treatment Policy

1. The Company has duty to protect and respect the basic rights of shareholders, namely; the right to purchase or transfer shares, the right to share in the profits of the enterprise and the right to receive sufficient business information. As well as, the right to attend the shareholders' meetings in order to appoint or remove directors, to appoint auditors, to allocate dividend, to prescribe or amend regulations or memorandum of association, to reduce capital or increase capital increase and to approve special items.
2. The Company shall promote and support the shareholders to exercise their rights in various matters at the annual general meeting of shareholders, namely; the right to propose agendas for the shareholders' meeting in advance, the right to nominate persons to be elected as directors in advance, the right to forward questions to the meeting prior to the meeting and the right to express opinions and raise questions to the meeting, etc. through various channels:

**Compliance Department**

**G Steel Public Company Limited**

88 PASO Tower, 18<sup>th</sup> Floor, Silom Road, Suriyawong, Bangrak, Bangkok 10500

Tel: +66(0) 2634-2222

e-mail : compliance@gsteeel.com

3. The Company shall not take any action which violates or restricts the rights of shareholders.

### **3.1.4) Surrounding Community**

#### Surrounding Community Treatment Policy

1. The Company and its employees shall adhere to conduct themselves as good citizens and to behave for the benefit of society and community.
2. The Company has duty to act in a friendly manner towards the surrounding community to the factory location and shall provide assistance to support the well-being of the community As well as, the Company shall take responsibility to manage solutions in case of problems resulting from the Company's operation fairly and equally.
3. The company shall foster and support beneficial activities to society and willingly cooperate with the government authorities and various agencies to sacrifice for the public good.

### **3.1.5) Government Authorities**

#### Government Authorities Treatment Policy

1. The Company has duty to perform in accordance with related laws and regulations and also to achieve better practice and / or more than as required by laws and regulations.
2. The company shall support activities of government agencies on various occasion as appropriate.

### **3.1.6) Suppliers and Contractors**

#### Suppliers and Contractors Treatment Policy

1. The Company is responsible for building good relationship with all suppliers and contractors.
2. The Company shall allow all suppliers and contractors to present products / services fairly by requiring all directors and employees involved with suppliers and contractors to comply with the following provisions;
  - 1) To cooperate with suppliers and contractors honestly and equally.
  - 2) To make consideration and decisions based on quality comparison and other conditions by taking into account of the short-term and long-term benefits of the Company.
  - 3) To maintain confidential information of suppliers and contractors. Any bribe or commission from the suppliers and contractors are prohibited. As well as the information or offer of any suppliers and contractor shall not be disclosed to the others both directly and indirectly.

### **3.1.7) Analysts, Investors and Financial Institutions**

#### Analysts, Investors and Financial Institutions Treatment Policy

1. The Company provides an opportunity for analysts, investors and financial institutions to receive information on the Company's operations and future trends in performance as appropriate in accordance with the terms of laws and good corporate governance of information disclosure.
2. The Company will facilitate by providing investment advice of the Company to investors through all channels:

**Investor Relations - IR**  
**G Steel Public Company Limited**

88 PASO Tower, 18<sup>th</sup> Floor, Silom Road, Suriyawong, Bangrak, Bangkok 10500

Tel: +66(0) 2634-2222

e-mail : info@gsteel.com

**3.1.8) Academics**

Academics Treatment Policy

1. The Company provides an opportunity for academics to acknowledge the Company operation process as well as to exchange knowledge for the academic benefits and researches which are beneficial to domestic industry.
2. The Company supports the participation in the study of technological usage to improve production processes of the Company's products and the joint studies to develop useful innovations for the development of the country, such as; machinery, manufacturing processes, etc.

**3.1.9) Educational Institutions**

Educational Institutions Treatment Policy

1. The Company will promote knowledge on technology and production processes to educational institutions by giving priority to schools and educational institutions nearby the surrounding community.
2. The Company will support the educational institution's activities as appropriate.

**3.1.10) Mass Media**

Mass Media Treatment Policy

1. The Company considers the rights and freedom of the mass media to disseminate information and news of the Company to public.
2. The Company will support the mass media's activities as appropriate.

**3.2 Preventive Measures for the Use of Internal Information for Directors, Executives and Employees**

The Board of Directors has established measures for directors, executives and employees to comply with for the use of internal information as follows:

1. The Company's secretary is responsible for informing the directors and executives to report their securities holdings in their own company, spouse and underage children as well as to report on changes in securities holding under Section 59 and penalties under Section 275 of the Securities and Exchange Companies Act B.E. 2535.
2. The Board of Directors recommends the directors, executives and employees who know internal information to avoid trading the Company's shares before the disclosure of material information including the Company's financial statements which has an impact on changes in securities prices to the public, that is one month before the disclosure of information, and may offend to the Securities and Exchange Act.



The Company has established preventive measures for directors and executives from using internal information for wrongful self-interests or others in the Code of Conduct for executives and employees as follows;

### **3.3 Preventive Measures for Conflicts of Interest for Executives and Employees**

1. The executives and employees must not take any actions for exploitation or misappropriation of property which should belong to the Company or the customers.
2. The executives and employees should avoid any situations, personal activities and financial interests that may conflict with the duties of executives and employees.
3. In case of the positions, duties and responsibilities of executives and employees give direct and indirect benefits to oneself or their family members (spouse, parents, children, relatives) or acquaintances, that executives and employees should not be involved in making any operational decision and must notify supervisors immediately.
4. The Company will avoid delegating duties and responsibilities to executives and employees in the event that it may lead to a situation causing conflict of interest of the Company or contrary to the benefits of the customers
5. When the executives and employees involve in conducting external activities or holding external positions, such as being a director, consultant, representative, or being an employee in other organizations, such activities must not create a conflict of interest with the Company and the customers either directly or indirectly, must not cause any damage to the Company as well as must not affect the performance of duties of that person.
6. The executives and employees are prohibited from joining or taking a position in any other organization that conducts business in the same manner as the Company, conducts business that compete with the Company, or conducts business that may have conflict of interest with the Company.

The Board of Directors has received the information on interest transaction of the directors, executives and employees with the Company regularly.

### **3.4 Preventive Measures for violations against Stakeholder**

The Company has established preventive measures for violations against Stakeholder as follows;

#### **1. Employees and their families**

##### Preventive Measures for violations against Employees and their families

At present, the Company has arranged the employees' compensation and welfare thoroughly as well as strictly follow the employee treatment policy. Moreover, the Company also arranges complaint boxes for receiving complaints and/or suggestions from employees as a channel to report complaints from employees who suffered from work.

In the past year, The Company has not received any complaint from employees for damage from violations.

#### **2. Customers and Creditors**

##### Preventive Measures for violations against Customers and Creditors

At present, the Company has taken care of customers according to the customer treatment policy and set up the Customer Service Department to serve as a complaint center from customers in case of they have problem and need help.

To prevent damage from violations against debtors and creditors, the executives will consider the qualifications of all debtors and creditors prior to the transaction in order to prevent the later occurrence of problems. The consideration based honesty and reliability.

In the past year, the Company has not received any complaint from customers and creditors for damages from violations.

### **3. Shareholders**

#### Preventive Measures for violations against Shareholders

At present, the Company has taken actions to protect and take care of the basic rights of shareholders, both the right to receive media information and the right to attend the shareholders' meeting along with supporting the exercise of rights in addition to the law.

In this regard, the Company has assessed and followed up on actions to prevent damage from violations against shareholder from both internal organization assessment, which will be evaluated by the management team who supervises the right of shareholders, and external organization assessment from Quality Assessment Program (AGM Checklist), which is annually evaluated by the SEC, Thai Investors Association and the Association of Listed Companies.

For the past year, the Company has not received any complaint from shareholders for damages from violations and also no damage from other matters or complaints about the restriction or deprivation of rights.

### **4. Surrounding Community**

#### Preventive Measures for violations against Surrounding Community

The Company has prevented damage from violations against surrounding community by following the surrounding community treatment policy in building good relations with the society and surrounding community as well as provide assistance and support for the well-being of the community.

Therefore, in the past, the Company has not received a complaint for the damage caused by violations against the surrounding community. However, if there is such a case occurred, the Company has set measures by assigning the human resources department to handle complaints directly and report to the management team for consideration and further actions.

### **5. Government Authorities**

#### Preventive Measures for violations against Government Authorities

The Company has prevented the damage from non-compliance with laws and regulations by having the legal department to monitor the performance of all departments in the Company regularly in order to comply with the law.

Therefore, in the past, the Company has no case of non-compliance with laws and regulations

### **6. Suppliers and Contractors**

#### Preventive Measures for violations against Suppliers and Contractors

The Company has prevented the damage from violations against suppliers and contractors by setting policy to build good relationship with all suppliers and contractors as well as treating them equally.

Therefore, in the past, the Company has no case of damage from this violations.

## 7. Analysts, Investors and Financial Institutions

### Preventive Measures for violations against Analysts, Investors and Financial Institutions

The Company provides the opportunity for analysts, investors and financial institutions to receive information on the Company's operations and future trends in performance. In addition, the Company also provides investment advice through channels. Inquiries can be sent both via Investor Relations Tel. 02-634-2222 ext. 5954 and via the Company's website.

As a result, the Company has never received any complaint for the lack of information from analysts, investors and financial institutions.

## 8. Academics

### Preventive Measures for violations against Academics

The Company has provided the opportunity for academics to visit the factory and has given information on methods, operational processes of the company's products production for academic benefits as well as has regularly cooperated with academics to study and improve production technologies.

Therefore, in the past, the Company has no case of damage from this violations.

## 9. Educational Institutions

### Preventive Measures for violations against Educational Institutions

The Company has cooperated with educational institutions to provide the opportunities to visit the Company's factories and arrange lectures on technology and production processes to educational institutions as well as provide support for various activities consistently.

Therefore, in the past, the Company has no case of damage from this violations.

## 10. Mass Media

### Preventive Measures for violations against Mass Media

The Company has strictly adhered to the policy of taking into account the rights and freedoms of the media in disseminating the Company's news to the public and has consistently provided support for various activities.

Therefore, in the past, the Company has no case of damage from this violations.

## 3.5 Stakeholder Engagement Mechanism

The Board of Directors has established the stakeholder engagement mechanism as follows:

1. The Company provides complaint and/or comment boxes which is prominently installed in front of the office and in front of the Company's factory.
2. The Company arranges public relations, such as outdoor advertising by the safety department and the human resources department will travel to publicize the environmental care in production process for the surrounding community to acknowledge and understand as well as asking for opinions from people in the community.
3. The Company provides channel to directly send suggestions to the directors through the Company's website on the topic of Investor.
4. The Company sends its representatives to visit the surrounding community every year.



### 3.6 Whistleblower Protection Mechanisms

The Board of Directors has established a channel for whistleblowing or complaints of acts that violate or fail to comply with the law, the principles of good corporate governance, the business ethics, the Company policies and regulations and actions that may imply corruption. All employees and third parties can report the matters through the complaint channels:

- **Internal Complaint**

Chanel 1

Internal Audit Department  
Tel. 02-634-2222 ext. 1241, 1242  
e-mail : IA@gsteeel.com or Send mail to :  
Internal Audit Department  
G Steel Public Company Limited  
88 PASO Tower, 18<sup>th</sup> Floor, Silom Road, Suriyawong,  
Bangrak, Bangkok 10500

Chanel 2

Human Resource and Administration Department  
Tel 038-869-323 ext. 4111  
e-mail : HRA@gsteeel.com or Send mail to :  
Corruption Reporting Box at the front of Factory's entrance  
and the front entrance door of Head-Office.

- **External Complaint**

Compliance Department  
G Steel Public Company Limited  
88 PASO Tower, 18th Floor, Silom Road, Suriyawong,  
Bangrak, Bangkok 10500  
Tel. 02-634-2222 ext. 5151, 1559  
e-mail : compliance@gsteeel.com

The Board of Directors has set up protection for whistleblowers by not disclosing but collecting information of the whistleblower confidentially and has set a process for actions after a whistleblower has reported an issue.

## Part 4 Information disclosure and transparency

### 4.1 Results of the execution of good corporate governance policy

Last year, the Company accurately, adequately, timely and transparently disclosed the financial and non-financial information required by the SEC and SET through SET's online system and the Company's website. The Company has never been punished by the SEC or SET for not disclosing the information as required. Also, the Company regularly appraises the efficiency of information disclosure process and strictly follows the regulations.



Moreover, the Company published and regularly updated all significant information submitted to the SET and other current information on its website as well as provided all shareholders and stakeholders with such information both in Thai and English so as for equal access to the information.

#### **4.2 Remuneration for the directors and the management**

The Nomination and Remuneration Committee formulated the policy on remuneration for directors, Chief Executive Officer and top executives as follows;

##### **Policy on remuneration for directors, Chief Executive Officer and top executives**

1. Remuneration of the Company's directors, Chief Executive Officer and top executives shall be set in accordance with their duty, scope of responsibility, fairness and attractiveness, which should be compared to those for directors in other listed companies in the same industry and similar size, including the Company's performance, business surroundings, and overall economic conditions.
2. The Nomination and Remuneration Committee shall be responsible for initial consideration and propose for the approval of the Board of Directors and the Annual General Meeting of the Shareholders the maximum remuneration of the year, position remuneration and meeting allowance.
3. The Nomination and Remuneration Committee shall comply with the resolution of the Annual General Meeting of the Shareholders on the remuneration budget and details which are also disclosed in the annual report. The remuneration that the directors received from positions in other companies, such as consultancy fee, and directorship in the Company's subsidiaries shall also be disclosed.
4. Any director who currently holds management position in the Company and receives the remuneration in the forms of monthly salary will not be entitled to receive the remuneration.

The Nomination and Remuneration Committee proposed to the Board of Directors, and the Annual General Meeting of the Shareholders to approve the remunerations for the non-executive and non-employee directors as shown in Remuneration for Directors and the Management Chapter. Any director being the subsidiary's director shall not be entitled to take any remuneration from such subsidiary.

#### **4.3 Board of Directors' Report**

The Company provided the Board of Directors' responsibility report on financial statements together with the independent auditor's report, as published in the annual report under the Board of Directors' Responsibility towards financial statements.

#### **4.4 Relationship with investors**

The Company has a policy on significant information, including general information, to be disclosed properly, completely, reliably, sufficiently, timely, and transparently, including general information that may affect the Company's share price, assigning the Company's representative to communicate with the institute and individual investors as well as analysts and concerned government agencies. The Company's website is used as a channel to distribute all information, such as the information regarding the Company, business, financial information, news that may affect investment decision, reports submitted to the SET, the Company's activities, and shareholders' meeting details, in order to enable shareholders to keep updated of the Company's movement and information.

## Part 5 The Board of Directors' Responsibilities

### 5.1 Policy on Good Corporate Governance

The Board of Directors intends to supervise by adhering to the principles of good corporate governance as well as realizes the benefits and importance of good corporate governance. This contributes to the efficiency, transparency and accountability of management and operation which resulting in improving the Company's competitiveness and increasing economic value for shareholders in long term as well. Therefore, the Board of Directors and the management team have established a written policy on the principles of good corporate governance and have already approved this policy with details as follows.

1. To consider shareholders rights and to grant rights to shareholders in various matters, such as the right to propose an agenda for the shareholders' meeting in advance or the right to nominate persons to be elected as directors in advance, etc., as well as not to violate or deprive the rights of shareholders.
2. To treat shareholders, investors, stakeholders and all relevant persons equally and fairly to all parties.
3. To disclose information to shareholders, investors, stakeholders and all relevant persons correctly, adequately, equally and within the specified period through appropriate channels so that the shareholders and other relevant persons are able to access information conveniently, such as through the Company's website, etc.
4. To perform duties and responsibilities of the Board of Directors in supervising and managing with honesty, morality, prudence and carefulness in order to achieve the Company's goals, to gain the maximum benefit to the Company and shareholders as well as to prevent any conflicts of interest.
5. To manage with transparency under of internal control system and audits.
6. To control and manage risks to be in appropriate level to the Company's business operations.
7. To conduct business with honesty under the legal framework and business ethical framework.

### 5.2 Structure of the Board of Directors

The Board of Directors consists of management directors, whose knowledge and ability can give in-depth commentary on the steel business and plan business strategies. While the independent directors and non-executive directors are versed in the overall industry, finance, banking, asset management, legal auditing and other business knowledge, which make the opinions expression at the Board of Directors' meetings be constructive. The consideration and decision making of the Board of Directors depend on the benefit of the Company as priority.

The Company seriously takes into account the balance of the management of the Board of Directors (Check and Balance). In addition, there is a clear diversity in the structure of the Board of Directors (Board Diversity). At present, the Board of Directors has various qualification of skills, experiences and talents that are beneficial to the Company. They also dedicate time and effort in performing duties in order to strengthen the Company to have a strong Board of Directors. The sub-committees has been appointed to support the Board of Directors to study the details, to monitor, to control operations and to screen the assigned business. The scope of duties and responsibilities are clearly defined. Currently, there are 5 sub-committees have been appointed with different roles and duties as detailed in the topic "Sub-committee".

The Board of Directors disclosed the list of the directors and committee members in terms of names, positions, age, education, shareholdings, work experience and relationship with the

Company's executives in various channels, including the annual report and the Company's website. There is no director holding directorships more than 5 listed companies. At a meeting of the Board of Directors, there must not be less than one half of the total number of directors present to form a quorum. In addition, the meeting schedule for year was provided to directors in advance annually in order for the directors' attendance availability.

### **5.3 Leadership and vision**

The Board of Directors has strong leadership, vision and independence in making decision for the best benefit of the Company and its shareholders. Roles and responsibilities of the Board of Directors and the Management are clearly separated, i.e. the Management is responsible for compiling necessary information for the Board of Directors' consideration.

With a goal to ensure stable business with long-term sustainability and success, the Board of Director, in cooperation with the Management in reviewing and ensuring that vision and mission best address the changing environment, the business goals, business plan and budget are prepared by taking into consideration the maximum added value and long-term stability of the Company and its shareholders. The Board of Directors also directs the business and ensures that the business operation is efficiently executed by the Management.

The Board of Directors encourages good corporate governance within the organization and formulates good corporate governance practice, code of ethics, measures and approval procedure of connected transactions between the Company and related parties or persons who may have conflict of interest, as well as clearly separates the authority of shareholders from that of the Board of Directors, also that between the Board of Directors and the executives and other committees, in order to balance the power, and each other shall be independently examined.

### **5.4 Conflict of interest**

The Board of Directors shall consider connected transactions that may cause conflict of interest between shareholders, directors and the Management, with best prudence, integrity, reasonableness and independence within good business ethic framework. It also discloses complete information for the best benefit of the Company. The Board of Directors shall strictly conform to the criteria and procedures or regulations set by SET whereby the Audit Committee shall provide information about the necessity and appropriateness of such transaction.

The Board of Directors has formulated measures and approval procedure of connected transactions between the Company and its subsidiaries or persons who may have conflict of interest. The persons who may have direct or indirect conflict of interest shall not be allowed to make decision on the matter. The Audit Committee is required to participate in the consideration and provide opinions on the necessity and reasonableness of the items proposed for the best benefits of the Company. The connected transactions are also required to be disclosed in the Notes to the Financial Statements prepared by using the generally accepted accounting principles published in the Annual Report.

### **5.5 Business ethics**

The Board of Directors has prepared the Management and Employees' Code of Conduct for the Company's Management and employees to use as guideline in performing their duties and to strictly and consistently implement in terms of business operations, equitably with fair treatment towards stakeholders, including the matters related to conflict of interest, information confidentiality and possible fraudulent use of information, bribes, and gifts, including the anti-corruption. In this regard of the Code of Conduct, the Board of Directors assigned the Internal Audit Department to monitor and audit the implementation.



The Board of Directors itself shall monitor and ensure that the Company's business operation, directors' ability to perform their duties, the Management's operation, and employees' work are within ethical framework in addition to the Company's regulations and related laws.

The Board of Directors has also formulated a policy requiring directors, executives and employees who are involved with inside information to avoid or not trade the Company's shares 1 month before the significant information, such as financial information which may affect the Company's share prices, is disclosed to the public.

#### **5.6 Power balance of non-executive directors**

The structure of the Company's Board of Directors comprises the executive directors totaling 5 persons, 1 non-executive director, and 3 independent directors, totaling 9 persons. The balance of power by independent directors is 33.33 percent.

#### **5.7 Combining or separating positions for a Balance of Management Power**

The Board of Directors has clearly separated the scope of duties and responsibilities among the Board of Directors, Audit Committee, Nomination and Remuneration Committee, The Good Corporate Governance and Risk Management Committee, the Executive Committee, including the Chief Executive Officer. Moreover, the person who holds the position of the Chairman of the Board of Directors is determined to have no relationship with management team in order to prevent any executive from having unlimited power as well as to be able to review and balance the management.

#### **5.8 Roles and responsibilities of the Board of Directors**

In the past year, the Board of Directors reviewed and approved significant operational matters and directed the Management to efficiently implement the policies and plans, including to effectively managing the budget.

Further to the Board of Directors having stipulated and approved the written good corporate governance policy, a review is to be made at least once a year.

The Board of Directors provided and distributed the Code of Conduct in writing to the new directors, executives and employees; and reviewed other ethics for the existing directors, executives and employees to understand ethical standards applied to its business operation. The Board of Directors assigned the Internal Audit Department to closely monitor the execution of such Code of Conduct.

The Board of Directors, having carefully studied and considered conflict of interest and connected transactions which may cause conflict of interest to the Company taking into account the shareholders' best benefits, found none of such items.

The Board of Directors provided a financial statement control and regulations implementation. The Internal Audit Department independently performed its duty in monitoring the implementation of these regulations as well as the control measures. It is at least once a year to review such control.

#### **The Roles and Responsibilities of the Board of Directors**

The Company's Board of Directors has the power and duties in accordance with the law and resolutions of the shareholders' meeting. However, the board cannot approve or consider anything except by approval of the majority vote of the attending directors of the board meeting on the following matters:

1. Supervise and manage the operations of the Company in accordance with the law, regulations, policies against corruption and Articles of Association as well as a resolution of the shareholders' meeting, protect the interests of the Company and its shareholders on the basis



- of the principles of corporate governance and disclose sufficiently accurate, standardized and transparent to shareholders and related parties.
2. Define vision, mission and strategic direction of the Company, including review vision, mission and strategy regularly to ensure compliance with the Company's business plan.
  3. To consider and approve the budget and operations of the Company, including the use of company resources.
  4. The Board of Directors has the power to sell or mortgage any immovable property of the Company or lending any of the company's real estate over than 3 years old or give or compromise, or filed in any court, arbitrator, or both, under the enforcement of the public limited company law.
  5. Arrange a meeting of shareholders at the Annual General Meeting not later than 4 months after the year-end closing of the company and arrange Extraordinary General Meeting of Shareholders when it is needed.
  6. Ensure that the communication with shareholders and stakeholders of each company is appropriate.
  7. Provide accounting system, financial reporting and auditing as well as ensure that the system of internal control and internal audit is efficient and effective.
  8. Provide the statement of financial position, Cash Flow Statement and the income statement at the end of the accounting year of the Company, offer to the shareholders in the Annual General Meeting to consider and approve the Balance Sheet, Cash Flow Statement, and profit and loss statement. The Board of Directors shall arrange for the audit to be completed prior to submission to the Shareholders' Meeting.
  9. Provide financial reports and other information important to shareholders with accurate, complete and adequate with verification and monitoring data reports.
  10. Oversee and manage conflicts of interest that may arise in related party transaction.
  11. Establish a committee such as the Risk Management Committee, the Nomination and Remuneration Committee, Corporate Governance Committee, with monitoring and supervision.
  12. Provide guidelines for comprehensive risk management and the management systems or an effective process for managing risk to control and audit the preparation of financial controls, operational and regulatory performance including control and risk management.
  13. Ensure the Nomination and Remuneration Committee to be transparency and independence in performing their duties, taking into account the specifications as defined by the Company and according to the principles of good governance set by the Stock Exchange of Thailand.
  14. Provide supporting policy and promote the implementation of good corporate governance principles in the management and operation of the Board of Directors, the management and staff substantially to ensure the organization will be managed in a transparent and fair to all stakeholders supporting by anti-corruption policy in accordance with the principles of corporate governance to build confidence among shareholders, investors and stakeholders.
  15. The Board of Directors has the authority to appoint members of the board of directors to be Executive Committee to control the management of the Company. The Executive Committee shall report to the Board of Directors.

16. The Board of Directors has the authority to appoint any person as a Chief Executive Officer to manage the affairs of the Company under the control of the Board which can be withdrawn by the Board of Directors.
17. The Board of Directors must inform the Company without delay if there is an interest in a contract made by the Company, directly or indirectly, shares or debentures, increase or decrease in the Company or its affiliates.

However, in the case of any implementation on any matter that any directors or possible vested interests according to the notification of the Security and Exchange Commission (“SEC”) and/or the Stock Exchange of Thailand (“SET”) as stakeholders or conflict of interests, and the Company has designated it, so that director has no power to approve that matter. However, it is only for the overall benefit of the Company or the shareholders as priority.

### **5.9 The Board of Directors’ meeting**

The Board of Directors convened at least 4 times a year and arranged the meeting in accordance with the Company’s Articles of Association, the Public Limited Company Act B.E. 2535, and SET’s regulations. The Chairman of the Board of Directors, in the capacity of the meeting chairman, would promote prudence in any consideration; provide sufficient time for the Management to present significant information and for directors to discuss the matter. Meeting minutes for every meeting was made for future reference and checking. It is the duty of the Board members to attend every meeting, except for a certain unavoidable case.

At the meeting of the Board of Directors of the end of the year 2019, the Company Secretary prepared meeting schedule for the year 2020 for the Board of Directors to be able to schedule their time for the meetings.

In considering the number of meetings, the Board of Directors considered the duty and responsibility of the Board of Directors. The Company Secretary shall prepare the whole year meeting agenda and matters to be considered in each meeting in order to provide sufficient detailed information for the Board of Directors. For example, in the March meeting, the Board of Directors shall approve the annual financial statements, and schedule the annual general shareholders’ meeting as well as set the date of the closing of the Company’s registration book to suspend the share transfer, while the meetings in May, August and December are scheduled for reviewing and approving financial statements for the first, second and third quarters, then the December meeting is organized to consider budget for the following year.

In each meeting, the Company Secretary provided the agenda and related information and distributed them to the directors for average 5 days prior to the meeting.

The meetings were strictly held in compliance with the Company’s rules and regulations, and the Public Limited Company Act B.E. 2535. The directors were given opportunity to discuss carefully the important problems. The Company Secretary attended the meeting and prepared the recording, so as for the minutes of the meeting, which included also the directors’ questions and recommendation in the meeting.

In each meeting, the Chairman of the Board of Directors would conduct the meeting, which was sufficient for the Management to present the matters for consideration and for the directors to carefully and equally discuss the important issues. The Chairman of the Board of Directors encouraged the attending directors to use their best consideration. The Chairman also asked whether there was any question or other opinion on each issue of the agenda in every meeting.

### 5.10 Remuneration for directors and executives

In 2020, The Nomination and Remuneration Committee resolved, in accordance with the scope of duty and responsibility assigned and at the same range as that offered to directors in listed companies of similar size and in the same industry, and also the Company's performance, business environment and economy as a whole, to propose to the Board of Directors and to the Shareholders in the Annual General Shareholders' Meeting to approve the total amount of the Directors' remuneration 2020 same as rates 2019 year.

### 5.11 Self-Assessment of the Board of Directors

For year 2020, the Company Secretary has prepared the "CG Self-Assessment", and submitted to individual directors for considering his/her achievement and for resolving problems individually, as well as for the work efficiency improvement.

### 5.12 Directors and executives development

The Board of Directors encouraged and provided the training courses to develop and educate the Company's directors and members of committees so as for the continuous improvement in performing their tasks.

The Company Secretary prepared Directors' guidebook with criteria on information disclosure, profile, shareholdings, changes in shareholding of directors, etc. and distributed to new directors. The secretary shall also invite new directors to visit the Company's plant to introduce to them the hot rolled coil business as well as the Company's business operations.

The Board of Directors has stipulated that the Management prepare a regular report for the Board of Directors to update on the development and succession plans in case they could not perform their duties.

The Board of Directors, in parallel to the succession plan, implemented the executive development plan by assigning the Management to report progress of executive development plan undertaken during the year.

In 2020, details of Directors and executive' attendance of training are as follows:

No.	Name and Position	Course	By Organization
1	Mr. Rajeev Jhawar Chief Financial Officer	E-learning CFO Orientation	The Stock Exchange of Thailand
2	Ms. Artaya Sookto Company Secretary	Fundamentals for Corporate Secretaries 2020	Thai Listed Companies Association

### Sub-committee

As at 31 December 2020, the Company's Management Structure consists of the Board of Directors and 5 sub-committees namely the Executive Committee, Audit Committee, Nomination and Remuneration Committee, Corporate Governance and Risk Management Committee and Strategic Steering Committee. Details of the Committee's scope of authorities and responsibilities are as follows;

#### 1. Audit Committee

Audit Committee Member means persons appointed by The Board of Directors or the Company's Shareholders. The Audit Committee members must be independent directors and not to be directors assigned by the Board of Directors to make decision on business operations of the Company, parent companies, subsidiaries, joint venture, similar subsidiaries, or any juristic persons that may have conflict of interest. They must be neither the director of parent companies, subsidiaries,



joint venture, or similar subsidiaries. They must have qualifications and responsibilities as announced by the SEC and as per the SET's regulations on the qualifications and work scope of audit committee. They must also have sufficient knowledge and experience to review the reliability of the financial statements and perform other duties in the capacity as Audit Committee members.

In the year 2020, the Audit Committee has performed audit duties in reviewing the financial statements of the Company and its subsidiaries, reviewing the internal audit report from the Internal Audit Department on a monthly basis, including attending meeting with the auditors in determining guidelines for consideration of various matters. In addition, the Chairman of the Audit Committee will report a summary of important matters to the Board of Directors' meeting for acknowledgment and consideration by filling in the meeting agenda and also providing comment from acting through the report of the Audit Committee.

For the year 2020, the Audit Committee held a total of 13 meetings, the details of the meeting attendance of Members are as follows:

No.	Name	Number of Attendance
1.	Mr. Li* Zhong Yuan	12 / 13
2.	Mr. Christopher* Michael Nacson	11 / 11
3.	Dr. Chainarong* Monthienvichienchai	4 / 4

Remarks:

- 1) The Board of Directors' Meeting No. 2/2563 held on 2 March 2020, acknowledged the resignation of Mr. Teerapol Pussadet from being the Company's independent director and the Audit Committee member, with effect from 3 March 2020 onwards. Mr. Teerapol Pussadet attended the audit committee meeting during holding office of director 2 times out of 2 meetings
- 2) The Board of Directors' Meeting No. 10/2563 held on 11 August 2020, acknowledged the resignation of Asst. Prof. Dr. Teerachai Arunruangsiriler from being the Company's independent director and the Audit Committee member, with effect from 7 August 2020 onwards. Asst. Prof. Dr. Teerachai Arunruangsiriler attended the audit committee meeting during holding office of director 8 times out of 8 meetings
- 3) The Board of Directors' Meeting No. 2/2563 held on 2 March 2020 resolved to approve the appointment of Mr. Christopher Michael Nacson as an Audit Committee member, with effect from 3 March 2020 onwards.
- 4) The Board of Directors' Meeting No. 10/2563 held on 11 August 2020, resolved to approve the appointment of Dr. Chainarong Monthienvichienchai as an Audit Committee member, with effect from 11 August 2020 onwards.

\*Member of the Audit Committee possessing the relevant knowledge and experience in finance and accounting, and able to review the credibility of the Financial Statements

Responsibilities of the Audit Committee

1. Internal Control And Internal Audit
  - 1.1 Review the Company's internal control system and internal audit system to ensure that it is suitable and effective.
  - 1.2 Review the independence of the Internal Audit Department.
  - 1.3 Consider and approve the annual audit plan of the Company together with the Internal Audit Department, including the budget used in the audit process taking into account the risks involved.
  - 1.4 Supervise the management to correct any defects found any follow up and correct the deficiencies to make the operation more efficient.



- 1.5 Review evidence if there is any doubt about the operation that may have significant impact on the organization or defective or there are conflicts of interest that may affect the operation or internal control system, and propose to the Board of Directors for further consideration.
- 1.6 Review the measures taken by the Company for countering the anti-corruption and bribe as part of good corporate governance.
- 1.7 Consider and approve the appointment, transfer, terminate of the chief internal audit.
- 1.8 Evaluate performance and approve wages bonus or other compensation of internal auditors.
- 1.9 Promote understanding among the Audit Committee, the Management, the Internal Audit Department and the Auditor in order to ensure a unified direction.
- 1.10 Review the scope of the audit with the Company's auditor to ensure consistency and mutual contribution.
2. Financial Statements and Disclosure
  - 2.1 Review the Company's financial reporting process to ensure that it is accurate and adequate.
  - 2.2 Review the connected transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the regulations of the SET, and are reasonable and for the highest benefit of the Company.
  - 2.3 Review the evidence if there is any doubt about the operation that may have a significant impact on the company's performance or conflicts of interest that may affect the operation of the Company.
3. External Auditor
  - 3.1 Consider, evaluate, select and propose the appointment of an independent person to appoint as the Company's auditor based on creditability, resource adequacy, workload of the audit firm and experience of auditor. In addition, in order to ensure the independence of the external auditor, the audit committee shall consider factors such as non-audit services that may conflict with the auditor's independence, efficiency and professionalism.
  - 3.2 Recommend the removal of the auditor due to lack of ability dereliction or malpractice.
  - 3.3 Attend the meeting with the auditor without the management attends the meeting at least once a year.
  - 3.4 Suggest that the auditor review or exam the items deemed necessary and it is important during the audit of the Company.
  - 3.5 Review the work of accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audits, review or attest services for the Company (including resolution of disagreements between management and the auditor regarding financial reporting).
4. Compliance and Law
  - 4.1 Verify that the company has complied with the applicable laws, securities and the SET regulations or government regulations.

4.2 Review evidence in case there are any suspected transactions or acts that may violate the law or the regulations of the SEC, the SET or government regulations which has or may have an impact to the financial position and performance of the company significantly.

5. Risk Management

Review the corporate risk management system at least once a year.

6. Other Responsibilities

Other tasks assigned by the Board of Directors with the opinion by the Audit Committee.

7. Expertise

In case of necessity, the Audit Committee may recommend the Board of Directors to hire specialists to consult and solve problems of the Company, unless such consultation or solution relates to the duties and obligations of the Audit Committee which shall then be in accordance with the Evaluation of the Audit Committee.

In any case where any Audit Committee member or parties with possible conflict of interest, have conflict of interest with the Company or its affiliates, the acquisition or sale of assets of listed companies and connected transactions (if any), as per announcements of the SEC and/or the SET, the Audit Committee shall report the matter to the Board of Directors and/or the shareholders' meeting for consideration and approval in compliance with related law and regulations.

## 2. Nomination and Remuneration Committee

Nomination and Remuneration Committee Member means a person appointed by the Board of Directors as a member of the Nomination and Remuneration Committee. For the transparency and independence in performance of duties, the Chairman of the Nomination and Remuneration Committee shall be an independent director and no less than half of total number of the committee members shall be the independent directors. In addition, the committee member shall have sufficient knowledge and experience to nominate directors and senior executives of the Company and to conduct other duties as the nomination and remuneration committee member, provided that the qualifications of the committee member shall be prescribed by the Company and in accordance with the corporate governance principles prescribed by the SET.

For the year 2020, the Nomination and Remuneration Committee held a total of 5 meetings, the details of the meeting attendance of Members are as follows:

No.	Name	Number of Attendance
1.	Mr. Li <sup>(1)</sup> Zhong Yuan	1 / 1
2.	Mr. Christopher <sup>(2)</sup> Michael Nacson	3 / 3
3.	Miss Kannikar Yomchinda	5 / 5
4.	Mr. Andreas Rizal Vourloumis	5 / 5

Remarks:

- 1) The Board of Directors' Meeting No. 12/2563 held on 10 November 2020 resolved to approve the appointment of Mr. Li Zhong Yuan as a Chairman of the Nomination and Remuneration Committee, with effect from 10 November 2020 onwards.
- 2) The Board of Directors' Meeting No. 4/2563 held on 29 April 2020 resolved to approve the appointment of Mr. Christopher Michael Nacson as a Nomination and Remuneration Committee Member, with effect from 30 April 2020 onwards.

### Responsibilities of the Nomination and Remuneration Committee

1. To formulate criteria and policy in nominating directors, members of different committees and the Chief Executive Officer.
2. To consider and nominate appropriate persons to be appointed as directors, and members of different committees as well as the Chief Executive Officer for approval by the Board of Directors and/or Shareholders' Meeting.
3. To stipulate all rules and policies on remunerations for the Board of Directors, committees and Chief Executive Officer for approval by the Board of Directors and/or, as the case may be, the Shareholders' Meeting.
4. To set necessary and appropriate annual remunerations for the Board of Directors, committees and the Chief Executive Officer.
5. To report to the Board of Directors the Nomination and Remuneration Committee meeting results or other matters the Board of Directors should be informed.
6. Other duties assigned by the Board of Directors.

### **3. Corporate Governance and Risk Management Committee**

Corporate Governance and Risk Management Committee Member means a person appointed by the Board of Directors as a member of the Corporate Governance and Risk Management Committee. The Corporate Governance and Risk Management Committee will perform their duties to review and assess the effectiveness of the risk management, to report to the Internal Audit Committee any risk progress and risk management measures in due courses and to propose, review and implement the guidelines for good corporate governance including the related laws that regularly changed and to be utmost benefit of the Company.

The Corporate Governance and Risk Management Committee has performed the duties in reviewing the system and assessing the effectiveness of risk management, reporting on the progress of the nature of the risk with guidelines for risk management to the Audit Committee within the prescribed period, proposing good corporate governance practices to the Board of Directors, including reviewing and amending such practices to be constantly in accordance with the changing regulations and related laws in order to achieve good governance according to international standards and gain the most benefits to the Company.

For the year 2020, the details of the meeting attendance of Members are as follows:

No.	Name	Number of Attendance
1.	Mr. Li <sup>(1)</sup> Zhong Yuan	1 / 1
2.	Dr. Chainarong <sup>(2)</sup> Monthienvichienchai	1 / 1
3.	Mr. Sharad Bajpai	2 / 2
4.	Mr. Sudhir <sup>(2)</sup> Maheshwari	0 / 1

#### Remarks:

- 1) The Board of Directors' Meeting No. 12/2563 held on 10 November 2020 resolved to approve the appointment of Mr. Li Zhong Yuan as a Chairman of the Corporate Governance and Risk Management Committee, with effect from 10 November 2020 onwards
- 2) The Board of Directors' Meeting No. 12/2563 held on 10 November 2020 resolved to approve the appointment of Dr. Chainarong Monthienvichienchai and Mr. Sudhir Maheshwari as a Corporate Governance and Risk Management Committee Member, with effect from 10 November 2020 onwards.



## Responsibilities of the Corporate Governance and Risk Management Committee

### *Duties and Responsibilities*

1. To set a risk management policy that can be applied to all the organization.
2. To review and assess the effectiveness of the risk management at least two (2) times a year and every period that the risk level changes, including paying attention and monitor risk warning signs as well as irregular items, including anti-corruption risk.
3. To report to the Audit Committee any risk progress and risk management measures within the provided period for the best benefits of the Company.
4. To propose and review the policy on the good corporate governance, and anti-corruption policy of the Company to the Board of Directors.
5. To develop and review the process or guidelines on good corporate governance to present or recommend to the Board of Directors.
6. To follow up and monitor the operations of the management to comply with the policies and guidelines on good corporate governance of the Company approved by the Board of Directors.
7. To perform other duties as the Board of Directors assigns related to the good corporate governance.
8. To report on the operations about the supervision of the Company to the Board of Directors.
9. To review disclosure regarding risk contained in the Company's Annual Report and Annual Registration Statement (Form 56-1) and from 1 January 2022, the 56-1 One Report which shall substitute and replace Annual Report and the Annual Registration Statement.
10. To recommend and advise the Sub-Risk Management Committee and/or departments and/or the relevant working committees about significant risks and risk management, as well as evaluate the appropriate means to improve various databases that are related to the development of risk management solutions.
11. To consider the guidelines, offer recommended policy/guidelines of ethics and business ethics according to the good corporate governance regularly to the Board of Directors, management, and employees.
12. To coordinate with the Audit Committee by sharing knowledge and information about the risk and internal control that cause effect or potential impact on the Company.
13. The Committee shall coordinate with the Audit Committee to assist the Audit Committee in its review of the Company's risks that have been delegated to the Audit Committee in its Charter.
14. Motivate and build the campaign about Good Corporate Governance to be a part of Company's cultures.

### *Authority of the Committee*

1. The Committee shall have authority to invite members of the management, directors and/or any responsible persons to attend the meeting in order to provide relevant information to the Committee, discuss, clarify or answer any issues relating to the scope of duties and responsibilities of the Committee.
2. The Committee shall have appropriate access to the information of the Company with support from the management in order to ensure that the Committee obtains information and inputs sufficient and relevant for the Committee to fulfill its responsibilities and duties.



3. The Committee may require the Company to engage any external expert(s) in order to support its activities, reviews and investigations in order to discharge its responsibilities and duties, as agreed upon by the Board of Directors.

#### 4. Executive Committee

In the past year, The Executive Committee has performed the duties in managing the Company's business, considering and setting up various policies, business plans, investment plans and annual budget plans of the Company to present to the Board of Directors for approval as well as monitoring, supervising and controlling the operation in order to achieve the goals of the plan approved by the Board of Directors and as assigned by the Board of Directors. In addition, The Executive Committee has reported the Company's operating results in each quarter throughout the year including the annual turnover to the Board of Directors for acknowledgment.

#### 5. Strategic Steering Committee

Strategic Steering Committee Member means a person appointed by the Board of Directors as a member of the Strategic Steering Committee. The Corporate Governance and Risk Management Committee will perform their duties check, give advice and closely monitor the day-to-day operation of the Executive Committee.

The Strategic Steering Committee comprises of 6 members as follows:

No.	Name		Position
1.	Dr. Somsak	Leeswadtrakul	Member
2.	Miss Kannikar	Yomchinda	Member
3.	Mr. Andreas	Rizal Vourloumis	Member
4.	Mr. Sharad	Bajpai	Member
5.	Mr. Sudhir	Maheshwari	Member
6.	Mr. Davinder	Chugh	Member

#### Nomination and Appointment of Directors

For the process of recruiting directors, the Board of Directors has established a formal method based on transparency without the influence of management team or controlling shareholders, that is, the Nominating Committee will select persons to hold the position of directors from suitable persons by considering qualifications, abilities, work experience, etc. in order to be appropriate with the duties and responsibilities of the Board of Directors and /or members of sub-committees. When the appropriate person has been selected, then that person will be proposed to the Board of Directors for further approval of the appointment.

#### Independent Director

##### Qualifications of Independent Directors

1. Hold not exceeding 0.5% of the total voting shares of the Company, its subsidiaries, nor being a major shareholder, affiliates or other juristic persons with possible conflict of interest, including the shares held by their related persons (under Section 258 of Securities and Exchange Act).
2. Neither involving in management, non-controlling, nor being the Company's executive/ employees, salaried consultant, competent authorized person to control the Company, its subsidiaries, affiliates or other juristic person with possible conflict of interest at present and in the last 3 years before appointment.

3. Not being a person related by blood or legal registration such as father, mother, spouse, sibling, and child, including spouse of the child, to executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the Company or its subsidiary, and be independent from major shareholders, executives and controlling persons.
4. Not being person who has, or used to have, business relationship with the Company, subsidiaries, affiliate companies, major shareholder, or authorized controller, by offering professional and trade service, according to the SET's requirement on connected transaction, except that he has no longer had such relation for at least 3 years.
5. Not be or used to be auditor of the Company, subsidiaries, affiliate companies, major shareholder, or authorized controller, and not being shareholder.
6. Not being a person who has been appointed as a representative of the Company's Director, major shareholders or shareholders who are related to the major shareholders.
7. Not having any characteristics which make him/her incapable in expressing independent opinions.
8. Be capable in protecting all shareholders' benefits equally and supervising in order to prohibit any conflict of interest between the Company and related persons, and able to attend the meetings of the Board of Directors in order to make a decision on significant issues.

Furthermore, this definition of independent directors has been revised so as to be stricter than that defined by the SEC.

#### Criteria in selecting independent director

The Company selects independent directors taking into account the knowledge, experience good understanding in related businesses, vision, as well as sufficient time to perform duty, also with the qualities as stated in the concerned government agencies' announcements, regulations and rules. The Company would invite qualified persons to be its independent directors. The Company considers that the aforementioned independent directors are able to exercise their knowledge and capability as well as provide opinions that are useful and appropriate to support the Company's business operation.

### **The Nomination of Directors**

#### Criteria in nominating directors

##### (1) Nomination of Directors

When the position of Company's directors is vacant, the Nomination and Remuneration Committee are responsible for selecting and nominating the persons to take these positions. The Nomination and Remuneration Committee shall consider person with knowledge, capability, and experience with specialization that are crucial and essential to the Company's operation. The Nomination and Remuneration Committee shall consider the following qualifications:

1. Qualification as per Clause 68 of the Public Limited Company Act, B.E. 2535, and announcement or rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) and the Company's regulations.
2. The candidates' knowledge, capability, experience and specializations that would contribute to the Company's operational efficiency.
3. The candidates' qualifications shall support good corporate governance practices, such as ethics, independence, assertiveness, creativity, carefulness and integrity as well as ability to dedicate their time for the Company.

## (2) Nomination of Directors (In case of retiring by legal rotation)

The election of The Company's directors to replace the directors who have to retire by rotation must be approved by the Annual General Meeting of Shareholders, whereby the Nomination and Remuneration Committee has duty to select appropriate persons who deserve to be nominated as directors, by taking into account the qualifications, knowledge, capabilities, experience, work history, progressive leadership and sweeping vision, including having morality, ethics, and positive attitude towards the organization and fully devotes their time to the Company.

The election of a Board of Directors member to replace director who must retire at the end of his/her term shall be approved by the Annual General Shareholder's Meeting and by majority vote of the shareholders present at the meeting. Criteria and selection method are as follows:

1. A shareholder shall have one vote per one share.
2. Each shareholder shall exercise all his/her voting right as mentioned above in selecting one or many person as directors but cannot separate votes for any person(s).
3. The persons receiving the highest votes will be selected as directors. The number of persons selected shall be equal to the number of directors to be selected. In case there are persons with the highest votes more than the number of directors required, the meeting chairman shall have the right to make decision.

In addition, in selecting new directors to replace vacant positions due to other reasons than end of term according to the law shall be approved by the Board of Directors' meeting and thus with no less than third-fourth of the votes of the remaining directors. The new directors who replace the vacant position shall be in the position for the remaining term of the vacant position.

In case directors resign, the Company's regulations allow the Board of Directors to appoint new directors as replacement.

### **The Nomination of the Executives**

The Chief Executive Officer is authorized to nomination and appoints persons with appropriate qualifications in terms of education, knowledge, capability and business experience. The selection shall follow the Company's rules related to human resources management. For position equivalent to Senior Vice President or higher, the appointment of the person shall be reported to the Board of Directors for acknowledgement, while an appointment of positions equivalent to the Internal Audit Department executives shall be made with the Audit Committee's discretion.

### **Supervision of Subsidiaries**

In the past, the Company nominated and exercised voting rights to appoint a person to be a director of the Company's subsidiaries through the management team. The person appointed as a director of a subsidiary or an associated company have duty to manage and act for the best benefit of that subsidiary. The Company determines that the appointed person must be approved by the Board of Directors before passing a resolution or exercising the right to vote on important matters at the same level as requiring the approval of the Board of Directors if operated by the Company itself. However, sending of a director to represent in the subsidiary or associated company is based on the shareholding proportion.

### **Internal Information Inspection**

Internal Audit Department of the Company performs audits on finance, operation and compliance to rules, regulations and related laws in order to ensure that the Company's operations and key activities are carried out in accordance with the established guidelines efficiently. In order to let the



Internal Audit Department be independent to be able to fully check and balance, the Company therefore let the Internal Audit Department report the audit results directly to the Audit Committee and the Board of Directors.

In the year 2020, the Audit Committee held 13 meetings to consider the rationale of related transactions, the sufficiency of the internal control systems, including, the meetings held with auditors to review financial statements and to consider financial disclosure reports in financial statements as well as to review the annual audit plan and follow up on internal audit reports.

### **Internal Information Protection**

The Company has established ethical policy that the directors, executives and employees must follow for the use of the Company's internal material information which has not been disclosed to the public for personal or others benefits, including trading in the Company's securities. The methods to protect executives from using the Company's internal information for personal or other benefits are as follows:

1. To notify executives of each departments to realize their duty to report the securities obligation of their own business, spouse and underage children, as well as report the changes in securities holding under Section 59 and penalties under Section 275 of the Securities and Exchange Act B.E. 2535.
2. To submit a circular to notify executives who have received internal material information including financial statements which affect to the change in securities prices to avoid or refrain from trading the Company's securities during a period of 1 month and shall not disclose the internal material information to others before those financial statements or internal information are disclosed to the public.

Therefore, the Company has imposed penalties for any violation of the use of internal information for personal benefits in the Company's regulations, with the penalties ranging from verbal admonition to dismissal.

### **Audit Fee**

As the year 2020 Annual General Meeting of Shareholders held on 27 July 2020, resolved to approve the appointment of Baker Tilly Audit and Advisory Services (Thailand) Co., Ltd. as the Auditor of the company, in the auditing for the year 2020 and reviewing the quarterly financial statements, details of the certified public accountant are as follows:

- |                                  |  |
|----------------------------------|--|
| (1) Mr. Apichart Sayasit         | Certified Public Accountant License No. 4229 |
| (2) Miss Wimolsri Jongudomsombut | Certified Public Accountant License No. 3899 |
| (3) Miss Waleerat Akkarasrisawad | Certified Public Accountant License No. 4411 |

### Audit fee

In the year 2020, the Company paid the audit fee to the Company's auditors in the amount of 4,000,000 baht. In addition, Baker Tilly Audits and Advisory Services (Thailand) Co., Ltd. was also the auditor for the Company's subsidiary which is G J Steel Public Company Limited with an audit fee of 3,600,000 baht.

### Non-Audit Fee

-None-



### **Adoption of the Corporate Governance Code for Listed Companies 2017 (CG Code)**

In the year 2020, there are principles of Corporate Governance Code for Listed Companies 2017 (“CG Code”) that the Company has not been adopted, such as providing outsource consultants to help setting up guidelines and recommend issues for performance evaluation of the Board of Directors every 3 years and disclosing such actions in the annual report.

However, the Company arranges the Board of Directors to do an individual performance appraisal annually by using the self-assessment form of the Board of Directors (CG Self-Assessment) in accordance with the standards of the Stock Exchange of Thailand then present to the Board of Directors meeting for performance consideration and problems solutions as well as improving efficiency and work effectiveness.

### **Other corporate governance practices**

#### **Arranging to have independent auditors for vote counting in shareholders’ meetings**

At the 2020 Annual General Meeting of Shareholders, the Company provides opportunities for shareholders who wish to volunteer to become Vote Counselor but no one volunteered. In this regard, Mr. Charupat Boon-Long, a legal advisor from Baker & McKenzie Co., Ltd., has been assigned as a vote-counting inspector together with the Company to supervise in the shareholders’ meeting to be transparent, lawful and in accordance with the Company's Articles of Association and good arrangement for shareholders' meetings’ as per guidelines of the Securities and Exchange Commission.

#### **Changes in shareholding of directors and executives in the year 2020**

During the year 2020, there was no change in the Company's shareholdings of directors and executives.

# Corporate Social Responsibility

## Overall Policy

The Company adheres to doing the operations on Corporate Social Responsibility (CSR) under the good governance principle and prioritization of the management of natural resources and the environment with sustainability. Khunying Patama Leeswadtrakul, chief CSR, is the responsible person to give support and promotion on the CSR operations for concrete continuity. She adheres to the policy on focusing the CSR from inside out. It means including taking care of the stakeholders such as the employees and their families, customers and creditors, shareholders, the surrounding communities, government agencies, suppliers and contractors, analysts, investors and financial institution, academics, educational institution and the media.

However, the Company has implemented the CSR is based on the guidelines of “To be the leader in the regional steel industry” and has the mission involved with responsibility towards society and the environment. It is “Conservation of the environment and return to the society”, “promotion of value to the stakeholders”, and “Cooperate to Anti Corruption” which is the important mission leading to sustainability.

## Policy on the CSR and the Environment

The organization adheres to the business with transparency, accountability, ethics, and respect of human rights, fair treatment of labor, anti-corruption, equity marketing and consumer protection as well as considering the impact on the stakeholders. Also it has determination on the operations with the responsibility for various impacts from the operations, including giving priority to the environment and promotion of participation and sustainable community development.

## Implementation

The company has designated the policy, business ethics and practical guidelines, as well as punishment in the case involving the fair operations, relations with the involved stakeholders and the operations with a conflict of interest, including anti-corruption.

### 1. Supervision of the organization

It has the guidelines that all the employees have to perform the duty with integrity, ethical working, adhering to the bylaws of the Company within the requirements, rules and various laws involved with its business operations strictly. It gives respect to the rights and interest of the stakeholders that it has relations. It also cooperates with a state agency or organizations that regulate the business of the Company. Also it has to perform with circumspection, prudence and management of various resources among the personnel, finance, natural resources to have cost effectiveness and optimum benefit to the Company and the public. Meanwhile, it can reveal information and review of the monitoring for transparency and accountability.

### 2. Human Rights

It has guidelines for all of its employees to respect and treat all the stakeholder groups with egalitarianism and equality based on the principle of respect to the human rights at the international level. They have the basic rights in livelihood and working, the right to expression and opinion, including the right to economics, society, culture, religion and politics without discrimination on racism, religion and no violation of the various rights, as well as no exploitation of all the groups of the stakeholders, including the groups that need special care such as children, women, disable persons, the elderly, etc. Moreover, it has to avoid participation in the offence on violation of the human rights directly and indirectly towards the internal and external units as well.

### 3. Fair Competition

It has a policy on business competition with fair marketing and protection of the consumers considering the impact on the stakeholders. It includes countering market dumping, anti-corruption of all forms. It shall be the impetus to make the Company stronger and dynamic all the time. The management and all of its employees have to learn and develop themselves all the time and comply with the policy on fair competition strictly, no exploitation of the competitors by any means that is not fair and/or against the business ethical principle.

### 4. Relationship with its Employees

It has the policy to treat all of its employees with egalitarianism according to the principle of respect to the human rights at the international level. All of its employees shall treat their colleagues with respect and honor, dignity and the right to privacy. The Company shall collect and keep the personal background of all its employees only the part is necessary for working as a legal requirement. It is considered as confidential. A disclosure can be made only in the case of legal requirement only. It shall open the opportunity for the employees at all levels can develop their skills and training to have an opportunity for advancement in the occupation on the basis of equality and without bias.

The company's target for the development of skills, knowledge and abilities training is 70 percent of total employees. For year 2020, due to the COVID-19 situation, the Company has arranged for employee's training in an amount of 69.93 percent of the total employees. The average hour of training is 8.56 hours per person per year.

Furthermore, the Company has measures on promotion of health, safety and the working environment with the management of the working environment to be safe, hygienic and fostering work with optimization. Also it shall provide knowledge to the employees on health and working safety, including providing a check-up for its employees annually.

### 5. Relationship with the Customers

The Company has a policy of focusing on the relations and cooperation in the long term with the customers, by requiring the management and all the employees to treat the customers based on integrity, reliability and mutual trust with the priority is building maximum satisfaction to our customers with responsibility, attention and prioritization of the problems and demands by the customers and the following guidelines:

1. Adheres to presentation and delivery of the products meeting the standards and the quality coincides with the demand of the customers.
2. Adheres to the various conditions agreed to the customers at the best.
3. Offers the price and the conditions to the customers in the same group must be with the same conditions.
4. Gives truthful information to the customers on the qualification and quality of the products for building confidence and equity to our customers.
5. Be ready to answer the questions of our customers, including implementation on the complaints, advice and follow-up on the progress in various issues received from the customers.

### 6. Relationship with the Trade Partners

The Company has a policy to build up good relationship with its suppliers/ subcontractors by opening an opportunity to present goods/services with equal opportunity. The management and the relevant employees have to perform the job with honesty/loyalty, and the consideration and decision-making must be based on a comparison of quality of the goods/services, prices and conditions. It is



based on the optimum benefit of the Company in the short-term and long-term. Also it is prohibited from taking a bribe or any commissions from the trade partners, as well as disclosing or offering information of one or multiple trade partners to another trade partners directly and indirectly.

## **7. Relationship with the Local Community**

The Company has a policy of taking care of the locality, with the management and the employees to treat the local community nearby the plant with friendship and good relations with them by following these guidelines:

- 1) Treat the local community with respect on their right and has responsibility, open the opportunity for the local community to participate and the community development in various issues to have good livelihood as appropriate on education, culture, public health, economics, employment and income generation, etc. It includes no prejudice or hindrance on those groups that need special care such as children, women, the disabled persons, the elderly, etc.
- 2) Treat the local community with responsibility by solving their problems in case the consequential problems arise from the operations of the Company fairly and with equality. It includes participation in the local community in solving other problems arise but not related to the operations of the Company as appropriate.
- 3) Provide care and support activities with benefit on the society and cooperation with the public sector and various agencies in the locality with willingness and sacrifice for the benefit towards the locality.

## **8. Responsibility for the Environment**

The Company has the policy on the responsibility for the environment with the management and the employees jointly are responsible for taking care and improving the production process and the waste treatment system. It is to make sure it has the minimum impact on the environment and has to resolve it promptly and seriously with urgency upon receiving a complaint on the environment. It includes management of natural resources and the environment to have optimum efficiency.

## **9. A Conflict of Interest**

It has guidelines for all the employees to work considering the maximum benefit of the Company and the stakeholders, by not allowing the personal or family reason to influence the decision to distract the above principle. So it is not the characterization of seeking personal interest that is a conflict of interest of the Company and its customers.

## **10. Use of Insider Information for securities trading**

It has guidelines that all of its employees have to adhere and keep the insider information as a secret, because it is an important factor that the investors have to use in making their decision. Regardless of being the information on the operation results, the plans on a business expansion or other data, which if a person receives insider information and uses it to trade on the shares of the Company, but it has not been revealed to the SET, it would be unfair to other investors, who do not know that information. So the Company has a policy to prohibit it from using the insider information that is not disseminated to the public for trading of its shares.

## **11. Anti-Corruption and Bribery**

The Company places an importance on the business operation with honest, taking responsibility for society and its stakeholders. The Company also adheres to the principles of good governance, Code of Conduct of the Company (“Code of Conduct”) for its business operation, including in compliance with requirements of laws strictly.



In order to comply with the Good Corporate Governance and with the Good Corporate Governance Standard generally acceptable for the listed companies, the Board of Directors Meeting No.11/2560 held on 13 November 2017 has considered and unanimously resolved to approve the Anti-Corruption Policy, announced and communicated with all directors, executives and employees of the Company for enhancing their knowledge and understanding of the importance of Anti-Corruption policy. As a result, all directors, executives and employees of the Company have been involved and recognized of the implementation of imposed practices and relevant regulations in the Company's business operation. the Company has been certified as a member of CAC on Tuesday 5 November 2018. The certification will be valid for 3 years from the date of approval. The certificate will expire on 4 November, 2021, the Company is preparing to renew the certificate in the year 2021.

For year 2020, the company has arranged for training for all new employees and all current employees. This includes outsources, who work within the Company's area, such as contractors, technicians, security guards, maids so that employees and outsources are aware of various regulations, related to the Company's Anti-Corruption policy, penalties and guidelines for corrective action.

In this connection, the internal audit of the Company has the duty/responsibility to follow up on the anti-corruption and bribery, and opens an opportunity for its employees to report such the incident via the comment box or email or by phone to it directly. Such implementation may be made with a precaution and confidentiality. It also shall be no disclosure on the accusing source and the whistle blower is given protection, and it shall be reported to the inspection committee for further consideration or implementation.

#### **Business operation impact to Social Responsibility**

- None -

#### **Corporate Social Responsibility**

G Steel Public Company Limited by Khunying Patama Leeswadtrakul, Chief CSR Officer has given policy, support and encourage the process of CSR continuously for stockholders internal and external an organization in the year between 2020 as the company takes actions as follow:

#### **The Participating in social development**

##### **Blood Donation for The Thai Red Cross Society :**

The company has arranged for employees to participate in blood donation with The Thai Red Cross Society on 14th January and 15th September 2020. As the result, there were 137 participants joining with the total of 61,450 c.c. of blood donated.



## Participation in Educational Development

### Open-house Learning Project

The company has regularly scheduled an open-house learning for private and public sectors in order to showcase the production technology of Hot Rolled Coil including environmental management system. In 2020, the company had welcomed faculty and students from Suranaree University of Technology on 9<sup>th</sup> October 2020.



### Internship Program:

The company continues to support students from various educational institutions for an internship at the plantation in Rayong annually. To offer opportunities for students to learn and practice in the field of their studies both at the level of High Vocational Certificate and Bachelor's Degree. In 2020, the company accepted students from 4 institutions in total of 9 people as follow:

No.	University	Number of interns
1	King Mongkut's University of Technology North Bangkok	1
2	Suranaree University of Technology	2
3	Rayong Technical College	4
4	IRPC Technological College	2
Total interns		9

### Internship and Graduate Recruitment Program :

The company also joined recruitment meeting at Rayong Polytechnic College on 15th February 2020.



### National Children's Day :

The company has managed to support "Children's Day" with Baan Maab Tong School Nong La Lork Sub-District Organization, Bankhai, Rayong on 11th January 2020.





## Budgeting Support for Local Activities

In addition of working on activities and projects, the company has supported budget for organizing activities for public sector or local community in Nong La Lork. The activities are such as Traditional 3-month in Moo 4 and Moo 5, Support air conditioning for BanKhai police station, Loy Kratong festival, support activities of Rayong provincial industry office and Red Cross Fair Rayong.



## Participate in making public benefits for the community

Amid of the spread of CIVID-19, G Steel Public Company Limited is still working on G Steel Joining together to fight COVID-19. By helping and looking after for public health in the area, in which the company arranged public service and create campaign to prevent Coronavirus by cleaning and spraying disinfectants around Baan Maab Tong School before semester starts for the healthy of teachers and students.



## Inner CSR activity

Apart from activities or projects the company has involved in with an outside organization, there were many activities for employees to participate in such as

### Medical Health Check-Up yearly :

The company realized and recognized the importance of employees' health, so that such activity occurred to the benefits of employees on 19th, 20th, 24th and 27th November 2020.



### Good health care for employees (during COVID-19 pandemic) :

In addition to organizing medical health check-up, the company also has a campaign to educate the cause of this pandemic, precautions and prevention guidelines by publish leaflet via E-mail within the company, brochure and posting on announcement board and to raise awareness. In the 2020, the company has emphasized on the pandemic of COVID-19 as well as practicing social distancing, body temperature check, hand sanitizing and spraying disinfectants in the working area, Shuttle Bus, Van, Giving hand alcohol gel, Face mask, Tote bag to employees



### Sport Day and Safety Day :

The company organized Sport Day every year to strengthen unity among employees and promote good health including safety awareness activity “Safety Day 2020”. Include building awareness for Anti Corruption in the project of Collective Action Coalition (CAC)





## Internal Control and Audit System

### Internal Control

The Company have to provide the assessment of adequacy of internal control system, comprising the 5 sections: 1. Control Environment, 2. Risk Management, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities. The Company's Board of Directors deems that the Company provides an adequacy of Internal Control. There is also has the Risk management Committee to review the system and evaluate the effectiveness of risk management throughout the year.

The Company not only has had sufficient internal control on its transactions related to the major shareholders, directors, executives or their related parties, but also its Board of Directors have encouraged the management to continuously improve the quality of the internal control to strengthen Good Corporate Governance.

The Risk Management Committee prepared an Assessment of Adequacy of Internal Control Questionnaire for the year 2020 to be responded by the Company's management, and was already reviewed by The Audit Committee.

### Assessment of Adequacy of Internal Control System

The Board of Directors considered the assessment of the Company's adequacy of internal control for 2020, as described under of the following 5 sections:

#### **Section 1**      **Control Environment**

The Company's Board of Directors were responsible for directing the Company's business operations, setting business targets for short term (1 year), medium term (5 years) and long term (10 years), along with annual budgeting process, with periodical follow-ups, and also reviews or revisions on the business plan during the implementation in accordance with the situations over time, meanwhile brought to the Board of Directors for consideration and approval.

The Board of Directors has considered setting the target on the operations with circumspection and review that it can comply with the actual targets by analyzing the incentive and remuneration for its employees to be justified.

The Company has clearly defined its organizational structure, separating the administration into two parts, which are the production and maintenance functions, and the support functions, for the management's convenience and optimal efficiency in operations.

In 2018, the Company revised the Company's Business Code of Conduct, which laid out the ethical policy and business code of conduct and with regard to ethics for the management and employees to be prohibited from actions that would cause any conflicts of interest with the Company and its business partners, including establishing policies and practices guide in anti-corruption according to the company has adoption to the Thai Institute of Directors as a member of the Private Sector Collective Action Coalition against Corruption Program as well as the determination of penalties for violations.

The Company has made out the concise written policy and work procedures concerning financial transactions, procurement and general administration that have prevented frauds, also with authorization limits clearly stated.

The Company has continuously developed the information systems as a tool to control possible frauds as well.

To lay out the policy and action plans, the Company has taken fair treatment to the business partners into consideration, by stating the policy and practical principles in the Company's Business Code of Conduct for the management and employees to keep good relationship with all business partners, as

well as a measure on treating the business partners honestly, equally, keep confidentiality, and prohibited to receive gifts from the business partners.

## **Section 2 Risk Management**

The Company stipulated that the Management to have a meeting every week. Management of each area will present operation performance together with problem and risk facing in order to find solution and prevention

The Risk Management Committee will analyze and report progress of characteristics of risk and direction of risk management to maximize benefit to the Company.

The Risk Management Committee stipulated measures to appraise the efficiency of risk control in various areas and to reduce possible risks that may affect the Company's operation.

The Risk Management Committee has defined the Annual Risk Management Plan and assigned the Management to proceed with the actions in accordance with the Plan and then report back to the Risk Management Committee.

## **Section 3 Control Activities**

The Company clearly separated the responsibilities of each function with work flow provided, clearly reviewed the regulation on approval authorization in financial and operational matters for the Management to manage the operations with most efficiency. The Company is aware of the importance of a good system of internal control because the good system will be well able to help prevent, administrate and manage a variety of risks or damages which may occur to the Company and its stakeholders.

The Company has determined the measure and procedure for related transactions, and the policy for conflicts of interest altogether in the codes of conduct for the management and employees, with assigning the internal audit department to continuously perform audits and report direct to Audit Committee. Moreover, the Company prohibits any interested parties from approving transactions that would lead to conflicts of interest. In decision making to approve any transactions, the Company mainly viewed the most benefits in a long run. If any transactions were likely to cause conflicts of interest, they had to be reported to Audit Committee or brought to Audit Committee for opinions, as the case may be.

The Company followed up the actions to be taken under the bound contracts and agreements continuously. The Company has had the measures to keep its operations in conformity to the laws to minimize its business risks by employing an external specialized legal counsel to help review documents and give consultation on several proceedings. The Company also has internal audit department to perform audits based on the rules, regulations and laws concerned.

## **Section 4 Information and Communication**

The Company gives importance to the quality of information and communication systems that are crucial support to efficient internal control performance, with the following administrative guideline for information system:

In the Board of Directors' Meetings, Secretary to the Board and the management prepared documents and details of the important agenda for Board of Directors' consideration in advance as information for decision making. And if there were additional details afterwards, the Company provided them as supplemental meeting materials sent to the Board of Directors before or on the day of meeting.

The Company sent the Board of Directors' Meeting invitation letters and the minutes of the previous meetings together with the meeting materials to the Company's Directors for their information each meeting in advance, on average 7 days prior to the day of meeting.

The Company made out minutes of the Board of Directors' Meetings, recording the significant information as well as suggestions, comments and objections (if any), and brought the minutes to the Board of Directors for acceptance in the following meetings. Chairman of the Board gave chances to the Directors to independently rectify or add contents to the minutes.

The Company arranged storing places for accounting entries documents and important documents by category

The Company has applied the accounting policy of Generally Accepted Accounting Principles, under the control and audit by external certified auditors.

The Company has had proper internal communication systems and channels. In addition, the Company has provided the external interested parties with communication channels via its website and e-mail.

## **Section 5      Monitoring Activities**

The management reported the performance results to Executive Committee and the Company's Board of Directors every quarter. In addition, the Company prepared the annual budget for the following year, and would use it as benchmark for the performance appraisal and make systematic comparative analysis report to the Board of Directors.

The Company arranged management meetings weekly to follow up operation results and comparison with the targets and discuss the ways for corrective actions in case the targets were not achieved. Moreover, the Project Committee was appointed to support the Company's targets aiming at development of the operational systems to control the operations as targeted.

The Company arranged for audits on conformity to the established internal control system regularly by the internal audit department making a yearly audit plan that covered finance, operations and the actions taken under the regulations and laws concerned to evaluate efficiency and effectiveness, and also to audit the conformity to the existing internal control system.

The audit result report and progress report. The internal audit department was assigned to report direct to the Audit Committee, follow up and evaluate the significant corrective actions in order to present to Audit Committee and the Board of Directors.

The Company has a policy that its management to have duty and responsibility to report to the Board of Directors regarding the decisions made that significantly affected or might affect the Company's reputation and financial position, including the problems found, such as frauds or illegal actions.



## Related Transactions

Details of transactions between the company and parties which may have conflict of interest

Parties which may have conflict of interest	Type of relationship	Activity	Value in 2020 (Million Baht)	Ending balance 2020 (Million Baht)	Description, terms and conditions
Arnoma Hotel Bangkok Co., Ltd. <u>Type of business</u> Hotel, food and drinks	A juristic entity with common directors and management member as GJS	Other creditor and Expense payable - related businesses	-	3	Fees for the privilege to use the facility to organize various meetings
Oriental Access Co., Ltd. ("OAC") <u>Type of business</u> Business consulting	A juristic entity whose shares are 99.97% indirectly owned via Siam Professional Holdings Co., Ltd. and having common directors with the company (The Central Bankruptcy Court ordered such company to be bankruptcy on August 31, 2020)	<ul style="list-style-type: none"> <li>- Debtor for consulting fee on behalf of a subsidiary</li> <li>- Provision for bad debt</li> <li>- (Reverse) provision for bad debt</li> <li>- Debtor (obligation from giving guarantee on behalf of a subsidiary)</li> </ul>	<ul style="list-style-type: none"> <li>-</li> <li>-</li> <li>-</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>-</li> <li>-</li> <li>-</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- Fee for consulting services provided by the company to OAC on managing production process and business consultation</li> <li>- Shareholders use the new shares as security to collateralize OAC's liabilities.</li> </ul>
G J Steel PCL ("GJS") <u>Type of Business</u> Produce hot rolled steel sheets	A juristic entity in which the company and subsidiary indirectly hold 9.45% shares and having common directors.	<ul style="list-style-type: none"> <li>- Receivable from tolling service</li> <li>- Debtor for buying raw material and other items</li> <li>- Creditor of subsidiary</li> <li>- Short Term Loan - subsidiaries</li> <li>- Accrued interest - subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>-</li> <li>37</li> <li>144</li> <li>-</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>-</li> <li>-</li> <li>-</li> <li>-</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- Tolling Service</li> <li>- Sale of scrap at the price based on the cost-plus method with the general business conditions, which was not higher than the price paid to other suppliers</li> <li>- Promissory note</li> <li>- Loan from GJS by issuance of Promissory note</li> </ul>
Siam Professional Holdings Co., Ltd. (SPH)	A 99.99% subsidiary, having common directors	<ul style="list-style-type: none"> <li>- Loans to subsidiary</li> <li>- Provision for bad debt</li> <li>- Interest receivable from subsidiary</li> <li>- Provision for bad debt</li> </ul>	<ul style="list-style-type: none"> <li>-</li> <li>-</li> <li>-</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>7</li> <li>(7)</li> <li>1</li> <li>(1)</li> </ul>	For investment

Parties which may have conflict of interest	Type of relationship	Activity	Value in 2020 (Million Baht)	Ending balance 2020 (Million Baht)	Description, terms and conditions
GS Securities Holding Co., Ltd. (GS Securities)	A 99.99% subsidiary, having common directors	<ul style="list-style-type: none"> <li>- Creditor of subsidiary</li> <li>- Short term loan - subsidiary</li> <li>- Long term loan - subsidiary</li> <li>- Other creditor and accrued expenses - other related</li> <li>- Interest payable - subsidiary</li> </ul>	<ul style="list-style-type: none"> <li>-</li> <li>-</li> <li>-</li> <li>-</li> <li>2</li> </ul>	<ul style="list-style-type: none"> <li>4</li> <li>-</li> <li>-</li> <li>-</li> <li>2</li> </ul>	Special Purpose Vehicle for debt restructuring
Asia Metal PCL	A related company having common shareholder with a subsidiary	Advance received from customers - related business Revenue from Sales	<ul style="list-style-type: none"> <li>-</li> <li>239</li> </ul>	<ul style="list-style-type: none"> <li>1</li> </ul>	Sale of hot rolled steel sheets at market price under normal trade terms similar to other customers which have good financial position and pay in line with the company's payment terms.
Grand Asia Steel Processing Center Co., Ltd. (Formerly Asia Metal Fabrication Co., Ltd.)	A subsidiary of a related company	<ul style="list-style-type: none"> <li>- Advance payment for land / building / equipment Purchase</li> <li>- Provision for bad debt</li> <li>- Creditor for machinery and construction works</li> </ul>	<ul style="list-style-type: none"> <li>-</li> <li>-</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>8</li> <li>(8)</li> <li>1</li> </ul>	Construction contractor
Panichsawad Co.,Ltd,	Connected person with the Company and G J Steel	- Purchase of raw materials	130	-	Purchase of raw materials
Superior Overseas (Thailand) Co., Ltd.	Related business with the company's shareholders	<ul style="list-style-type: none"> <li>- Liabilities from terminated rehabilitation plan and compromise</li> <li>- Accrued interest - other related business</li> </ul>	<ul style="list-style-type: none"> <li>-</li> <li>2</li> </ul>	<ul style="list-style-type: none"> <li>146</li> <li>2</li> </ul>	<ul style="list-style-type: none"> <li>Guaranteed Debt</li> <li>- Litigation from guarantees by OAC</li> </ul>
Asia Credit Opportunities I (Mauritius) Limited (ACO I)	<ul style="list-style-type: none"> <li>-GJS's Major shareholder (Since 21 September 2017)</li> <li>-G STEEL's Major shareholder (Since 2 December 2019)</li> <li>Which is a wholly owned subsidiary of Ares SSG Capital Partners III,L.P.</li> </ul>	<ul style="list-style-type: none"> <li>- Other creditor and accrued expenses-other related business</li> <li>- Current portion of long-term loan from related party</li> <li>- Accrued interest -other related business</li> </ul>	<ul style="list-style-type: none"> <li>-</li> <li>-</li> <li>115</li> </ul>	<ul style="list-style-type: none"> <li>1,295</li> <li>314</li> <li>252</li> </ul>	<ul style="list-style-type: none"> <li>Transfer of debt from 8 major trade creditors</li> <li>Transfer from Mr. Nirum Ngamchammunrit as 17.12.2018 Amount 314 MB</li> </ul>

Note: It is can be reviewed historical data in the Company's website.

Parties which may have conflict of interest	Type of relationship	Activity	Value in 2020 (Million Baht)	Ending balance 2020 (Million Baht)	Description, terms and conditions
Link Capital I (Mauritius) Limited ("Link Capital I")	Related party which is a wholly-owned subsidiary of SSG Capital Partners III, L.P. ("SSG III")	<ul style="list-style-type: none"> <li>• Short term loan</li> <li>• Long term loan</li> <li>• Accrued Interest</li> </ul>	655 - 637	1,433 1,937 487	US 84.10 million credit facilities Interest rate of 12 and 15 percent per annum
Ares SSG Capital Management (Mauritius) Limited ("Ares SSG Capital Management")	Related party which is a wholly-owned subsidiary of Ares SSG Capital Holdings Limited	- Other creditor and accrued expenses	-	-	consultant fee to advise on business management and the company's performance
Synergy Strategic Solutions Management DMCC ("Synergy")	Common directors with the Company's and the Company's advisory	- Other creditor and accrued expenses	5	44	Is a fee for business consultants to advise on how to improve production efficiency, profit and cash flow.
Mr. Veerachai Suteerachai	Director of related Company	- Liabilities from terminated rehabilitation plan and compromise  - Accrued interest	-  -	16  9	Transferring Kwang SOGO debt to new creditor

Note: It is can be reviewed historical data in the Company's website.



**Steps or measures for approval to enter into related transactions with related companies or individuals who may have conflict of interest.**

The company has strict measures to protect every shareholder by setting standards to control transactions with related companies or individuals who may have conflict of interest, as follows:

1. In approving to enter into transactions with related company, business ally and individual who may have conflict of interest (together called “Parties which may have conflict of interest”), the Board of Directors and the Audit Committee shall consider and set a clear policy as follows:
  - The Board of Directors must abide by the laws stipulated by the Securities and Exchange Act, regulations, announcements, directives of the Securities Exchange Commission and the Stock Exchange of Thailand (SET) including abiding by the SET’s guidelines on declaration of information on connected transactions, the obtainment, distribution of the company’s key assets or its subsidiaries and to comply with the accounting standards set by the Accountants Association.
  - Set clear guidelines on the management and approval authority of managers at different levels.
    - In the event the chairman of the Management Committee or an individual who may have conflict of interest, gain or loss with the company, related companies or individual who may have conflict of interest, the chairman of the Management Committee cannot approve such transaction.
    - In the event a director or an individual who may have conflict of interest, gain or loss with the company, related companies or individuals who may have conflict of interest, the Management Committee must propose the said matter to the company’s Board of Directors for consideration and approve such transaction.
    - In the event a director or an individual who may have conflict of interest, gain or loss with the company, related companies or individuals who may have conflict of interest, such director cannot approve such transaction.
    - A shareholder who may have conflict of interest in any related transaction, such shareholder cannot approve the transaction.
2. In the case where the transaction is a normal trade transaction with a related company or individual who may have conflict of interest (e.g. in purchasing raw material or avail services, selling of products etc).
  - The internal audit department shall examine each of such transactions on monthly basis in order to check whether there is any reference price with the market and contains normal terms & conditions comparable to other external trade partners for the maximum benefits to the company and report the outcome to the Audit Committee for consideration each quarter.
  - The Audit Committee shall consider and provide opinions on the necessity and reasonableness of the proposed transaction for the maximum benefit to the company by considering the price and trade terms relative to external trade partners for the same product or resembling the same product. In the case the Audit Committee discover any deviation from the given policy, the Audit Committee shall inform the Board of Directors or the chairman of the Management Committee and jointly find a solution.

3. In the case of other transactions such as lending or borrowing monies, obtainment and distribution of key assets or entering into agreements etc. the company will arrange for the Audit Committee to provide opinions on the appropriateness of the price including the necessity and reasonableness of such transaction. If the Audit Committee lacks the necessary expertise to consider such related transaction, the company shall arrange for an independent expert or the company's external auditor to consider and provide opinions on the said related transaction to enable a decision by the company's Board of Directors or the shareholders, whatever the case may be.

#### **Policy on related transactions in the future**

The company has a policy to enter into related transactions in future by setting various terms and conditions in line with normal trade transactions and at market price similar to those entered with external party for the maximum benefit to the company. In the circumstance, the company has no policy to provide financial assistance or provide guarantee to related companies or an individual who may have conflict of interest. For any related transaction in future with individual who may have such conflict of interest, the company shall request the Audit Committee or the company's external auditor or an independent expert, as the case may be, to consider and provide opinions with regards to the appropriateness of the price and the reasonableness in entering into such transaction. Moreover, the company shall abide by the measures or steps for approving related and connected transactions in line with the announcement of the Securities and Exchange Commission.

## Management Discussion and Analysis

### Management Discussion and Analysis Yearly Ending 31 December 2020

#### 1. Highlights

	Unit : million Baht	Y2020	Y2019
Group	Group Revenues	20,693	17,416
	Group Gross Profit (Loss)	183	(1,861)
	Group Net Profit (Loss)	(1,203)	1,457
Group HRC	HRC Sales (k tons)	1,287	970
	HRC Production Volume (k tons)	1,293	976
	HRC Average Selling Price (Bht/Ton)	16,083	17,950
	Unit : million Baht	31-Dec-20	31-Dec-19
Group	Total Assets	25,460	26,400
	Total Liabilities	9,526	9,219
	Total Equity	6,339	7,014
	Minority	9,594	10,168

#### 2. Change in Accounting Estimates

As reported during the 2<sup>nd</sup> Quarter in the interim financial information, the Company has reviewed and changed the estimated useful lives of buildings, machinery and equipment in accordance with their conditions and the proper estimation of useful lives with reference to the Health Study Report from an independent engineering expert. The effect of such change in the estimated useful lives of assets to the depreciation charge for the year is as below;

Unit: Million Baht

Period of <u>Separated</u> Financial Statements	Depreciation using previous estimated useful lives	Depreciation using current estimated useful lives
For Y 2020	703	357

Period of <u>Consolidated</u> Financial Statements	Depreciation using previous estimated useful lives	Depreciation using current estimated useful lives
For Y 2020	1,466	716



### 3. Business Outlook

Due to the severe impact of COVID 19 pandemic, the overall domestic Hot Rolled Steel consumption reduced by 21% during the year 2020. While imports declined by 31%, the domestic production declined by 6% when compared to last year.

<b>Total Hot Roll (Unit: Million Tons) Excluding Stainless Steel</b>	<b>Year 2019</b>	<b>Year 2020</b>	<b>% Change 2020 vs 2019</b>
Production	2.76	2.60	-6%
Import	4.04	2.79	-31%
Export	0.008	0.019	136%
Consumption	6.79	5.37	-21%

Following the global cues and the several steps taken by the Thai Government, the conditions have been improving over the last few months. In addition, The Comptroller General's Department has announced the Ministerial Regulation prescribing supplies and procurement methods that the government wants to promote or support (No. 2), B.C. 2020. (Published in the Government Gazette on 22 Dec. 2020), stipulates that government agencies are required to procure parcels mainly from local producers that have been listed with the Federation of Thai Industries (Made in Thailand : MiT certified products) to promote domestic production, and for construction work, not less than sixty percent of the domestic production promotion parcels shall be used. In this regard, the government agencies shall first use the iron or steel as the domestic production promotion, which shall not be less than ninety percent of the total value or quantity of iron or steel used in the construction project. The company's hot rolled steel products received MiT products certification from the Federation of Thai Industries from March 3, 2021 onwards. The revised Ministerial Regulation will contribute to promoting domestic products to be purchased from government agencies, especially steel products will benefit from this measure. As per ISIT projections the steel consumption in Thailand is expected to increase by 4.6% in 2021.

### 4. Performance of the Company

#### • Revenue from sale

The Company reported revenue from sales of Baht 9,314 million which increased by Baht 4,820 million mainly due to increase in sales volume by 317 k Mt or 122% while drop in selling prices by 7% compared to last year. During Y2019, the Company had temporarily shutdown for 4 months from February-April after GJ Steel terminated Tolling Service Agreement on 31 January 2019 and the Company was waiting for sign the new loan agreement in April for working capital purpose and resumed production for its own production and sale in May 2019 and shutdown again in September 2019 due to lack of demand for HRC in the market arising from surge in imports especially from China after expiry of the safeguard measures for imported hot-rolled steel sheets with alloy as well as the trade war between United States-China. Compare with year 2020, COVID-19 outbreak, the Company shutdown for 1 month in April according to the market situation which decreased the steel demand. However, Market improved during late of year 2020, resulting from increased China's steel demand and global steel prices. This led to increase in sale volume while selling price decrease by 7% compared to 2019.

The consolidated sale revenue of Baht 20,693 million increased by Baht 3,277 million or 19% compared to last year due to the increase of 33% in sale volume partly offset by 10% decrease in selling price.

## • Operating Results

The Company reported a gross profit of Baht 11 million, significantly improving from last year which saw a gross loss of Baht 1,157 million. This resulted mainly due to the increase in sale and production volume, the reduction of cost per unit and depreciation cost as explained above.

The Company reported a net loss of Baht 604 million compared to reported net profit of Baht 3,345 million last year and compared to Net loss of Baht 1,729 million last year after excluding non-recurring items. The consolidated net loss for the year 2020 was recorded at Baht 1,203 million compared to the reported net profit of Baht 1,457 million last year and compared to Net Loss of Baht 3,143 million last year after excluding non-recurring items.

Several cost saving initiatives coupled with improving market conditions have helped the Company to post recovery in the 4<sup>th</sup> Quarter of 2020 with a positive gross profit of Baht 115 million.

## • Real Operating Profit/(loss) - Excluding Non-Recurring Items

Unit: Million Baht

	For the year 2020		For the year 2019	
	Consolidated	Separated	Consolidated	Separated
<b>PROFIT (LOSS) FOR THE YEAR - as per Financial Statement</b>	<b>(1,203)</b>	<b>(604)</b>	<b>1,457</b>	<b>3,345</b>
(Less) Non-Recurring Item				
Income from forgiveness of other payables to subsidiary	-	(293)	-	-
Gain on write-off and deconsolidation of subsidiary	(241)	-	-	-
Gain from debts restructuring	-	-	(5,506)	(5,506)
Reversal of Provision for a guarantee of subsidiary	-	-	-	(242)
Gain from compromise debt	-	-	(86)	(86)
Gain from decreased capital of investment in subsidiary	-	-	-	(1,130)
(Plus) Non-Recurring Item				
Loss on compromise debts	30	30	-	-
Loss on sale of fixed assets	22	22	947	947
Impairment loss and write-off on investments in subsidiaries	-	54	-	898
Provision for court case claim	3	-	45	45
<b>PROFIT (LOSS) FOR THE YEAR - Excluding Non-Recurring Items</b>	<b>(1,389)</b>	<b>(791)</b>	<b>(3,143)</b>	<b>(1,729)</b>

## • Selling Expenses

The Company recorded selling expense of Baht 148 million, which increased by Baht 83 million compared to last year due to increase in sales volume.

Consolidated selling expenses for the year 2020 amounted to Baht 318 million which increased by Baht 79 million compared to last year due to increase in sales volume.

## • Administrative Expenses

The Company recorded administrative expenses of Baht 235 million for year 2020 compared with Baht 378 million for 2019. The decrease by Baht 143 million mainly came from the termination of Financial Advisory fees and several cost reduction initiatives taken to make the company more competitive in the long run.

Total consolidated administrative expense for the year 2020 and 2019 amounted to Baht 724 million and Baht 940 million, respectively, which decreased by Baht 216 million mainly due to reduction in the Company as explained above and voluntary resignation program and other cost saving measures in the Subsidiary.

- **Net gain on foreign exchange rate**

The consolidated financials recorded a net gain on foreign exchange amounting to Baht 76 million due to the appreciation of the Thai Baht versus the US dollar, while the Company reported a net gain on foreign exchange of Baht 38 million.

- **Other comprehensive loss**

The consolidated financial has actuarial losses for year 2020 amounting to Baht 45 million due to the company and subsidiary undertook a review of actuarial estimates for three-year period. The provision for additional liability is presented as loss in other comprehensive losses.

- **Profit and Loss from others non-recurring items**

**Gain on write-off and deconsolidation of subsidiary**

Due to The Central Bankruptcy Court ordered Subsidiary company (OAC) to be bankrupt on August 31, 2020. Hence, the management considered to write-off and deconsolidate the subsidiary since the order date and record Gain on write-off and deconsolidation of subsidiary in consolidated financial amounting to Baht 241 Million.

**Income from forgiveness of other payables to subsidiary**

In year 2020, a Subsidiary (GS Securities) registered decreased in share capital from Baht 691.9 million to be Baht 67.0 million. The Company used the refund from capital decrease of GS Securities of Baht 624.9 million to settle with the short-term borrowings from and interest payable to subsidiary. On August 19, 2020, the Company entered into Debt Forgiveness Agreement with GS Securities, whereby such subsidiary forgave debts to the Company totalling Baht 649.7 million. In this regard, the Company recorded loss on devaluation of investment in subsidiary of Baht 357.1 million. Therefore, the Company recorded gains on account of these forgiven amounts net offsetting with loss on devaluation of investment in subsidiary amounting to Baht 292.6 million in the separate statements of comprehensive income.

**Loss on compromise debts**

The company recorded loss on compromise debts amounting to Baht 30 Million in year 2020 resulting from entering into Settlement Agreement with a creditor.

- **Finance cost**

The Company recorded finance cost of Baht 623 million for year 2020 and Baht 837 million for 2019, a decrease of Baht 214 million. Total finance cost decreased post DE Conversion program in the Company in December 2019 but was partly offset by higher interest on account of default in repayment of Loan and Standby Letter of Credit (SBLC).

Total consolidated finance cost for the year 2020 and 2019 amounting to Baht 872 million and Baht 1,139 million, respectively, which decreased by Baht 267 million mainly due to reduction in the Company as explained above and reduction in Subsidiary due to repayment of loan in 2019.

## 5. **Statement of financial positions**

- **Total Assets**

As of 31 December 2020, the consolidated total assets amounted to Baht 25,460 million, which decreased by Baht 940 million or 4% from year ended 2019. Out of the total assets, Current Assets amounted to Baht 3,467 million or 14% of total assets, which decreased by Baht 123 million or 3% mainly due to reduction in Inventory Baht 37 million and Other current assets Baht 59 million. Non-current assets amounted to Baht 21,993 million or 86% of total assets, which decreased by Baht 817 million or 4% from year ended 2019 mainly due to depreciation in Plant & Equipment.



- **Inventories**

Value of Inventories in the consolidated Financial Statement amounted to Baht 2,595 million or 10% of total assets, which reduced by Baht 37 million or 1% from year ended 2019. Total Inventory of the Company decreased by Baht 31 million or 2% due to the reduction in raw materials and finished goods.

On November 1 and 6, 2017, the Company paid USD 2 million (approximately Baht 68 million) to a financial supporter. However, the raw materials (scrap steel) have not been transferred as yet from control yard and the Company has recorded the payment as advance payment for raw materials at transaction date.

On January 20, 2021, the Company has entered into Settlement Agreement with the Financial Supporter, whereby such advance payment, which had outstanding balance as at December 31, 2020 and 2019 of Baht 68 million will be settled through the Arbitration Process.

- **Total liabilities**

Total liabilities in the consolidated Financial Statement as at 31 December 2020 amounted to Baht 9,526 million, which increased by Baht 308 million or 3% from year ended 2019 mainly due to increase in accrued interest expenses.

**Consolidated Current liabilities increased Baht 139 million due to:**

- Trade accounts payable decreased by Baht 431 million and Other payables and accrued expenses decreased by Baht 254 million mainly due to the decreasing of trade accounts payable of the company from SBLC default and increasing in short-term borrowings from related parties and reclassification of payables to Liabilities from terminated rehabilitation plan and compromise on entering into Settlement Agreement with a creditor.
- Short-term borrowings from related parties increased by Baht 622 million due to debt from Standby LC devolvement of USD 20.5 million in 2020 in the Company.
- Accrued interest expenses increased by Baht 501 million since the Company could not pay interest due to the tight cash flow situation.
- Other current liabilities decreased by Baht 271 million mainly due to write back of liabilities no longer required.

**Consolidated Non-current liabilities increased Baht 169 million derived from:**

- Liabilities under rehabilitation plan and compromise agreement increased Baht 431 million due to Settlement Agreement and Compromise Agreement entered with some creditors.
- Long-term borrowings from related parties decreased by Baht 308 million due to reclassification to short-term liability as the amount falls due within one year in the subsidiary.
- Non-current provision for employee retirement benefit increased Baht 46 million.

**Shareholders' equity**

As of 31 December 2020, the Consolidated Financial Statement recorded shareholders' equity of Baht 15,934 million which decreased by Baht 1,248 million from last year due to net loss Baht 1,203 million and additional Actuarial provision for Employee Benefit of Baht 45 million.

## 6. Asset Management Efficiency

### • **Liquidity and the adequacy of capital**

As at 31 December 2020, the Consolidated cash and cash equivalent balance was Baht 437 million, which decreased by Baht 27 million or 6% from year ended 2019. Cash flow of each activity of year 2020 is as follow:

#### **Consolidated Cash Flow**

- Net cash flows provided by operating activities Baht 150 million was higher than last year which posted cash flow used in operating activities of Baht 599 million.
- Net cash flows provided by investing activities was Baht 113 million. This mainly came from effect on cash flows from write-off and deconsolidation of subsidiary as explain above. However, there was Cash flow used in Purchases of property, plant and equipment by Baht 146 million which mainly belongs to subsidiary.
- Net cash flows used in financing activities Baht 290 million. Mainly from finance costs paid and repayment of liabilities from terminated rehabilitation plan and compromise.

(For further details please refer to the Statement of cash flows)

The Company tries to manage liquidity to ensure adequate turnover of cash flows by using financing arrangement for raw material purchase in term of Collateral Management Agreement (“CMA”), maintains policy of maximizing sales on advance received terms and accelerating the debt collection from its receivables.

## 7. Summary of significant financial ratio (consolidated financial statements)

Financial Ratio		2020	2019	2018
<b><u>Liquidity Ratio</u></b>				
Current Ratio	times	0.59	0.62	0.29
Quick Ratio	times	0.15	0.17	0.04
Operating Cash Flow to Current Liabilities	times	0.03	(0.05)	0.05
Receivable collection period (DSO)	days	0.60	0.52	0.38
Inventory conversion period	days	46.51	68.57	52.71
Payable deferral period	days	13.27	31.25	22.16
Cash Conversion Cycle	days	33.84	37.85	30.93
<b><u>Profitability Ratio</u></b>				
Sale Growth Rate	%	18.81	(41.88)	16.58
Gross Profit Margin	%	0.89	(10.69)	(0.77)
Other Profit Margin	%	2.48	23.37	0.60
Net Profit Margin*	%	(3.16)	15.19	(5.55)
Return on Equity**	%	(9.81)	73.65	(154.97)
<b><u>Efficiency Ratio</u></b>				
Return on Asset***	%	(2.52)	9.28	(5.29)
Return on Fixed Asset***	%	(3.05)	11.44	(6.60)
Asset Turnover	times	0.80	0.61	0.95
<b><u>Financial Policy Ratio</u></b>				
Debt to Equity Ratio****	times	1.50	1.31	119.08
Interest Coverage Ratio	times	(0.38)	2.28	(1.14)
Earnings (Loss) per Share	Baht	(0.02)	0.31	(0.24)
Book value/share****	Baht	0.22	0.81	0.03

\* Calculated from the profit (loss) of the parent company which excluding Non-controlling interests

\*\* Calculated from the profit (loss) of the parent company divided by total shareholders' equity (Exclude Non-controlling interests)

\*\*\* Calculated from the profit (loss) of the parent company which excluding Non-controlling interests

\*\*\*\* Calculated from total shareholders' equity (Exclude Non-controlling interests)

### • Liquidity Ratios

Current Ratio of the consolidated financial statements in Y2020 is 0.59 times which decreased from 0.62 times last year due to the increase in current liabilities which was affected from the ongoing sluggish market and the impact of pandemic of COVID-19. The Company defaulted on short term loan repayment, interest payment to Link Capital I (Mauritius) Limited together with default on Standby Letter of Credit. The total amount of Default as at December 31, 2020 stands at USD 59.0 million. The Company is currently negotiating with Link Capital I to restructure the default facilities and has entered into a Standstill Agreement with the Lender to allow more time for the negotiations. The management believes that the amount will be restructured according to the future cash flow projections.



- **Profitability Ratios**

The consolidated financial statements recorded gross profit margin of 0.89% in year 2020, improving from last year which had gross loss margin by 10.69%. This resulted from the increase in sales volume, production volume, the reduction of cost per unit and depreciation. However, the consolidated financial statements posted net loss margin by 3.16% compared with net profit margin by 15.19% of last year which was achieved from non-recurring items. Return on equity (ROE) of year 2020 was negative by 9.81%. However, consolidated cash flow from operation was positive by Baht 150 million in year 2020.

- **Efficiency Ratios**

Consolidated Return on assets was negative due to net loss. However, Asset Turnover had improved which increased from 0.61 times last year to 0.80 times due to increase in sales volume.

- **Leverage Ratios**

Debt to Equity Ratio (D/E Ratio) of the consolidated financial was 1.50 times comparing with 1.31 times of last year. This resulted from debt increase from the default on the repayment according to liquidity problem and Equity decrease from net loss.

## 8. **Commitments and off-balance sheet liabilities management**

The Company has disclosed as per details in the note No. 36 Commitments and contingent liabilities with non-related parties.

## 9. **Factor effect to the future operation**

The company has imports of Scrap, Pig Iron and several sub raw materials and substantial loans in Foreign currency. Thus, foreign exchange fluctuation would significantly affect the Net profit of the Company. However, the Company and its subsidiaries manages the risk of exchange rate by benchmark the selling price with the world market selling price, which primary linked to US dollar. Besides, the Company has adaptated plan in respect of various projects aiming to reduce production cost in order to be able to be competitive with other competitors and the importers. These projects are in the form of energy cost saving, increase efficiency as well as minimize loss in the production process, etc.

# Audit Committee Report

*- Unofficial Translation -*

## **Audit Committee Report To the Shareholders of G Steel Public Company Limited**

G Steel Public Company Limited's Board of Directors has appointed the Audit Committee consisting of three independent directors as follows:

- |                                       |                                 |
|---------------------------------------|---------------------------------|
| 1. Mr. Li Zhong Yuan                  | Chairman of the Audit Committee |
| 2. Mr. Christopher Michael Nacson     | Member of the Audit Committee   |
| 3. Mr. Chainarong Monthienvichienchai | Member of the Audit Committee   |

The Audit Committee has appointed Mr. Chuchai Ueasuksathaporn as secretary to the Audit Committee.

The Audit Committee of G Steel Public Company Limited is responsible for reviewing the internal control system, approve the report or disclose information, present matters to the Board of Directors for acknowledgment, consent or approval, including coordinate with the certified public accountant for acknowledgement of the audit results, notes and recommendation of such certified public accountant, together with the recommendation to the Board of Directors for the purpose of transparency, the adequate internal control system and to comply with relevant laws and regulations. In addition, the Audit Committee is responsible for the endorsement of the appointment and remuneration of the certified public accountant to the Board of Directors for further proposal for the general meeting of shareholders' approval.

In the fiscal year ended 31 December 2020, The Audit Committee verified the correctness and sufficiency in the essence according to the generally accepted accounting principles. It includes the consideration on the internal audit, risk rating and various job performances to comply with the legitimate requirements and the requirements of the Stock Exchange of Thailand. This verification did not verify all items but use the method of testing on the items that deemed to have importance according to the work plan of the audit section.

Evaluation of the performance of Baker Tilly Audit and Advisory Services (Thailand) Ltd. over the past year was done and the Audit Committee considered their service and independence to be of value suited to the Company's external auditors for 2020, the Audit Committee took into account knowledge, capabilities, experience, resources and independence of the auditor's in accordance with The Securities and Exchange Commission criteria, thereby recommending the reappointment the external auditors of Baker Tilly Audit and Advisory Services (Thailand) Ltd. as the Company's external auditor for 2021, along with appropriate audit fees, to the Board of Directors for consideration and concurrence for submission to the Annual General Meeting of Shareholders for approval.

The Audit Committee of G Steel Public Company Limited reviewed and amend the Charter of the Audit Committee to ensure efficient and fruitful performance. The Audit Committee reviewed the internal audit plan by providing advise and monitor corrective actions for significant aspects of good governance and adequate internal control.

The Audit Committee did not find any essential shortcomings in the internal audit with impact on the financial statement significantly and reports the result to the Board of Directors.

During the year 2020, Audit Committee received the letter from A.M.T. and Associates, (“Auditor”), who audited the financial statements for the year 2019. The Auditor has observations on management that may cause damage to the Company Group and may be considered as a violation of Section 89/25 of the Securities and Exchange Act B.E. 2535 (as amended) (the “SEC Act”). Audit Committee has resolved to approve Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd. (“Deloitte”) as the forensic accounting team. Base on the content of the Report and as per discussion and correspondence with Deloitte on this, Audit Committee are inclined to believe that there is no reasonable ground to give rise to the issue claimed by AMT in its letter dated 26 February 2020 and thus would violate the rules and regulations of the SEC. Hence, Audit Committee believe that the special audit process can now be concluded accordingly.

On behalf of the Audit Committee.

*-Li Zhong Yuan-*

(Mr. Li Zhong Yuan)  
Chairman of the Audit Committee



# **Financial Statements 2020**

**G STEEL PUBLIC COMPANY LIMITED AND  
ITS SUBSIDIARIES**

**Financial Statements**

**For the Year Ended December 31, 2020**

**and Independent Auditor's Report**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of G Steel Public Company Limited

### *Opinion*

I have audited the consolidated and separate financial statements of G Steel Public Company Limited and its subsidiaries ("the Group"), and of G Steel Public Company Limited ("the Company"), which comprise the consolidated and separate statements of financial position as at December 31, 2020, and the consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial positions of the Group and of the Company as at December 31, 2020, and their consolidated and separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### *Basis for Opinion*

I conducted my audits in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audits of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### *Emphases of Matter*

I draw attention to:

- a) Note 1 to the financial statements, the Group has had persistent operating losses and as at December 31, 2020, the Group's total current liabilities exceeded its total current assets by Baht 2,416 million and had deficit of Baht 22,927 million. Hence, the Group's ability to continue their operations as a going concern may significantly depend on their success in compliance with restructuring plan and finding source of capital and the management's ability to manage the Group's future operations. These circumstances may give rise to significant doubts as to the Group's ability to continue their operations as a going concern.
- b) Note 4 to the financial statements, the management has reviewed and changed the estimated useful lives of buildings, machinery and equipment in accordance with their conditions and proper estimated useful lives. Such change in estimated useful lives was approved by the Audit Committee's meeting and the Board of Directors' meeting of the Company and a subsidiary held on June 17, 2020.
- c) Note 1 to the financial statements, starting early 2020, the COVID-19 pandemic has significantly affected to both local and global economies, which, in consequence, may have significantly affected to the Group's future financial position and financial performance. However, the ultimate outcome of this matter cannot presently be determined and the effect to the Group cannot reasonably be estimated at this stage.

However, my opinion is not modified in respect of the matters emphasized.

### ***Other Matter***

The consolidated and separate financial statements of G Steel Public Company Limited and its subsidiaries and of G Steel Public Company Limited for the year ended December 31, 2019 were audited by another auditor whose report dated February 26, 2020 expressed an unqualified opinion on those statements with an emphasis of matter paragraph on significant doubt about the Group's ability to continue their operations as a going concern.

### ***Key Audit Matter***

Key audit matter is the matter that, in my professional judgment, was of most significance in my audits of the consolidated and separate financial statements of the current period. This matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

<b>Key Audit Matter Details</b>	<b>Auditor's Approach</b>
<p><b><i>Assessment of impairment loss on property, plant and equipment</i></b></p> <p>The Group has significant property, plant and equipment which are stated at cost less accumulated depreciation and allowance for impairment losses.</p> <p>The management assesses the impairment test on property, plant and equipment when they have an impairment indication by using the estimated recoverable amounts. The recoverable amounts are assessed by the management based on its value in use, determined by discounting future cash flows to be generated from the continuing use of property, plant and equipment and related assumptions such as forecast on industry growth rate, forecast on revenues and steel scrap price spreads margin and forecast on capital expenditures, selling expenses and operating expenses.</p> <p>The management's judgement over key assumptions and discount rate will be affected by changes of future economic and market. Hence, I focused on this area.</p>	<ul style="list-style-type: none"><li>• Understood the process of estimated recoverable amount using for impairment testing.</li><li>• Evaluated the significant assumptions applied by the management in preparing the cash flow projections including discount rate used to discount future cash flows.</li><li>• Compared and evaluated the cash flow projections, key assumptions and discount rate to the management's budget and business plan, historical and current actual operations, economic and industries.</li><li>• Tested calculation of recoverable amounts according to the management's financial models and compared with the carrying values of property, plant and equipment.</li><li>• Considered the adequacy and appropriateness of disclosures made in notes to financial statements.</li></ul>

### ***Other Information***

Management is responsible for the other information. The other information comprises the annual report but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audits of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.



### ***Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements***

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated and separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audits.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matter. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Ms. Wimolsri Jongudomsombut)  
Certified Public Accountant, Registration No. 3899  
Baker Tilly Audit and Advisory Services (Thailand) Ltd.  
Bangkok  
February 24, 2021

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

**A S S E T S**

		In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2020	2019	2020	2019
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	437,367,902	464,124,155	330,743,110	39,825,158
Short-term investment in trading securities		8,651,734	4,940,906	8,651,734	4,940,906
Trade account receivables - net	7	32,110,817	35,971,335	4,188,642	29,774,823
Other receivables from related parties	5	-	-	4,072,530	3,872,050
Inventories - net	4, 8, 18, 36	2,594,826,134	2,632,038,201	1,234,190,438	1,265,428,245
Other current assets - net	5, 9	394,037,411	453,052,255	242,353,228	367,893,069
<b>Total Current Assets</b>		<b>3,466,993,998</b>	<b>3,590,126,852</b>	<b>1,824,199,682</b>	<b>1,711,734,251</b>
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries - net	5, 10	-	-	1,065,805,413	1,543,962,782
Advance payments for purchase of property, plant and equipment - net	5, 11, 19	210,000,000	210,000,000	-	-
Property, plant and equipment - net	4, 12, 16, 17, 22, 36	21,098,097,108	21,859,607,733	8,447,081,163	8,810,335,193
Other intangible assets - net	13	6,223,281	9,188,016	1,007,684	2,693,946
Other non-current assets - net	5, 15	679,099,972	731,533,456	335,378,069	391,348,111
<b>Total Non-Current Assets</b>		<b>21,993,420,361</b>	<b>22,810,329,205</b>	<b>9,849,272,329</b>	<b>10,748,340,032</b>
<b>TOTAL ASSETS</b>		<b>25,460,414,359</b>	<b>26,400,456,057</b>	<b>11,673,472,011</b>	<b>12,460,074,283</b>

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	Notes	In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2020	2019	2020	2019
<b>CURRENT LIABILITIES</b>					
Trade account payables	5, 8, 18	529,911,885	960,912,393	201,777,744	627,587,833
Other payables to related parties	5	-	-	-	91,699,689
Other payables and accrued expenses	5, 19	1,174,121,481	1,428,344,684	885,051,779	1,099,897,493
Advances received from customers	5	22,871,342	130,671,595	12,364,733	110,871,828
Accrued interest expense	5, 20	1,194,586,748	693,557,138	997,452,101	864,949,701
Current portion of liabilities from terminated rehabilitation plan and compromise	5, 21, 36	352,855,595	487,934,137	184,325,339	317,810,467
Current portion of long-term borrowings from related parties	5, 16, 22	625,389,181	314,000,000	314,000,000	314,000,000
Current portion of debentures	17	468,579,964	470,511,788	468,579,964	470,511,788
Current portion of lease liabilities	12	12,702,252	438,781	6,962,239	-
Short-term borrowings from related parties	5, 16, 22	1,433,190,075	811,362,306	1,433,190,075	1,124,319,573
Borrowing from shareholder	5	-	3,850,000	-	3,850,000
Borrowing from other party		3,850,000	-	3,850,000	-
Current provision	4, 23	-	106,292,596	-	87,117,283
Other current liabilities	5, 24	65,313,390	336,522,837	50,041,184	66,349,852
<b>Total Current Liabilities</b>		<b>5,883,371,913</b>	<b>5,744,398,255</b>	<b>4,557,595,158</b>	<b>5,178,965,507</b>
<b>NON-CURRENT LIABILITIES</b>					
Other payables and accrued expenses	5, 19	1,132,405,007	1,137,215,015	1,132,405,007	1,137,215,015
Liabilities from terminated rehabilitation plan and compromise - net	5, 21, 36	648,511,941	217,751,857	648,511,941	217,751,857
Long-term borrowings from related parties - net	5, 16, 22	1,626,210,629	1,934,155,494	887,151,545	885,131,949
Lease liabilities - net	12	6,352,956	950,062	4,041,353	-
Non-current provision for employee retirement benefit	25	229,622,728	184,065,264	101,446,948	78,379,377
<b>Total Non-Current Liabilities</b>		<b>3,643,103,261</b>	<b>3,474,137,692</b>	<b>2,773,556,794</b>	<b>2,318,478,198</b>
<b>TOTAL LIABILITIES</b>		<b>9,526,475,174</b>	<b>9,218,535,947</b>	<b>7,331,151,952</b>	<b>7,497,443,705</b>



**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

**LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)**

	Notes	In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2020	2019	2020	2019
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	26				
- Authorized share capital (ordinary share 31,611,951,028 shares at Baht 5 par value)		<u>158,059,755,140</u>	<u>158,059,755,140</u>	<u>158,059,755,140</u>	<u>158,059,755,140</u>
- Issued and paid-up share capital (ordinary share 28,928,765,432 shares at Baht 5 per share)		144,643,827,160	144,643,827,160	144,643,827,160	144,643,827,160
Warrants	27	-	-	-	-
Additional (discount) paid in capital					
- Share discount	26	(116,361,266,965)	(116,361,266,965)	(116,361,266,965)	(116,361,266,965)
- Premium on capital reduction		206,307,094	206,307,094	206,307,094	206,307,094
Retained earnings (deficit)					
- Appropriated for legal reserve	28	763,976,886	763,976,886	763,976,886	763,976,886
- Deficit		(22,927,407,730)	(22,253,294,756)	(24,924,573,795)	(24,304,263,276)
Other components of equity	28	<u>14,049,679</u>	<u>14,049,679</u>	<u>14,049,679</u>	<u>14,049,679</u>
<b>Equity Attributable to Owners of the Parent</b>		<u>6,339,486,124</u>	<u>7,013,599,098</u>	<u>4,342,320,059</u>	<u>4,962,630,578</u>
Non-controlling interests		<u>9,594,453,061</u>	<u>10,168,321,012</u>	<u>-</u>	<u>-</u>
<b>Shareholders' Equity - Net</b>		<u>15,933,939,185</u>	<u>17,181,920,110</u>	<u>4,342,320,059</u>	<u>4,962,630,578</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>25,460,414,359</u>	<u>26,400,456,057</u>	<u>11,673,472,011</u>	<u>12,460,074,283</u>

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

		In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2020	2019	2020	2019
<b>REVENUES</b>					
Revenue from sales	5	20,693,108,713	17,416,417,795	9,313,880,690	4,494,156,853
Revenue from service	5	-	-	-	274,235,241
Gain on foreign exchange - net		76,223,530	976,030,090	38,097,158	683,702,192
Reversal of loss on confirmed purchase orders for undelivered raw materials	4	106,292,596	-	87,117,283	-
Reversal of allowance for doubtful accounts		-	13,554,115	-	89,956,313
Income from forgiveness of other payables to subsidiary	5	-	-	292,658,052	-
Gain from decreased capital of investment in subsidiary	10	-	-	-	1,130,110,336
Reversal of provision for guarantee of subsidiary	23	-	-	-	242,266,277
Gain from debts restructuring	29	-	5,505,991,604	-	5,505,991,604
Gain from compromise debts		-	86,334,435	-	86,334,435
Gain on write-off and deconsolidation of subsidiary	1	241,112,967	-	-	-
Other income	5	166,670,553	118,537,891	87,351,343	33,914,617
<b>Total Revenues</b>		<b>21,283,408,359</b>	<b>24,116,865,930</b>	<b>9,819,104,526</b>	<b>12,540,667,868</b>
<b>EXPENSES</b>					
Cost of sales	4, 5				
- Cost of goods sold		20,468,742,797	18,225,267,129	9,246,827,728	4,757,698,323
- Idle cost		214,125,667	1,031,503,026	144,900,353	789,651,230
- Loss on decline in value of inventories (reversal)	8	(173,054,819)	20,966,163	(89,295,097)	93,768,892
Total Cost of Sales		20,509,813,645	19,277,736,318	9,302,432,984	5,641,118,445
Cost of service		-	-	-	283,876,066
Selling expenses		317,865,105	238,841,441	147,702,582	64,466,422
Administrative expenses	4, 5	723,864,836	940,093,555	234,662,338	377,527,407
Loss on confirmed purchase orders for undelivered raw materials		-	65,727,443	-	87,117,283
Loss on compromise debts	21	30,449,706	-	30,449,706	-
Other expenses	10, 12, 30	31,889,918	997,828,133	84,421,436	1,904,650,276
Finance costs	5	872,110,318	1,139,327,842	622,984,639	836,843,398
<b>Total Expenses</b>		<b>22,485,993,528</b>	<b>22,659,554,732</b>	<b>10,422,653,685</b>	<b>9,195,599,297</b>
<b>Profit (Loss) before Tax</b>		<b>(1,202,585,169)</b>	<b>1,457,311,198</b>	<b>(603,549,159)</b>	<b>3,345,068,571</b>
Tax expense		(165,720)	-	-	-
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>(1,202,750,889)</b>	<b>1,457,311,198</b>	<b>(603,549,159)</b>	<b>3,345,068,571</b>
<b>Other Comprehensive Loss:</b>					
Item that will not be reclassified subsequently to profit or loss:					
Actuarial losses	25	(45,230,036)	-	(16,761,360)	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>					
		(1,247,980,925)	1,457,311,198	(620,310,519)	3,345,068,571

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF COMPREHENSIVE INCOME (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

		In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
Notes		2020	2019	2020	2019
<b>Profit (loss) for the year attributable to:</b>					
	Owners of the parent	(654,662,560)	2,646,249,750	(603,549,159)	3,345,068,571
	Non-controlling interests	(548,088,329)	(1,188,938,552)	-	-
		<u>(1,202,750,889)</u>	<u>1,457,311,198</u>	<u>(603,549,159)</u>	<u>3,345,068,571</u>
<b>Total comprehensive income (loss) for the year attributable to:</b>					
	Owners of the parent	(674,112,974)	2,646,249,750	(620,310,519)	3,345,068,571
	Non-controlling interests	(573,867,951)	(1,188,938,552)	-	-
		<u>(1,247,980,925)</u>	<u>1,457,311,198</u>	<u>(620,310,519)</u>	<u>3,345,068,571</u>
<b>Basic Earnings (Loss) per Share Attributable to</b>					
	<b>Owners of the Parent</b>	<u>(0.023)</u>	<u>0.305</u>	<u>(0.021)</u>	<u>0.386</u>

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Consolidated Financial Statements (In Baht)										
Notes	Issued and paid-up share capital	Warrants	Additional (discount) paid in capital		Retained earning (Deficit)		Other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Shareholders' equity - net
			Share discount	Premium on capital reduction	Appropriated for legal reserve	Deficit	Paid in capital from expired warrants			
<b>Balance as at January 1, 2019</b>	34,250,904,820	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(24,899,544,506)	-	172,418,299	9,928,102,018	10,100,520,317
Transactions with owners, recorded directly in equity										
<i>Changes in ownership interests in subsidiaries</i>										
Acquisition of non-controlling interests without a change in control										
Issue of ordinary shares of subsidiary to non-controlling interests	10	-	-	-	-	-	-	-	1,429,157,546	1,429,157,546
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	1,429,157,546	1,429,157,546
Contributions by and distributions to owners of the Company										
Debt-to-equity conversion	26	110,392,922,340	-	(106,197,991,291)	-	-	-	4,194,931,049	-	4,194,931,049
Termination of warrants	27	-	(14,049,679)	-	-	-	14,049,679	-	-	-
Total contributions by and distributions to owners of the Company		110,392,922,340	(14,049,679)	(106,197,991,291)	-	-	14,049,679	4,194,931,049	-	4,194,931,049
<i>Total transactions with owners, recorded directly in equity</i>		110,392,922,340	(14,049,679)	(106,197,991,291)	-	-	14,049,679	4,194,931,049	1,429,157,546	5,624,088,595
Total comprehensive income (loss) for the year		-	-	-	-	2,646,249,750	-	2,646,249,750	(1,188,938,552)	1,457,311,198
<b>Balance as at December 31, 2019</b>	144,643,827,160	-	(116,361,266,965)	206,307,094	763,976,886	(22,253,294,756)	14,049,679	7,013,599,098	10,168,321,012	17,181,920,110
Total comprehensive loss for the year		-	-	-	-	(674,112,974)	-	(674,112,974)	(573,867,951)	(1,247,980,925)
<b>Balance as at December 31, 2020</b>	144,643,827,160	-	(116,361,266,965)	206,307,094	763,976,886	(22,927,407,730)	14,049,679	6,339,486,124	9,594,453,061	15,933,939,185

The accompanying notes to financial statements are an integral part of these financial statements.



G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2020

Separate Financial Statements (In Baht)								
Notes	Issued and paid-up share capital	Warrants	Additional (discount) paid in capital		Retained earning (Deficit)		Other components of equity	Shareholders' equity - net (Capital deficiency)
			Share discount	Premium on capital reduction	Appropriated for legal reserve	Deficit	Paid in capital from expired warrants	
<b>Balance as at January 1, 2019</b>	34,250,904,820	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(27,649,331,847)	-	(2,577,369,042)
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
of the Company								
Debt-to-equity conversion	26	110,392,922,340	-	(106,197,991,291)	-	-	-	4,194,931,049
Termination of warrants	27	-	(14,049,679)	-	-	-	14,049,679	-
Total contributions by and distributions to owners of the Company		110,392,922,340	(14,049,679)	(106,197,991,291)	-	-	14,049,679	4,194,931,049
Total transactions with owners, recorded directly in equity		110,392,922,340	(14,049,679)	(106,197,991,291)	-	-	14,049,679	4,194,931,049
Total comprehensive income for the year		-	-	-	-	3,345,068,571	-	3,345,068,571
<b>Balance as at December 31, 2019</b>	144,643,827,160	-	(116,361,266,965)	206,307,094	763,976,886	(24,304,263,276)	14,049,679	4,962,630,578
Total comprehensive loss for the year		-	-	-	-	(620,310,519)	-	(620,310,519)
<b>Balance as at December 31, 2020</b>	144,643,827,160	-	(116,361,266,965)	206,307,094	763,976,886	(24,924,573,795)	14,049,679	4,342,320,059

The accompanying notes to financial statements are an integral part of these financial statements.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Profit (loss) for the year	(1,202,750,889)	1,457,311,198	(603,549,159)	3,345,068,571
Adjustments to reconcile profit (loss) for the year to net cash provided by (used in) operating activities:				
Depreciation and amortization	971,115,676	1,713,747,998	445,269,848	813,692,020
Work roll amortization	128,414,051	105,504,317	50,527,207	31,091,295
Unrealized gain on foreign exchange - net	(79,249,314)	(617,072,813)	(70,946,266)	(453,232,519)
Gain on exchange rate from debt to equity conversion	-	(449,701,879)	-	(449,701,879)
Unrealized loss (gain) on revaluation of short-term investment in trading securities	(2,772,161)	6,137,766	(2,772,161)	6,137,766
Gain on write-off and deconsolidation of subsidiary	(241,112,967)	-	-	-
Income from forgiveness of other payable to subsidiary	-	-	(292,658,052)	-
Gain from debt restructuring	-	(5,505,991,604)	-	(5,505,991,604)
Loss (gain) from compromise debts	30,449,706	(86,334,435)	30,449,706	(86,334,435)
Gain from write-off the expired legal prescription of liabilities - net	-	(10,387,557)	-	-
Gain from write-back other payables and accrued expenses and advance received from customer	(22,192,859)	-	(12,192,202)	-
Reversal of allowance for doubtful accounts	-	(13,554,115)	-	(89,956,313)
Allowance for decline in value of inventories (reversal)	(173,054,819)	20,966,163	(89,295,097)	93,768,892
Loss on confirmed purchase orders for undelivered raw materials (reversal)	(106,292,596)	65,727,443	(87,117,283)	87,117,283
Gain from decreased capital of investment in subsidiary	-	-	-	(1,130,110,336)
Reversal of provision for guarantee of subsidiary	-	-	-	(242,266,277)
Allowance for impairment loss on investments in subsidiaries and write-off investments in subsidiaries	-	-	54,226,243	897,688,981
Write-off other account receivables and loans to subsidiaries	-	-	637,610	-
Allowance for impairment losses on assets	4,871,574	-	6,259,349	-
Loss on sales of fixed assets	22,213,404	946,468,146	22,213,404	946,468,146
Loss on write-off of fixed assets	1,962,476	4,105,007	-	-
Insurance compensation income - net	(1,835,675)	-	-	-
Write-off unclaimed withholding income tax deducted at source	2,451,045	933	2,451,045	933
Provision for court case claim	2,400,000	34,822,207	-	34,822,207
Provision for employee retirement benefit	17,815,428	56,054,212	7,476,744	27,002,950
Finance costs	872,110,318	1,139,327,842	622,984,639	836,843,398
Interest income	(1,917,444)	(3,170,957)	(299,020)	(388,373)
Dividend income	(2,158,415)	-	(2,158,415)	-
Tax expense	165,720	-	-	-
<b>Decrease (Increase) in Operating Assets:</b>				
Trade account receivables	3,860,518	(22,198,069)	25,586,181	(24,042,795)
Inventories	210,266,887	1,958,486,265	120,532,903	(697,100,918)
Other current assets	(87,881,186)	87,974,712	(21,219,522)	(88,948,441)
Other non-current assets	(99,870,638)	(271,570,688)	(18,447,235)	(187,037,559)

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
<b>Increase (Decrease) in Operating Liabilities:</b>				
Trade account payables	420,641,937	(948,380,823)	425,392,319	728,816,522
Advances received from customers	(97,799,596)	88,005,892	(98,507,095)	100,888,622
Other payables and accrued expenses	(316,709,117)	(332,057,569)	(268,568,134)	61,924,475
Other current liabilities	(222,025,303)	(9,341,775)	29,832,520	2,804,094
Employee benefit paid	(11,010,157)	(4,754,000)	(1,170,533)	(1,248,000)
Cash refunded from withholding income tax deducted at sources	130,397,507	-	130,397,507	-
Tax paid	(165,720)	(8,649,150)	-	(8,953,563)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>150,337,391</b>	<b>(598,525,333)</b>	<b>405,337,051</b>	<b>(951,176,857)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Effect on cash flows from write-off and deconsolidation of subsidiary	241,112,967	-	-	-
Proceeds from sales of short-term investment in trading securities	-	416,954	-	416,954
Increase in loans to subsidiaries	-	-	(2,122,500)	-
Proceeds from sales of fixed assets	1,033,176	19,911,079	1,033,176	19,911,079
Proceeds from insurance claim	15,985,622	-	-	-
Purchases of property, plant and equipment	(146,361,502)	(155,404,904)	(17,903,675)	(42,936,667)
Purchases of other intangible assets	(1,682,762)	(1,617,100)	-	(116,100)
Proceeds from decreased in capital investment in subsidiary	-	-	-	1,800,000,000
Interest received	1,917,444	3,170,957	299,020	388,373
Dividend received	1,219,748	-	1,219,748	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>113,224,693</b>	<b>(133,523,014)</b>	<b>(17,474,231)</b>	<b>1,777,663,639</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Proceeds from non-controlling interests from increase capital of subsidiary	-	1,429,157,546	-	-
Repayment of liabilities from terminated rehabilitation plan and compromise	(65,699,634)	(62,663,021)	(63,691,205)	(60,058,875)
Repayment of short-term borrowings from financial institution	-	(826,582,703)	-	(379,880,338)
Repayment of long-term borrowings from financial institution	-	(106,251,641)	-	(106,251,641)
Proceeds from (repayment of) long-term borrowings from related parties	-	966,587,810	-	(119,860,522)
Repayment of lease liabilities	(11,305,405)	(501,600)	(5,878,873)	-
Finance costs paid	(213,304,865)	(460,832,915)	(27,371,672)	(177,519,998)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(290,309,904)</b>	<b>938,913,476</b>	<b>(96,941,750)</b>	<b>(843,571,374)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(26,747,820)</b>	<b>206,865,129</b>	<b>290,921,070</b>	<b>(17,084,592)</b>
<b>CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR</b>	<b>464,124,155</b>	<b>258,184,077</b>	<b>39,825,158</b>	<b>56,909,750</b>
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	(8,433)	(925,051)	(3,118)	-
<b>CASH AND CASH EQUIVALENTS, AT END OF YEAR</b>	<b>437,367,902</b>	<b>464,124,155</b>	<b>330,743,110</b>	<b>39,825,158</b>

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
<b>Additional cash flow information :</b>				
1) Property, plant and equipment increased by means of :				
- Lease liabilities	29,111,985	-	16,882,465	-
- Other account payables - net	68,983,284	-	68,789,996	-
- Cash payments	146,361,502	155,404,904	17,903,675	42,936,667
Total	244,456,771	155,404,904	103,576,136	42,936,667
2) Transfer other non-current assets (cash guarantee for electricity usage) to settle with liabilities under rehabilitation plan and compromise	23,890,070	-	23,890,070	-
3) Transfer standby letter of credit which settlement with trade account payables to short-term borrowings from related party	655,364,519	399,141,817	655,364,519	399,141,817
4) Transfer other current assets, trade account payables, accrued interest expense and other current liabilities to liabilities from rehabilitation plan and compromise	352,650,294	-	352,650,294	-
5) Transfer borrowing from shareholder to borrowing from other party	3,850,000	-	3,850,000	-
6) From write-back the expired legal prescription of liabilities				
Increase in other current assets	-	47,262	-	-
Decrease in trade account payables	-	16,754,450	-	-
Decrease in other payables and accrued expenses	-	6,414,155	-	-
7) From debt-to-equity conversion				
Decrease in liabilities from terminated rehabilitation plan and compromise	-	183,095,340	-	183,095,340
Decrease in short-term borrowings from other parties	-	31,900,000	-	31,900,000
Decrease in other payables and accrued expenses	-	3,979,935,710	-	3,979,935,710
Decrease in accrued interest expense	-	4,842,228,437	-	4,842,228,437
Decrease in provision for court case claim	-	326,725,720	-	326,725,720
8) Short-term borrowings from and interest payable to subsidiary decreased from settlement of capital reduction of investment in subsidiary	-	-	624,889,490	-
9) Decrease in other payables to subsidiary from debt forgiveness	-	-	91,699,689	-
10) Transfer short-term borrowings from related party to liabilities under rehabilitation plan and compromise	-	30,000,000	-	30,000,000
11) Write-off trade account receivables	498,083,182	-	146,264,749	-
12) Write-off other receivables from subsidiary	-	-	2,366,084,014	-
13) Write-off loan to and accrued interest income from subsidiary	-	-	2,756,416,983	-



**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES****Notes to Financial Statements****December 31, 2020**

<b>Note</b>	<b>Contents</b>
1	General information, the shareholding structure and going concern
2	Basis for preparation of financial statements and principles of consolidation
3	Significant accounting policies
4	Change in estimated useful lives from prior year
5	Transactions with related parties
6	Cash and cash equivalents
7	Trade account receivables - net
8	Inventories - net
9	Other current assets - net
10	Investments in subsidiaries - net
11	Advance payments for purchase of property, plant and equipment - net
12	Property, plant and equipment - net
13	Other intangible assets - net
14	Deferred tax
15	Other non-current assets - net
16	Credit facilities for operation
17	Interest-bearing liabilities
18	Trade account payables
19	Other payables and accrued expenses
20	Accrued interest expense
21	Liabilities from terminated rehabilitation plan and compromise
22	Borrowings from related parties - net
23	Current provision
24	Other current liabilities
25	Non-current provision for employee retirement benefit
26	Share capital and share discount
27	Warrants
28	Legal reserve and other components of equity
29	Gain from debts restructuring
30	Other expenses
31	Registered provident fund
32	Expenses by nature
33	Basic earnings (loss) per share attributable to owners of the parent
34	Disclosure of financial instruments
35	Operating segments
36	Commitments and contingent liabilities with non-related parties
37	Litigations

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

The financial statements were approved and authorized for issue by the Board of Directors on February 24, 2021.

**1. GENERAL INFORMATION, THE SHAREHOLDING STRUCTURE AND GOING CONCERN**

**1.1 General information**

G Steel Public Company Limited (the “Company”) is incorporated in Thailand and has its registered office as follows:

Head office : 88 Paso Tower, 18<sup>th</sup> Floor, Silom Road, Suriyawong, Bangrak, Bangkok

Factory : 55 Moo 5, SSP Industrial Estate, Tambol Nonglalog, Amphur Bankhai, Rayong

The Company was listed on the Stock Exchange of Thailand (the “SET”) on January 25, 2006.

The principal activities of the Company are the manufacturing and distribution of hot rolled coil steel products.

**1.2 The shareholding structure**

The Company’s major shareholders as at December 31, 2020 and 2019 are as follows:

Shareholders’ Name	Proportionate of share (%)	
	2020	2019
Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) - incorporated in the Republic of Mauritius	49.99	49.99
M-Power TT Ltd. - incorporated in Malaysia	11.00	15.80
Superior Overseas (Thailand) Company Limited	7.00	7.00
Apex Prime Capital Ltd. - incorporated in British Virgin Islands	4.37	-
New World Intermetal Co., Ltd.	1.96	1.96
D-Sinchai Steel Company Limited	1.96	1.96

Details of the Company’s subsidiaries as at December 31, 2020 and 2019 are as follows:

Name of the entity	Nature of Business	Country of incorporation	Proportionate (%)	
			2020	2019
<i>Direct subsidiaries</i>				
Siam Professional Holdings Co., Ltd. (“SPH”)	Investment holdings company	Thailand	99.99	99.99
GS Securities Holdings Co., Ltd. (“GS Securities”)	Special-purpose restructuring entity	Thailand	99.99	99.99
G J Steel Public Co., Ltd. (“G J Steel”) (held by the Company 8.24% and GS Securities 1.21%)	Manufacture and distribution of hot rolled coil steel products	Thailand	9.45	9.45
GS Notes Holding Co., Ltd. * (“GS Notes”)	Special-purpose restructuring entity	Thailand	-	-
GS Notes Holdings 2 Co., Ltd. * (“GS Notes 2”)	Special-purpose restructuring entity	Thailand	-	-
<i>Indirect subsidiary</i>				
Oriental Access Co., Ltd. ** (“OAC”) (held by SPH 99.97%)	Consulting service and investing	Thailand	-	99.97

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

\* 2 subsidiaries, GS Notes and GS Notes 2 were registered to dissolve the Companies with the Ministry of Commerce on September 22, 2017 as approved by the special resolution of the shareholders at the extraordinary shareholders' meeting held on September 20, 2017 and the completion of liquidation was registered on September 7, 2018. The Company is during the process of cash refund of Baht 0.1 million. Hence, these investments are written-off as a result of this dissolution in the second quarter of 2020.

\*\* OAC was sued by the Revenue Department and the Central Bankruptcy Court ordered absolute receivership a bankruptcy case of OAC on January 13, 2020. The Central Bankruptcy Court ordered such company to be bankruptcy on August 31, 2020. Hence, the management considered to write-off and deconsolidate such subsidiary since such date.

Detail of assets and liabilities of this subsidiary at the bankruptcy date were as below:

	Decrease (Increase) (In Million Baht)
Other receivables	(18)
Accrued interest expense	7
Other current liabilities	252
Gain on write-off and deconsolidation of subsidiary	241

The Company and its subsidiary shareholding in G J Steel as at December 31, 2020 and 2019 was 9.45%, and the Company consolidates G J Steel because the Company retains the power to govern G J Steel through its appointed representatives.

For reporting purposes, the Company and its subsidiaries are collectively called "the Group".

### 1.3 Going concern

As at December 31, 2020 and 2019, part of financial position of the Group and of the Company are as follows:

Risk effected to the going concern	In Million Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2020	2019	2020	2019
(1) Profit (loss) for the year attributable to owners of the parent	(655)	2,646	(604)	3,345
(2) Deficit	(22,927)	(22,253)	(24,924)	(24,304)
(3) Current liabilities exceed current assets	2,416	2,154	2,733	3,467
(4) Equity attributable to owners of the parent	6,339	7,014	4,342	4,963

The Group has had persistent operating losses and as at December 31, 2020, the Group's total current liabilities exceeded its total current assets by Baht 2,416 million and it had deficit of Baht 22,927 million. Hence, the Group's ability to continue its operations as a going concern may significantly depend on its success in compliance with restructuring plan and finding source of capital and the management's ability to manage the Group's future operations. These circumstances indicate significant uncertainties as to the Group's ability to continue its operations as a going concern.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

The Company is taking the following steps to improve the financial condition:

**a) Debt Restructuring**

The shareholders meeting dated October 11, 2019 approved the Company's Debt to Equity conversion plan by a way of allocation and offering of the newly issued ordinary shares of the Company converting Baht 4,195 million from debt to equity. Further, the Creditors agreed for interest haircut of Baht 5,169 million. This combined with reduction of liabilities in subsidiaries and other compromise agreements, have helped the Company to reduce its total liabilities from Baht 17,518 million in 2018 to Baht 7,497 million in 2019. These actions have also resulted in the equity attributable to owners of the parent of the Group becoming positive and stands at Baht 6,339 million as at December 31, 2020.

Apart from the Debts to Equity conversion, the Company has also restructured some of its current liabilities as below:

- Entered into Agreement with major creditors to reschedule the liability of USD 37.49 million to long-term liability payable on 9<sup>th</sup> year in a single bullet repayment.
- Entered into another Agreement to reschedule its liability of Baht 146 million to long-term liability payable within 9 years from the agreement date.
- Old liability to Provincial Electricity Authority of Baht 209.59 million has been settled with the outstanding deposit of Baht 23.89 million and outstanding balances of Baht 185.70 million has been restructured to 36 monthly installments payable starting from July 31, 2020.

These have significantly changed the statement of financial position structure of the Company and the Management believes that the preparation of the financial statements on going concern basis is appropriate.

**b) Source of Funding**

In April 2019, the Company received credit facility for operation from a foreign company.

The Company also got financing arrangement for raw material purchase from both local and overseas supplier in term of Collateral Management Agreement ("CMA"). In addition, the Company has also entered into an agreement with an advisor for debt refinancing and fund-raising process to refinance part of existing long-term loan and further augment the working capital.

The Company maintains a policy of maximizing sales on advance payment terms and accelerating the debt collection from its debtors to ensure adequate turnaround of cash flows.

The Company defaulted on certain payments to Link Capital I (Mauritius) Limited ("Link Capital I"), due to ongoing poor market conditions and outbreak of COVID-19 pandemic. The Company received a Default Letter from Link Capital I dated June 5, 2020 notice to rectify the continuous Events of Default on various facilities pursuant to Credit Facility Agreement dated April 2, 2019 and as amended from time to time. Further to receiving the Default Letter, the Company has defaulted on two Standby letters of credit. The total amount of Default as at December 31, 2020 stands at USD 59.0 million. The Company is currently negotiating with Link Capital I to restructure the default facilities and has entered into a Standstill Agreement with the Lender to allow more time for the negotiations. The management believes that the amount will be restructured according to the future cash flow projections.

**c) Production and Sales**

The Company has been producing Hot-Rolled Coil ("HRC") strictly based on market demand. Due to various issues described below the Domestic HRC production of Thailand has suffered leading to operating losses in the past quarters:

- Slower Thai Gross Domestic Product (GDP) and overall volatile Steel Industry has led to reduction in demand
- Expiry of safeguard on Alloy Steel in February 2019 and stronger Thai Baht have made imports easier and cheaper which has led to increase in imports
- Impact of outbreak of COVID-19 has further dented the market demand
- The above factors have led to significant reduction in prices of HRC impacting the operating profits adversely



**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

While, there have been short term impediments which are likely to impact the next few months, the Company remains positive on its long term outlook due to:

- Several ongoing initiatives by the Government to support the Domestic Steel Industry
- Proposed increase in infrastructure spending by the Government
- Emergence of Thailand as strong alternative for companies looking to diversify out of China
- Continuous improvements in operating costs and development of new grades

Hence, though the current situation is challenging, the management strongly believes that the preparation of the financial statements on going concern basis is appropriate.

**d) The Governmental Support**

The Group has cooperated with the other hot-rolled flat steel producers (collectively called “the domestic industry”), filed the petitions for trade remedies to the Thai government, led by Ministry of Commerce, as consequences to serious injuries caused by unfair trade practice in the forms of dumping import hot-rolled steel flat products and import surges to Thailand that also have dampened the stability of Thailand’s economy. Up to the present, Ministry of Commerce has made several determination and notification of Anti-dumping Measures and Safeguard Measures in order to help the domestic industry to stand and compete with the import goods on a fair trade basis and to adjust themselves to further stand for increasing competition with the import goods in the domestic market as follows:

**Anti-Dumping Measures (5-year term)**

	Import Goods	Origin	Anti-Dumping Duty Rate	Effective
1	Hot-rolled steel flat products in coil and not in coil	14 countries	Various rate from 0% up to 128.11% of C.I.F. value	May 20, 2020 to May 19, 2021*
2	Hot-rolled steel flat products in coil and not in coil	China and Malaysia	China at 30.91% of C.I.F. value, Malaysia at 23.57% - 42.51% of C.I.F. value	Jun 23, 2017 to Jun 22, 2022
3	Hot-rolled steel flat products in coil and not in coil	Brazil, Iran and Turkey	Brazil at 34.40% of C.I.F. value, Iran at 7.25% - 38.27% of C.I.F. value, Turkey at 6.88% - 38.23% of C.I.F. value	May 16, 2017 to May 15, 2022
4	Boron-added steel hot rolled flat products in coil and not in coil	China	at 14.28% - 19.47% of C.I.F. value	Dec 13, 2018 to Dec 12, 2023

\* The domestic industry filed petition to Department of Foreign Trade along with the evident information concerned requesting for continuation review of the imposition of antidumping measure for the next 5 years. The Department later issued on May 5, 2020 (published on the royal gazette on May 20, 2020) the “Notification for Initiation of Expiry Review for Continuation of the Anti-dumping Measure on Hot-Rolled Steel Flat Products in coils and not in coils Originated from Japan, Republic of South Africa, Russian Federation, Republic of Kazakhstan, Republic of India, Republic of Korea, Taiwan, Republic of Venezuela, Argentina, Ukraine, Algeria, Republic of Indonesia, Slovak Republic and Romania”, as the start of the anti-dumping measure continuation review procedure, in which several interested parties were participating. And during Expiry review process, the collateral for paying the anti-dumping duty on the said goods have to be collected in the same anti-dumping rate for a period not exceeding 1 year, after the previous measure expiry on May 22, 2020.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**Safeguard Measures (3-year term)**

	Import Goods	Origin	Safeguard Duty Rate	Effective
1	Non-alloy steel hot-rolled flat products in coil and not in coil	any countries (except the developing countries that account for less than 3% of share in total import volume to Thailand)	<ul style="list-style-type: none"> <li>- Imported Jun 7, 2017 - Jun 6, 2018 at 21.00% of C.I.F. value</li> <li>- Imported Jun 7, 2018 - Jun 6, 2019 at 20.87% of C.I.F. value</li> <li>- Imported Jun 7, 2019 - Jun 6, 2020 at 20.74% of C.I.F. value</li> </ul>	Jun 7, 2017 to Jun 6, 2020 *

\* The Safeguard Measure on Non-Alloy Steel Hot-Rolled Flat Products has ended on June 6, 2020.

**e) Domestic demand of Hot-Rolled Steel Flat Products** (Source: Iron and Steel Institute of Thailand)

Hot Rolled Steel (million metric tonnes)	Year 2020	Year 2019	Increase / (decrease)
Production	2.60	2.76	(0.16)
Import	2.79	4.04	(1.25)
Export	0.019	0.008	0.011
Consumption	5.38	6.79	(1.41)

**Coronavirus Outbreak Situation**

On March 11, 2020, the World Health Organization declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. The COVID-19 pandemic also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 pandemic since early 2020 has brought significant economic uncertainties in Thailand and markets in which the Group operate. Currently, Thai Government approved the extension of the Emergency Decree on Public Administration in Emergency Situation to control the spread of COVID-19 in Thailand until the end of March 2021.

The Group is unable to reasonably estimate the financial impact of the COVID-19 on the financial statements for the year ended December 31, 2020 to be disclosed in the Notes to financial statements. It is, however, certain that Thailand and worldwide measures against spread of the COVID-19 will have adverse effects on the Group’s future revenues and operations. The Group will continuously monitor the impact of COVID-19 on its future financial position and financial performance.

As a consequence of the combination of slow market demand and the effect from COVID-19 pandemic, the Company had shut down its production since mid of March 2020 and resumes its operation in the beginning of May 2020. However, the Group is taking appropriate measures to effectively deal with the current situation and also making the operations sustainable in the long run.

## **2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND PRINCIPLES OF CONSOLIDATION**

### **(a) Statement of Compliance**

The statutory financial statements are prepared in Thai Baht and in the Thai language in conformity with Thai Financial Reporting Standards. Accordingly, the consolidated and separate financial statements are intended solely to present the financial positions, financial performance and cash flows in accordance with Thai Financial Reporting Standards.

For the convenience of the readers, the Group has prepared an English translation of the financial statements from the Thai language statutory financial statements, which are issued solely for domestic financial reporting purposes.

#### ***Accounting standards that became effective in the current accounting period***

The Group disclosed the accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after January 1, 2020, in the Note 3.

The major changes are:

#### **(a) TFRS - Financial instruments standards**

TFRS	Topic
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TAS 32	Financial Instruments: Presentation
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

The Group's management has assessed the effects of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations those relating to the financial instruments, and considers that they do not have a significant impact to the financial statements for the year ended December 31, 2020.

#### **(b) TFRS 16 - Lease**

TFRS 16 supersedes TAS 17 "Leases" together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all operating leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessor under TFRS 16 is substantially unchanged from TAS 17. Lessor will continue to classify lease as either operating or finance lease using similar principles to those used under TAS 17.

The Group (as the lessee) has recognized the cumulative effect of initial applying TFRS 16 and the comparative information was not restated. The Group elects to apply TFRS 16 to lease previously classified as an operating lease by recognizing lease liabilities as of January 1, 2020 at the present value of lease payments to be made over the remaining lease term which is discounted by the incremental borrowing rate of the Group as of the initial application date and recognized right-of-use assets at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position before the date of initial application.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

The adjustments of right-of-use asset and lease liabilities due to the adoption of TFRS 16 as at January 1, 2020 (weighted average incremental borrowing rate at the rate of 12% per annum) are as below:

	Increase (In Million Baht)	
	Consolidated	Separate
	Financial Statements	Financial Statements
Right-of use assets - lease building and vehicles (included in property, plant and equipment)	24	14
Lease liabilities - net		
- Current	12	7
- Non-current	12	7
Total	24	14

**(b) Principles of Consolidation**

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured at the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any gain or loss on loss of control over a subsidiary is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Significant transactions among the Group have been eliminated in these consolidated financial statements.

The financial statements of the subsidiaries are prepared using consistent significant accounting policies as the Company.

Non-controlling interests represent the portion of net profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statement of comprehensive income and within shareholder's equity in the consolidated statement of financial position.



### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Cash and Cash Equivalents**

Cash on hand is kept for general use within the Group. Cash equivalents are savings deposits and current accounts, highly liquid investment that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

#### **Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are stated at invoice amount net of allowance for expected credit losses (2019: allowance for doubtful accounts).

In 2020, the Group applies a simplified approach in calculating ECL for trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

In 2019, the Group provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience coupled with a review of the current status of existing receivables.

#### **Inventory Valuation**

The Group values its inventories at the lower of cost (average cost method) and net realizable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-process, cost includes an appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated production cost to complete and selling expenses.

The Group provides an allowance for all deteriorated, damaged, obsolete and slow-moving inventories.

The Group recognizes an asset and corresponding liability in respect of consignment inventories once the Group obtains the rights and responsibilities of legal and economic ownership.

#### **Investments**

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method less impairment losses.

Investments in securities held for trading are determined at fair value. Gains or losses arising from changes in value of securities are included in the statement of comprehensive income.

Equity securities which are not marketable securities are stated at cost less impairment losses.

The cost of investments disposed of during the year is determined by the weighted average method.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**Property, Plant and Equipment and Depreciation**

Land is stated at cost less allowance for impairment losses. Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the profit or loss.

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

	Years	
	2020	2019
Land improvements	5 - 20	5 - 20
Buildings and building improvements	25 - 50	5 - 50
Machinery and equipment	21 - 41	5 - 30
Furniture, fixtures and office equipment	5 - 10	5 - 10
Vehicles	5	5

The Group does not depreciate on freehold land or assets under construction.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**Right-of-Use Assets and Depreciation**

Right-of-use assets are recognized at the commencement date of the leases. Right-of-use assets are stated at cost, less accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets include the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The costs of right-of-use assets also include an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets, restoring the site on which they are located or restoring the underlying assets to the condition required by the terms and conditions of the lease.

Depreciation of right-of-use assets are calculated by reference to their costs on a straight-line basis over the shorter of the remaining lease term and the estimated useful lives:

	Years
Lease building	3
Vehicles	2 - 5

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**Other Intangible Assets and Amortization**

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and allowance for impairment losses.

Amortization is charged to profit or loss on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets, unless such lives are indefinite. The estimated useful lives are as follows:

	<u>Years</u>
Computer software licenses	10
Production licenses	25

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**Deferred Costs of Rolls**

Deferred costs of rolls are stated at cost less accumulated amortization. Amortization is based on consumption.

**Deferred Loan Arrangement Fee**

The Group amortizes deferred loan arrangement fee as finance cost in profit or loss over the term of the loan agreement.

**Impairment of Assets**

The Group reviews the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount (the higher of asset's selling price or value in use) of assets is below the carrying amount. The review is made for individual assets or for the cash-generating unit.

If the carrying value of an asset exceeds its recoverable amount, the Group recognizes the impairment losses by reducing the carrying value of the asset to its recoverable amount and recording the devaluation in the statement of comprehensive income or reducing revaluation increment in assets in case that those assets were previously revalued. The reversal of impairment losses recognized in prior years is recorded as part of other income or as a revaluation increment in assets when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased. Such a reversal should not exceed the carrying amount that would have been determined (net of the associated depreciation or amortization).

**Interest-bearing liabilities**

Interest-bearing liabilities are recognized at fair value net of transaction costs and classified as financial liabilities to be subsequently measured at amortized cost using the effective interest rate ("EIR") method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. In determining amortized cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in profit or loss.

**Provision**

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. A provision is reviewed at the statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**Provision for Employee Retirement Benefit**

Provision for employee retirement benefit is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods by the projected unit credit method determined by a professionally qualified independent actuary. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs and gains or losses on the curtailment are recognized immediately in profit or loss. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs. Actuarial gains or losses are recognized immediately to the statement of comprehensive income. The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the government bonds.

**Use of Judgements and Estimates**

In order to prepare financial statements in conformity with Thai Financial Reporting Standards in Thailand, the management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

*Judgements*

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements consists of the following:

- Consolidation: whether the Group has de facto control over an investee
- Leases

*Assumptions and estimation uncertainties*

Information about significant areas of estimation uncertainties that have a significant risk of resulting in material adjustments to the amounts recognized in the financial statements consists of the following:

- Current and deferred taxation
- Utilization of tax losses
- Business combination
- Key assumptions used in discounted cash flow projections
- Measurement of provision for employee retirement benefit
- Provisions and contingencies
- Valuation of financial instruments
- Determination of impairment of assets



**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**Revenue Recognition**

To determine whether to recognize revenue, the Group follows a 5-step process:

- 1) Identifying the contract with a customer
- 2) Identifying the performance obligations
- 3) Determining the transaction price
- 4) Allocating the transaction price to the performance obligations
- 5) Recognizing revenue when/as performance obligations are satisfied.

Revenue is recognized either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognizes revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, relevant tax and after deduction of any trade discounts and volume rebates.

*Sale of goods and services*

Revenue from sales of goods is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data. Revenue for rendering of services is recognized over time as the services are provided.

*Interest income*

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

*Dividend income*

Dividend income is recognized in the statement of comprehensive income on the date the Group's right to receive payments is established.

*Other income*

Other income is recognized as income on an accrual basis.

**Repair and Maintenance**

Expenditures on repair and maintenance are charged to expense at the expenditures are incurred. Expenditures of a capital nature are added to the related plant and equipment.

**Leases - Since January 1, 2020**

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group (as a lessee) assesses the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases at the date of initial application (January 1, 2020) together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

Leases are recognized as assets (right-of-use assets) and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

The Group applies the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense in profit or loss on a straight-line basis over the lease term.

*Lease Liabilities*

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities are increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying assets.

**Leases - Before January 1, 2020**

*Finance Lease*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Assets acquired by way of finance leases are capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to in profit or loss.

*Operating Lease*

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense in profit or loss a straight-line basis over the lease term.

**Finance Costs**

Interest expense and similar costs are charged to in profit or loss for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognized in profit or loss using the effective interest rate method.

**Foreign Currency Transactions**

Foreign currency transactions during the year are translated into Baht at the rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Baht at the prevailing bank rates at that date. Gains or losses on translation are credited or charged to current operations in in profit or loss.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**Income Tax**

The income tax charge is based on profit for the year and considers deferred taxation. Deferred taxes reflect the net tax effects of temporary differences between the tax basis of an asset or liability and its carrying amount in the statement of financial position. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the statement of financial position date, to recover or settle the carrying amount of their assets and liabilities.

Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. At each statement of financial position date, the Group re-assesses unrecognized deferred tax assets. The Group recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of these deferred tax assets to be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

**Basic Earnings (Loss) per Share Attributable to Owners of the Parent**

Basic earnings (loss) per share attributable to owners of the parent are determined by dividing the profit (loss) for the year attributable to owners of the parent by the weighted average number of shares outstanding during the year.

**Segment Reporting**

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those can be allocated on a reasonable basis.

**Financial Instruments**

Since January 1, 2020, the Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

- ***Classification and measurement of financial assets***

Financial assets are classified, at initial recognition, as financial assets subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

*Financial assets at amortized cost*

The Group measures financial assets at amortized cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment assessment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

*Financial assets designated at FVOCI (equity instruments)*

Upon initial recognition, the Group can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis. Gains and losses recognized in other comprehensive income on these financial assets are never subsequently recycled to profit or loss.

Dividends on these investments are recognized as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognized in other comprehensive income.

Equity investments designated at FVOCI are not subject to impairment assessment.

*Financial assets at FVTPL*

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on market securities are recognized as other income in profit or loss.

- ***Classification and measurement of financial liabilities***

Except for derivative liabilities, at initial recognition, the Group's financial liabilities are recognized at fair value net of transaction costs and classified as financial liabilities to be subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. In determining amortized cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in profit or loss.

- ***Derecognition of financial instruments***

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

- ***Impairment of financial assets***

The Group recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at FVTPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the financial instruments (a lifetime ECL).

For trade account receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.



**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

• **Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**Fair Value Measurement**

The Group uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or a quoted market price is not available.

The different levels have been defined as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs for such assets or liabilities, such as uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets, liabilities, or a group of assets and liabilities, or estimates of future cash flows

**4. CHANGE IN ESTIMATED FROM PRIOR YEAR**

In preparing the consolidated and separate financial statements for the year ended December 31, 2020, the management has reviewed and changed the estimated useful lives of buildings, machinery and equipment in accordance with their condition and proper estimated useful lives assessed by the independent engineering consultant's reports in February 2020. Such change in estimated useful lives was approved by the Audit Committee's meeting and the Board of Directors' meeting of the Company and a subsidiary held on June 17, 2020. Depreciation is calculated by using the straight-line method as used previously. The estimated useful lives are changed from those that were applied for the consolidated and separate financial statements since January 1, 2020 as below:

Type of fixed assets	Consolidated Financial Statements	
	Estimated useful lives of fixed assets (Years)	
	From 2011 until 2019	From 2020 onwards
Buildings	20 - 50	25 - 50 (remaining useful lives not over 15 - 25 years from 2020)
Machinery and equipment	15 - 30	21 - 41 (remaining useful lives not over 20 years from 2020)
Type of fixed assets	Separate Financial Statements	
	Estimated useful lives of fixed assets (Years)	
	From 2011 until 2019	From 2020 onwards
Buildings	30 - 50	25 - 40 (remaining useful lives not over 15 - 25 years from 2020)
Machinery and equipment	15 - 30	40 (remaining useful lives not over 20 years from 2020)

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

The Group recorded such change from January 1, 2020. The effect of the change to the consolidated and separate financial statements for the year ended December 31, 2020 are as follows:

	Consolidated Financial Statements (In Million Baht)		
	Previous estimated useful lives	Current estimated useful lives	Change
<b><i>Statement of financial position as at December 31, 2020</i></b>			
Buildings - At cost	6,392	6,392	-
Less : Accumulated depreciation	(3,749)	(3,788)	(39)
Less : Allowance for impairment losses	(578)	(578)	-
Net	2,065	2,026	(39)
Machinery and equipment - At cost	30,280	30,280	-
Less : Accumulated depreciation	(20,029)	(19,240)	789
Less : Allowance for impairment losses	(342)	(342)	-
Net	9,909	10,698	789
Total net book value	11,974	12,724	750
Inventories	2,768	2,746	(22)
Less: Allowance for decline in value of inventories	(63)	(60)	3
Less: Allowance for lost on raw materials	(92)	(92)	-
Net	2,613	2,594	(19)
<b><i>Statement of comprehensive income for the year ended December 31, 2020</i></b>			
Depreciation of buildings, machinery and equipment	1,466	716	(750)
Less : Allocation to ending finished goods			22
Depreciation charged to (profit) loss			(728)
Consist of:			
- Cost of goods sold			(650)
- Idle cost			(83)
- Administrative expenses			5
Total			(728)
Loss on decline in value of inventories (reversal)	(170)	(173)	(3)
Loss on confirmed purchase orders for undelivered raw materials (reversal)	(106)	(106)	-
Grand total			(731)
Loss for the year attributable to:			
Owners of the parent			(372)
Non-controlling interests			(359)
			(731)

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

	Separate Financial Statements (In Million Baht)		
	Previous estimated useful lives	Current estimated useful lives	Change
<b><i>Statement of financial position as at December 31, 2020</i></b>			
Buildings - At cost	2,438	2,438	-
Less : Accumulated depreciation	(1,112)	(1,123)	(11)
Less : Allowance for impairment losses	(530)	(530)	-
Net	796	785	(11)
Machinery and equipment - At cost	14,580	14,580	-
Less : Accumulated depreciation	(9,683)	(9,326)	357
Net	4,897	5,254	357
Total net book value	5,693	6,039	346
Inventories	1,366	1,351	(15)
Less: Allowance for decline in value of inventories	(28)	(25)	3
Less: Allowance for lost on raw materials	(92)	(92)	-
Net	1,246	1,234	(12)
<b><i>Statement of comprehensive income for the year ended December 31, 2020</i></b>			
Depreciation of buildings, machinery and equipment	703	357	(346)
Less : Allocation to ending finished goods			15
Depreciation charged to (profit) loss			(331)
Consist of:			
- Cost of goods sold			(269)
- Idle cost			(63)
- Administrative expenses			1
Total			(331)
Loss on decline in value of inventories (reversal)	(86)	(89)	(3)
Loss on confirmed purchase orders for undelivered raw materials (reversal)	(87)	(87)	-
Grand total			(334)

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**5. TRANSACTIONS WITH RELATED PARTIES**

For the purposes of these financial statements, connected persons or related parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Connected persons or related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ Nationality	Type of business	Nature of relationships
SPH	Thailand	Investment holdings company	Subsidiary, common directors, 99.99% shareholding
G J Steel	Thailand	Manufacture and sale of hot rolled coil steel products	Subsidiary, common directors, 9.45% shareholding by the Company and its subsidiaries
OAC	Thailand	Consulting service and investing	Indirect subsidiary, common directors (The Central Bankruptcy Court ordered such company to be bankruptcy on August 31, 2020)
GS Securities	Thailand	Special-purpose restructuring entity	Subsidiary, common directors, 99.99% shareholding
GS Notes	Thailand	Special-purpose restructuring entity	Subsidiary, common directors, 99.99% shareholding (registered the dissolution of the company on September 22, 2017)
GS Notes 2	Thailand	Special-purpose restructuring entity	Subsidiary, common directors, 99.99% shareholding (registered the dissolution of the company on September 22, 2017)
Asia Credit Opportunities I (Mauritius) Limited (“ACO I”)	Republic of Mauritius	Special-purpose for investment	Major shareholder which is a wholly-owned subsidiary of Ares SSG Capital Partners III, L.P. (“Ares SSG III”)
Link Capital I (Mauritius) Limited (“Link Capital I”)	Republic of Mauritius	Special-purpose for investment	Related party which is a wholly-owned subsidiary of Ares SSG Capital Partners III, L.P. (“Ares SSG III”)
Ares SSG Capital Management (Mauritius) Limited (“Ares SSG Capital Management”)	Republic of Mauritius	Collective Investment Scheme Manager and holds an investment advisor (restricted) license	Related party which is a wholly-owned subsidiary of Ares SSG Capital Holdings Limited
Synergy Strategic Solutions Management DMCC (“Synergy”)	United Arab Emirates	Business advisory	Common directors with the Company
Sukhumvit Inter Development Co., Ltd.	Thailand	Trading of raw water	Common shareholder with the Company (The Central Bankruptcy Court ordered such company to be bankruptcy on October 28, 2019)



**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

Name of entities	Country of incorporation/ Nationality	Type of business	Nature of relationships
Great Siam Steel Works Co., Ltd.	Thailand	Trading of rolled steel	Common director with G J Steel (common director resigned from the Company in 2 <sup>nd</sup> quarter of 2019)
SSP Place Co., Ltd.	Thailand	Office rental	Common director with G J Steel (common director resigned from G J Steel in 2 <sup>nd</sup> quarter of 2019)
Asia Metal Public Company Limited	Thailand	Manufacture and sale of steel	Common shareholder with the Company
Arnoma Hotel Bangkok Co., Ltd.	Thailand	Hotel, food and beverage	Common director with the Company
Grand Asia Steel Processing Center Co., Ltd.	Thailand	Factory construction service	Subsidiary of related party with the Company
Panichsawad Co., Ltd.	Thailand	Sale of steel	Connected person with the Company and G J Steel
Felix River Kwai Resort (Kanchanaburi) Co., Ltd.	Thailand	Hotel, food and beverage	Common shareholder with the Company
Superior Overseas (Thailand) Co., Ltd.	Thailand	Management Advisory	Related party of the shareholder of the Company
Mahachai Steel Center Co., Ltd. *	Thailand	Sale of steel	Related party of the shareholder of the Company
Metal Inter Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company (registered the dissolution of the company on May 23, 2019)
The Steel Public Company Limited *	Thailand	Manufacture and sale of steel	Related party of the shareholder of the Company
Liberty Steel Siam Co., Ltd *	Thailand	Sale of steel	Subsidiary of related party of the shareholder of the Company
Wallstreet Tullet Prebon Co., Ltd.	Thailand	Brokerage financial instruments	Common director since 2 <sup>nd</sup> quarter of 2020
Wallstreet Tullet Prebon Securities Ltd.	Thailand	Brokerage trading securities	Common director since 2 <sup>nd</sup> quarter of 2020
Anda Development Co., Ltd.	Thailand	Residential real estate trading	Common director since 2 <sup>nd</sup> quarter of 2020
Mrs. Naengnoi Trivuth	Thai	-	Relative of subsidiary's director (such subsidiary's director resigned from the 2 <sup>nd</sup> quarter of 2019)
Mr. Veerachai Suteerachai	Thai	-	Director of related company
Key management personnel	Thai	-	Persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group

\* These companies were not determined as related parties since the first quarter of 2020 because the shareholders of such companies had ownership interests in G Steel not exceeding 10%.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

The pricing policies for particular types of transactions are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Sale of finished goods	Agreed prices with reference to market prices
Sales of raw materials and others	Cost plus margin and agreed price
Revenue from service	Contractual rate
Operating and labor management service income	Contractual prices based on contract rate and actual hours
Interest income	Contractual rate
Purchase of finished goods	Agreed prices with reference to market prices
Purchase of raw materials	Cost plus margin and agreed price
Purchase of raw water	Contractual prices
Rental and service expenses	Contractual prices
Business advisory services	Contractual prices
Finance costs	Contractual rates

Significant transactions for each of the year ended December 31, 2020 and 2019 with related parties were as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
<b>Subsidiaries</b>				
Sale of raw materials	-	-	37	36
Revenue from service	-	-	-	274
Purchase of raw materials and finished goods	-	-	144	309
Income from forgiveness of other payables to subsidiary	-	-	293	-
Gain from decreased capital of investment in subsidiary	-	-	-	1,130
Other expenses	-	-	-	1
Finance costs	-	-	2	45
<b>Other related parties</b>				
Sale of finished goods	241	286	239	912
Purchase of raw materials	130	-	123	-
Rental and service expenses	-	11	-	6
Business advisory services	5	97	3	83
Finance costs	754	1,012	533	708
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term benefits	53	51	23	20
Long-term benefits	0.9	2.4	0.3	0.5

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

Balances as at December 31, 2020 and 2019 with related parties were as follows:

		In Million Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2020	2019	2020	2019
<b>Other receivable from related party</b>					
<b>Receivable from operating service income</b>					
<b>Subsidiary</b>					
OAC		-	-	-	1,053
Less: Allowance for doubtful account		-	-	-	(1,053)
Net		-	-	-	-
<b>Receivable from guarantee obligation</b>					
<b>Subsidiary</b>					
OAC		-	-	-	1,313
Less: Allowance for doubtful account		-	-	-	(1,313)
Net		-	-	-	-
<b>Advances</b>					
<b>Subsidiary</b>					
GS Securities		-	-	4	4
<b>Other current assets</b>					
<b>Advances to supplier</b>					
<b>Other related party</b>					
Mahachai Steel Center Co., Ltd.	9	-	81	-	73
Less: Allowance for impairment losses		-	(8)	-	-
Net		-	73	-	73
<b>Advance payments for purchase of property, plant and equipment</b>					
<b>Other related party</b>					
Grand Asia Steel Processing Center Co., Ltd.		8	8	8	8
Less: Allowance for impairment losses		(8)	(8)	(8)	(8)
Net		-	-	-	-
<b>Other non-current assets</b>					
<b>Loans to and accrued interest income from related parties</b>					
<b>Subsidiaries</b>					
<b>Loans to</b>					
OAC		-	-	-	2,547
SPH		-	-	7	7
Total		-	-	7	2,554
Less: Allowance for impairment losses		-	-	(7)	(2,554)
Net		-	-	-	-

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
<b>Accrued interest income</b>				
OAC	-	-	-	209
SPH	-	-	1	1
Total	-	-	1	210
Less: Allowance for impairment losses	-	-	(1)	(210)
Net	-	-	-	-

Movements of loans to subsidiaries during the year ended December 31, 2020 were as follows:

	In Million Baht	
	Consolidated	Separate
	Financial Statements	Financial Statements
<b>Loans to subsidiaries</b>		
As at January 1, 2020	-	2,554
Addition	-	-
Write-off	-	(2,554)
<b>As at December 31, 2020</b>	-	-

During the year ended December 31, 2020, the Company written-off other receivable from, loans to and interest receivables from OAC totalling of Baht 5,122 million and reversed allowance for impairment losses at same amount according to bankruptcy ordered by the Central Bankruptcy Court on August 31, 2020.

	Notes	In Million Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2020	2019	2020	2019
<b>Deposits</b>	15				
<b>Other related parties</b>					
Sukhumvit Inter Development Co., Ltd.		-	2	-	2
SSP Place Co., Ltd.		-	2	-	1
Total		-	4	-	3
<b>Trade account payables</b>	18				
<b>Other related party</b>					
Mahachai Steel Center Co., Ltd.		-	196	-	196
<b>Other payables to related party</b>					
<b>Subsidiary</b>					
GS Securities		-	-	-	92



**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

		In Million Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2020	2019	2020	2019
<b>Other payables and accrued expenses</b>	<b>19</b>				
<b>Other related parties</b>					
Arnoma Hotel Bangkok Co., Ltd.		3	3	3	3
Great Siam Steel Works Co., Ltd.		-	1	-	1
SSP Place Co., Ltd.		-	20	-	19
Mahachai Steel Center Co., Ltd.		-	39	-	39
ACO I		1,295	1,300	1,295	1,300
Synergy		44	44	44	43
Ares SSG Capital Management		-	38	-	38
<b>Total</b>		<b>1,342</b>	<b>1,445</b>	<b>1,342</b>	<b>1,443</b>
<b>Advances received from customers</b>					
<b>Other related party</b>					
Asia Metal Public Company Limited		1	1	1	1
<b>Accrued interest expense</b>	<b>20</b>				
<b>Subsidiary</b>					
GS Securities		-	-	2	314
<b>Other related parties</b>					
Mrs. Naengnoi Trivuth		-	8	-	8
Mr.Veerachai Suteerachai		9	9	9	9
Mahachai Steel Center Co., Ltd.		-	92	-	92
Superior Overseas (Thailand) Co., Ltd.		2	-	2	-
Link Capital I		487	65	409	36
ACO I		252	139	252	139
<b>Total</b>		<b>750</b>	<b>313</b>	<b>674</b>	<b>598</b>
<b>Liabilities from terminated rehabilitation plan and compromise</b>	<b>21</b>				
<b>Other related parties</b>					
Portion due within one year:					
Mr.Veerachai Suteerachai		16	32	16	32
Portion due after one year:					
Mr.Veerachai Suteerachai		-	16	-	16
Mrs. Naengnoi Trivuth		-	30	-	30
Superior Overseas (Thailand) Co., Ltd.		146	146	146	146
		146	192	146	192
<b>Total</b>		<b>162</b>	<b>224</b>	<b>162</b>	<b>224</b>
<b>Machinery and construction payables</b>	<b>24</b>				
<b>Other related party</b>					
Grand Asia Steel Processing Center Co., Ltd.		1	2	1	2

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

	<i>Note</i>	In Million Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2020	2019	2020	2019
<b>Short-term borrowings from related parties</b>					
<b>Subsidiary</b>	22				
GS Securities		-	-	-	313
<b>Other related party</b>					
Link Capital I		1,433	811	1,433	811
<b>Total</b>		<u>1,433</u>	<u>811</u>	<u>1,433</u>	<u>1,124</u>

Movements of short-term borrowings from related parties during the year ended December 31, 2020 were as follows:

	In Million Baht	
	Consolidated Financial Statements	Separate Financial Statements
<b>Short-term borrowings from related parties</b>		
As at January 1, 2020	811	1,124
Addition	655	655
Decrease from settlement of capital reduction of investment in subsidiary	-	(313)
Amortization of deferred loan arrangement fee	6	6
Exchange rate adjustments	(39)	(39)
<b>As at December 31, 2020</b>	<u>1,433</u>	<u>1,433</u>

Short-term borrowings from GS Securities as at December 31, 2019 amounted to Baht 313 million (2020: Nil) are upon demand promissory note bears interest at the rate of 1.25% per annum.

In year 2017, The Company has entered to short-term loan agreement from G J Steel in the credit facilities of Baht 94 million by which the principal and interest are to be repaid within the period of 6 months with interest rate at 12.5% per annum. In April 2019, the Company already repaid all principal and accrued interest expense in full amount.

	<i>Note</i>	In Million Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2020	2019	2020	2019
<b>Long-term borrowings from related parties</b>					
<b>Other related parties</b>	22				
Portion due within one year:					
ACO I		314	314	314	314
Link Capital I		311	-	-	-
<b>Total</b>		<u>625</u>	<u>314</u>	<u>314</u>	<u>314</u>
Portion due after one year:					
Link Capital I		1,626	1,934	887	885
<b>Grand total</b>		<u>2,251</u>	<u>2,248</u>	<u>1,201</u>	<u>1,199</u>

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

Movements of long-term borrowings from related parties during the year ended December 31, 2020 were as follows:

	In Million Baht	
	Consolidated Financial Statements	Separate Financial Statements
<b>Long-term borrowings from related parties</b>		
As at January 1, 2020	2,248	1,199
Amortization of deferred loan arrangement fee	12	6
Exchange rate adjustments	(9)	(4)
<b>As at December 31, 2020</b>	<b>2,251</b>	<b>1,201</b>

Long-term borrowings from ACO I amounting to Baht 314 million are repayable in various amount as specified in the agreements ending within February and June 2019 and bear interest at the rate of 15 per annum (default rate). The Company is responsible for withholding income tax as specified in agreement.

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
<b>Borrowing from shareholder</b>				
Shareholder	-	4	-	4

There was no movement of borrowing from shareholder during the year ended December 31, 2020.

As at December 31, 2020, this company is not a shareholder of the Company, hence, such borrowing is presented as borrowing from other party in the consolidated and separate financial statements as at December 31, 2020.

**Significant agreements with related parties**

**The Company**

***Tolling Agreement***

On November 14, 2017 G J Steel entered into Tolling Agreement with the Company whereby G J Steel (the metallic owner) shall supply the primary metallic and delivery to the plant and the Company (the operator) shall process and convert metallic to Hot Roll Coils (HRC) extend to deliver such HRC to G J Steel's customers in according to G J Steel's sale orders. Tolling agreement is valid one year from the contract date and automatically renew for another year if there is no notice of termination prior to expiration of 90 days. The service fee shall be charged based on contractual prices. Subsequently on December 17, 2018, G J Steel made a written notice of termination in advance to terminate the Agreement effective January 31, 2019.

***Business Advisory Agreement***

On May 12, 2017, the Company entered into agreement for business advisory and review with a foreign related party for consultancy service in aspect of the capacity utilization efficiency, EBITDA and maximized the cash flow with a monthly service fee of USD 41,667. Subsequently on January 8, 2020, the Company made an agreement of termination to the lender and business advisory company which was effective on January 1, 2020.

However, up to the present such termination agreement has not yet been signed since the fees payable under the agreement is still outstanding. The Company is now negotiating the payment schedule with such foreign related party so the termination agreement can be signed.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

***Financial Advisory Services Agreement***

On April 3, 2019, the Company entered into Financial Advisory Services Agreement with Ares SSG Capital Management (Mauritius) Limited (formerly SSG Capital Management (Mauritius) Limited) (the Advisor), the Advisor shall make available to the Company an experienced advisory team to review the Company's financial and business performance on a monthly basis or more regularly as the Advisor may deem appropriate. The Advisor shall ensure that the advisory team will deal with and advise on any major issues or crises that may arise concerning the management and financial performance of the Business and recommend any steps needed to be taken by the Company to rectify any instances of cash or credit liquidity shortfall. The Company shall pay to Advisor a recurring fee equal to 1.5% of its operating revenues. This agreement shall expire on the earlier to occur of (i) the fifth anniversary of the commencement date, or (ii) the date upon which the Company has first paid down its indebtedness in an amount, in aggregate, at least equal to USD 30 million. Subsequently on January 11, 2021, the Company entered in to Termination of Financial Advisory Services Agreement with the Advisor with the effective from November 30, 2020 and the Advisor agreed to waive the recurring fee from August 2019 to November 2020 totalling Baht 162.7 million. In this regard, the Company reversed the advisory fee for 2020 amounting to Baht 124.8 million and recorded the reversal fee of 2019 as a part of other income in the consolidated and separate statement of comprehensive income amounting to Baht 37.9 million.

***Compromise Agreement***

On July 31, 2019, the Company entered into a compromise agreement with Superior Overseas (Thailand) Co., Ltd. The Company agreed to repay debt by:

- Partially converting principal amounting Baht 332 million into ordinary share of the Company. Superior Overseas (Thailand) Co., Ltd. agreed to waive all accrued interest up to December 2, 2019 as well as interest until the date of newly issued shares.
- Pay by installment for the remaining debt Bath 146 million within 9 years from the date of Superior Overseas (Thailand) Co., Ltd. is issued new shares. Interest will be calculated on remaining principal of Baht 59 million with the rate of MLR-2% per annum. The Company will receive grace period for 3 years and start to repay principal and interest from the 4<sup>th</sup> year. However, the Company has to pay all principal and interest within the 9<sup>th</sup> years, the maturity period.
- The Company allocated the newly issued ordinary shares of the Company under the Debt-to-Equity Conversion Scheme to the creditor and registered the additional paid-up capital with Department of Business Development, Ministry of Commerce on December 2, 2019 as discussed in Note 26.

***Debt Restructuring Agreement***

On November 28, 2019, the Company entered into a Debt Restructuring Agreement and a Debt Amendment Agreement with Asia Credit Opportunities I (Mauritius) Limited ("ACO I") by referring to certain indicative terms of the transactions in the Memorandum of Understanding dated August 7, 2019, significant issues were as follow:

- The Company acknowledges and agrees that, as of November 29, 2019, the Company is indebted to ACO I in the amount of USD 252.57 million (consisting of principal of USD 127.88 million with the interest of USD 124.69 million).
- The Company and ACO I have jointly determined and agreed that the total amount of the Conversion Debt shall be USD 90.39 million. The total amount of the outstanding interest USD 124.69 million shall be waived.
- The remaining portion of the outstanding principal USD 37.49 million which has not been converted into equity, the Company shall repay to ACO I in one bullet payment on the Final Repayment Date (the date falling the 9th anniversary of the date of the Agreement) with 3 years grace period on cash payments of interest, charging an interest at the rate of LIBOR plus 2.10% per annum.

The Company allocated the newly issued ordinary shares of the Company under the Debt-to-Equity Conversion Scheme to ACO I and registered the additional paid-up capital with the Ministry of Commerce on December 2, 2019 as discussed in Note 26.



**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

***Debt Settlement Agreements***

The Company entered into 2 Debt Settlement Agreements with GS Securities (subsidiary) dated August 19, 2020 and September 30, 2020 to settle capital deduction of subsidiary as disclosed in Note 10 of Baht 519.0 million and Baht 105.9 million, respectively, with short-term borrowings from and interest payable to subsidiary totalling Baht 624.9 million (short-term borrowings of Baht 313.0 million and accrued interest expense of Baht 311.9 million).

On August 19, 2020, the Company entered into Debt Forgiveness Agreement with GS Securities, whereby such subsidiary forgave debts to the Company totalling Baht 649.7 million. In this regard, the Company recorded loss on devaluation of investment in subsidiary of Baht 357.1 million. Therefore, the Company recorded these forgiven amounts net offsetting with loss on devaluation of investment in subsidiary amounting to Baht 292.6 million as “Income from forgiveness of other payables to subsidiary” in the separate statements of comprehensive income for the year ended December 31, 2020.

**G J Steel**

***Business Advisory Agreement***

On January 20, 2017, G J Steel entered into agreement for business advisory and review with the foreign company for consultancy service in aspect of the capacity utilization efficiency, EBITDA and maximized the cash flow with a monthly service fee of USD 41,667. Subsequently on March 18, 2020, G J Steel made an agreement of termination to the lender and business advisory company which was effective on January 1, 2020 onwards.

***Other Agreements***

In the past during year 2013, the G J Steel entered into a memorandum with OAC to accept the liabilities from the compromised debt agreement totalling Baht 25.08 million, and G J Steel has already paid to OAC an amount of Baht 11.63 million, and outstanding debts remained at Baht 13.45 million as at December 31, 2020 and 2019. Subsequently on August 31, 2020, the Central Bankruptcy Court had ordered OAC bankrupt. However, the bankruptcy proceeding is under the official receiver who will take further action regarding the balance amount due. Therefore, G J Steel did not reverse such debts to be gain from write-off the expired legal prescription of liabilities as at December 31, 2020.

**6. CASH AND CASH EQUIVALENTS**

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Cash at banks - savings account	437	464	331	40

The currency denomination of cash and cash equivalents as at December 31, 2020 and 2019 were as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Thai Baht	435	450	331	39
United States Dollars	2	14	-	1
Total	437	464	331	40

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**7. TRADE ACCOUNT RECEIVABLES - Net**

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Trade account receivables - Other parties	488	991	460	633
Less: Allowance for excepted credit losses /				
Allowance for doubtful accounts	(456)	(955)	(456)	(603)
Net	32	36	4	30
Allowance for doubtful accounts				
during the year (reversal)	(499)	7	(147)	7
Write-off bad debts during the year	499	-	147	-

Aging analyses for trade account receivables were as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Within credit-term	2	-	-	-
Overdue				
- Not over 3 months	30	36	4	30
- Over 12 months	456	955	456	602
Total	488	991	460	632
Less: Allowance for excepted credit losses /				
Allowance for doubtful accounts	(456)	(955)	(456)	(602)
Net	32	36	4	30

**Customer credit terms**

The normal terms of sale granted by the Company are by cash, domestic letter of credit and credit not over 3 working days and G J Steel by cash, domestic letter of credit and credit not over 7 working days for domestic sales, and letters of credit at sight for export sales.

As such, full provision for receivables of Non-Performing customer have been set by the Group.

No sales transactions for the years ended December 31, 2020 and 2019 with the customers with whom the Group has set aside provisions but are still engaged in business as a means of debt collection.

**The Company**

The Company filed a complaint against a domestic customer (the “Non-Performing Customer”) for the alleged breach of dis-honored cheque. On June 17, 2019, the Central Bankruptcy Court has judgment that the Non-Performing Customer was bankrupt. Therefore, the Company recorded full allowance for doubtful account of Baht 146 million and considered to write-off such account receivable. Such transaction was approved by the Board of Directors’ Meeting No. 2/2564 held on February 24, 2021.

**G J Steel**

As at December 31, 2019, G J Steel had gross balance due from the Non-Performing Domestic Customer of Baht 352 million with full allowance for doubtful account. In July 2013, G J Steel filed complaints against the Non-Performing Domestic Customer with Civil Court for breach of sale and purchase agreements. Subsequently on March 24, 2020, the Central Bankruptcy Court ordered bankruptcy of the Customer and completed hearing with director of such customer on June 29, 2020. Subsequently on November 5, 2020, the Official Receiver made a summary report on the closure of the case to the Judge of Central Bankruptcy Court and the Court ordered the case to be closed on November 18, 2020. Therefore, G J Steel considered to write-off such account receivable which was approved by the Board of Directors’ Meeting No. 12/2563 held on December 16, 2020.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

The currency denomination of trade account receivables, gross amount as at December 31, 2020 and 2019 was as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Thai Baht	395	897	367	539
United States Dollars	93	94	93	94
Total	488	991	460	633

**8. INVENTORIES - Net**

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Finished goods	857	880	496	534
Raw materials	807	862	363	444
Consumables	151	73	66	73
Spare parts	839	874	424	411
Goods in transit	92	268	2	9
Total	2,746	2,957	1,351	1,471
Less: Allowance for decline in value of inventories	(60)	(233)	(25)	(114)
Less: Allowance for raw materials lost	(92)	(92)	(92)	(92)
Net	2,594	2,632	1,234	1,265
Reversal of allowance for decline in value of inventories during the year	173	21	89	94
Carrying value of inventories pledged to secure trade account payables (Note 18)	61	-	-	-

**Raw materials lost**

In the third quarter of 2017, the Company had raw materials (scrap steel) was lost and which may be considered misappropriate, fraud or stolen. Estimated preliminary damage cost was approximately Baht 88 million for which the Company had fully set provision. Later, in the fourth quarter of 2017, the Company prepared yearly stock count of its goods and raw materials as at December 31, 2017 and found that quantity of the Company's raw materials (scrap) lost from the stock amounted to Baht 92 million. Therefore, the Company set up additional in allowance for loss on raw materials amounting to Baht 4 million in the fourth quarter of 2017. Presently, the matter is under the investigation process of police officers in order to conclude the final offence and damage for further filing a legal lawsuit. However, the Company's management assured that the Company does not have any more damage.

On November 1 and 6, 2017, the Company paid USD 2 million (approximately Baht 68 million) to a financial supporter. However, the raw materials (scrap steel) have not been transferred as yet from control yard and the Company has recorded the payment as advance payment for raw materials at transaction date.

On January 20, 2021, the Company has entered into Settlement Agreement with the Financial Supporter, whereby such advance payment, which had outstanding balance as at December 31, 2020 and 2019 of Baht 68 million will be settled through the Arbitration Process as discussed in Note 21.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**9. OTHER CURRENT ASSETS - Net**

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Advances to supplier				
Related party	-	81	-	73
Other parties	289	122	169	61
	289	203	169	134
Less: Allowance for impairment losses	(16)	(11)	(5)	-
	273	192	164	134
Withholding income tax deducted at source	9	147	9	142
Suspense input tax	50	78	41	69
Others	62	36	28	23
Net	394	453	242	368

On September 13, 2019, G J Steel filed a lawsuit against a local company representative at the Southern Bangkok Criminal Court since the defendant counterfeited the bank account in such sale and purchase documents of a foreign company which is a manufacturer of electrode for an amount of Baht 2.3 million together with the interest 7.5% p.a. from the date the defendant had committed the offense. The Court made an appointment for reconciliation session on November 13, 2019, but the parties could not reach an agreement. Subsequently, on August 17, 2020 and August 31, 2020, the Court made an inquiry with the plaintiff, which has not yet been completed. The Court, therefore, ordered an additional hearings on May 25, 2021 and May 27, 2021.

**10. INVESTMENTS IN SUBSIDIARIES - Net**

As at December 31, 2020 and 2019, the investments in subsidiaries were as follows:

					Separate Financial Statements (In Million Baht)					
Paid Share Capital										
(In Million Baht)		Proportionate (%)		Cost value		Allowance for impairment loss		At cost - Net		
2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
SPH	341	341	99.99	99.99	341	341	(341)	(341)	-	-
G J Steel	24,468	24,468	8.24	8.24	3,776	3,776	(2,732)	(2,680)	1,044	1,096
GS Securities	67	692	99.99	99.99	22	446	-	-	22	446
GS Notes*	-	2,722	-	-	-	1	-	-	-	1
GS Notes 2*	-	473	-	-	-	1	-	-	-	1
Total					4,139	4,565	(3,073)	(3,021)	1,066	1,544

\* 2 subsidiaries, GS Notes and GS Notes 2 were registered to dissolve the Companies with the Ministry of Commerce on September 22, 2017 as approved by the special resolution of the shareholders at the extraordinary shareholders' meeting held on September 20, 2017 and the completion of liquidation was registered on September 7, 2018. The Company is during the process of cash refund of Baht 0.1 million. Hence, these investments are written-off as a result of this dissolution in the second quarter of 2020 amounting to Baht 2 million.

On May 3, 2019, G J Steel registered additional paid-up capital with the Ministry of Commerce from the allocation of new ordinary shares to the existing shareholders of G J Steel in the proportion to their respective shareholdings (Rights Offering) of 11,559,004,163 shares combines with the existing paid-up capital of 25,487,133,396 shares, at the par value of Baht 0.96 per share. However, the Company did not have any additional investment in G J Steel to maintain its percentage of ownership in G J Steel.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

GS Securities registered decreased in share capital with the Ministry of Commerce on September 4, 2019, by reducing its share capital from Baht 2,491.9 million (ordinary share 249.19 million shares at Baht 10 par value) to Baht 691.9 million (ordinary share 69.19 million shares at Baht 10 par value). Therefore, the Company recorded the decreased of investment in GS Securities as portion, recorded gain from capital reduction of investment in subsidiary amounting to Baht 1,130.11 million and recorded account receivable from decreased capital in investment in subsidiary amounted to Baht 1,800 million in the separate financial statements.

During the 4<sup>th</sup> quarter of 2019, GS Securities pays Baht 1,800 million from capital reduction to the Company meanwhile the Company repaid borrowings both short-term and long-term to GS Securities totalling Baht 1,800 million.

At the extraordinary shareholders' meeting of GS Securities held on July 17, 2020, GS Securities's shareholders passed the resolution to decrease its authorized share capital from amount of Baht 691.9 million (divided into 69.19 million ordinary shares at Baht 10 par value) to be Baht 172.9 million (divided into 17.29 million ordinary shares at Baht 10 par value). GS Securities registered such decrease in share capital with the Ministry of Commerce on August 18, 2020. The Company used the refund from capital decrease of GS Securities of Baht 519.0 million to settle with short-term borrowings from and interest payable to subsidiary.

At the extraordinary shareholders' meeting of GS Securities held on August 28, 2020, GS Securities's shareholders passed the resolution to decrease its authorized share capital from amount of Baht 172.9 million (divided into 17.29 million ordinary shares at Baht 10 par value) to be Baht 67.0 million (divided into 6.7 million ordinary shares at Baht 10 par value). GS Securities registered such decrease in share capital with the Ministry of Commerce on September 29, 2020. The Company used the refund from capital decrease of GS Securities of Baht 105.9 million to settle with interest payable to subsidiary.

During the year ended December 31, 2020, the Company set up allowance for impairment loss for G J Steel totalling Baht 52.2 million.

**G J Steel's shares and G J Steel's warrants pledge as collateral**

As at December 31, 2020, the Company pledged its G J Steel's shares (2019: G J Steel's shares and warrants) as collateral for the benefit of creditors as follows:

	Consolidated/Separate Financial Statements	
	Number of shares (In Million Shares)	
	2020	2019
<b><i>G J Steel's shares</i></b>		
Trade account payable	-	800
Liabilities from terminated rehabilitation plan and compromise	983	183
Long-term borrowings from related party	1,100	1,100
Total	2,083	2,083



**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

On February 26, 2019, a lender has filed a case to the South Civil Court requests the Company to repay outstanding debts totaling Baht 13.57 Million; divided into principal of Baht 10 Million, and interest rate at 8.0% per annum of principal till the filing date of Baht 3.57 Million. The Company had previously entered into an Agreement with the lender and pledged 500 million shares of G J Steel (Equivalent to 50 million shares after the change in the par value of shares) held by the Company as collateral for the benefit of the lender but could not meet the obligation as stipulated in the Agreement.

On April 24, 2019, the Company has entered into the memorandum of compromise with that company regarding installment payment in order to use as a negotiation framework for compromising in the court.

On June 5, 2019, the Court has the judgment as per the compromise agreement which define the Company to pay only principal Baht 10 million in 36 monthly installments at the amount of Baht 0.28 million each. First installment will be at the end of May 2021 until final installment at the end of April 2024.

On July 31, 2019, the Company entered into a compromise agreement to convert principal Baht 10 million into ordinary share of the Company with the same price for major creditors and the Company will propose to the 2/2019 EGM of the Company for approval of debt to equity conversion program. And in the Extraordinary General Meeting of the Shareholders No. 2/2019 on October 11, 2019, the meeting had approved the Debt to Equity Conversion Scheme by the allocation and offering of the newly-issued ordinary shares of the Company with the same offering price to other creditors totaling 8 creditors in order to repay the debt which will be converted to the equity. The Company allocated the newly issued ordinary shares of the Company under the Debt-to-Equity Conversion Scheme to the creditor and registered the additional paid-up capital with Department of Business Development, Ministry of Commerce on December 2, 2019 as discussed in Note 26.

G J Steel's shares pledged under liabilities from terminated rehabilitation plan and compromise of 86 million shares is in the process of release the pledge.

**11. ADVANCE PAYMENTS FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT - Net**

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Advance payments for				
Land and building	210	210	-	-
Hot rolled coil expansion project	1,308	1,308	1,308	1,308
Coil conditioning line project	692	692	692	692
Total	2,210	2,210	2,000	2,000
Less: Allowance for impairment losses	(2,000)	(2,000)	(2,000)	(2,000)
Net	210	210	-	-

**G J Steel**

On September 29, 2015, G J Steel and the land seller agreed to mortgage 5 land title deeds which are presented as part of advances for purchase of land and building amounting to Baht 210 million as collateral to the Revenue Department, as security of tax installment for both of the Company and G J Steel totalling Baht 330 million (For G J Steel amounting to Baht 206 million) as discussed in Note 19. In April 2020, G J Steel already paid remaining balances of such tax installment payable in full amount and released one mortgaged land title deed in August 2020. Presently, G J Steel is in the process of transferring the ownership of such land from the seller.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**12. PROPERTY, PLANT AND EQUIPMENT - Net**

Consolidated financial statements (In Million Baht)							
	Land and land improvements	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Construction in progress	Total
<b>Cost</b>							
As at January 1, 2019	1,628	9,459	39,247	338	14	15,432	66,118
Additions	-	-	47	14	-	93	154
Disposals and write-off	-	-	(1,944)	(4)	(3)	(3,637)	(5,588)
Transfers in (out)	-	-	27	1	-	(28)	-
<b>As at December 31, 2019</b>	<b>1,628</b>	<b>9,459</b>	<b>37,377</b>	<b>349</b>	<b>11</b>	<b>11,860</b>	<b>60,684</b>
Additions	10	7	27	13	5	158	220
Effects of the adoption of TFRS 16 as at January 1, 2020	-	17	-	-	7	-	24
Disposals and write-off	-	(7)	(180)	(34)	(1)	-	(222)
Transfers in (out)	1	-	93	2	-	(96)	-
<b>As at December 31, 2020</b>	<b>1,639</b>	<b>9,476</b>	<b>37,317</b>	<b>330</b>	<b>22</b>	<b>11,922</b>	<b>60,706</b>
<b>Accumulated Depreciation</b>							
As at January 1, 2019	67	5,542	21,338	292	11	-	27,250
Depreciation charge for the year	6	127	1,563	13	1	-	1,710
Disposals and write-off	-	-	(294)	(4)	(3)	-	(301)
<b>As at December 31, 2019</b>	<b>73</b>	<b>5,669</b>	<b>22,607</b>	<b>301</b>	<b>9</b>	<b>-</b>	<b>28,659</b>
Depreciation charge for the year	5	175	770	14	4	-	968
Disposals and write-off	-	(8)	(138)	(34)	(1)	-	(181)
<b>As at December 31, 2020</b>	<b>78</b>	<b>5,836</b>	<b>23,239</b>	<b>281</b>	<b>12</b>	<b>-</b>	<b>29,446</b>
<b>Allowance for Impairment</b>							
<b>Losses</b>							
As at January 1, 2019	329	1,147	3,075	6	-	9,926	14,483
Disposals and write-off	-	-	(980)	-	-	(3,338)	(4,318)
<b>As at December 31, 2019</b>	<b>329</b>	<b>1,147</b>	<b>2,095</b>	<b>6</b>	<b>-</b>	<b>6,588</b>	<b>10,165</b>
Reversal	-	-	(3)	-	-	-	(3)
<b>As at December 31, 2020</b>	<b>329</b>	<b>1,147</b>	<b>2,092</b>	<b>6</b>	<b>-</b>	<b>6,588</b>	<b>10,162</b>
<b>Net Book Value</b>							
Owned assets	1,226	2,643	12,675	42	-	5,272	21,858
Assets under finance lease	-	-	-	-	2	-	2
<b>As at December 31, 2019</b>	<b>1,226</b>	<b>2,643</b>	<b>12,675</b>	<b>42</b>	<b>2</b>	<b>5,272</b>	<b>21,860</b>
Owned assets	1,232	2,483	11,986	43	1	5,334	21,079
Right-of-use assets	-	10	-	-	9	-	19
<b>As at December 31, 2020</b>	<b>1,232</b>	<b>2,493</b>	<b>11,986</b>	<b>43</b>	<b>10</b>	<b>5,334</b>	<b>21,098</b>

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

	Separate financial statements (In Million Baht)						
	Land and land improvements	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Construction in progress	Total
<b>Cost</b>							
As at January 1, 2019	762	3,212	21,314	159	9	8,616	34,072
Additions	-	-	36	5	-	1	42
Disposals and write-off	-	-	(1,926)	-	(3)	(3,637)	(5,566)
<b>As at December 31, 2019</b>	<b>762</b>	<b>3,212</b>	<b>19,424</b>	<b>164</b>	<b>6</b>	<b>4,980</b>	<b>28,548</b>
Additions	-	-	1	1	3	85	90
Effects of the adoption of TFRS 16 as at January 1, 2020	-	12	-	-	2	-	14
Disposals and write-off	-	(7)	(34)	(30)	-	-	(71)
Transfers in (out)	-	-	-	1	-	(1)	-
<b>As at December 31, 2020</b>	<b>762</b>	<b>3,217</b>	<b>19,391</b>	<b>136</b>	<b>11</b>	<b>5,064</b>	<b>28,581</b>
<b>Accumulated Depreciation</b>							
As at January 1, 2019	25	1,272	11,206	142	9	-	12,654
Depreciation charge for the year	1	35	772	4	-	-	812
Disposals and write-off	-	-	(280)	-	(3)	-	(283)
<b>As at December 31, 2019</b>	<b>26</b>	<b>1,307</b>	<b>11,698</b>	<b>146</b>	<b>6</b>	<b>-</b>	<b>13,183</b>
Depreciation charge for the year	-	51	388	5	1	-	445
Disposals and write-off	-	(8)	(9)	(31)	-	-	(48)
<b>As at December 31, 2020</b>	<b>26</b>	<b>1,350</b>	<b>12,077</b>	<b>120</b>	<b>7</b>	<b>-</b>	<b>13,580</b>
<b>Allowance for Impairment</b>							
<b>Losses</b>							
As at January 1, 2019	306	1,071	2,685	6	-	6,804	10,872
Disposals and write-off	-	-	(980)	-	-	(3,338)	(4,318)
<b>As at December 31, 2019 and 2020</b>	<b>306</b>	<b>1,071</b>	<b>1,705</b>	<b>6</b>	<b>-</b>	<b>3,466</b>	<b>6,554</b>
<b>Net Book Value</b>							
Owned assets	430	834	6,021	12	-	1,514	8,811
Assets under finance lease	-	-	-	-	-	-	-
<b>As at December 31, 2019</b>	<b>430</b>	<b>834</b>	<b>6,021</b>	<b>12</b>	<b>-</b>	<b>1,514</b>	<b>8,811</b>
Owned assets	430	789	5,609	10	1	1,598	8,437
Right-of-use assets	-	7	-	-	3	-	10
<b>As at December 31, 2020</b>	<b>430</b>	<b>796</b>	<b>5,609</b>	<b>10</b>	<b>4</b>	<b>1,598</b>	<b>8,447</b>

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

Details of construction in progress as at December 31, 2020 and 2019 were as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Hot rolled coil expansion	513	513	513	513
Coil conditioning line	4,514	4,430	4,514	4,430
Galvanizing line	5,038	5,038	-	-
Reversing Mill line	1,525	1,525	-	-
Others	332	354	37	37
Total	11,922	11,860	5,064	4,980
Less: Allowance for impairment losses	(6,588)	(6,588)	(3,466)	(3,466)
Net	5,334	5,272	1,598	1,514

Certain construction in progress at cost of Baht 1,385 million was the project promoted by the Board of Investment (BOI) under promotional certificate no.1579 (2)/2548 dated June 29, 2005 and the Company got import duty tax exemption of machineries approved by the committee (BOI) which the project should be completed and operated within 36 months from the certificate issued date. Despite several extension by the BOI, the Company could not complete the project and ultimately the BOI did not extend the approval any further. Hence, the Company terminated such project.

Subsequently, the Company re-exported 4 machines from the Kingdom under the said BOI privilege, i.e. Skin Pass, Slitting Coil, Cut to Length, and Heavy Gauge to alleviate the burden of payment of tax and penalty since it is not supported by the extension by the BOI. Total Loss booked on such sale in 2019 amounted to Baht 946 million and Baht 22 million in 2020.

The gross carrying amounts of the Company and the Group's certain building and equipment totalling approximately Baht 2,177 million and Baht 2,886 million were fully depreciated as at December 31, 2020, respectively, (2019: the Company of Baht 2,211 million and the group of Baht 2,953 million) but these items are still in active use.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

***Impairment testing for carrying amount of property, plant and equipment***

The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount of 2020 were as follows:

Valuation methodology	: Discounted cash flow method
Period	: 5 years financial projection was based on historical financial information and expectations of future outcomes taking into the past experience, adjusted for the anticipated revenue growth.
Growth rate of sale quantity	: At the rates of 12% per annum for the Company and 1% per annum for G J Steel in 1 <sup>st</sup> year and 3% per annum in 2 <sup>nd</sup> - 5 <sup>th</sup> year.
Growth rate of selling price	: At the rates of 20% per annum for the Company and 21% per annum for G J Steel in 1 <sup>st</sup> year and 3% per annum in 2 <sup>nd</sup> - 5 <sup>th</sup> year.
Terminal value	: Determined based on terminal value growth rate of 0% per annum from net cash flows of the 5 <sup>th</sup> year
Discount rate	: At the rates of 9.18 % per annum for the Company and 10.61 % per annum for G J Steel which were based on weighted average cost of capital, with average industry cost of debt, risk free rate, market risk premium and G J Steel's beta.
Others	: Other assumptions relevant to estimated revenues and expenses were based on historical financial information and expectations of future outcomes taking into the past experience, adjusted for the anticipated market growth rate.

Based on the above impairment testing by the management, there was no additional impairment in the book value of property, plant and equipment of the Group as at December 31, 2020.

In December 2019, the management of the Group engaged an independent appraiser to evaluate the value of the land, buildings and equipment as at December 30, 2019 with the reports dated January 31, 2020 together with the assessing value in use of the assets by the Group's management (the discount rate at 11.74% per annum for the Company and 8.22% per annum for G J Steel). It concluded that as at December 31, 2019 there is no additional impairment in the book value of property plant and equipment of the Group.



**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

***Sensitivity analysis of impairment test of property, plant and equipment***

Sensitivity analysis is performed to analyse the risk that valuation of recoverable amount of property, plant and equipment will increase or decrease as a result of changes in fair value assumptions.

Reasonably possible changes at the valuation date (dated December 31, 2020) to one of the relevant fair value assumptions, holding other assumptions constant, would have affected the fair value of recoverable amount by the amounts shown below:

	Impact to increase (decrease) fair value of recoverable amount of property, plant and equipment (in Million Baht)			
	The Company		G J Steel	
	Increase in change in assumption	Decrease in change in assumption	Increase in change in assumption	Decrease in change in assumption
Discount rate				
- Change of 0.5%	(665)	595	(768)	843
- Change of 1%	(1,412)	1,130	(1,469)	1,774
Growth rate of sale quantity				
- Change of 5%	68	(68)	77	(76)
- Change of 10%	136	(137)	154	(153)
Growth rate of selling price				
- Change of 5%	639	(642)	734	(731)
- Change of 10%	1,277	(1,286)	1,471	(1,460)

Although the analysis does not take into account of the full distribution of cash flows expected under the financial projection, it does provide an approximation of the sensitivity of the assumptions shown.

**Mortgaged property, plant and equipment**

**The Company**

***Security for liabilities from compromise***

Certain land of the Company, which have net book value as at December 31, 2020 and 2019 of Baht 66 million, were mortgaged as collateral for liabilities from compromise (2019: trade account payable) as discussed in Notes 20 and 21.

***Security for tax liabilities***

Machinery (Pickle and Oil line) of the Company, which have net book values as at December 31, 2020 and 2019 totalling Baht 1,503 million, were mortgaged with the Revenue Department to secure tax liabilities amounting to Baht 599 million as discussed in Note 19.

***Security for working capital line with a foreign related party***

Property, plant and equipment of the Company, which have net book value as at December 31, 2020 and 2019 of Baht 6,712 million and Baht 7,155 million, respectively, were mortgaged as collateral for working capital lines of credit as discussed in Note 16.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**G J Steel**

***Liabilities from terminated the rehabilitation plan and loan credit facilities from a foreign related party***

G J Steel filed a lawsuit to Southern Bangkok Civil Court against three defendants, in their capacities of bondholder trustee and security agent, to release the lien and security interests on G J Steel's property, plant and equipment which G J Steel has completely settled debt under rehabilitation plan to such creditors. On October 28, 2013, the Southern Bangkok Civil Court ruled in favour of G J Steel ordering the defendants to release the mortgaged assets. Currently, two defendants have released the mortgaged assets and G J Steel is in the process of release of the collateral from the third defendant.

G J Steel's property, plant and equipment, which have net book values as at December 31, 2020 and 2019 totalling Baht 7,571 million and Baht 7,695 million, respectively, are mortgaged first ranking security against the bondholders as mentioned above, and are mortgaged second ranking security against credit facilities from a foreign related party (at mortgage amount of Baht 6,619 million) as discussed in Note 16.

***Mortgaged as security for tax liabilities***

On May 14, 2013, G J Steel's Board of Directors had approved to mortgage its machinery (Pickle and Oil line), with a net book value of Baht 616 million and Baht 659 million as at December 31, 2020 and 2019, respectively, as security in the facilities amount of Baht 1,043 million with the Revenue Department for its tax liabilities and G J Steel registered this mortgage transaction with the Central Office for Machinery Registration, Department of Industrial Works on October 10, 2013. In April 2020, G J Steel already paid remaining balances of such tax installment payable in full amount and has released the mortgage on November 30, 2020.

On July 9, 2015, G J Steel's Board of Directors had approved to place 5 pieces of land title deed to be additional security to the Revenue Department. On September 29, 2015, the land had been mortgaged as discussed in Note 11. In April 2020, G J Steel already paid remaining balances of such tax installment payable in full amount and released one mortgaged land title deed in August 2020.

Right-of-use assets are acquired by lease liabilities.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**13. OTHER INTANGIBLE ASSETS - Net**

	Consolidated Financial Statement (In Million Baht)		
	Software licenses	Production licenses	Total
<b>Cost</b>			
As at January 1, 2019	224	40	264
Additions	1	-	1
<b>As at December 31, 2019</b>	225	40	265
Additions	2	-	2
<b>As at December 31, 2020</b>	227	40	267
<b>Accumulated Amortization</b>			
As at January 1, 2019	212	29	241
Amortization charge for the year	4	-	4
<b>As at December 31, 2019</b>	216	29	245
Amortization charge for the year	5	-	5
<b>As at December 31, 2020</b>	221	29	250
<b>Allowance for Impairment Losses</b>			
As at January 1, 2019 and <b>December 31, 2019 and 2020</b>	-	11	11
<b>Net Book Value</b>			
<b>As at December 31, 2019</b>	9	-	9
<b>As at December 31, 2020</b>	6	-	6
			Separate Financial Statement (In Million Baht)
<b>Cost</b>			
<b>As at January 1, 2019 and December 31, 2019 and 2020</b>			18
<b>Accumulated Amortization</b>			
As at January 1, 2019			14
Amortization charge for the year			2
<b>As at December 31, 2019</b>			16
Amortization charge for the year			1
<b>As at December 31, 2020</b>			17
<b>Net Book Value</b>			
<b>As at December 31, 2019</b>			2
<b>As at December 31, 2020</b>			1

The gross carrying amounts of the Company and the Group's certain intangible assets totalling approximately Baht 17 million and Baht 219 million were fully amortized as at December 31, 2020, respectively, (2019: The Company was nil and the Group was Baht 184 million) but these items are still in active use.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**14. DEFERRED TAX**

Deferred tax assets arising from temporary differences and unused tax losses that have not been recognized in the financial statements were as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Temporary differences				
- Allowance for expected credit loss / allowance for doubtful accounts - trade account receivables	91	191	91	121
- Allowance for decline in value of inventories	12	47	5	23
- Allowance for doubtful accounts - other receivable to related party	-	-	-	473
- Allowance for impairment losses on investments in subsidiaries	-	-	615	604
- Allowance for impairment losses on property, plant and equipment	2,033	2,033	1,311	1,311
- Allowance for impairment losses on other intangible assets	2	2	-	-
- Allowance for impairment losses on advances supplier	3	2	1	-
- Allowance for impairment loans to and accrued interest income from subsidiaries	-	-	1	511
- Allowance for impairment losses on other non-current assets	411	411	-	-
- Allowance for impairment losses for advance payments for purchase of property, plant and equipment	400	400	400	400
- Depreciation gap	1,572	1,503	1,034	980
- Provision for loss on confirmed purchase orders for undelivered raw materials	-	21	-	17
- Non-current provision for employee retirement benefit	46	37	20	16
- Other payables and accrued expenses	5	2	2	2
	<u>4,575</u>	<u>4,649</u>	<u>3,480</u>	<u>4,458</u>
Tax loss carried forwards	<u>1,134</u>	<u>864</u>	<u>685</u>	<u>394</u>
Total	<u><u>5,709</u></u>	<u><u>5,513</u></u>	<u><u>4,165</u></u>	<u><u>4,852</u></u>

Tax loss carried forwards will expire in 2021 to 2025. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in the financial statements of the Group in respect of these items because it is not certain that future taxable profit will be generated against which the Group can utilize the benefits there from.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**15. OTHER NON-CURRENT ASSETS - Net**

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Loans to and accrued interest income from subsidiaries	-	-	8	2,764
Less: Allowance for impairment losses	-	-	(8)	(2,764)
	-	-	-	-
Suspended construction in progress	2,086	2,086	-	-
Less: Allowance for impairment losses	(2,053)	(2,053)	-	-
	33	33	-	-
Cash guarantee for electricity usage	85	109	85	109
Cash guarantee for purchase natural gas	53	53	53	53
Restricted deposits at financial institutions	46	46	-	-
Deferred cost of roll - net	440	436	179	205
Refundable deposits				
Related party	-	4	-	3
Other parties	8	8	6	7
Others	14	43	12	14
Net	679	732	335	391

On July 24, 2019, Provincial Electricity Authority, a creditor, files a civil lawsuit in connection with bankruptcy case to the Central Bankruptcy Court requesting the Court to have a judgment for the Company to repay the debt as per the rehabilitation plan. The Company was to pay the 16<sup>th</sup> installments amounted to Baht 207.84 million which was due on June 18, 2018 and the defaulted interest 0.5% as stipulate in the rehabilitation plan of the outstanding debt from the date June 19, 2018 until the filing date July 24, 2019 amounted to Baht 1.14 million, totalling Baht 208.98 million together with defaulted interest 0.5% from the filing date until the payment was made in full.

On February 25, 2020, the Court issued a judgment allowing the compromise agreement to deduct the remaining electricity deposit in the amount of Baht 23.89 million from the principal amount and accrued interest expense of Baht 209.59 million on the date of this agreement. Outstanding balance of Baht 185.70 million was agreed to be paid back 36 installments. Each installment will be paid at Baht 5.158 million and the last installment (36<sup>th</sup>) will be Baht 5.161 million starting from end of July 2020 onwards until the last installment at the end of June 2023.

***Suspended construction in progress***

Suspended construction in progress represented the Direct Reduced Iron plant (“DRI Facility”). The management of G J Steel decided to suspend this project since 1999. On July 29, 2014, the Board of investment (“BOI”) had ordered the revocation of privilege in the production of Direct Reduced Iron. However, there is no burden of import duty on machinery and raw materials.

The carrying value of this investment was written down to based on the market price of steel scrap of Baht 33 million. Based on the impairment testing by the management, there was no additional impairment in the book value of suspended construction in progress as at December 31, 2020 and 2019.



**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**16. CREDIT FACILITIES FOR OPERATION**

As at December 31, 2020 and 2019, the Group was granted credit facilities from one related party as below:

Credit facilities	In Million USD			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
<b>Link Capital I - related party</b>				
<b>The Company</b>				
Facility A - Cash loan	30	30	30	30
Facility B - Standby letter of credit	40	40	40	40
Facility C - Cash loan	14.1	14.1	14.1	14.1
	<u>84.1</u>	<u>84.1</u>	<u>84.1</u>	<u>84.1</u>
<b>G J Steel</b>				
The first loan facility - Cash loan	30	30	-	-
The second loan facility - Cash loan and Standby letter of credit	45	45	-	-
	<u>75</u>	<u>75</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>159.1</u>	<u>159.1</u>	<u>84.1</u>	<u>84.1</u>

These facilities from related party were guaranteed by the mortgaged property, plant and equipment of the Group as discussed in Note 12 and personal assets of the Company's director and a related party.

**The Company**

Detail of credit facility which the Company obtained from Link Capital I (Mauritius) Limited are summarized as follows:

Credit Facilities	Credit Line (in Million USD)		Interest Rate *	Repayment Term
	2020	2019		
Facility A - Cash loan	30	30	12% per annum	1) 30% of the aggregate principal amount is repayable at the 4 <sup>th</sup> anniversary of the first utilization date (due on April 3, 2023 **).  2) Remaining principal amount is repayable at the final maturity date (at the 5 <sup>th</sup> anniversary of the first utilization date due on April 2, 2024).
Facility B - Standby letter of credit	40	40	- Unutilized amount at the 3% per annum  - Standby letter of credit at the rate of 8% per annum for the utilization period. The defaulted Standby letter of credit which is converted to deemed loan bears an interest at the rate of 15% per annum	1) On December 20 and 23, 2019, the Company received Election Notice letters from Link Capital I to claim for the payment of 3 Standby letters of credit ("SBLC") of USD 12.84 million which Ares SSG Capital Partners paid to the raw materials suppliers of the Company.  2) On December 20, 2019, the Company entered into the Second Amendment and Restatement Agreement with Link Capital I, in order to treat the claimed SBLC as a Deemed Loan under Facility B and charge credit backstop administration fee (onetime fee) at the rate of 3%.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

Credit Facilities	Credit Line (in Million USD)		Interest Rate *	Repayment Term
	2020	2019		
				3) During 2020, further SBLC devolved and converted to deemed loan according to the Election Notice letters from Link Capital I of USD 20.51 million.
				4) As at December 31, 2020, the Company had default balance of deem loan under Facility B totalling USD 33.35 million (2019: USD 12.84 million).
Facility C - Cash loan	14.1	14.1	12% per annum until May 11, 2020 and 15% per annum afterwards	Repayable within 9 months from the Amendment and Restatement Agreement (due date on April 22, 2020) and extend to repayable within 10 months from the Amendment and Restatement Agreement (due date on May 21, 2020).
Total	84.1	84.1		

\* The Company is responsible for withholding income tax. The Company must pay to the Lender a front-end fee of 3% of each utilization of a cash loan.

\*\* Business day as specified in the agreement.

The Company received a Default Letter from Link Capital I (lender) dated June 5, 2020 notice to rectify the following continuous Events of Default on various facilities pursuant to Credit Facility Agreement dated April 2, 2019 and as amended from time to time as follows:

1. Repayment of loan under Facility C amounting to USD 14,399,700
2. Payment of interest under Facility A and Facility C amounting to USD 1,337,700
3. Payment of fees on various accounts amounting to USD 2,440,303.16
4. Repayment of devolved SBLC converted to deemed loan amounting to USD 20,814,214.75
5. Payment of recurring fees as per the Business Advisory Agreement amounting to USD 2,426,825
6. Maintain credit balance of the Debt Service Reserve Account equal to the required balance

Further to receipt of the Default Letter, the Company has further defaulted on payment of devolved Standby letter of credit converted to Deemed Loan amounting to USD 12,531,745 with the Presentation and Credit Backstop Administration Fee of USD 375,952.35.

The Company had defaulted on the above facilities. On December 17, 2020 the Company entered into a Standstill Agreement with Link Capital I, whereby the lender, agrees not to take any action for 6 months from the effective date of the Standstill Agreement up to May 31, 2021 while the Company is still negotiating with them on terms to restructure the outstanding without any penalty interest and no arrangement fees. The Company, therefore, still presents the borrowings from related party in the consolidated and separate statements of financial positions as at December 31, 2020 according to the repayment schedule in the Credit Agreement.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**G J Steel**

Detail of credit facility which G J Steel obtained from Link Capital I (Mauritius) Limited are summarized as follows:

Credit Facilities	Credit Line (in Million USD)		Interest Rate *	Repayment Term
	2020	2019		
The first loan facility - Cash loan	30	30	12% per annum	<p>1) 30% of the aggregate principal amount is repayable at the 4<sup>th</sup> anniversary of the first utilization date (due on January 29, 2021 **).</p> <p>On February 23, 2021, G J Steel entered into the Sixth Amendment Agreement to extend the payment period of 30% of principal amounting to USD 9 million to be due at the final maturity date (January 31, 2022). Such amendment agreement was effective dated January 29, 2021.</p> <p>2) Remaining principal amount is repayable at the final maturity date (at the 5<sup>th</sup> anniversary of the first utilization date due on January 31, 2022).</p>
The second loan facility - Cash loan and Standby letter of credit	45	45	<p>- Cash loan at 12% per annum</p> <p>- Standby letter credit at the rate of 2% per annum on unutilized amount; 5% per annum for the utilization period not over 180 days and 8% per annum for the utilization period which exceed 180 days</p>	<p>1) 30% of the aggregate principal amount is repayable at the 4<sup>th</sup> anniversary of the first utilization date (due on October 11, 2021 **).</p> <p>2) Remaining principal amount is repayable at the final maturity date (at the 5<sup>th</sup> anniversary of the first utilization date on October 10, 2022).</p>
Total	75	75		

\* G J Steel is responsible for withholding income tax. G J Steel must pay to the Lender a front-end fee of 2% of each utilization of a cash loan.

\*\* Business day as specified in the agreement.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**17. INTEREST-BEARING LIABILITIES**

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
<b><i>Current</i></b>				
Trade account payables				
Secured	-	196	-	196
Unsecured	92	42	45	42
	<u>92</u>	<u>238</u>	<u>45</u>	<u>238</u>
Other payables and accrued expenses - Unsecured	243	252	222	239
Current portion of liabilities from terminated rehabilitation plan and compromise				
Secured	19	-	19	-
Unsecured	306	455	137	285
Current portion of long-term borrowings from related parties - Secured	625	314	314	314
Current portion of debentures - Unsecured	469	471	469	471
Current portion of lease liabilities - Secured	13	-	7	-
Short-term borrowings from related parties				
Secured	1,433	811	1,433	811
Unsecured	-	-	-	313
	<u>1,433</u>	<u>811</u>	<u>1,433</u>	<u>1,124</u>
Other current liabilities - Unsecured	3	3	3	3
Total current	<u>3,203</u>	<u>2,544</u>	<u>2,649</u>	<u>2,674</u>
<b><i>Non-current</i></b>				
Other payables and accrued expenses - Unsecured	1,133	1,137	1,133	1,137
Liabilities from terminated rehabilitation plan and compromise				
Secured	364	-	364	-
Unsecured	154	59	154	59
Long-term borrowings from related parties - net - Secured	1,626	1,934	887	885
Lease liabilities - net - Secured	6	1	4	-
Total non-current	<u>3,283</u>	<u>3,131</u>	<u>2,542</u>	<u>2,081</u>
Grand total	<u><u>6,486</u></u>	<u><u>5,675</u></u>	<u><u>5,191</u></u>	<u><u>4,755</u></u>

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

The periods to maturity of interest-bearing liabilities as at December 31, 2020 and 2019 were as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Not later than 1 year	3,203	2,544	2,649	2,674
Later than 1 year but not later than 5 years	3,188	3,218	2,447	2,168
Total	6,391	5,762	5,096	4,842

Secured interest-bearing liabilities as at December 31, 2020 and 2019 were secured by collateral as discussed in Notes 10 and 12.

**Debentures**

As at December 31, 2020 and 2019, the outstanding balances of the Company's debentures were amounting to USD 15.51 million and bore interest at the rate of 3% per annum and was unsecured, which mature in October 2015. On January 9, 2012, the Company received notice letter from bondholder's representative that the Company was default to pay debentures' interest expense which was due on December 30, 2011. However, up to present, the Company has not been called to redeem such maturity debentures.

The movements of debentures during the years ended December 31, 2020 and 2019 were as follows:

	In Million Baht	
	Consolidated/Separate Financial Statements	
	2020	2019
As at January 1	471	506
Exchange rate adjustments	(2)	(35)
<b>At December 31</b>	<b>469</b>	<b>471</b>

**18. TRADE ACCOUNT PAYABLES**

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Related party	-	196	-	196
Other parties	530	765	202	432
Total	530	961	202	628

The currency denomination of trade account payables as at December 31, 2020 and 2019 were as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Thai Baht	317	243	110	151
United States Dollars	179	671	58	444
Others	34	47	34	33
Total	530	961	202	628



**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

The Group has agreements to purchase raw materials from various suppliers. The Group had taken delivery of raw materials under consignment agreements. Details were as below:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Trade account payables	77	-	33	-
Interest rate (% per annum)	3.5	-	-	-

As at December 31, 2020, certain trade account payables were guaranteed by inventories of Baht 61 million in the consolidated financial statements as discussed in Note 8 (Separate financial statements: Nil) (2019: Nil).

**19. OTHER PAYABLES AND ACCRUED EXPENSES**

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
<b>Current</b>				
Related parties	209	308	209	306
Tax installment payable	75	312	75	254
Electricity and energy service payables	354	351	255	255
Others	536	457	346	285
	1,174	1,428	885	1,100
<b>Non-current</b>				
Related party	1,133	1,137	1,133	1,137
Total	2,307	2,565	2,018	2,237

The currency denomination of other payables and accrued expenses as at December 31, 2020 and 2019 were as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Thai Baht	1,025	1,312	771	1,007
United States Dollars	1,267	1,250	1,247	1,230
Others	15	3	-	-
Total	2,307	2,565	2,018	2,237

**Tax installment payable - Revenue Department**

As at December 31, 2020 and 2019, the Company had outstanding balance of tax installment payable to Revenue Department amounting to Baht 120 million and Baht 254 million, respectively. The Company has to pay the tax in 5 installments at the amount of Baht 14.96 million each until May 2021.

As at December 31, 2019, G J Steel had outstanding balance of tax installment payable amounting to Baht 58 million (2020: Nil).

Under this repayment schedule, the Group mortgaged its 5 plots of land and construction, pickle and oil line as collateral together with the guarantee provided for another company. In April 2020, G J Steel already paid remaining balances of such tax installment payable in full amount and released one mortgaged land title deed in August 2020.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**20. ACCRUED INTEREST EXPENSE**

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Debentures	167	150	167	150
Liabilities from terminated rehabilitation plan and compromise				
Related parties	11	17	11	17
Other parties	145	107	31	6
Borrowings from related parties	569	177	506	462
Others				
Related parties	170	119	157	119
Other parties	133	124	125	111
Total	1,195	694	997	865

The currency denomination of accrued interest expense as at December 31, 2020 and 2019 was as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Thai Baht	389	335	333	599
United States Dollars	773	321	640	242
Others	33	38	24	24
Total	1,195	694	997	865

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**21. LIABILITIES FROM TERMINATED REHABILITATION PLAN AND COMPROMISE**

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Liabilities from terminated rehabilitation plan				
- Other parties	246	247	73	77
Liabilities from compromise				
Related parties	162	224	162	224
Other parties	593	234	597	234
<b>Total</b>	<b>1,001</b>	<b>705</b>	<b>832</b>	<b>535</b>
Current	353	488	184	318
Non-current	648	217	648	217
<b>Total</b>	<b>1,001</b>	<b>705</b>	<b>832</b>	<b>535</b>

The movements of liabilities from terminated rehabilitation plan and compromise for the years ended December 31, 2020 and 2019 were as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
At January 1	705	659	535	479
Transfer from short - term loan from other parties	-	107	-	107
Transfer from short term from related parties	-	30	-	30
Transfer from other payables and accrued expenses	-	587	-	587
Transfer from trade payable	383	-	383	-
Convert debt into equity during the year	-	(579)	-	(579)
Repayments	(66)	(92)	(64)	(89)
Settlement with cash guarantee for electricity usage (Note 15)	(22)	-	(22)	-
Exchange rate adjustments	1	(7)	-	-
<b>At December 31</b>	<b>1,001</b>	<b>705</b>	<b>832</b>	<b>535</b>

The currency denomination of liabilities from terminated rehabilitation plan and compromise as at December 31, 2020 and 2019 was as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Thai Baht	906	610	832	535
United States Dollars	84	84	-	-
Others	11	11	-	-
<b>Total</b>	<b>1,001</b>	<b>705</b>	<b>832</b>	<b>535</b>

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**The Company**

***Liabilities from terminated rehabilitation plan***

Liabilities from terminated rehabilitation plan of the Company were due to be paid in year 2018 but fell into default. Accordingly, the Company recorded accrued interest at default rate from the date of default as specified in the rehabilitation plan and presented the outstanding liabilities from terminated rehabilitation plan as at December 31, 2020 and 2019 as current liabilities in the separate and consolidated statements of financial position.

***Liabilities from compromise - Other parties***

The Company enter into various compromise agreements with various creditors. These compromise agreements with are repayable in monthly installments and bear interest at rate as specified in the agreements.

On January 20, 2021, the Company entered into the Settlement Agreement and Termination Fee Restructuring Agreement with a creditor (former finance supporter) with the effective date on March 1, 2020. Under the agreements, the Company committed to pay quarterly installments of the settled debts of Baht 283.1 million and termination fee of Baht 100 million plus interest at the rate of 6% as specified in the agreements starting on June 1, 2021 and ending December 1, 2025. In this regard, the Company incurred loss on compromise debts of Baht 30 million which recorded in the consolidated and separate statements of comprehensive income for the year ended December 31, 2020. However, there are unsettled debts claimed from such creditor totalling Baht 266.3 million and advance payment claimed by the Company to such creditor of Baht 68 million. Both parties agreed to pay the unsettled amount through the Arbitration Process which the creditor should file a claim with the Thai Arbitration Institute, Office of the Judiciary within 60 days after the agreement date. Such liabilities from compromise were guaranteed by the mortgaged property, plant and equipment of the Company and G J Steel's shares as discussed in Notes 10 and 12 and personal assets of the Company's director and 2 related parties.

**G J Steel**

In 1998, G J Steel faced the financial problems from financial crisis causing G J Steel to be unable to repay the existing debt. And in April 2000, G J Steel entered into the business rehabilitation process administered by the Central Bankruptcy Court. In 2002, the Central Bankruptcy Court approved the business rehabilitation plan. Subsequently on November 28, 2008, G J Steel filed a petition to terminate the business rehabilitation with the Central Bankruptcy Court and on March 2, 2009, the Central Bankruptcy Court issued an order to terminate the rehabilitation proceeding of G J Steel.

G J Steel's liabilities from terminated rehabilitation plan were due to be paid on October 31, 2011, but fell into default. G J Steel entered into negotiations with the creditors to extend the payment period. Accordingly, G J Steel presented the outstanding liabilities from terminated rehabilitation plan as at December 31, 2020 and 2019 as current liabilities in the consolidated statements of financial position. As a consequence of this default, the outstanding balances are payable on demand and accrued interest at a rate of 7.5% per annum from the date of default.

During the first quarter of 2020, G J Steel already paid liabilities from terminated rehabilitation plan of Baht 0.6 million plus interest at the rate of 7.5% per annum from the default date according to the judgment of the Court of Appeal as discussed in Note 37.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**22. BORROWINGS FROM RELATED PARTIES - Net**

Credit facilities	Amount (In Million USD)	In Million Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2020	2019	2020	2019
<b>The Company</b>					
Link Capital I					
Facility A	30	906	910	906	910
Facility B	2020: 33.35 (2019: 12.84)	1,007	389	1,007	389
Facility C	14.10	426	428	426	428
GS Securities	-	-	-	-	313
ACO I	-	314	314	314	314
<b>G J Steel</b>					
Link Capital I					
First loan facility	30	906	910	-	-
Second loan facility	5	151	152	-	-
Total		3,710	3,103	2,653	2,354
Short-term borrowings		1,433	817	1,433	1,130
Long-term borrowings		2,277	2,286	1,220	1,224
Total		3,710	3,103	2,653	2,354
<b>In Million Baht</b>					
		Consolidated Financial Statements		Separate Financial Statements	
		2020	2019	2020	2019
Short-term borrowings from related parties		1,433	817	1,433	1,130
Less: Deferred loan arrangement fee		-	(6)	-	(6)
Net		1,433	811	1,433	1,124
Long-term borrowings from related parties		2,277	2,286	1,220	1,224
Less: Deferred loan arrangement fee		(26)	(38)	(19)	(25)
		2,251	2,248	1,201	1,199
Less: Portion due within one year		(625)	(314)	(314)	(314)
Net		1,626	1,934	887	885

The currency denomination of borrowings from related parties as at December 31, 2020 and 2019 were as follows:

		In Million Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2020	2019	2020	2019
Thai Baht		314	314	314	627
United States Dollars		<u>3,396</u>	<u>2,789</u>	<u>2,339</u>	<u>1,727</u>
Total		<u>3,710</u>	<u>3,103</u>	<u>2,653</u>	<u>2,354</u>



**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

As discussed in Note 16, the Company received Default Letter dated on June 5, 2020 from Link Capital I (lender) and lender agrees not to take any action according to Standstill Agreement up to May 31, 2021. The Company therefore still presents such borrowings from related party in the consolidated and separate statements of financial position as at December 31, 2020 according to the repayment schedule in the Credit Agreement.

Long-term borrowings from related parties had interest rates and repayment periods as discussed in Note 16 and were guaranteed by the mortgaged property, plant and equipment of the Group and pledge of G J Steel's shares as discussed in Notes 10 and 12 and personal assets of the Company's director and a related party.

**23. CURRENT PROVISION**

	Consolidated Financial Statement (In Million Baht)			
	Purchase orders for underlivered raw materials	Court case claim	Deferred difference from debt restructuring	Total
At January 1, 2019	40	292	102	434
Addition	87	45	-	132
Decrease	(21)	(10)	(102)	(133)
Decrease from debt-to-equity conversion	-	(327)	-	(327)
<b>At December 31, 2019</b>	<b>106</b>	<b>-</b>	<b>-</b>	<b>106</b>
Addition	45	-	-	45
Decrease	(151)	-	-	(151)
<b>At December 31, 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Separate Financial Statement (In Million Baht)				
	Purchase orders for underlivered raw materials	Court case claim	Deferred difference from debt restructuring	Guarantee subsidiary	Total
At January 1, 2019	-	292	102	242	636
Addition	87	45	-	-	132
Decrease	-	(10)	(102)	(242)	(354)
Decrease from debt-to-equity conversion	-	(327)	-	-	(327)
<b>At December 31, 2019</b>	87	-	-	-	87
Addition	5	-	-	-	5
Decrease	(92)	-	-	-	(92)
<b>At December 31, 2020</b>	-	-	-	-	-

**Provision for guarantee for subsidiary**

Based on the financial position of OAC, it was unable to repay its loan to financial institution. The Company as its parent company provided obligations making it jointly liable for OAC's liabilities. Accordingly, the Company had recorded its assessment of the obligation as provision for guarantee to subsidiary in the amount of Baht 242 million in the separate financial statement.

Subsequently, the said transaction was completed and the Company deemed it appropriate to write back the provision for guarantee for subsidiary from the financial statement and realized as revenue from the reversal in the statement of comprehensive income for the 3<sup>rd</sup> quarter of 2019.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**24. OTHER CURRENT LIABILITIES**

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Liabilities related to taxes	5	272	2	13
Payables for purchase of machinery and construction payables	54	54	43	43
Others	6	11	5	10
<b>Total</b>	<b>65</b>	<b>337</b>	<b>50</b>	<b>66</b>

The currency denomination of other current liabilities as at December 31, 2020 and 2019 were as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Thai Baht	31	303	27	43
United States Dollars	32	32	23	23
Others	2	2	-	-
<b>Total</b>	<b>65</b>	<b>337</b>	<b>50</b>	<b>66</b>

**25. NON-CURRENT PROVISION FOR EMPLOYEE RETIREMENT BENEFIT**

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Defined benefit obligations as at January 1	184	143	78	63
Current service cost	13	15	5	5
Interest cost	5	2	2	2
Past service cost from change in define benefit plan	-	37	-	17
Employee retirement benefit paid	(11)	(13)	(1)	(9)
Transferred to other payables and accrued expenses	(6)	-	-	-
Actuarial losses	45	-	17	-
<b>Defined benefit obligations as at December 31</b>	<b>230</b>	<b>184</b>	<b>101</b>	<b>78</b>

Expenses recognized in the statements of comprehensive income for each of the years ended December 31, 2020 and 2019 were as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
In loss for the year :				
- Current service cost	13	15	5	5
- Interest cost	5	2	2	2
- Past service cost from change in defined benefit plan	-	37	-	17
In other comprehensive income for the year :				
- Actuarial losses	45	-	17	-
<b>Total</b>	<b>63</b>	<b>54</b>	<b>24</b>	<b>24</b>

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

Actuarial assumptions:

	Consolidated Financial Statements	
	2020	2019
Discount rate	1.66% - 1.79% per annum	2.80% per annum
Future salary increase	4% - 5% per annum	3% - 7% per annum
Employee turnover	3.82% - 17.19% per annum	4% - 15% per annum
Mortality rate	100% of Thai Mortality Table Year 2017	100% of Thai Mortality Table Year 2017

	Separate Financial Statements	
	2020	2019
Discount rate	1.66% per annum	2.80% per annum
Future salary increase	4% per annum	3% - 7% per annum
Employee turnover	4.30% - 17.19% per annum	4% - 15% per annum
Mortality rate	100% of Thai Mortality Table Year 2017	100% of Thai Mortality Table Year 2017

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provision for defined benefit plans by the amounts shown below.

	Impact to increase (decrease) / (in Million Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Effect on the non-current provision for employee benefit at December 31,				
Discount rate				
1% increase	(24)	(18)	(9)	(7)
1% decrease	28	21	10	8
Salary increase rate				
1% increase	27	20	10	8
1% decrease	(24)	(18)	(9)	(7)
Employee turnover rate				
1% increase	(11)	(10)	(4)	(4)
1% decrease	12	10	5	4

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Labour Protection Act has announced in the Government Gazette on April 5, 2019, which was effective dated May 5, 2019. The main point is increasing the rate of benefit of employees who have served more than 20 years or more from 300 days to 400 days. The provisions for employee benefits of the Group and the Company which calculated up to December 31, 2019 will be increased by approximately Baht 37 million and Baht 17 million, respectively. The Group has recorded the whole amount as expense when the labor law has come into force in profit or loss for the year ended December 31, 2019.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**26. SHARE CAPITAL AND SHARE DISCOUNT**

The movements of share capital for each of years ended December 31, 2020 and 2019 were as follows:

	Consolidated/Separate Financial Statements					
	2020			2019		
	Par value per share (In Baht)	Number of share (Million shares)	Amount (In Million Baht)	Par value per share (In Baht)	Number of share (Million shares)	Amount (In Million Baht)
<b><i>Authorized share capital</i></b>						
At January 1	5	31,612	158,060	5	9,755	48,776
Reduction in the register capital	-	-	-	-	(1,405)	(7,025)
Increase in the register capital	-	-	-	-	23,262	116,309
<b>At December 31</b>	<b>5</b>	<b>31,612</b>	<b>158,060</b>	<b>5</b>	<b>31,612</b>	<b>158,060</b>
<b><i>Issued and paid-up share capital</i></b>						
At January 1	5	28,929	144,644	5	6,850	34,251
Increase from debt to equity conversion	-	-	-	-	22,079	110,393
<b>At December 31</b>	<b>5</b>	<b>28,929</b>	<b>144,644</b>	<b>5</b>	<b>28,929</b>	<b>144,644</b>

**Share discount**

The movement of share discount for each of years ended December 31, 2020 and 2019 are shown in the table below:

	Consolidated/Separate Financial Statements (In Million Baht)	
	2020	2019
At January 1	(116,361)	(10,163)
Debt to equity conversion	-	(106,198)
<b>At December 31</b>	<b>(116,361)</b>	<b>(116,361)</b>

**The Company**

At the extraordinary shareholders' meeting of the Company held on October 11, 2019, the shareholders passed the following resolutions to:

- approve the decrease of the Company's registered capital from Baht 48,775.7 million (divided into 9,755.15 million ordinary shares at Baht 5 par value) to Baht 41,750.9 million (divided into 8,350.18 million ordinary shares at Baht 5 par value) by decreasing the number of unissued shares of the Company which were issued to accommodate GSTEEL-W1 of 1,135.24 million shares and GSTEEL-W2 of 269.73 million shares. The Company registered the decrease in authorized share capital with the Ministry of Commerce on October 18, 2019.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

- b) Approve the Debt-to-Equity Conversion Scheme by allocating and offering 22,078.58 million ordinary shares of the Company at a par value of Baht 5 to Group 1 Creditors who were the judgment creditors consisting of (1) M-Power TT Limited (“M-Power”) (2) D-Sinchai Steel Company Limited (“D-Sinchai”) (3) Mrs. Vanida Yomjinda (“Mrs. Vanida”) (4) Mrs. Benjamas Phitaktham (“Mrs. Benjamas”) (5) New World Intermetal Company Limited (“New World Intermetal”) (6) Mr. Thanuchai Vesarutchanon (“Mr. Thanuchai”) (7) Superior Overseas (Thailand) Company Limited (“Superior”) and Group 2 Creditor who was a commercial creditor according to the Memorandum of Understanding, i.e. Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) by way of debt to equity conversion. The total number of M-Power’s debt, D-Sinchai’s debt, Mrs. Vanida’s debt, Mrs. Benjamas’s debt, New World Intermetal’s debt, Mr. Thanuchai’s debt, Superior’s debt and ACO I’s debt which shall be converted to equity (“Debts to be Converted to Equity”) was Baht 4,194.93 million (the “Amount of Debts to be Converted to Equity”).

The Company intended to repay Debts to be Converted to Equity in the total amount of Baht 4,194.93 million by the ordinary shares of the Company, by which the Company shall determine the Debt-to-Equity price at Baht 0.19 per share, totalling up to Baht 110,392.92 million in order to repay the Amount of Debts to be Converted to Equity.

- c) approve the increase of the Company’s registered capital from Baht 41,750.9 million (divided into 8,350.18 million ordinary shares at Baht 5 par value) to Baht 158,059.8 million (divided into 31,611.95 million ordinary shares at Baht 5 par value) to (1) accommodate the allocation and the offering of the newly issued shares of the Company under the Debt-to-Equity Conversion Scheme in the number of 22,078.58 million ordinary shares and (2) accommodate the right adjustment to exercise the right to purchase the newly issued ordinary shares of the Company for GSTEEL-W3 in the number up to 1,183.19 million shares. The Company registered the increase in authorized share capital with the Ministry of Commerce on December 2, 2019.
- d) approve the allocation of the newly issued ordinary shares of the Company in the number of 22,078.58 million shares at a par value of Baht 5 per share in order to offer to specific persons (Private Placement) under the Debt-to-Equity Conversion Scheme as follows:
- Approved the allocation of the newly issued ordinary shares of the Company of 4,571.10 million shares, at Baht 5 par value, to M-Power under the Debt-to-Equity Conversion Scheme, where the Company shall determine the Debt-to-Equity price at Baht 0.19 per share, totalling Baht 868.51 million, to repay M-Power’s principal debt in the same amount.
  - Approved the allocation of the newly issued ordinary shares of the Company of 566.06 million shares, at Baht 5 par value, to D-Sinchai under the Debt-to-Equity Conversion Scheme, where the Company shall determine the Debt-to-Equity price at Baht 0.19 per share, totalling Baht 107.55 million, to repay D-Sinchai’s principal debt in the same amount.
  - Approved the allocation of the newly issued ordinary shares of the Company of 52.63 million shares, at Baht 5 par value, to Mrs. Vanida under the Debt-to-Equity Conversion Scheme, where the Company shall determine the Debt-to-Equity price at Baht 0.19 per share, totalling Baht 10 million, to repay Mrs. Vanida’s principal debt in the same amount.
  - Approved the allocation of the newly issued ordinary shares of the Company of 78.95 million shares, at Baht 5 par value, to Mrs. Benjamas under the Debt-to-Equity Conversion Scheme, where the Company shall determine the Debt-to-Equity price at Baht 0.19 per share, totalling Baht 15 million, to repay Mrs. Benjamas’s principal debt in the same amount.
  - Approved the allocation of the newly issued ordinary shares of the Company of 567.31 million shares, at Baht 5 par value, to New World Intermetal Company Limited under the Debt-to-Equity Conversion Scheme, where the Company shall determine the Debt-to-Equity price at Baht 0.19 per share, totalling Baht 107.79 million, to repay New World Intermetal Company Limited’s principal debt in the same amount.



**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

- Approved the allocation of the newly issued ordinary shares of the Company of 31.58 million shares, at Baht 5 par value, to Mr. Thanuchai under the Debt-to-Equity Conversion Scheme, where the Company shall determine the Debt-to-Equity price at Baht 0.19 per share, totalling Baht 6 million, to repay Mr. Thanuchai's principal debt in the same amount.
  - Approved the allocation of the newly issued ordinary shares of the Company of 1,749.47 million shares, at Baht 5 par value, to Superior under the Debt-to-Equity Conversion Scheme, where the Company shall determine the Debt-to-Equity price at Baht 0.19 per share, totalling Baht 332.40 million, to repay Superior's principal debt in the same amount.
  - Approved the allocation of the newly issued ordinary shares of the Company of 14,461.49 million shares, at Baht 5 par value, to ACO I under the Debt-to-Equity Conversion Scheme, where the Company shall determine the Debt-to-Equity price at Baht 0.19 per share, totalling Baht 2,747.68 million, to repay ACO I's principal debt in the same amount.
- e) approve the allocation of the newly issued ordinary shares of the Company up to 1,183.19 million shares, at the par value of Baht 5 per share to accommodate the right adjustment of GSTEEL-W3 up to 1,183.19 million shares according to conditions of the right adjustment specified in the Terms and Conditions Governing the Rights and Obligations of the Issuer of GSTEEL-W3.

***Conversion debt-to-equity***

On December 2, 2019 the Company has registered increase share capital by conversion debt of USD 90.39 million or equivalent to Baht 2,747.68 million and share capital by conversion debt of Baht 1,447.25 million to share capital of Baht 110,392.92 million (ordinary shares of 22,078.58 million shares at par value Baht 5 per share) to new creditor.

Under conversion debt-to-equity, the Company fixed the price at Baht 0.19 per share as the fair value for conversion of debt-to-equity which was agreed by both parties together. This resulted in the Company recording a discount on issue of ordinary share amounting to Baht 106,198 million and had gain from conversion debt-to-equity of Baht 5,169 million which was recorded in the consolidated and separate of comprehensive income statements for the year ended December 31, 2019.

The movement of liabilities under debt restructuring for the year ended December 31, 2019 was as follow:

	In Million Baht		
	<u>New Creditor</u>	<u>Other Creditors</u>	<u>Total</u>
As at January 1, 2019	-	-	-
Transfer from other payables and accrued expenses	3,888	868	4,756
Transfer from liabilities from terminated rehabilitation plan and compromise	-	638	638
Transfer from accrued interest	4,503	666	5,169
Total liabilities as at December 2, 2019	8,391	2,172	10,563
Less Debt-to-equity conversion	(2,748)	(1,447)	(4,195)
Less Gain from the Debt-to-equity conversion	(4,503)	(666)	(5,169)
Balance of liabilities under debt restructuring as at December 2, 2019	1,140	59	1,199
Exchange rate adjustments	(3)	-	(3)
<b>Balance of liabilities under debt restructuring as at December 31, 2019</b>	<b>1,137</b>	<b>59</b>	<b>1,196</b>

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**G J Steel**

At the extraordinary shareholders' meeting of G J Steel held on January 14, 2019, the shareholders passed the following resolutions to:

- a) transfer of legal reserve totalling Baht 18.5 million to compensate the deficit. G J Steel already transferred the legal reserve to compensate the deficit.
- b) the reduction of G J Steel's registered capital from Baht 6.90 to Baht 0.96 to compensate G J Steel's deficit resulting from G J Steel's registered capital decreasing from Baht 129,298.4 million to Baht 17,989.3 million and G J Steel's paid-up capital reducing from Baht 96,104.1 million to Baht 13,371.0 million which G J Steel reduced paid-up capital to deduct the discount on ordinary shares of Baht 61,757.4 million and the deficit of Baht 20,975.7 million, respectively. G J Steel registered the decrease in authorized share capital with the Ministry of Commerce on March 18, 2019.
- c) the reduction of G J Steel's registered capital from Baht 17,989.3 million (divided into 18,738.89 million ordinary shares at Baht 0.96 par value) to Baht 16,109.9 million (divided into 16,781.14 million ordinary shares at Baht 0.96 par value) by cancelling G J Steel's authorized but unissued shares 1,957.75 million ordinary shares. G J Steel registered the decrease in authorized share capital with the Ministry of Commerce on March 19, 2019.
- d) the increase of G J Steel's registered capital from Baht 16,109.9 million (divided into 16,781.14 million ordinary shares at Baht 0.96 par value) to Baht 27,600.8 million (divided into 28,750.86 million ordinary shares at Baht 0.96 par value). G J Steel registered the increase in authorized share capital with the Ministry of Commerce on March 20, 2019.
- e) the allocation of G J Steel's newly-issued shares in the amount of not exceeding 11,969.72 million shares at Baht 0.96 par value as follows:
  - The allocation of the newly-issued ordinary shares of G J Steel in the amount of not exceeding 11,560.35 million shares at Baht 0.96 par value to the existing shareholders of G J Steel in proportion to their respective shareholding (Right Offering) with the price of Baht 0.13 per share, in the allocation ratio of 1 existing shares per 0.83 new shares where the fraction of shares shall be discarded.
  - The allocation of newly-issued shares from capital increase to accommodate the rights adjustment of GJS-W3 Warrant in the amount of 230.54 million shares at Baht 0.96 par value and accommodate the rights adjustment of GJS-W4 Warrant in the amount of 178.83 million shares at Baht 0.96 par value.
  - G J Steel registered the increase in authorized share capital with the Ministry of Commerce on May 3, 2019 from the allocation of new ordinary shares to the existing shareholders of G J Steel in the proportion to their respective shareholdings (Rights Offering) of 11,559.0 million shares combine with the existing paid-up capital of 25,487.1 million shares, at the par value of Baht 0.96 per share.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**27. WARRANTS**

**The Company**

The movements of warrants for each of the years ended December 31, 2020 and 2019 were as follows:

	Offering price per unit (in Baht)	Consolidated/Separate Financial Statements			
		2020		2019	
		Unit (Million shares)	Amount (In Million Baht)	Unit (Million shares)	Amount (In Million Baht)
At January 1					
- First Warrants (GSTEL-W1)	0.002	-	-	5,676	11
- Second Warrants (GSTEL-W2)	0.002	-	-	1,349	3
- Third Warrants (GSTEL-W3)	0.000	7,500	-	7,500	-
		7,500	-	14,525	14
Movement during the year:					
- Expiration		(7,500)	-	(7,025)	(14)
<b>At December 31</b>					
- First Warrants (GSTEL-W1)	0.002	-	-	-	-
- Second Warrants (GSTEL-W2)	0.002	-	-	-	-
- Third Warrants (GSTEL-W3)	0.000	-	-	7,500	-
<b>Total</b>		-	-	7,500	-

Detail of warrants as at December 31, 2020 and 2019 are as follows:

	<u>GSTEL - W1 (a)</u>	<u>GSTEL - W2 (a)</u>	<u>GSTEL - W3 (b)</u>
Exercise ratio (Unit: Share)	1 : 0.200	1 : 0.200	1 : 0.200
Price of exercise to one Ordinary Share (Baht)	2.75	2.75	2.15
The first day of exercise	December 28, 2012	June 28, 2013	May 17, 2015
The last day of exercise	September 26, 2019	September 26, 2019	May 17, 2020

- (a) Listed in The Stock Exchange of Thailand  
On September 26, 2019, warrants amounted to 7,025 million units has not been exercised by the holders and it was cancelled by the Stock Exchange of Thailand on the following day.
- (b) Non-listed in The Stock Exchange of Thailand  
On May 17, 2020, warrants amounted to 7,500 million units has not been exercised by the holders and it was cancelled on the following day.

From the cancellation on September 26, 2019 of warrants amounted to 7,025 million units which had book value of Baht 0.002 per unit, was transferred from warrants to be other component of equity amounted to Baht 14 million.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**G J Steel**

The movements of warrants for each of the years ended December 31, 2020 and 2019 were as follows:

	Offering price per unit (in Baht)	2020		2019	
		Unit (Million shares)	Amount (In Million Baht)	Unit (Million shares)	Amount (In Million Baht)
At January 1					
- Third Warrants (GJS-W3)	0.00	3,674	-	3,674	-
- Fourth Warrants (GJS-W4)	0.00	2,754	-	2,754	-
Movement during the year:					
- Expiration		(6,428)	-	-	-
<b>At December 31</b>					
- Third Warrants (GJS-W3)	0.00	-	-	3,674	-
- Fourth Warrants (GJS-W4)	0.00	-	-	2,754	-

At the Extraordinary Shareholders' Meeting No. 1/2019 of G J Steel, which was held on 14 January 2019 approved the adjustment of exercise price and exercise ratio of the warrant to purchase an ordinary share GJS-W3 and GJS-W4. Details of the rate and price of rights adjustment are as follows:

27.1 Adjustment of rights in case there is a change in the par value of G J Steel's ordinary shares.

	Before adjustment	Adjustment from capital reduction
<i>GJS-W3 Warrants</i>		
- Exercise Ratio	1 Unit: 0.437 Share	1 Unit: 0.437 Share
- Exercise Price	1.3722 Baht/Share	0.1909 Baht/Share
<i>GJS-W4 Warrants</i>		
- Exercise Ratio	1 Unit: 0.437 Share	1 Unit: 0.437 Share
- Exercise Price	1.3722 Baht/Share	0.1909 Baht/Share

27.2 Adjustment of rights in case G J Steel allocates the newly-issued ordinary shares of G J Steel's share to the existing shareholders of G J Steel in proportion to their respective shareholding (Right Offering) at the calculated net price for newly issued stock below 90 percent of the Market Price of G J Steel's ordinary share.

	Adjustment from capital reduction	Adjustment from issued newly shares to existing shareholders
<i>GJS-W3 Warrants</i>		
- Exercise Ratio	1 Unit: 0.437 Share	1 Unit: 0.500 Share
- Exercise Price	0.1909 Baht/Share	0.1668 Baht/Share
<i>GJS-W4 Warrants</i>		
- Exercise Ratio	1 Unit: 0.437 Share	1 Unit: 0.500 Share
- Exercise Price	0.1909 Baht/Share	0.1668 Baht/Share

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

Detail of warrants as at December 31, 2019 is as follow:

	GJS-W3 (a)	GJS-W4 (b)
Exercise ratio (Unit: Share)	1: 0.500	1: 0.500
Price of exercise to one Ordinary Share (Baht)	0.1668	0.1668
The first day of exercise	June 28, 2013	June 28, 2013
The last day of exercise	February 7, 2020	February 11, 2020

- (a) Listed in The Stock Exchange of Thailand  
(b) Non-listed in The Stock Exchange of Thailand

As at December 31, 2020, G J Steel had no remaining warrants because:

- On February 7, 2020, third warrants (GJS-W3) of 3,674 million units, there was only 3,000 warrants which were exercised and the remaining warrants were cancelled by the Stock Exchange of Thailand in the following day.
- On February 11, 2020, fourth warrants (GJS-W4) of 2,754 million units, there was no warrant holders exercise and it was cancelled in the following day.

## **28. LEGAL RESERVE AND OTHER COMPONENTS OF EQUITY**

### ***Legal reserve***

Under the provisions of the Public Company Limited Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net profit after deduction of the deficit brought forward, (if any) as reserve fund until the reserve fund reaches 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

### ***Other Components of equity***

The detail of other components of equity as at December 31, 2020 and 2019 were as follows:

	Consolidated/Separate Financial Statements (in Million Baht)	
	2020	2019
Cash received from expired warrants		
At January 1	14	-
- First Warrants (GSTEL-W1)	-	11
- Second Warrants (GSTEL-W2)	-	3
<b>At December 31</b>	<b>14</b>	<b>14</b>

## **29. GAIN FROM DEBTS RESTRUCTURING**

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Gain from debt restructuring with creditors	-	337	-	337
Gain from debt to equity conversion (Note 26)	-	5,169	-	5,169
<b>Total</b>	<b>-</b>	<b>5,506</b>	<b>-</b>	<b>5,506</b>

On August 19, 2019, the Company negotiated and mutually agreed to repay the borrowings from financial institution of Baht 106.25 million (only 50% of total principal). The Company paid only 50% of the principal amount of Baht 212.50 million, therefore, the remaining principal of Baht 106.25 million, accrued interest of Baht 152.97 million and provision deferred difference from debt restructuring of Baht 77.75 million were forgiven in totalling Baht 336.97 million. The Company recorded such forgiveness debts as gain from the debts restructuring in the consolidated and separate statements of comprehensive income for the year ended December 31, 2019.



**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**30. OTHER EXPENSES**

Significant other expenses for each of the years ended December 31, 2020 and 2019 are as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Loss on sale of fixed assets (Note 12)	22	947	22	947
Impairment loss and write-off on investments in subsidiaries (Note 10)	-	-	54	898
Provision for court case claim	3	45	-	45
Others	7	6	8	15
Total	<u>32</u>	<u>998</u>	<u>84</u>	<u>1,905</u>

**31. REGISTERED PROVIDENT FUND**

The Group has established a contributory registered provident fund under the plan, members contribute to the fund at 2% to 15% of the employees' basic salaries. The Group contributes to the fund at 3% to 10% of the employees' monthly salaries, depending on the length of employment. Such provident fund was register with the terms and conditions prescribed in the Ministry of Finance and an approval fund manager to manage the fund.

The Group contributed to the fund totalling approximately Baht 38 million and Baht 41 million for each of the years ended December 31, 2020 and 2019, respectively (of the Company amounting to approximately Baht 15 million and Baht 17 million for each of the years ended December 31, 2020 and 2019, respectively).

**32. EXPENSES BY NATURE**

Significant expenses by nature for each of years ended December 31, 2020 and 2019 are as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Raw materials and consumable used	15,467	13,601	6,903	4,028
Change in finished goods	23	253	38	(533)
Depreciation and amortization	1,100	1,819	496	845
Employee benefit expenses	950	1,055	380	440
Utility expenses	2,399	1,952	1,108	707
Natural gas expense	587	547	307	248
Loss on sale of fixed assets	22	947	22	947
Impairment loss and write-off on investments in subsidiaries	-	-	54	898
Others	1,066	1,346	492	779
Total expenses	<u>21,614</u>	<u>21,520</u>	<u>9,800</u>	<u>8,359</u>

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**33. BASIC EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT**

The calculations of basic earnings (loss) per share attributable to owners of the parent for each of the years ended December 31, 2020 and 2019 were based on the profit (loss) for the year attributable to owner of the parent and the weighted average number of ordinary shares outstanding during the years as follows:

	In Million Baht / Million shares			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Profit (loss) for the year attributable to owner of the parent	(655)	2,646	(604)	3,345
Number of ordinary shares outstanding at 1 January	28,929	6,850	28,929	6,850
Effect of issuance of new shares	-	1,815	-	1,815
Weighted average number of ordinary shares outstanding	28,929	8,665	28,929	8,665
Basic earnings (loss) per share (In Baht) attributable to owners of the parent	(0.023)	0.305	(0.021)	0.386

The Company did not present the diluted earnings per share for the year ended December 31, 2019 because the exercise price of the Company's warrants was higher than the market price of the Company's ordinary shares and these potential shares would decrease the loss per share.

**34. DISCLOSURE OF FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities carried on the consolidated and separate statements of financial position include cash and cash equivalents, short-term investments in trading securities, trade account receivables, cash guarantee with state enterprises, restricted deposits at financial institutions, trade account payables, other payables to related parties, other payables and accrued expenses, accrued interest expense, liabilities from terminated rehabilitation plan and compromise, borrowings from related parties, shareholder and other party, debentures and lease liabilities. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 3.

**Financial Risk Management Policies**

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

**Capital Management**

The Board's intention is to return to a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business and preserves the ability to continue its business as a going concern.

**Foreign Currency Risk**

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies and has financial assets and liabilities denominated in foreign currencies. However, the Group does not have a hedge agreement.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**Credit Risk**

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

At the reporting date there were no significant concentrations of credit risk because The Group canceled the policy to grant credit limits to customers (Refer to the financial statements in Note 7). The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

**Interest Rate Risk**

Interest rate risk arises from the fluctuation of market interest rates, which may have an impact to current and future operations of the Group. The Group's exposure to interest rate risk relates primarily to its deposits at financial institutions, trade account receivable, cash guarantee with state enterprise, restricted deposits at financial institutions, trade account payable, other payable and accrued expenses, liabilities from terminated rehabilitation plan and compromise, borrowings from related parties, debentures and lease liabilities, which bear interest rate. The Group has no hedging agreement to protect against such risk.

Significant financial assets and liabilities as at December 31, 2020 and 2019 classified by type of interest rates are summarized in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Consolidated Financial Statements						
	2020 (In Million Baht)						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1- 5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	437	-	437	0.05 - 0.25
Short-term investment in trading securities	-	-	-	-	9	9	-
Trade account receivables - net	-	-	-	-	32	32	-
Cash guarantee with state enterprises	-	-	-	-	138	138	-
Restricted deposits at financial institutions	46	-	-	-	-	46	0.25 - 1.05
Total	46	-	-	437	179	662	
<b>Financial liabilities</b>							
Trade account payables	92	-	-	-	438	530	2.00 - 8.82
Other payables and accrued expenses	243	-	-	1,133	931	2,307	2.00 - 12.00
Accrued interest expense	-	-	-	-	1,195	1,195	-
Liabilities from terminated rehabilitation plan and compromise	325	459	-	59	158	1,001	0.50 - 7.50
Short-term borrowings from related parties	1,433	-	-	-	-	1,433	17.65
Long-term borrowings from related parties	631	1,646	-	-	-	2,277	14.12 - 17.65
Borrowings from other party	-	-	-	-	4	4	-
Debentures	469	-	-	-	-	469	3.00
Lease liabilities	13	6	-	-	-	19	5.28 - 12.00
Total	3,206	2,111	-	1,192	2,726	9,235	

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

Consolidated Financial Statements							
2019 (In Million Baht)							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1- 5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	464	-	464	0.05 - 0.50
Short-term investment in trading securities	-	-	-	-	5	5	-
Trade account receivables - net	-	-	-	-	36	36	-
Cash guarantee with state enterprises	-	-	-	-	162	162	-
Restricted deposits at financial institutions	46	-	-	-	-	46	1.375 - 1.65
Total	46	-	-	464	203	713	
<b>Financial liabilities</b>							
Trade account payables	238	-	-	-	723	961	8.82
Other payables and accrued expenses	252	-	-	1,137	1,176	2,565	4.94 - 12.00
Accrued interest expense	-	-	-	-	694	694	-
Liabilities from terminated rehabilitation plan and compromise	455	-	-	59	191	705	0.50 - 0.75
Short-term borrowings from related parties	817	-	-	-	-	817	14.12, 17.65
Long-term borrowings from related parties	314	1,972	-	-	-	2,286	14.12 - 17.65
Borrowings from shareholder	-	-	-	-	4	4	-
Debentures	471	-	-	-	-	471	3.00
Lease liabilities	-	1	-	-	-	1	5.28
Total	2,547	1,973	-	1,196	2,788	8,504	
<b>Separate Financial Statements</b>							
2020 (In Million Baht)							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1- 5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	331	-	331	0.05, 0.10
Short-term investment in trading securities	-	-	-	-	9	9	-
Trade account receivables - net	-	-	-	-	4	4	-
Cash guarantee with state enterprises	-	-	-	-	138	138	-
Total	-	-	-	331	151	482	
<b>Financial liabilities</b>							
Trade account payables	45	-	-	-	157	202	8.82
Other payables and accrued expenses	222	-	-	1,133	663	2,018	2.73 - 12.00
Accrued interest expense	-	-	-	-	997	997	-
Liabilities from terminated rehabilitation plan and compromise	156	459	-	59	158	832	0.50 - 6.00
Short-term borrowings from related parties	1,433	-	-	-	-	1,433	17.65
Long-term borrowings from related parties	314	906	-	-	-	1,220	14.12 - 17.65
Borrowings from other party	-	-	-	-	4	4	-
Debentures	469	-	-	-	-	469	3.00
Lease liabilities	7	4	-	-	-	11	12.00
Total	2,646	1,369	-	1,192	1,979	7,186	

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

	Separate Financial Statements						
	2019 (In Million Baht)						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1- 5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	40	-	40	0.05 - 0.25
Short-term investment in trading securities	-	-	-	-	5	5	-
Trade account receivables - net	-	-	-	-	30	30	-
Cash guarantee with state enterprise	-	-	-	-	162	162	-
Total	-	-	-	40	197	237	
<b>Financial liabilities</b>							
Trade account payables	238	-	-	-	390	628	3.26 - 8.82
Other payables to related parties	-	-	-	-	92	92	-
Other payables and accrued expenses	239	-	-	1,137	861	2,237	4.94 - 12.00
Accrued interest expense	-	-	-	-	865	865	-
Liabilities from terminated rehabilitation plan and compromise	285	-	-	59	191	535	0.50, 4.09
Short-term borrowings from related parties	1,130	-	-	-	-	1,130	14.12, 17.65
Long-term borrowings from related parties	314	910	-	-	-	1,224	14.12 - 17.65
Borrowings from shareholder	-	-	-	-	4	4	-
Debentures	471	-	-	-	-	471	3.00
Total	2,677	910	-	1,196	2,403	7,186	

***Fair Value of Financial Instruments***

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Cash and cash equivalents and restricted deposits at financial institutions - the aggregate carrying values are insignificantly different from their aggregate fair value because these financial assets have floating interest rate or fix interest rate, which approximately market rate.

Investment in trading securities - the fair value is based on their quoted market prices.

Trade account receivables, trade account payables, other payables and accrued expenses (short-term) - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.

Cash guarantee with state enterprise with no interest and no specific refund date - the fair value cannot reasonably to calculated.

Other payables and accrued expenses (long-term), liabilities from terminated rehabilitation plan and compromise, borrowings from related parties, shareholder and other parties and debentures - the aggregate carrying value is insignificantly different from its aggregate fair value because using market interest rate.

Lease liabilities - the carrying value approximately its fair value because these liabilities have been calculated using market interest rate.



**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**35. OPERATING SEGMENTS**

Segment information is presented in respect of the Group's geographical segments based on the Group's management and internal reporting structure.

***Business segments***

Management considers that the Group operates in a single line of business, namely manufacturing of flat-rolled steel products, and has, therefore, only one major business segment.

***Geographic segments***

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers.

Revenue and gross profit (loss) based on geographic segment, for the years ended December 31, 2020 and 2019 were as follows:

	Consolidated Financial Statements (In Million Baht)					
	Domestic		Export		Total	
	2020	2019	2020	2019	2020	2019
Revenue from sales	20,616	17,416	77	-	20,693	17,416
Cost of sales	(20,434)	(19,278)	(76)	-	(20,510)	(19,278)
Gross margin (loss)	182	(1,862)	1	-	183	(1,862)
Other income					484	6,701
Selling expenses					(318)	(239)
Administrative expenses					(724)	(940)
Reversal of loss on confirmed purchase orders for undelivered raw materials (loss)					106	(66)
Loss on compromise debts					(30)	-
Other expenses					(32)	(998)
Finance costs					(872)	(1,139)
Profit (loss) for the year					(1,203)	1,457

Non-current assets are located in Thailand only.

***Information about major customers***

During the year ended December 31, 2020, the Group had revenues from the domestic sale to 2 customers for the total amount of Baht 8,583 million (2019: 3 customer of Baht 7,360 million).

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**36. COMMITMENTS AND CONTINGENT LIABILITIES WITH NON-RELATED PARTIES**

As at December 31, 2020 and 2019, the Group had commitments and contingent liabilities as below:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
<b><i>Commitments under lease and service agreements</i></b>				
Not later than 1 year	5	13	-	6
Later than 1 year but not later than 5 years	1	14	-	9
Total	6	27	-	15
<b><i>Commitments for purchases of raw materials and supplies</i></b>				
Purchases of raw materials	1,614	1,772	793	953
Purchases of natural gas	271	342	-	-
Total	1,885	2,114	793	953
<b><i>Capital commitments</i></b>				
Purchases of assets	215	135	79	26
<b><i>Contingent liabilities</i></b>				
Bank guarantees	159	170	-	-
Standby letter of credit	-	793	-	394
Unsettle debts (Note 21)	266	-	266	-
Total	425	963	266	394

**Significant agreements**

**The Company**

- As at December 31, 2020, the Company has entered into agreements to render of raw water and water supply management. The Company committed to pay service fees relating to raw water and water supply management based on the quantity used.
- On July 2, 2019, the Company entered into agreements to purchase natural gas. The Company committed to pay the natural gas depend on monthly charges based on consumption.
- On March 26, 1997, the Company entered into a supply agreement to purchase oxygen, argon and nitrogen. The Company committed to pay purchase oxygen, argon and nitrogen based on minimum quantity as specified in the agreement.
- On July 16, 2015, the Company entered into an amended and restated energy services agreement (“ESA”) with the electricity supply company to purchase electricity (replaced the previous ESA dated August 19, 2008). The agreement shall continue in effect until the earliest of December 29, 2035 and a termination of the agreement by mutual agreement.

The Company commits to pay energy service based on minimum quantity under the agreement and the Company shall provide the guarantee for payment of Baht 60 million to such electricity supply company. However as at December 31, 2020, the Company still not deliver such guarantee.

- On June 1, 2019, the Company entered into a service agreement with a local company to render services for slag handling and process scrap for the period of 5 years and shall be automatically renewed for another one year unless either party gives to the other party written notice of its intention not to renew this agreement at least 6 months prior to the expiry of the initial period or any renewed period thereof.

The Company recorded service for such agreement for the each of the years ended December 31, 2020 and 2019 amounted to Baht 78 million and Baht 45 million, respectively.

**G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020**

**G J Steel**

- a) On July 1, 2019, G J Steel entered into agreement to purchase natural gas for 5 years at the end of October 31, 2024. G J Steel committed to pay the Natural gas rates depend on monthly charges based on consumption.
- b) On November 1, 2004, G J Steel entered into a supply agreement to purchase oxygen, argon and nitrogen for 20 years. Minimum payments under the agreement amounted to approximately Baht 6 million per month.
- c) On May 1, 2018, G J Steel entered into service agreements with two domestic companies for the transportation to domestic customers, for 3 years starting from May 2018, whereby G J Steel committed to pay the freight charge as specified in the contract.

G J Steel had recorded service fee from such agreements for each of the years ended December 31, 2020 and 2019 amounted to Baht 166 million and Baht 152 million, respectively.

- d) On August 1, 2018, G J Steel entered into agreement for slag waste management service, which results from steelmaking and casting to recover ferrous scrap, with the local company with term of agreement for 7 years commencing from August 2018 and shall be automatically renewed for further periods of one year unless written notice is given of its intention not to renew this agreement at least 6 months prior to the expiry of this agreement during such notice period, the Company must pay the waste management service fee as specified in the contract.

G J Steel had recorded slag waste management services from such agreement for each of the years ended December 31, 2020 and 2019 amounted to Baht 74 million and Baht 73 million, respectively.

- e) As at December 31, 2020, G J Steel had agreements to purchase raw materials with various suppliers under consignment agreements, under which the ownership of unreleased raw material belongs to the suppliers. G J Steel has to pay interest at the rate of 3.5% per annum on the unreleased raw materials (2019: 3% - 6% per annum).

**37. LITIGATIONS**

- a) One supplier filed a complaint against G J Steel for breach of the rehabilitation plan, with the litigation amount of Baht 0.6 million plus interest at the rate of 7.5% per annum from the date of default until the settlement date. Subsequently on September 23, 2019, the Court of Appeal determined G J Steel to pay such debts. G J Steel already paid such debts according to the judgment of the Court of Appeal in the first quarter of 2020.
- b) A former employee filed a complaint to the Central Labour Court against G J Steel for the unfair lay-off effective from December 10, 2019 and requested G J Steel to pay him Baht 23 million. Subsequently on September 29, 2020, the Court of First Instance determined G J Steel to pay the compensation to such employee totaling Baht 2.4 million plus interest at the rate of 7.5% per annum until settlement date. G J Steel had recorded provision loss for court case claim totalling Baht 2.4 million and interest charge of approximately Baht 0.2 million as a part of "Other payables and accrued expenses" and "Accrued interest expense", respectively, in the statement of financial position as at December 31, 2020. However, G J Steel 's management filed a petition to the Appeal Court on November 11, 2020 and the Court, therefore, ordered an additional hearing on March 8, 2021.

# GSteel

**Head Office :**

PASO Tower, 18<sup>th</sup> Floor, 88 Silom Road  
Suriyawong, Bangrak, Bangkok 10500 Thailand  
Tel: (662) 634-2222  
Fax: (662) 634-4114

**Factory :**

SSP Industrial Park, 55 Moo 5, Nonglalog  
Bankhai, Rayong 21120  
Tel: (038) 869-323  
Fax: (038) 869-333

[www.gsteel.com](http://www.gsteel.com)

E-mail: [cs@gsteel.com](mailto:cs@gsteel.com)

