



**G J Steel Public Company Limited**

**Annual Registration Statement/  
Annual Report**

**2021**

**Form 56-1 One Report**

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*The One Report 2021 (Form 56-1 One Report) is based on information disclosed on the Company's website, which is part of Form 56-1 One Report and the Board of Directors is responsible for the accuracy and completeness of the referenced information, as well as bringing the information to appear in this 56-1 One Report form.*

## Message from the Chairman



2021 has been a challenging year but significant in terms of progress. For the first time in the history of G J Steel, we accomplished record profitability and a step forward in shareholder investment via the addition of the very successful and experienced Nippon Steel Corporation. Despite many challenges we were able to benefit from a stronger industry pricing structure in the face of challenging supply chain issues and inflation. The result was the ability to pay down debts and become a debt-free company during the year. But we must be very diligent due to market pressures, most notably inflation.

While our company was successful in procuring our raw materials at more competitive prices, additionally we benefited from market pricing increases for Hot Rolled Coil steel. Much credit belongs to our customers and management team in navigating the constant business challenges. Specifically in the areas of material mix optimization and tight control of overheads. These improvements were a big part in generating profitability for our company.

Also in 2022, we were able to welcome the addition of Nippon Steel's investment into our company. By acquiring significant percentage of our company shares, Nippon Steel adds powerful knowledge and experience in steel manufacturing to our company. Nippon Steel also adds their vision and long term mission strategy to grow our technology and customer service abilities to new world class levels. I believe this will become a new and exciting chapter in our history.

In the past, we have encountered challenging periods. But we came through it and emerged stronger with a brighter future ahead of us.

On behalf of the Board of directors and myself, we personally would like to thank the Thai Government, Nippon Steel, shareholders, business partners and customers for their understanding and patient support. And a special thanks to our management team and employees for their continued commitment to the success of G J Steel.

**Mr. Stephen Karl Stewart**  
Chairman of the Board of Directors

## Message from Chief Executive Officer



The global and Thailand economy continued to be affected by the Covid-19 pandemic and overall economy remained subdued with Thai GDP growing at about 1% during 2021. While the Government is taking various steps to revive the economy but the emergence of variants of Covid-19 virus is acting as a constraint to all the efforts. The Bank of Thailand has projected the GDP growth of about 3-4% for 2022 with the expectation that the tourism sector will open up within the 1<sup>st</sup> half of the year.

Despite the gloomy economic situation, it has been one of the best years for the Steel Industry and especially the Flat Steel sector. The prices of Hot Rolled Coil (HRC) have been at our historic high levels which has helped the sector to overcome the severe financial difficulties it was facing for the last few years. According to ISIT, the HRC consumption in Thailand has increased by 31% in 2021 when compared to 2020. While we expect the sector to continue growing at 3-4% in the long run, we will need to overcome the near-term challenges in raw materials procurement and cost increase.

Our key focus areas in 2022 will remain on improving equipment health and acting upon various capex requirements, level up overall management and technology which will ensure quality of our products and reliability of our operations. This will form the backbone for future production increase and sales expansion against the uncertainty, volatility and cost-push inflation caused by geopolitical tension. We will also focus on rejuvenating the entire organization by implementing Total Productive Maintenance activities in all areas of the Company. This will help us strengthen all the processes and improve productivity, quality, cost, delivery and environment preservation. All actions taken will ensure strict compliance to highest standards of safety norms and governance practices.

We would like to express our sincere gratitude and thanks to our esteemed Customers, Employees, Suppliers, Investors, all other stakeholders 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.

Mr. Bantoon Juicharern  
Chief Executive Officer



## Name of Directors and Executives

As at 28 February 2022



**Dr. Somsak  
Leeswadtrakul**  
Honorary Chairman



**Assoc. Prof. Niputh  
Jitprasonk**  
Independent Director  
Chairman of the Audit Committee



**Mr. Yanyong  
Kurovat**  
Director  
Authorized Director



**Mr. Ichiro  
Sato**  
Director



**Mr. Kenichi  
Hoshi**  
Director  
Authorized Director



**Ms. Arttaya  
Sookto**  
Company Secretary



**Mr. Stephen  
Karl Stewart**  
Chairman of the Board of Directors  
Independent Director  
and Audit Committee Member



**Mr. Yingsak  
Jenratha**  
Independent Director  
Audit Committee Member



**Mr. Somchai  
Leeswadtrakul**  
Director  
Authorized Director



**Mr. Nobuo  
Okochi**  
Director  
Authorized Director



**Mr. Bantoon  
Juicharern**  
Director and Chief Executive Officer  
Authorized Director  
Chairman of the Management Committee

## The Executives



**Mr. Bantoon  
Juicharern**  
Chief Executive Officer



**Mr. Yasuhiro  
Sakamoto**  
Chief Operating Officer



**Mr. Toshikazu  
Mukaiyama**  
Head of CEO Officer & Corporate Planning  
Chief Marketing Officer



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



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



**Mr. Rajeev  
Jhawar**  
Chief Financial Officer

## Management Committee



**Mr. Bantoon  
Juicharern**  
Chairman of the Management Committee



**Mr. Yasuhiro  
Sakamoto**  
Member



**Mr. Toshikazu  
Mukaiyama**  
Member



**Mr. Rajeev  
Jhawar**  
Member

## Part 1

### Business Operation and Operating Results

#### 1. Organizational structure and operation of the group of companies

##### Policy and Business Overview

G J Steel Public Company Limited runs a business of producing and selling hot-rolled steel sheet in coils (or hot-rolled coils) as main 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 steel sheet fabrication industry, e.g. making pipes, tubes and structural shapes for uses in construction, other downstream industries 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 60 mm thickness, and hot-rolled to reduce the thickness down to the range of 1.2 - 25.0 mm as per the customer's order. The said production process is thoroughly continuous and takes just 3 hours and a half to finish.

The Company's hot rolling mill has a designed capacity of 3.0 million tons per year at maximum, currently has implemented capacity of 1.5 million tons per year, and currently has an effective capacity of 1.2 million tons per years 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) etc., according to the local and foreign markets' needs.

##### Vision

"Being Thailand and ASEAN leading company in producing the highest standards of quality hot rolled steel achieved through the efficient manufacturing processes"

##### Mission

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

### **Business Objectives:**

The overall global steel consumption during 2021 was estimated at 1,855.4 million mt which increased by 4.5% compared to 2020 due to the recovering trend of the economy after the Covid-19 outbreak. The ranking of the top 10 countries with the consumption of finished steel products in 2021, China remains the world's No. 1, with the use of finished steel products at 985.1 million mt, decline of 1% from 2020. Followed by India, with the consumption of finished steel products in 2021 at 104 million mt, an increase of 16.7 percent from 2020; and at the third place was the United States, with the consumption of finished steel products in 2021 at 92 million mt, an increase of 15.3 percent from the previous year. The Global steel consumption is estimated to grow at 2.2% in 2022 to 1,896.4 million mt as per the World Steel Association. While China is expected to maintain its 2021 consumption levels.

Closer home, steel consumption in ASEAN increased by 6.6% from 70.1 million mt in 2020 to 74.8 million mt in 2021 and expected to grow by 5.4% to 78.8 mt in 2022 as per World Steel Association. Total Steel consumption of Thailand increased by 13.95% from 16.45 million mt in 2020 to 18.75 million mt in 2021 and is expected to grow by 3.7% in 2022 as per Iron & Steel Institute of Thailand (ISIT). Demand for HRC also saw an increased by 31.11% from 5.38 million mt in 2020 to 7.05 million mt in 2021 due to the economic stimulus policy to revive the economy of each country after the lockdown measures.

### **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)

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

#### **Key Events in 2021**

- The Company recorded significant profits during the year due to global uptrend in HRC prices and improved raw material mix. The cashflows were mainly utilized in repayment of loans to Link Capital and reducing the several other liabilities. Thus, G J Steel has become a fully debt free company.
- The Company has been following the strategy to reduce pig iron (which is imported) and imported scrap and increase the percentage of local scrap. Through several process changes over last few years the Company has succeeded in increasing the local scrap percentage to 70.4% in 2021 compared to 45.7% in 2017. This not only helps to reduce the costs (since local scrap is cheaper) but also helps in reducing the risk of price and forex fluctuations.

#### **Key Event in 2020**

- The Company implemented a new incentive scheme with the objective to maximize production of prime quality products and EBITDA. The scheme has shown very encouraging results and has also enhanced teamwork and motivation across the company. As a result, the productivity of prime quality products has improved, and several other cost saving measures have been made possible.

- To achieve long term cost reduction plan, the company announced a Voluntary Retirement Programme which enabled it to reduce several staff.

### Key Event in 2019

- Right issue: The Company came up with rights offering during the year which helped in raising additional funds for working capital and capex. First quarter of the year had major breakdowns in EAF and mill area which resulted in shutdown of the mill. The Company took quick action on repairing and arranging alternate equipment and production resumed in early March. The Company is now arranging critical insurance spares in a phased manner to avoid such events in future.
- Production was stepped up in Q-2 but got affected in several months due to heavy imports arising out of expiry of Governmental Safeguard Measures on alloys in February. This was further impacted by global slowdown in steel market in H2 affecting both pricing and volume.
- Health of equipment improved further by clearing backlog in maintenance, taking up capex schemes including long awaited infrastructure development. Product mix: AK grade production with the addition of gas cylinder grade, high tensile and others was higher in 2019 at 3.5% compared to previous year. MC grade at + 40% of total production was new yearly record.
- Thinner gauge production got severally affected due to heavy import of galvanized materials.
- Consumption of oxygen and yield improved but natural gas, carbon, casting consumables etc. was adverse due to fluctuation in production volume.
- Local scrap usages was stepped up almost to half of total consumption. Pig iron usages were brought down below 20 %.
- Capex implementation got momentum: Roll grinding machines upgrade, electrode spray cooling system, schemes for caster and mills got implemented. Major schemes planned for implementation in 2020 for which orders were mostly released.
- New financiers were added for having flexibility in financing for procurement of raw materials. New customers were added during the year. Pricing policy was also streamlined to curb export through making domestic price competitive post expiry of the safeguard on alloy steel.

### February 2022

- The Board of Directors' Meeting No. 2/2565 held on 24 February 2022, which resolved the following significant matters.
  - 1) Approved the change of the Company's organization chart with effect from 1 April 2022 onwards.
  - 2) Approved the appointment of the following names as a Company's Management and Management Committee members with effect from 1 April 2022 onwards.
 

• Mr. Yasuhiro	Sakamoto	Chief Operating Officer
• Mr. Toshikazu	Mukaiyama	Head of CEO Office & Corporate Planning and Chief Marketing Officer

The Management Committee shall comprise the following 4 members:

• Mr. Bantoon	Juicharn	Chairman of the Management Committee
• Mr. Yasuhiro	Sakamoto	Management Committee Member
• Mr. Toshikazu	Mukaiyama	Management Committee Member
• Mr. Rajeev	Jhawar	Management Committee Member



- The Company acknowledge the entry into the Sale and Purchase Agreement executed on 21 January 2022 between, amongst others, Kendrick Global Limited (“Shares Seller”) and NIPPON STEEL CORPORATION (“Shares Purchaser”), a company whose shares are listed on the Tokyo Stock Exchange, and Nagoya, Fukuoka and Sapporo Stock Exchanges and whose core business is steelmaking and steel fabrication, in order for the Shares Seller to sell, and the Shares Purchaser to purchase, 100 percent of the issued share capital of Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) (“Sale and Purchase of Shares in ACO I”). Currently, ACO I owns 40.45 percent of the total voting shares of the Company and is a major shareholder of the Company. The Sale and Purchase of Shares in ACO I has now been completed. As a result of the transaction, the shareholding structure of ACO I has been changed as follows:

Shareholders in ACO I	Prior to the Sale and Purchase of Shares in ACO I		After the Sale and Purchase of Shares in ACO I	
	No. of shares	Percentage of shares with voting rights of ACO I	No. of shares	Percentage of shares with voting rights of ACO I
Kendrick Global Limited	19,885,955	100	0	0
NIPPON STEEL CORPORATION	0	0	19,885,955	100

- The Board of Directors’ Meeting No. 1/2565 held on 16 February 2022, which resolved the following significant matters.
  - Acknowledged the resignation of the directors, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).
 

• Mr. Andreas	Rizal Vourloumis	Director
• Mr. Richard	Jim Yee	Director and Corporate Governance and Risk Management Committee Member
• Mr. Sudhir	Maheshwari	Director and Nomination and Remuneration Committee Member
  - Approved the Appointment of Directors in replacement of the Directors that have resigned, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).
 

• Mr. Ichiro	Sato	Director replacing Mr. Andreas Rizal Vourloumis
• Mr. Kenichi	Hoshi	Director replacing Mr. Richard Jim Yee and Corporate Governance and Risk Management Committee Member
• Mr. Nobuo	Okochi	Director replacing Mr. Sudhir Maheshwari and Nomination and Remuneration Committee Member
  - Acknowledge the resignation of Mr. Kanit Sukonthaman as Director, Chief Executive Officer and Chairman of the Executive Committee of the Company, and approve the appointment of Mr. Bantoon Juicharern as a new Director and the new Chief Executive Officer of the Company replacing Mr. Kanit Sukonthaman, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).

## January 2022

The entry into the Sale and Purchase Agreement executed on 21 January 2022 between, amongst others, Kendrick Global Limited (“Shares Seller”) and NIPPON STEEL CORPORATION (“Shares Purchaser”), a company whose shares are listed on the stock exchanges in Japan and whose core business is steelmaking and steel fabrication, and other contractual parties in order to sell 100 percent ordinary shares in Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) in the amount of

19,885,955 shares in ACO I (“Sale and Purchase of Shares in ACO I”). Currently, ACO I owns 40.45 percent of the total voting shares of the Company and is a major shareholder of the Company.

Such Sale and Purchase of Shares in ACO I will not affect the number of shares which ACO I holds in the Company in any way but it will be the case of a change in the Company's indirect major shareholder and is the case where the Shares Purchaser acquires significant control over a juristic person who already owns shares in the business in accordance with the Chain Principle under the Notification of the Capital Market Supervisory Board No. TorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeover dated May 13, 2011 (including any amendments). Therefore, the Shares Purchaser will be required to conduct the mandatory tender offer in order to acquire all securities of the Company from all existing shareholders afterwards.

However, completion of the Sale and Purchase of Shares in ACO I and the mandatory tender offer will not happen until conditions precedent as set out under the SPA, which include, among others, the Company and G Steel Public Company Limited having obtained the specified permissions from the relevant Thai government authorities, are satisfied or waived pursuant to the terms of the SPA, which is expected to be in February 2022.

### **February 2021**

The Board of Directors’ Meeting No. 1/2564 on 23 February 2021 has resolved to approve the termination of Strategic Steering Committee, with effect from 23 February 2021. The termination, however, have no impact on the business operation.

### **November 2020**

The Board of Directors’ Meeting No. 11/2563 on 9 November 2020 has resolved to approve the appointment of Ms. Arttaya Sookto to be the Company Secretary with the effect from 9 November 2020 onwards.

### **August 2020**

The Board of Directors’ Meeting No. 8/2563 on 10 August 2020 has resolved to approve the appointment of Mr. Stephen Karl Stewart as Chairman of the Board of Directors with the effect from 10 August 2020 onwards.

### **July 2020**

The meeting of the 2020 Annual General Meeting of Shareholders on 27 July 2020 at 9.30 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. 3/2563 on 29 April 2020 has resolved to approve the appointment of Mr. Kanit Sukonthaman as a director and Chief Executive Officer with the effect from 5 May 2020 onwards.

### **December 2019**

- The Board of Directors’ Meeting No. 8/2562 on 12 December 2019 has passed the following key resolutions;

- 1) Appoint Mrs. Kwanjai Kasemlonnappa as the Company Secretary with the effectiveness from 13 December 2019 onwards.
- 2) 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

### **June 2019**

The Company has received the Report on the Result of the Tender Offer of G J Steel Public Company Limited (Form 256-2) from Asia Credit Opportunities I (Mauritius) Limited (“ACO I”), as the offeror on 27 June 2019, resulting ACO I holding 10,909,511,456 shares which is 42.80 percent of the registered capital.

### **May 2019**

The Stock Exchange of Thailand announces news the receiving of additional ordinary shares of the Company, the registered capital after the increase in the amount of THB 27,600,824,751.36, paid-up capital in the amount of THB 24,467,648,060.16, into ordinary shares in the amount of 25,487,133,396 shares.

### **April 2019**

The Meeting of Board of Directors No. 3/2562 held on 29 April 2019 has resolved to 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 the effectiveness from 29 April 2019 onwards.

### **January 2019**

- The meeting of the Extraordinary General Meeting of Shareholders No. 1/2019 on 14 January 2019 at 9.30 hrs. at the Arnoma Grand Room, 3rd Floor, Arnoma Grand Bangkok, No. 99 Ratchadamri Road, Lumpini, Pathumwan, Bangkok, has passed the following key resolutions:
  - 1) Approved the transfer of appropriated legal reserve (according to the separate financial statement of the Company ended 30 September 2018) in the amount of THB 18,507,421.67. The Company thus utilizes such legal reserve to compensate the accumulated losses (according to the separate financial statement of the Company ended 30 September 2018) in the amount of THB 18,507,421.67.
  - 2) Approved the reduction of the Company’s registered capital by reducing the par value of shares from THB 6.90 per share to THB 0.96 per share, which thereby decreases the Company’s registered capital from THB 129,298,350,418.50 to THB 17,989,335,710.40 and the Company’s paid up capital from THB 96,104,091,707.70 to THB 13,371,004,063.68. In this regard, the decreased paid up capital from the par value reduction will be used to wipe out the discount on capital stock in the amount of approximately THB 61,757,357,060.14 and accumulated losses in

the amount of approximately THB 20,975,730,583.88, respectively as appeared in the separate financial statement of the Company ended 30 September 2018. Upon the wipe out of accumulated losses, the Company will still have losses amounting THB 23,023,481.28.

- 3) Approved the reduction of the Company's registered capital by canceling the Company's authorized but unissued shares in the amount of 1,957,748,965 shares, with a par value of THB 0.96 per share, from the existing registered capital of THB 17,989,335,710.40 to THB 16,109,896,704
- 4) Approved the increase of the Company's registered capital by the amount of THB 11,490,928,047.36 from the existing registered capital of THB 16,109,896,704 to THB 27,600,824,751.36 by issuing 11,969,716,716 newly issued ordinary shares with a par value of THB 0.96 per share to (1) existing shareholders of the Company in proportion to their respective shareholding (Right Offering) and (2) to accommodate the adjustment of right under GJS-W3 and GJS-W4.

### November 2018

- The meeting of Board of Directors Meeting No. 9/2018 on 19 November 2018, has considered and approved the material matters in order to propose to the Extraordinary General Meeting of Shareholders No. 1/2019 to be held on 14 January 2019, for its consideration and approval the following key matters:
  - 1) Approved the transfer of legal reserve (Separate financial statements of the Company ended 30 September 2018) in the amount of THB 18,507,421.67 to compensate the retained losses (Separate financial statements of the Company ended 30 September 2018) in the amount of THB 18,507,421.67.
  - 2) Approved the reduction of the Company's registered capital by reducing the par value from THB 6.90 to THB 0.96, which thereby decreases the Company's registered capital from THB 129,298,350,418.50 to THB 17,989,335,710.40 and the Company's paid up capital from THB 96,104,091,707.70 to THB 13,371,004,063.68. In this regard, the decreased paid up capital from the par value reduction will be used to write off the discount on share capital in the amount of approximately THB 61,757,357,060.14 and write down deficit in the amount of approximately THB 20,975,730,583.88, respectively as appeared in the separate financial statement of the Company ended 30 September 2018. After the writing down of deficit, the Company will have the remaining deficit of THB 23,023,481.28.
  - 3) Approved the reduction of the Company's registered capital by cancelling the authorized but unissued shares of the company in the amount of 1,957,748,965 shares, with a par value of THB 0.96 per share, from the existing registered capital of THB 17,989,335,710.40 to THB 16,109,896,704, prior to the increase of the Company's registered capital.
  - 4) Approved the increase of the Company's registered capital of THB 11,490,928,047.36 from the existing registered capital of THB 16,109,896,704.00 to THB 27,600,824,751.36 by issuing 11,969,716,716 newly issued ordinary shares with a par value of THB 0.96 per share (1) to existing shareholders of the Company in proportion to their respective shareholding (Rights Offering) and (2) to accommodate the right adjustment of GJS-W3 Warrant and GJS-W4 Warrant.

### August 2018

The Board of Directors Meeting No. 6/2018 ("Meeting"), held on 10 August 2018 at 14.00 hours had reviewed and considered the qualification of Mr. Chainarong Monthienvichienchai, Chairman of the Board of Directors, and opined that he has qualification of independent director, which be in accordance with the criteria prescribed by the Capital Market Supervisory Board. The Meeting

therefore, has approved the appointment of Mr. Chainarong Monthienvichienchai, as Chairman of the Board of Director and Independent Director of Company, with effect from 10 August 2018 onwards.

## June 2018

The meeting of the Board of Directors No. 5/2018 held on 26 June 2018 at 14.00 hours, has considered and resolved to appoint Mr. Yingsak Jenratha, as an independent director and Audit Committee member of the Company in replacement of Prof. Dr. Narumon Saardchom, the resigned director, for the remaining term of her office, with effect from 26 June 2018 onwards.

## Revenue Structure

	2021		2020		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenues from sales</b>						
Hot-Rolled coil (HRC)	18,272	97.47%	11,316	98.26%	12,905	97.27%
Tempered Hot Rolled coil (RTM)	<u>135</u>	<u>0.72%</u>	<u>63</u>	<u>0.55%</u>	<u>18</u>	<u>0.13%</u>
Total revenues from sales	18,407	98.19%	11,379	98.81%	12,923	97.40%
<b>Other Income</b>						
Net gain from write-off expired legal prescription	279	1.49%	-	-	10	0.08%
Sales of waste scrap from production	47	0.25%	43	0.37%	57	0.43%
Other income	13	0.07%	35	0.31%	21	0.15%
Interest income	1	0.01%	2	0.01%	20	0.15%
Net Foreign exchange gain	-	-	38	0.33%	216	1.63%
Gain on confirmed purchase orders for undelivered raw material	<u>-</u>	<u>-</u>	<u>19</u>	<u>0.17%</u>	<u>21</u>	<u>0.16%</u>
<b>Total Revenue</b>	<b><u>18,747</u></b>	<b><u>100.00%</u></b>	<b><u>11,516</u></b>	<b><u>100.00%</u></b>	<b><u>13,268</u></b>	<b><u>100.00%</u></b>

Sales Volume of the Company during the past 3 years with the following details:

(Unit: Ton)

Sale Volume	2021	%	2020	%	2019	%
Domestic Sale Volume						
- Related Companies	-	-	-	-	16,555	2.33%
- Other Groups	<u>650,830</u>	<u>98.01%</u>	<u>704,433</u>	<u>99.32%</u>	<u>693,787</u>	<u>97.67%</u>
Total Sale in Domestic	650,830	98.01%	704,433	99.32%	710,342	100.00%
Oversea Sale Volume	<u>13,247</u>	<u>1.99%</u>	<u>4,801</u>	<u>0.68%</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>664,077</u></b>	<b><u>100.00%</u></b>	<b><u>709,234</u></b>	<b><u>100.00%</u></b>	<b><u>710,342</u></b>	<b><u>100.00%</u></b>



Ratios of the domestic and foreign turnover per the total turnover of the hot-rolled coil of the company during the past 3 years with the following details:

	2021		2020		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Domestic	18,071	98.17%	11,302	99.32%	12,923	100.00%
Oversea	336	1.83%	77	0.68%	-	-
<b>Total</b>	<b>18,407</b>	<b>100.00%</b>	<b>11,379</b>	<b>100.00%</b>	<b>12,923</b>	<b>100.00%</b>

### Product Characteristics

The Company has operated the business as the manufacturer of hot-rolled steel plate and related products, which can be divided into the product line as follows:

- 1) Hot Rolled Coil
- 2) Skin-passed Hot Rolled coil
- 3) Hot Rolled Pickled & Oiled Product \*

These products are used in the related industries as follows:

Type	Utilization
Hot Rolled Coil	Mechanical tube, electrical conduits, water pipe, construction, C-section, construction scaffold, electrical pole, gas cylinder, black steam pipe, product used in anti-corrosion from atmosphere and cold-rolled steel sheet.
Skin-passed Hot Rolled Coil	Agricultural tools, general construction and profile sheets.
Hot Rolled Pickled & Oiled Product *	Chassis, wheel, compressor, refrigerator frame, microwave frame.

Remark \* Not available as of now.

### 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 thickness of steel such as expanding from maximum normal thickness at 12.7 mm up to thickness of 25 mm in form of coil. Also developing special quality grades that the market still has to depend on import, such as steel quality for cold-rolling, gas cylinder, 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 and galvanizing steel.
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.

The Company proposes to export 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 the 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**, 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 sent the working team with capability and expertise on using steel in the various applications and give support on the knowledge on the steel with the customers in the various industries for safety and optimization on the use of steel suitably.
4. 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.
5. 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 2021 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 2021 totaled 7.66 million tons, increased 7.11% compared to the previous year (2020). If categorized by product groups, long steel products represent 4.69 million tons, increased 2.96% compared to the prior year whilst the production volume of flat steel products stood at 2.97 million tons, increased 14.39% compared to the prior year. The most produced product belongs to hot rolled sheet and coil where, in 2021, it totaled 2.83 million tons, increased 16.92%, followed by cold rolled sheet at 2.57 million tons, increased 50.35% year on year and coated steel, at 1.95 million tons, increased 25.90% year on year.

Total Apparent Finished Steel (Unit : Tons)	2020	2021	% Change
Production	7,155,786	7,664,713	7.11%
Import	10,406,758	12,490,670	20.02%
Export	1,110,990	1,409,201	26.84%
Consumption	16,451,554	18,746,182	13.95%

Long Product Finished Steel Consumption (Unit : Tons)	2020	2021	% Change
Production	4,555,165	4,689,852	2.96%
Import	2,332,375	2,612,847	12.03%
Export	602,463	828,082	37.45%
Consumption	6,285,077	6,474,617	3.02%

<b>Flat Product Finished Steel Consumption (Unit : Tons)</b>	<b>2020</b>	<b>2021</b>	<b>% Change</b>
Production	2,600,621	2,974,860	14.39%
Import	8,074,383	9,877,823	22.34%
Export	508,527	581,119	14.27%
Consumption	10,166,477	12,271,564	20.71%

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

The finished steel consumption in Thailand in 2021 stood at 18.75 million tons, increased 13.95% year on year. If categorized by product group, long steel products increased 3.02% compared to the prior year, to 6.47 million tons whereas the consumption of flat steel products increased 20.71% compared to the prior year, to 12.27 million tons. The most consumed steel category is hot rolled flat product, at 7.35 million tons followed by coated steel at 5.23 million tons and cold rolled at 4.19 million tons respectively.

Import of finished steel into Thailand in 2021 stood at 12.49 million tons, increased 20.02% over the prior year. The highest imported product is hot rolled steel flat product at 4.45 million tons followed by coated steel at 3.40 million tons and cold rolled steel at 1.79 million tons respectively. The ratio of imported steel consumption versus local steel consumption is at 66.63% against 33.37%, reflecting that Thailand still heavily relies on imported steel.

Thailand exported steel products 1.41 million tons in 2021, increased 26.84% year on year. The most exported steel products are structural steel, at 430,831 tons followed by welded pipe, at 207,286 tons.

### **Hot rolled steel flat product situation in Thailand in 2021**

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, hot-rolled 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 2021 reveal the followings.

The local production volume of hot rolled steel, coil and non-coil, in 2021 totaled 2.97 million tons, increased 14.39% over the prior year. It consists of hot rolled sheet and coil at 2.83 million tons, increase 16.92% whereas the production of hot rolled plate increased by 19.47% year on year, to 145,373 tons.

<b>Total Hot Roll (Unit : Tons) (Excluding Stainless Steel)</b>	<b>2020</b>	<b>2021</b>	<b>% Change</b>
Production	2,600,621	2,974,860	14.39%
Import	2,794,082	4,127,313	47.72%
Export	18,733	53,953	188.01%
Consumption	5,375,970	7,048,220	31.11%

<b>Total Hot Roll Plate Thickness &gt; 3 mm. (Unit : Tons) (Excluding Stainless Steel)</b>	<b>2020</b>	<b>2021</b>	<b>% Change</b>
Production	180,518	145,373	-19.47%
Import	262,367	284,410	8.40%
Export	2,049	2,653	29.48%
Consumption	440,836	427,130	-3.11%

<b>Total Hot Roll Coil &amp; Sheet Thickness &lt; 3 mm. (Unit : Tons) (Excluding Stainless Steel)</b>	<b>2020</b>	<b>2021</b>	<b>% Change</b>
Production	2,420,103	2,829,487	16.92%
Import	2,531,715	3,842,903	51.79%
Export	16,684	51,300	207.48%
Consumption	4,935,134	6,621,090	34.16%

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

The local consumption of hot rolled steel, both coil and sheet in 2021, stood at 7.05 million tons, increased 31.11% consisting of HR sheet and coil of 6.62 million tons, decreased 34.16% and HR plate 427,130 tons, decreased 3.11%.

Import of hot rolled steel in 2021, both coil and sheet, increased 47.72%, to 4.13 million tons divided into hot rolled sheet and coil of 3.84 million tons, increased 51.79% and hot rolled plate of 284,410 tons, increased 8.40%.

Export of hot rolled steel in 2021, both coil and sheet, stood at 53,953 tons, increased 188.01% compared to the prior year, divided into hot rolled sheet and coil of 51,300 tons, increased 207.48% from the same period last year and hot rolled plate of 2,653 tons, decreasing by 29.48% from last year.

### **Outlook of steel industry in Thailand in 2022**

The steel market situation in the world in 2021 has been an upward trend. The upward direction has been started since mid-2020, after the Covid-19 outbreak in China and many other countries was under control together with the economic stimulus policy to revive the economy of each country after the lockdown measures to curb the spread of the virus. Especially the economic stimulus policy of China that focusing on domestic infrastructure investment, this resulted in a huge increase in steel demand. In addition, in May 2021, China announced the abolition of VAT rebate on steel exports, as well as China's efforts to reduce carbon emission by reducing the production volume of steel in the country. As a result, the price of steel products increased significantly. Until in the 4th quarter of 2021, there is a begin the outbreak of the Omicron strain of covid. This is caused uncertainty situations in many countries around the world and including in Asia. As a result, various economic activities slowed down, resulting in a slowdown in steel demand causing steel prices at the end of 2021 have been decreased. Overall throughout 2021, the price of hot rolled coil and rebar price increased as demand increased during the quarter 1- 3 of the year and slowed down in the fourth quarter. The average price of hot rolled coil is about 829 USD per ton, increased 69.2% compared to the average price of 2020 and the rebar price averaged about 711 USD per ton, 55.4% compared to the average price of the previous year. And, for the price of raw materials, as steel prices rose again after the COVID-19 epidemic eased, the recovery of both the demand and supply side of the steel industry caused raw material prices to fluctuate. The price of scrap has been rising since the middle of 2020 and increase continuously. The average price of scrap in the Asian market in 2021 is around \$498 per ton. The price rose approximately 67% compared to the average price of the previous year.



And for the steel demand in the past 2021, the global demand for finished steel products was 1,855 million tons, an increase of 4.5% compared to 2020 that has the demand for finished steel products was 1,775 million tons. The region that have the most finished steel products demand was Asia and Oceania with a volume of 1,330 million tons, an increase of 1.9% compared to 2020, followed by Europe (27) including the United Kingdom that had a demand for steel products at 159 million tons, an increase of 12.7% from 2020, and the third is the USMCA country group that has a demand for finished steel products at 130 million tons in 2021, an increase of 13.7% compared to the previous year. Which the demand for finished steel products was increased according to the trend of the economy recovering from the Covid-19 outbreak. And in the ranking of the top 10 countries with the consumption of finished steel products in 2021, China remains the world's No. 1, with the use of finished steel products at 985 million tons, decline 1% from 2020. Followed by India, with the consumption of finished steel products in 2021 at 104 million tons, an increase of 16.7 percent from 2020; and the third place was the United States, with the consumption of finished steel products in 2021 at 92 million. tons, an increase of 15.3 percent from the previous year.

On outlook of steel industry, World Steel Association (WSA) anticipates the global demand for finished steel products in 2022 is expected to grow by 2.2% to 1,896 million tons. According to the forecast by the world steel demand for 2022 of various regions around the world are likely to increase compared to previous year such as the European region (27), including the United Kingdom forecasting demand for finished steel in 2022 will grow by 5.5 percent to 167 million tons. For Asia and Oceania region, it is forecasted that the demand for finished steel products in 2022 is to be 1,345 million tons, growing by 1.1%. And in the Asian country group, the finished steel products demand in 2022 is forecasted to be at 79 million tons, an increase of 5.4%. Which based on the forecasting, the positive viewpoint on steel product demand is likely to continue to grow followed the gradual economic trend recovering from the impact of the COVID-19 pandemic continuously

According to the National Economic and Social Development Board (NESDB), GDP growth for 2022 is projected at 3.5 to 4.5 percent, supported by

1. The recovery of domestic demand.
2. The recovery of tourism sector.
3. The continual recovery of the world economy and global trade volume.
4. The support from public investment both from the annual budget, state-owned enterprise, and the loan decree.

However, there are limitations and risks that may affect the economic recovery in 2022, consisting of:

1. The COVID-19 pandemic remains highly uncertain amid the viral mutations.
2. Heightened inflationary pressures following the rise of energy and commodity prices in the global market, may suppress domestic demand recovery.
3. Weakened financial conditions of the households and business sectors, especially through rising household and business debt burden, continue to be key limitation factor to domestic demand recovery.
4. The growth momentum from export and manufacturing sectors could be exacerbated by prolonged impacts from global supply chain and international logistics disruptions, as well as a shortage of foreign workers.
5. The volatility and uncertainty of the world economy and financial market may affect Thai economic growth and stability that need to be closely monitored and assessed as follows:
  - The uncertainty of the COVID-19 pandemic amid the viral mutations, which appears to be easily transmissible and tend to affect the effectiveness of current vaccines.
  - Increasing inflationary pressure in major countries to be persistently higher than the monetary policy target, such as the US, the UK, Australia, and South Korea.

- The fluctuations of global financial market and international capital flow due to the uncertainty of the pandemic situation amid the viral mutations that affect the volatility of exchange rate and capital flow.
- The policy direction of major economies, specifically the international trade policy of US and China, as well as the US, China, and Taiwan's positions on entering the Trans-Pacific Partnership's Comprehensive and Progressive Agreement (CPTPP).
- Geopolitical conflicts such as the conflict between Russia, Ukraine and NATO, the conflicts within the Middle East which may cause the global economy and energy prices to be highly volatile.

For the steel industry in Thailand, The Iron and Steel Institute of Thailand (ISIT) predicts the demand for steel products in 2022 will increase by approximately 3.7% from 2021, with demand expected to be approximately 18.98 to 19.91 million tons. It is expected that in 2022, various economic activities will recover and almost resume to normal operations. Both domestic and international demand will be improved. The domestic downstream industries of steel industry such as the construction industry and automotive industry including other industrial sectors that use of steel products has begun to recover due to the better growth in demand because of the situation of the Covid-19 outbreak trend to be improved from the availability of vaccines. However, the situation that must be monitored further that will affect the demand for steel products is Covid-19 outbreak situation both domestically and internationally if there is a mutation, the policy direction of important countries like China both in the implementation of economic policies and the policies of the steel industry, oil price situation both domestically and internationally including the conflict between Ukraine and Russia. These will result in the slowdown of both the demand and supply of various industrial sectors that may affect the demand for steel products in the Thai steel manufacturing industry.

From the forecast that the demand for Thai steel in 2022 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

## Planning on the Production in the Business Operations

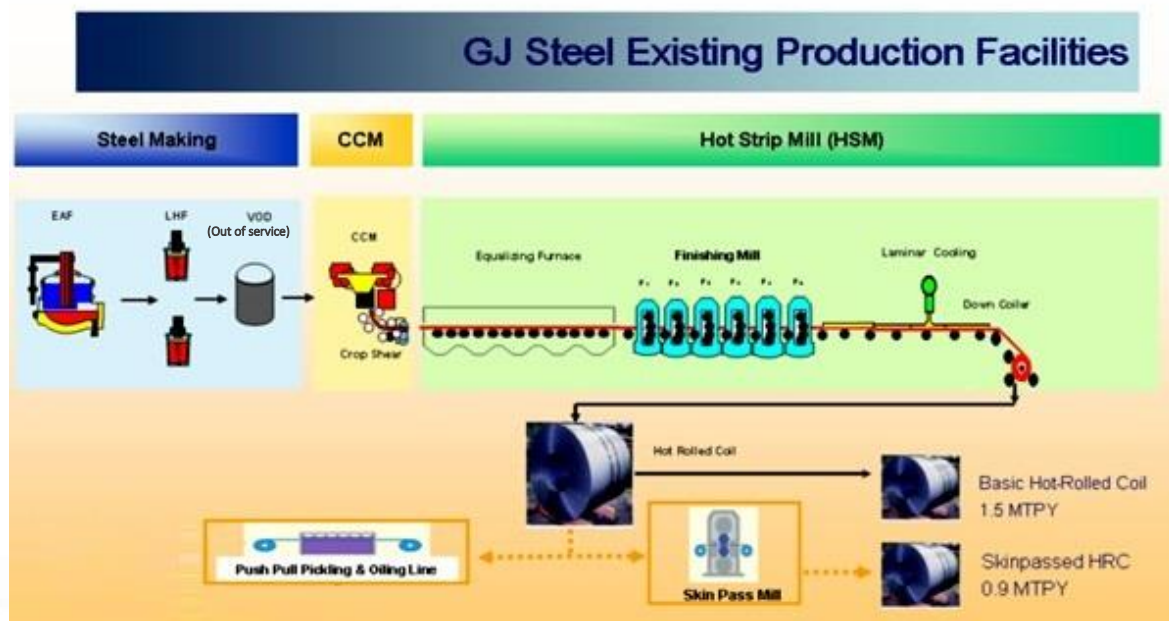
Since the hot-rolled product of the Company seems to have similarity with the product of the same ultimate major shareholder is G Steel Public Company Limited but in reality the product of hot-rolled steel coils has great diversity in terms of grade (quality class) and size. Considering similarity or overlap of the products being manufactured by both Companies, it is necessary to consider the details in the three aspects as follows:

1. Grade (quality class) according to the international standard and the tailor-made, which the plant of the Company and G Steel can produce hundreds of grade.
2. The widths produced by the plant of the Company and of G Steel ranging from 900 mm to 1,571 mm every 1 mm of different widths is the product that is the different altogether the total of 672 sizes.
3. The thicknesses or gauges produced by the Company from 1.20 mm to 25.00 mm, while G Steel from 1.20 mm to 13.00 mm, with thickness every 0.05 mm is the unique product of the total thicknesses of 476 sizes. When the thickness and width of the product are multiplied there are 319,872 different sizes. However, it does not consider the number of grades produced by hundreds of grades and not included the classification of the products as the basic or value-added products such as the skin-passed products, etc.

Nevertheless, both companies have planned joint marketing to avoid and reduce the overlap of the products by the Company focuses on production of hot-rolled steel with thin and wide and the thicknesses between 1.20-1.85 mm (it is the product range with the specially thin size) and between 13.00 - 25.00 mm (which is the special thickness range). Due to suitability of the production and technology of the Company that can produce the thin sheet better, while the production of G Steel mostly puts emphasis on the goods with the thickness from 1.90 mm, which is the benefit from the joint marketing planning. So both companies have better production efficiency and benefit from the economies of scale, including reducing the loss from the non-continuous production process that requires producing diverse goods.

The Company is planning the development of the hot-rolled products for the galvanized and cold-rolled steel applications, which are value-added and the segment that has growth and large import.

## Production Process



The Company uses the production method of the mini mill instead of the hot-rolled production of the integrated plant. Moreover, the plant of the Company also has the advantage over other small steel plants by using the technology of Consteel® process. It is developed by Intersteel Technology Inc. and the thin slab casting developed by SMS Group. The cast steel goes to the tunnel furnace to the hot-rolled process via the six rolling stands. Then it goes to the cooling process by using the Laminar cooling and to the coiler later. The method of production that integrates the cast of steel slab and hot roll together called the compact strip production (“CSP”)

The production process that uses the technology on continuous feeding steel scrap and the CSP has been installed in other plants in the USA, Japan and Italy. The advantages of the said technology and the technique as follows:

1. The technology of continuous feeding steel scrap helps to reduce time and energy in the electric arc furnace (“EAF”), due to not opening the EAF roof to receive the steel scrap, so less energy loss. While conveying the steel scrap to the furnace the steel scrap receives heat from the EAF before being sent to the melting process, that it can maintain constant energy.

The continuous production process benefits the cost of the production of GJS cheaper than other mini mills i.e. cost of smelting, casting and electricity.

2. Development of the thin slab casting technique without too much investment can help to increase the ability on competition in the market of the hot-rolled steel producers.

3. Production of hot-rolled steel by the thin slab casting can reduce the cost significantly. The first is the cost of energy by reducing the loss of energy in the procedure of conveying the thin slab through the tunnel furnace to enter the hot-rolled process directly, while the steel slab still has the temperature at 900-1,000 °C. Another aspect is the size of the thickness that starts rolling from the reduction at the thickness of 50-60 mm instead of starting at the 200-250 mm as in the old method. Also it can help to reduce the cost on the maintenance as well.

4. Continuous production process from the conversion of raw material to hot-rolled steel within less than 5 hours, so no work in process left during the production, and then the production process has flexibility and punctuality.

The production process of the Company after deriving of the hot-rolled steel can be produced continuously by 2 independent stages are:

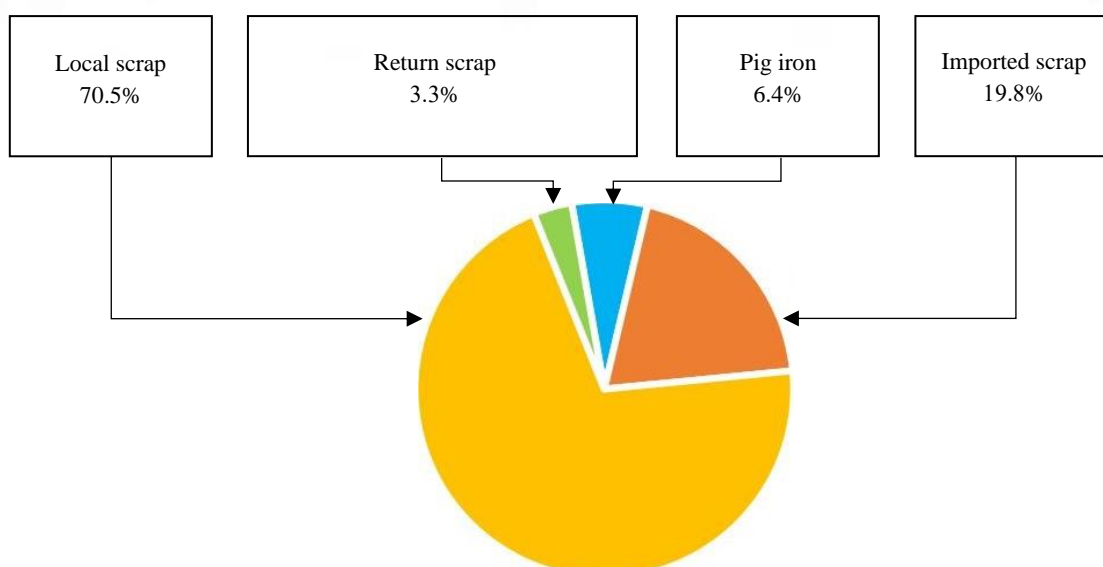
- 1) Skin-pass mill line.
- 2) Pickled and Oiled line. (Use only the Tension leveller mode for flatness improvement)

### **Raw Materials used in the production process**

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).

In the past year, The Company uses raw materials in the production process can be divided as follows;

1. Pig Iron: use for 6.4% of total raw material.
2. Import Scrap: use for 19.8% of total raw material.
3. Local Scrap: use for 70.5% of total raw material.
4. Return Scrap: use for 3.3% of total raw material.



### Raw Materials procurement

The demand for raw materials (Pig Iron and Scrap) is high. The amount of local raw materials are insufficient to meet the production demand. Therefore, many raw materials must be imported.

In the past year, the Company procured raw materials as follows:

- Procurement of Pig Iron and Import scrap approximately 20-30%
- Procurement of Local scrap approximately 70-80%.

### Assets used in a business

Main fixed assets are classified in table below

Unit: Million Baht

Asset Category	Ownership	Net Book Value 31 Dec 2021	Obligation***
Land and land improvement (*)	Own	1,024	On process to release mortgage
Building (*)	Own	1,573	On process to release mortgage
Machinery and equipment(*)	Own	6,099	On process to release mortgage
Office equipment	Own	30	No
Vehicles (**)	Under financial lease	3	No
Construction in progress	Own	3,833	No
<b>Total</b>		<b><u>12,562</u></b>	

Remark:

(\*) The Company's assets consisted of land, building, machinery and equipment, construction in progress which are located in the factory, office and right of use from building lease agreement which located in Bangkok.

(\*\*) The right-of-use assets includes Vehicles which are acquired by lease liabilities with various local leasing and private companies for which the Company has a right for purchase of assets at the



expiry date of the lease contracts and for obtaining the right to control and use right-of-use assets and the Company have to comply with certain restriction as specified in the lease contracts.

(\*\*\*) Obligations see more details in attachment 4. Assets used for business

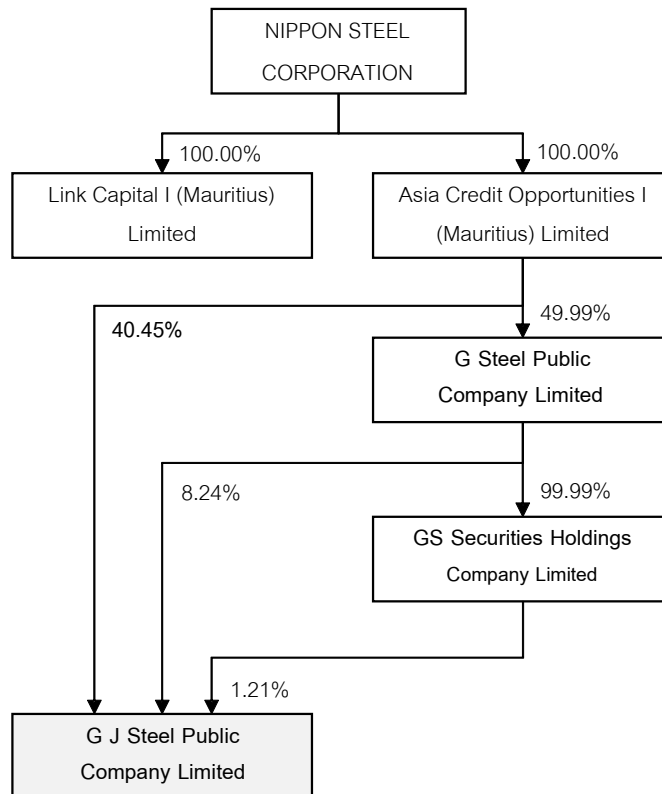
The major intangible assets used in business operations are:

Unit: Million Baht

Asset Category	Net Book Value 31 Dec 2021	Obligation
Software	4	No

### Relationship with major shareholders' business

Diagram showing Structure as of 28 February 2022



### Conflict of interest between NIPPON STEEL CORPORATION (“Major shareholder”) and the Company

The Major shareholder’s business operations in Thailand and the Company conduct different businesses while the Major shareholder’s business operations in Thailand focuses on (1) rerolling hot-rolled coil for automobiles, cans, and building and construction, (2) pickled and oiled hot-rolled coil for automobiles and (3) other hot-rolled coil for automobiles, the Business focuses on hot-rolled coil for general use.

Because of the differences in product applications and customers as well as product characteristics, the Major shareholder’s business operations in Thailand has no conflict of interest with the Company.

### Conflict of interest between G Steel Public Company Limited (“GSTEEL”) and the Company

In order to prevent the conflict of interest in the future between the Company and GSTEEL, the Business

has set guideline of measurements for conflict of interest between the Company and GSTEEL with details as shown below;

- 1) Reduction of chance of the business competition between the Company and GSTEEL: The management of the Company and of GSTEEL shall plan and prepare the guidelines on future business expansion on the principle of its respective expertise, production process, the present customer target group, avoid the redundant investment and encourage the economies of scale in terms of both production and purchase of raw materials
- 2) Independence of the board of directors and the management: The Company and GSTEEL have its own independent boards and audit committees to maintain the interest of minority shareholders on both sides, and each company's management has their own business policy to maintain an independent management approach
- 3) Making related transaction between the Company and GSTEEL: The Company has a policy to maintain the commercial arm's length basis in making any related party transaction between the Company and GSTEEL. In case there is a related transaction between the two companies, the Company shall have transparent reviewing procedure with the auditor in order to be able to verify and comment on such related transactions and make sufficient disclosure in the Company financial statements.

#### Name list of Shareholders

As of 31 December 2021, 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	10,310,359,336	40.45
2.	G Steel Public Company Limited	2,100,427,209	8.24
3.	Nomura Singapore Limited-Customer Segregated Account	2,042,137,849	8.01
4.	Miss Aroonsri Rattanatanyaporn	1,195,000,000	4.69
5.	China Tonghai Securities Limited - Account Client	1,109,926,959	4.36
6.	Thai NVDR Company Limited	488,893,523	1.92
7.	The Hongkong And Shanghai Banking Corporation Limited, Singapore Branch	444,111,692	1.74
8.	Superior Overseas (Thailand) Co., Ltd.	412,500,000	1.62
9.	THAI R.T.N.T. HOLDING CO., LTD.	394,100,000	1.55
10.	Bank of Singapore Limited	323,754,635	1.27
11.	Minor shareholders	6,665,923,693	26.15
<b>Total</b>		<b>28,928,765,432</b>	<b>100.00</b>

#### Other Securities

For the year 2021, the Company does not issue other securities.

#### 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, etc.

## 2. Risk management

### Risk Management Plan and Policy

G J Steel Public Company Limited has confidence and is aware of the importance of management including effective risk management and in accordance with the principles of good corporate governance. Therefore, risk management plays an important role in promoting the stable operation of the Company. It helps to increase the chances of success for the company as much as possible and reduce losses to an acceptable risk level. There is a management process to prevent risks, events or uncertainties that may occur and cause damages which may clearly affect the achievement of the Company's objectives.

The Company is; therefore, determined to carry out risk management tasks that cover the entire organization and in accordance with good and international practice. The framework for internal control practices according to international standards of COSO (The Committee of Sponsoring Organizations of the Treadway Commission) was used to improve and develop in conjunction with the Enterprise Risk Management (ERM) framework to be a tool in developing internal controls and managing risks which will increase the chances of success in business, minimize failures including losses and uncertainty in the Company's performance.

For clarity in risk management, the Company's Risk Management Committee has established a policy framework for risk management including the guidelines for operation and the Company's risk management plan as follows:

1. Conducting risk management in the most efficient way, at an acceptable level and involve all employees in the risk management process.
2. Establishing measures to assess the effectiveness of risk control in various fields as well as determine methods to mitigate risks that will cause losses to the organization.
3. Determining an annual risk management plan and following up on the operations along with reporting on various progress to the Audit Committee.
4. Encouraging employees throughout the organization to be aware and help prevent risks that may arise as well as campaigning for risk management to be part of the culture that leads to creating value for the organization.

### Risk Assessment

It is an assessment to determine the level of risk by considering the likelihood of an event, risks and impacts to the Company as well as assessing how likely such risks are to occur; and what level of severity it will be if it happens. This is in order to be prioritized using criteria set by the Company or criteria set by the segment within the context of the segment but should be consistent with the criteria of the Company. The risk assessment uses a combination of historical data and future forecasts to be considered together.

In the Company's risk assessment process, these two components will be considered:

1. Likelihood means the likelihood or frequency of risk events that are likely to occur.

Likelihood	Description	Risk Rating
Almost Certain	Happening now or will occur at least monthly	5
Likely	May occur every 6-12 months	4

Likelihood	Description	Risk Rating
Possible	May occur every 1-5 years	3
Unlikely	May occur every 5-10 years	2
Rare	May occur every 10 or more years	1

2. Severity of the impact of risks (Consequence) means the severity of a risk event that, if it occurs, will affect various aspects. The Consequence can be both quantitative impacts such as financial damage or operational impact; and qualitative impacts such as the impact on the reputation and image of the Company, impact of safety on life and property of personnel and the effectiveness of work.

Consequence	Description	Risk Rating
Catastrophic	Wide damage, lasting weeks, impact high	5
Major	Requires urgent attention, impact days	4
Moderate	Requires attention, inconvenience	3
Minor	Isolated case, some small disruptions	2
Insignificant	Minor issue of little concern to community	1

### **Risk Rating**

Risk rating is the process to consider risks under the dimension of likelihood and impact. The impact assessment must consider the impact in all aspects. Then, choose the impact that is consistent with the objectives of the Company to prioritize and to decide what risk(s) should be addressed first.

Ranking		Consequence				
		1-Insignificant	2-Minor	3-Moderate	4-Major	5-Catastrophic
Likelihood	5-Almost Certain	(5)	(10)	(15)	(20)	(25)
	4-Likely	(4)	(8)	(12)	(16)	(20)
	3-Possible	(3)	(6)	(9)	(12)	(15)
	2-Unlikely	(2)	(4)	(6)	(8)	(10)
	1-Rare	(1)	(2)	(3)	(4)	(5)

A risk ranking table is a tool that is used during the risk rating process. It defines the level of each risk by considering the probability or likelihood of an event against the severity of the consequence to the business if it was to occur.

The risk ranking table is calculated by multiplying the score level between the chance and the damage. The risk ranking table will show the extent of the severity that the company can accept in order to set a goal that must be achieved until the level of severity is reduced.

Acceptable risk (Risk Appetite) is an event of uncertainty that the Company accepted to occur and remain with the Company's business operations Still going and achieving goals. All units are assigned to determine the cause and effect of the risk. including assessing measures to manage such risks



### **Rating Scales –The definition and risk level of each performance score**

This process is an interpretation of the score obtained so as to consider the course of action that takes into consideration the acceptable risks and costs incurred and compare with the benefits that the Company will obtain by reducing the likelihood of impact or limiting the potential losses. In this regard, the Company has set acceptable risk boundaries at various levels as follows:

<b>Risk Level</b>	<b>Score</b>	<b>Color</b>	<b>Meaning (recommendation)</b>
Low Risk	1-2	Green	Acceptable risk without risk control and no additional management
Medium Risk	3-6	Yellow	Acceptable risk without risk control and prevented to move into unacceptable level
High Risk	7-12	Orange	Unacceptable level and next we must manage the risk into the acceptable level
Extreme Risk	13-25	Red	Risk Level is unacceptable and need to manage the risk and accelerate into acceptable level

Risk responses can be implemented based on the following guidelines:

1. Risk avoidance is to avoid chances, including risk-prone events, by stopping, canceling, changing, modifying, reducing the size of the activity or project to be undertaken or choosing another activity or project that is more acceptable.
2. Risk diversification is the distribution or transfer of all or part of the risks to others who are confident that they can control them such as insurance, contracts, outsourcing, etc.
3. Risk reduction and control is to reduce the likelihood of a risk or the severity of its impact by using additional methods to manage risk such as internal audits and controls, performance tracking, contingency plans, personnel training to develop skills, etc.
4. Risk acceptance is to accept the risks that will occur which is the risk that the organization can accept. However, the Company must have measures to monitor such operations closely.

### **Monitoring and Evaluation**

In the risk management process, the Company's Risk Management Committee has a follow-up evaluation to ensure that operations are appropriate and within acceptable risk limits. In this regard, the risk management plan is used to analyze the risks of the operation process. Moreover, the Company has reviewed and evaluated the existing risk management plan in order to correct any deficiencies and supervise the risk management plan to be consistent with the ever-changing situation.

### **Risk Factors**

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 for the shortest period of time.

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

Domestic scrap is the main raw material for 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**

### **Risk from market share gain by imported products**

Statistics of imports of flat steel products from neighboring countries; especially Japan, South Korea and China, in the past year (2021) have grown significantly. That is, hot-rolled thin steel sheets (Carbon Steel P&O) grew by 576.1%, followed by hot-rolled thin sheets (Alloy Steel) with a growth of 261.1%, and hot-rolled thin sheets (Carbon Steel) with a growth of 214.5% (reference: <https://www.mreport.co.th/news/statistic-and-ranking/304-iron-and-steel-industry-2021-Q3-Q4>). It is, therefore, a challenge for the company to bring back the market share that foreign substitutes dominate.

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

Some downstream 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 accordingly. This could affect the company's future profits during business downturns.

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. Therefore, the Company expects to be able to produce other types of value-added products with support from the parent company abroad. The Company plans to develop higher quality product, diversify and expand its customer base and increase the volume of exports to foreign countries.

The company supports government policies that promote the domestic steel industry which will help reduce the company's risks at the same time. As a result, there should be less hot-rolled steel coils imported. As a result, the price of hot-rolled steel coils has been improved at an appropriate 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. The Company also take into consideration the impact of rising world oil prices in the middle of 2021 which will inevitably affect the cost of hot-rolled steel production in 2022.

### **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 steel 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.

#### **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 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. In addition, the Company has also been certified with ISO 14001 environmental quality standards. Therefore, the Company is confident that it will not face any problems in this regard.

#### **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 safety 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. Therefore, under intense competition in the free trade world especially during the ongoing economic downturn for many years, the producers are struggling to survive by exporting the excess products to foreign countries in forms of price-dumping (i.e. export selling price is cheaper than local selling price). As a result, the market price mechanism in importing countries has been distorted. In other words, it destroys the market of domestic industry and leads to unfair competition. Therefore, anti-dumping policy is an important measure to help mitigate the damage of the domestic steel industry and create fair trade for all parties.

In addition, it is found that importers have made efforts to evade the anti-dumping measures to avoid having to pay anti-dumping duties in addition to regular import duties which makes the enforcement measures ineffective and inefficient. Moreover, the countervailing measures are still lacking the sub-laws, making them unable to apply for counter-subsidy measures at the moment.

For this reason, the Government by the Department of Foreign Trade has proposed the following amendments of this law to be more efficient and effective in enforcing it.

- Expand the scope and prevent the circumvention of anti-dumping and countervailing measures.
- Increase measures to control the collection of anti-dumping duties and countervailing measures to be more effective.
- Legislation on adoption of sub-laws 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 22 May 2019 and coming into effect on 18 November 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 Government by the Ministry of Commerce has implemented anti-dumping measures for hot-rolled steel flat products as follows:

- Anti-dumping measures for hot-rolled coils and non-rolled steel 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.
- Extension for enforcement of Anti-dumping measures for hot-rolled steel flat products originating from the People's Republic of China and Malaysia for a further period of 5 years, effective from June 23, 2017 to June 22, 2022.
- Extension for enforcement of Anti-dumping measures for boron-added hot-rolled steel products originating from the People's Republic of China for a further period of 5 years, effective from December 13, 2018 to December 12, 2023.
- Extension for enforcement of Anti-dumping measures for hot-rolled steel products imported from 14 countries for a period of 5 years, effective from June 9, 2021 to June 8, 2026.
- Anti-dumping measures for hot-rolled steel products originating from the Socialist Republic of Vietnam and the Arab Republic of Egypt for a period of 5 years, effective from December 1, 2021 to November 30, 2026.

The implementation of such Anti-dumping measures by the Government can help alleviate the trade problems arising from the Anti-dumping actions by the countries applying such measures. As a result, the hot-rolled steel industry still can continue to move forward. In addition, the company has cooperated with other domestic manufacturers in following up on the dumping situation that may occur from other countries or in other ways continually to deter or prevent unfair trade from dumping that may occur on the hot-rolled steel market in Thailand.

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

Throughout the year 2021, 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 that each hot-rolled steel manufacturer including the Company would like to adjust the price of the product, it must inform the Department of Internal Trade and provide all the details as requested. Therefore, the company has low risk that the price increase may be inhibited if the domestic selling price rises rapidly. In case that the Ministry of Commerce applies price fixation measure for consumer goods or commodities, it 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, other technical problems and epidemics.

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.

In the event of COVID-19 outbreak, the Company has taken proactive and reactive measures in risk management, such as raising awareness of self-protection among employees, providing alternative vaccines to all employees, regular randomization of infection among high-risk employees and contractors including planning for a replacement of personnel in the event of an infected person found in the workplace, etc.

### **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.

### 3. Business sustainability development

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 Corporate Social Responsibility Officer, 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.

However, the company has implemented the CSR is based on the guidelines of “To be a leading reputable Company in the country and ASEAN as a manufacturer of quality hot rolled coil with efficient production processes”, and has the mission involved with responsibility towards society and the environment. It is “Preserve the environment and contribute to society”, “Enhance values to stakeholders” which is the important mission leading to sustainability.

#### 3.1 Policy and objectives of sustainable management

The Board of Directors realizes the ability of the organization to grow stably and sustainably by striving to meet the needs of stakeholders in a balanced and sustainable coexistence as well as controls the operational safety, occupational health and environment, in parallel with strengthening social and local development by defining the code of ethics to stakeholder which emphasizing the policy of stakeholders treatment, social and community responsibility practices, occupational health and environmental safety, as detailed in “Attachment 5 Code of Conduct”.

#### 3.2 Stakeholder management in value chain

##### 3.2.1 Value chain

The Company recognizes and places importance on sustainable value chain management in order to respond to the stakeholder’s expectations involved in each business process activity which has been stated as follows:

Value Chain		Stakeholders
<u>Primary activities</u>		
Inputs management and Inbound logistics	<ul style="list-style-type: none"> <li>• Supplying of inputs and funds</li> <li>• Supplying of ore and raw materials for steel production</li> <li>• Quality and on-time delivery of raw materials</li> <li>• Raw material storage and quality control</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders</li> <li>• Company employees</li> <li>• Business partners and/or contract parties of raw material supplying</li> <li>• Business partners and/or contract parties of raw material logistics</li> <li>• Business partners and/or contract parties of inputs supplying</li> <li>• Business partners and/or contract parties of inputs logistics</li> <li>• Community around the industrial areas and transport routes</li> <li>• Financial institutions</li> </ul>

Value Chain		Stakeholders
Operations	<ul style="list-style-type: none"> <li>• Efficient and safe production</li> <li>• Standard testing and quality control</li> <li>• Production development with modern technology</li> <li>• Efficient use of resources and raw materials</li> <li>• Waste management and environmental impact reduction.</li> </ul>	<ul style="list-style-type: none"> <li>• Company employees</li> <li>• Business partners and/or contract parties of waste management</li> <li>• Community around the industrial areas</li> </ul>
Product distribution and Outbound logistics	<ul style="list-style-type: none"> <li>• Warehouse safety and transport convenience</li> <li>• On-time and safe delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Company employees</li> <li>• Customers</li> <li>• Business partners and/or contract parties of transportation</li> <li>• Community around the industrial areas and transport routes</li> </ul>
Marketing and Sales	<ul style="list-style-type: none"> <li>• Communicating and providing information about the product accurately and completely</li> <li>• Product pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Company employees</li> <li>• Customers</li> <li>• Business partners and/or contract parties</li> <li>• Competitors</li> </ul>
Customer services	<ul style="list-style-type: none"> <li>• Complaint or suggestion service center about product usage</li> <li>• Product warranty or satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Company employees</li> <li>• Customers</li> <li>• Business partners and/or contract parties</li> </ul>
<b>Support activities</b>		
<ul style="list-style-type: none"> <li>• Potential development and human resource management.</li> <li>• Management of buildings, premises and utilities.</li> <li>• Infrastructure (Accounting, Finance, Information Technology)</li> <li>• Organization management</li> </ul>		<ul style="list-style-type: none"> <li>• Company employees</li> <li>• Business partners and/or contract parties of buildings and utilities</li> </ul>

### 3.2.2 Value chain stakeholders analysis

There are both internal and external key stakeholders related to the business value chain.

Stakeholders	Stakeholder expectation	Guidelines for meeting stakeholder expectation
<b>Internal stakeholders</b>		
Employees	<ul style="list-style-type: none"> <li>• Compensation and benefits</li> <li>• Safe working environment</li> <li>• Potential development in duties</li> <li>• Stability and advancement in duties.</li> <li>• Infrastructure system for operational supports</li> <li>• Fair and equal treat</li> </ul>	<ul style="list-style-type: none"> <li>• Support employees training for potential development enhance advancement in duties.</li> <li>• Treat employees equally in accordance with the employee treatment policy</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>• Good performance and dividend payment</li> <li>• Facilitated the exercise of rights and the supervision of rights.</li> </ul>	<ul style="list-style-type: none"> <li>• Transparent business operation</li> <li>• Effective organizational management</li> </ul>

Stakeholders	Stakeholder expectation	Guidelines for meeting stakeholder expectation
	<ul style="list-style-type: none"> <li>• Business direction and strategy, good corporate governance</li> <li>• Disclosure of information accurately, completely, transparently, quickly and sufficiently for decision-making.</li> </ul>	
Partners and Outsource staffs	<ul style="list-style-type: none"> <li>• Fair and transparent procurement.</li> <li>• Complete and on-time payment</li> <li>• Compliance with the terms and conditions of the contract.</li> <li>• Business relationship, long-term growth and progress</li> <li>• Safety according to standard</li> <li>• Fair and equal treat</li> <li>• Obtaining accurate and complete information</li> </ul>	<ul style="list-style-type: none"> <li>• Support employees training for potential development enhance safety in duties.</li> <li>• Treat employees equally in accordance with the employee treatment policy</li> </ul>
<u>External stakeholders</u>		
Business partners and Contract parties	<ul style="list-style-type: none"> <li>• Fair and transparent procurement</li> <li>• Complete and on-time payment</li> <li>• Compliance with the terms and conditions of the contract.</li> <li>• Long-term business relationship</li> <li>• Certification on business standard</li> <li>• Obtaining accurate and complete information</li> </ul>	<ul style="list-style-type: none"> <li>• Comply with code of business conduct and ethics</li> <li>• Develop and improve process according to partner's feedback</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Receive quality products according to standards.</li> <li>• Safe and on-time delivery of goods</li> </ul>	<ul style="list-style-type: none"> <li>• Comply with code of business conduct and ethics</li> <li>• Develop and improve process according to customer's feedback</li> </ul>
Government agencies	<ul style="list-style-type: none"> <li>• Cooperation and support</li> <li>• Fees and taxes payment</li> <li>• Compliance with applicable laws and agreements.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide cooperation and support</li> <li>• Comply with applicable laws and agreements.</li> </ul>
Local community, Society and Environment	<ul style="list-style-type: none"> <li>• Providing opportunity to work with the company</li> <li>• Participation in community and social development</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in community and social development</li> <li>• Support activities and provide assistance to local community</li> </ul>
Competitors	<ul style="list-style-type: none"> <li>• Fair competition</li> </ul>	<ul style="list-style-type: none"> <li>• Comply with the law and the code of business conduct and ethics</li> <li>• Fair product pricing according to industry and market conditions</li> </ul>

### 3.3 Management of environmental sustainability

#### 3.3.1 Environmental Policy and guidelines

The Company is committed to operate the business basis on safety, health, and good environment under the guideline “business trust” to promote the company. There is a process that is friendly to the environment and staff with the practices as follows:

- 1.1 The Company shall comply with the safety, health and environment laws and rules.
- 1.2 The Company shall comply with ISO 14001.
- 1.3 The Company shall utilize resources efficiently and worthily with energy saving and resources recycling promotion measures.
- 1.4 The Company shall provide an operation system focusing on appropriate measures for safety and health in workplace such as providing the system to counter probable pollutions arising during operation, arranging workplaces to be clean and hygienic etc. for the employees and visitors to be safe from accidents and diseases.
- 1.5 Executives and staff shall be truly attentive to the activities for the quality of safety, health and environment and perform works with realization to safety and concern to environment always.
- 1.6 The Company shall disclose the information on the operations in connection with safety, health, and environment.

#### 3.3.2 Environmental operating results

##### CSR-DPIM Network Activities

The Company received a CSR-DPIM Network Award in the type of metallurgical plant, presented by Mr. Wissanu Tubthieng, Director-General of Department of Primary Industries and Mines, Bangkok, which is one of the 71 factories participated.



##### Promotion project of industrial factories Social Responsibility and Sustainable Community: CSR-DIW Continuous 2021

The Company received the certificates and plaques from the project promoting industrial factories with a social and community responsibility and in a sustainable way. The company has passed the CSR-DIW Continuous standard for the year 2021 from the Department of Industrial Works.





## Promoting Health Occupational and Safety

### “GJS Happy Songkran Festival, Travel Safely Against Covid-19”

The Company CSR Team together with The Office of Insurance Commission Team to promote the campaign “GJS Happy Songkran Festival, Travel Safely Against Covid-19” for employees to return to their homeland safely during the Company’s annual Songkran holiday. The Company distributes masks and alcohol gel to employees in order to keep them safe from infectious diseases Coronavirus (COVID-19).



**Employee health promotion projects** the annual physical checkup, Health checking according to work risk factors, Pap Smear in women staffs, Vaccination services against new strains of influenza, providing two doses of Sinopharm Vaccine, the COVID-19 prevention vaccine, etc. in order to promote the physical health of employees, strengthen the immunity and reduce the rate of illness.



**Safe driving activities of employees during New Year Holiday** The campaign for safe driving for the year 2022 “Not fast, no risk, avoid accidents” to promote the employees the awareness of driving and accident prevention in New Year Holidays.



## Environment Preservation and Development Activities

**“One person, one tree activity helps to reduce carbon”**, to increase the number of factory green areas. The Company organized tree planting in the factory area. The green area of the factory provides a continuous supply of fertilizer and reduces dust to create a better environment in the factory and surrounding communities. This is a long-term plan in the factory and the community. The company aims that everyone are able to take part in protecting trees, and caring for the trees that planted in a concrete way. In 2021 total of 4,500 trees have been planted in an area of 55 Rai.



### 3.4 Social sustainability management

#### 3.4.1 Social policy and guidelines

The Company is committed to the community and society coexist happily with the theme. “Growth Society” to help each other and contribute to the development of a strong community on its own. The process works with a community focus. And promotional activities Communities near and far, according to company policy and consistent with the development of the sector. To improve the quality of life and economic sustainability of the community as follows:

- 1.7 The Company will operate the business to consider the benefits and sustainability of communities and society are important.
- 1.8 The Company shall regularly attend meetings exchange opinions and cooperate with local agencies for the communities’ living developments.
- 1.9 The Company shall adopt the preventive and corrective measures when effects to environment and communities arise due to operation.
- 1.10 The Company shall launch the activities for society with the employees’ participation including shall support employees’ opportunities to do good to develop the mind of volunteering
- 1.11 The Company aims to develop the knowledge and education of young Thailand-based potential of the Company.
- 1.12 The Company shall cooperate with the local government to develop the entities for schools’ religious places’ infrastructures’ and youths’ and disadvantaged people’s hygiene including the community environment developments.
- 1.13 The Company shall support the local cultures, customs and traditions conversation.
- 1.14 The Company shall support the activities to strengthen the local community enterprises and provide the opportunity to be the Company’s suppliers.
- 1.15 Create revenue and promoting the community. By recruiting and supporting employment and the community. As well as support activities that focus on providing the community with knowledge for the profession and the knowledge to create or encourage families and communities
- 1.16 The Company shall contact with communities constantly, publicize and report the social responsibility activities achievement to all groups of stakeholders.

#### 3.4.2 Social operating results

**Blood donation campaign to the Thai Red Cross Society to help patients** by executives and employees of G J Steel Public Company Limited to donate to the Thai Red Cross Society, 3rd National Blood Service Sector, Chonburi. In 2021, the company arranged in March and November 2021, with a total donation of 116 units or 46,400 ml. The activity will continue in the following years with the interests of executives and employees.





## Promoting culture and preserving cultural heritage

### The Wreath Laying Ceremony on King Chulalongkorn Memorial Day

The company organized The Wreath Laying Ceremony in commemoration of the King Chulalongkorn, The Great Memorial Day (King Rama 5th) by the executives and employees.



### National Children's Day and Academic Activities

To support youth studying in schools around the organization, the Company has sponsored scholarships to students who lack equipment and facilities on the occasion of the "National Children's Day", which are Ban Bo Win School. (Likit Rat Bamrung), Ban Khao Hin School (Nikornrat Bamrung), Child Development Center, Chaoprayasurasak City Municipality (Bo Win Temple), and Banpansadednok School, Bo Win Sub-District, Si Racha District, Chonburi. It is a continuous activity every year and also participates in the school's academic day, such as the school establishment day, National Science Day activities, etc.



### The Buddhist Lent Day Ceremony

In order to continue the tradition and good culture of Thailand, the Company supported by sending company representatives to participate in the activities in the Buddhist Lent Day. By organizing a candle parade activity with Ban Khao Hin School (Nikornrat Bamrung) Ban Bo Win School (Likit Rat Bamrung) offered Lent candles to Pan Saded Temple, Mab Bon Temple, Santikhiri Temple, Noen Krabok Temple, and Bo Win Temple in Bo Win Sub-district, Si Racha District, Chonburi.



### Kathin Ceremony and Almshouse

The company sponsored Kathin Samakkhi merit making activities by setting up Kathin bushes at a company factory in Chonburi by sending representatives to join the Almshouse activities at Pansaded Temple, Mabbon Temple, Santikhiri Temple, Bo Win Temple and Noen Krabok Temple, Bo Win Sub-district, Si Racha District, Chonburi to inherit good traditions and to maintain Buddhism traditional.



### The village project preservation of The Five Precepts

To receive the certificate from Rai Khing Royal Temple, Nakhon Pathom Province, as the chairman of the reconciliation project by giving the principles of Buddhism The Five Precepts Village at Pansadej Temple, Moo 4, Bo Win Sub-district, Si Racha District, Chonburi, was honored From Ms. Thitilak Khampha, Deputy Governor of Chonburi Province as The Chairman of the secular division, Mr. Dongpol Ruchithamthat, Sriracha District Chief, Head of Government Leaders of Local Government Organizations Police officials, Sub-district Headmen, Village Headmen and in all relevant sectors joined the event.



### Visiting activities to encourage the patients and the elderly at home

The Company in collaboration with Health Promoting Hospital at Ban Khao Hin, and Bo win Sub-district, Si Racha District, Chonburi to visit and encourage the sick people, the elderly, and the elderly stick to bed who are living in the community once a month. In 2021, totally 71 person in 4 villages. The company supports the necessities for patients such as diapers, patient supplements, wound dressings, etc. In order to promote good health and life of people in the community, especially with the elderly



### Activities promoting good health in communities

To support the “Health Points Project” solving NCDs in four villages, Ban Khao Hin Health Promoting Hospital District, Bo Win Sub-district, Sriracha, Chonburi joined with volunteer groups to help disabilities people. The Social Work Council of Thailand under the Royal Patronage Health Volunteers at Bo Win Village and Bo Win Health Promoting Hospital Sriracha, Chonburi by support the budget to create bedding accommodation in the community at Moo 5, Bo Win Sub-district, Sriracha, Chonburi to help patients with a better quality of life.





### Activities with Village Health Volunteers for the project “Pracharath to fight Aedes, Dengue Fever”

In collaboration with the Village Health Volunteers at Ban Khao Hin and Bo Win Health Promoting Hospital, Si Racha District, Chonburi went to the area to drop abet sand in the community around the company. In order to promote the campaign to eradicate Aedes, as well as the cause of dengue fever and chikungunya.



### Support the activities of the Moral Association, Bo Win, and the local journalists.

The Company be a sponsored to Support the contributions for the supply of hydraulic cutting equipment to the Moral Rescue at Bo Win Point by Mr. Anek Supaporn, Consultant of Moral Rescue at Bo Win Point as a representative. In order to allow the rescuers to procure the purchase of hydraulic cutting equipment. Helping those who have been involved in road accidents and natural disasters to the people who are suffering and also donated 100 CPE ground kits for Foundation staffs to wear to prevent the spread of COVID-19.



### GJS Sharing Activities

The company donated necessities to children at Baan Khruja Child Protection Foundation (Pataya), Bang Lamung District, Chonburi, which was organized for the fourth consecutive year by the management team and staffs by gathered the books, stationeries, clothing and other consumables provided to underprivileged children who were not supported by an insufficient fundamentals.



### GJS repair-build, community development

GJS repair-build, community development is the project from participating in dialogue with the communities to jointly plan develop and improve the nearby communities by settle staffs from the skilled department to join this project, for example the improvement of the wood smoked orange stove at Ban Khao Hin School (Nikornrat Bamrung) including improve the electrical system and repair the cold coffin at Bo Win Temple, Bo Win Sub-district, Sriracha District, Chonburi. In order to develop community buildings to be used effectively. Furthermore, to be used effectively and encourage employees to have volunteer spirit jointly develop the community and surrounding society to live together happily.





### Community activities during Covid-19 outbreak

Support the budget for the provision of tents to facilitate the patients of Ban Khao Hin Health Promoting Hospital and support one examination bed to Bo Win Sub District Health Promoting Hospital, Bo win Sub District, Si Racha District, Chonburi Province, during the COVID-19 outbreak, in corporate with the WHA Chonburi Industrial Estate 1 and the corporate in the industrial estate.



Provide drinking water and electrolyte drinks to staff at the Coronavirus Disease 2019 (COVID-19) at the COVID-19 screening checkpoint area of Sriracha District located in front of Shell-Makro gas station, Sai Bowin Road - Pluak Daeng, Roryor. 3013, Moo 3, Bo Win Sub district, Si Racha District, Chonburi as well as supports 2 infrared thermometers to Bo Win Sub-District Health Promoting Hospital. The drinking water will be used to help people who are in quarantine and people who affected by the Covid-19 epidemic situation.



Going to the area to visit people who are detained high-risk people in the community and provide necessary consumables. The company has sponsored drinking water to quarantined group of people in Moo 2 totally five families, Moo 8 totally two families, and five families of Moo 6, in which there are 172 people who have to be quarantined at Khao Hin Hospital, with more than 130 have passed the quarantine period.



G J Steel project, sharing and caring for the employees' family through the Covid-19 crisis by provides rice, drinking water, consumables given to the families member of employees who are quarantined and awaiting for the treatment of the new coronavirus (COVID-19).



#### 4. Management discussion and analysis (MD&A)

##### Management Discussion and Analysis Yearly Ending 31 December 2021

###### 1. Highlights

	Unit: million Baht	Year 2021	Year 2020	Year 2019
<b>Performance</b>	Revenues	18,407	11,379	12,923
	Gross Profit (Loss)	4,022	171	(632)
	Net Profit (Loss)	3,178	(605)	(1,353)
<b>HRC</b>	HRC Sales (k tons)	664	709	710
	HRC Production Volume (k tons)	671	718	683
	HRC Average Selling Price (THB/ton)	27,718	16,044	18,192
	Unit: million Baht	31 Dec 2021	31 Dec 2020	31 Dec 2019
<b>Financial Status</b>	Total Liabilities	783	2,197	2,194
	Total Asset	16,622	14,857	15,488
	Total Equity	15,839	12,660	13,294

###### 2. Business Outlook

The overall HRC and sheets consumption saw an increase of 31% during 2021 when compared to 2020. However, the domestic production grew only by 14% and larger portion of the increase was captured by imports which grew at 48%.

Total Hot Roll (Unit: Tons)	Year 2021	Year 2020	% Var 21 vs. 20	Year 2019	% Var 21 vs 19
Production	2.97	2.60	14%	2.76	8%
Import	4.13	2.79	48%	4.04	2%
Export	0.05	0.02	188%	0.01	578%
Consumption	7.05	5.37	31%	6.79	4%

### 3. Performance of the Company

	31-Dec-21		31-Dec-20		31-Dec-19	
	M THB	%	M THB	%	M THB	%
<b>Income</b>						
Revenue from sale	18,407	98%	11,379	99%	12,923	97%
Net gain from write-off the expired legal prescription of liabilities	279	1%	0	0%	10	0%
Net foreign exchange gain	0	0%	38	0%	216	2%
Reversal of loss on confirmed purchase orders for undelivered raw material	0	0%	19	0%	21	0%
Other income	61	0%	80	1%	97	1%
<b>Total income</b>	<b>18,747</b>	<b>100%</b>	<b>11,517</b>	<b>100%</b>	<b>13,268</b>	<b>100%</b>
<b>Expenses</b>						
Cost of sale						
- Cost of goods sold	14,326	76%	11,223	97%	13,386	101%
- Idle cost	57	0%	69	1%	242	2%
- Loss on devaluation of inventories	1	0%	(84)	-1%	(73)	-1%
Total cost of sale	14,385	77%	11,208	97%	13,555	102%
Selling expenses	168	1%	170	1%	174	1%
Administrative expenses	764	4%	492	4%	543	4%
Net foreign exchange loss	110	1%	0	0%	0	0%
Finance costs	142	1%	251	2%	348	3%
<b>Total expenses</b>	<b>15,568</b>	<b>83%</b>	<b>12,122</b>	<b>105%</b>	<b>14,621</b>	<b>110%</b>
<b>Profit (loss) for the year</b>	<b>3,178</b>	<b>17%</b>	<b>(605)</b>	<b>-5%</b>	<b>(1,353)</b>	<b>-10%</b>
<b>Other Comprehensive Loss:</b>						
Item that will not be reclassified subsequently to profit or loss:						
Actuarial losses	0	0%	(28)	0%	0	0%
<b>Total Comprehensive loss for the year</b>	<b>3,178</b>	<b>17%</b>	<b>(633)</b>	<b>-6%</b>	<b>(1,353)</b>	<b>-10%</b>

- Revenue from sales and cost of goods sold**

The Company reported revenue from sales at THB 18,407 million which is higher than last year mainly due to an increase in average selling price by 73%, whilst the cost of goods sold is higher than last year by 28% (mainly due to increase in raw material prices). This leading to gross margin increase of THB 3,851 million as compared to last year.

HRC production decreased by 47k tons as compared to last year and the sales volumes dropped by 45k tons as compared to last year mainly due to annual maintenance shutdown undertaken in Q1 2021 and poor market conditions in Q4 2021.

- Net gain from write-off expired legal prescription of debts**

The Company had recorded net gain of THB 279 million from write-off of debts exceeding the legal prescription period of 10 years and accrued interest thereon. This was approved by the Company's Board of Directors on 10th November 2021.

- Administrative expenses**

Administrative expenses for year 2021 amounted to THB 764 million was higher by THB 272 million compared to last year mainly due to higher charges on account of incentive program

- Financial costs**

The financial costs for year 2021 amounted to THB 142 million was lower by THB 109 million compared to last year mainly due to reduction in Standby Letter of Credit and full debt repayment by the Company during the year.

#### 4. **Statement of financial positions**

	31-Dec-21		31-Dec-20		31-Dec-19	
	M THB	%	M THB	%	M THB	%
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	800	5%	107	1%	424	3%
Trade accounts receivables	0	0%	28	0%	6	0%
Inventories	2,789	17%	1,361	9%	1,367	9%
Other current assets	58	0%	152	1%	85	1%
<b>Total current assets</b>	<b>3,647</b>	22%	<b>1,647</b>	11%	<b>1,882</b>	12%
<b>Non-current assets</b>						
Advance payment for purchase of land and building	0	0%	210	1%	210	1%
Property, plant and equipment	12,562	75%	12,651	85%	13,049	84%
Intangible assets	4	0%	5	0%	6	0%
Other non-current assets	410	2%	344	3%	340	3%
<b>Total non-current assets</b>	<b>12,975</b>	78%	<b>13,210</b>	89%	<b>13,606</b>	88%
<b>Total assets</b>	<b>16,622</b>	100%	<b>14,857</b>	100%	<b>15,488</b>	100%

#### **Total assets**

As of 31 December 2021, the Company had total assets amounting to THB 16,622 million which increased from the year ended 2020 by THB 1,765 million. The current assets amounted to THB 3,647 million, increased by 121% from the year ended 2020 and the non-current assets amounted to THB 12,975 million, decreased by 2% from last year ended 2020.

- Cash and cash equivalent**

As on year ended 2021, the Company had the cash and cash equivalent balance amounting to THB 800 million which increased from last year by 648%, mainly due to the cash flow provided from the operating activities was higher than last year. This resulted from significant increase in hot-rolled steel price compared to last year. Thus the cashflow provided from the operation at THB 2,146 million, was sufficient to allow the Company to pay the investment cost of CAPEX of THB 201 million and



also replay loan from related party in the total amount of THB 1,057 million, including interest expenses from such loan during the year.

- **Trade account receivables**

As on year ended 2021, the Company had the nil balance of trade account receivables, whereby last year there was the balance of trade account receivable of THB 28 million. The reduction of trade account receivables resulted from poor HRC market condition in December 2021 therefore, customers decide to postpone their orders.

- **Inventories**

As on year ended 2021 and 2020, the Company had the inventories amounting to THB 2,789 million and THB 1,361 million in respectively, which increased by THB 1,428 million or 105% due to changing in scrap purchase method. During 2020, scrap was purchased on Consignment Agreement basis, the ownership of the goods will be recorded in the consignment agent's book until it is delivered to the Company. according to the quantity required for production from time to time. However, in year 2021 due to better cashflow, the Company alter to purchase directly, all ownership of the goods will be delivered and recorded in the Company's book. This will help to reduce the burden cost of interest expenses. In addition, the increase in inventories was due to the increase in scrap prices compared to the previous year which is in line with the world market situation.

- **Other current assets**

As on year ended 2021 and 2020, the Company had the other current assets amounting to THB 58 million and THB 152 million in respectively, which reduced from last year by THB 94 million mainly due to a decrease in advance payment to suppliers from last year.

- **Advance payment for purchase of land and building**

As on year ended 2021, the Company had nil balance of advance payment for purchase of land and building, whereas in last year it recorded THB 210 million due to during the year 2021, the reduction is due to company already registering the transfer of ownership from the seller to itself, therefore, the advance was transferred and booked under the property, plant and equipment account.

- **Other non-current assets**

As on year ended 2021 and 2020, the Company had other non-current assets amounting to THB 410 million and THB 344 million in respectively, which has increased by THB 66 million mainly due to the Company had a cash deposit as guarantee for using of electricity with Provincial Electricity Authority amounting of THB 112 million instead of using the Standby Letter of Credit in the previous year. This increase was partially offset with the write-off of suspended construction in progress of Direct Reduced Iron in amounting of THB 32 million since the process of disposing off the impaired machinery items as per the approval from the Board of Directors' meeting of the Company held on November 10, 2021.



	31-Dec-21		31-Dec-20		31-Dec-19	
	M THB	%	M THB	%	M THB	%
<b>Liabilities and equity</b>						
<b>Current liabilities</b>						
Trade accounts payable	274	2%	328	2%	333	2%
Other payables and accrued expenses	315	2%	289	2%	340	2%
Advance from customers	5	0%	11	0%	20	0%
Accrued interest expenses	23	0%	199	1%	137	1%
Liabilities from terminated rehabilitation plan	21	0%	169	1%	170	1%
Current portion of long-term borrowings from related party	0	0%	311	2%	0	0%
Current portion of lease liabilities	2	0%	6	0%	0	0%
Current provision	0	0%	0	0%	19	0%
Other current liabilities	<u>9</u>	0%	<u>15</u>	0%	<u>18</u>	0%
<b>Total current liabilities</b>	<b><u>649</u></b>	<b>4%</b>	<b><u>1,327</u></b>	<b>9%</b>	<b><u>1,038</u></b>	<b>7%</b>
<b>Non-current liabilities</b>						
Long-term borrowings from related party	0	0%	739	5%	1,049	7%
Lease liabilities – net	1	0%	2	0%	1	0%
Non-current provision employee retirement benefit	<u>134</u>	1%	<u>128</u>	1%	<u>106</u>	1%
<b>Total non-current liabilities</b>	<b><u>134</u></b>	<b>1%</b>	<b><u>870</u></b>	<b>6%</b>	<b><u>1,156</u></b>	<b>7%</b>
<b>Total liabilities</b>	<b><u>784</u></b>	<b>5%</b>	<b><u>2,197</u></b>	<b>15%</b>	<b><u>2,194</u></b>	<b>14%</b>

### Total Liabilities

As on December 31, 2021, the Company had total liability amounting to THB 784 million which decreased from year ended 2020 by THB 1,413 million. This consisted of total current liabilities amounting to THB 649 million which is 51% lower than year ended 2020, and total non-current liabilities amounted to THB 134 million which is 85% lower than year ended 2020.

- Trade accounts payable**

As on year ended 2021 and 2020, the Company had trade accounts payables amounting to THB 274 million and THB 328 million in respectively, which decreased by THB 54 million due to to stopping production in the second half of December 2021 resulting in deferring the purchase of raw materials for use in production in January 2022.

- Other payables and accrued expenses**

As on year ended 2021 and 2020, the Company had other payables and accrued expenses amounting to THB 315 million and THB 289 million respectively, which increased by THB 26 million due to increase in accrued expense for incentive program of THB 85 million partially offset with decrease in other payable and accrued expenses relating to production of THB 59 million, due to stopping production from mid of December 2021.

- **Advance received from customers**

As on year ended 2021 and 2020, the Company had advance received from customers amounting to THB 5 million and THB 11 million respectively, which decreased by THB 6 million due to poor HRC market conditions in December 2021 therefore, customers decide to postpone their orders.

- **Accrued interest expenses**

As on year ended 2021 and 2020, the Company had the accrued interest expenses amounting to THB 23 million and THB 199 million in respectively, which decreased by THB 176 million mainly due to write-off the accrued interest expenses related to liabilities from terminated rehabilitation plan. It is presented as part of net gain from write-off expired legal prescription of debts. In addition, during the year, the Company has already repaid all loans from related parties. As a result, the accrued interest payable decreased compared to the year 2020.

- **Liabilities from terminated rehabilitation plan**

As on year ended 2021 and 2020, the Company had liabilities from terminated rehabilitation plan amounting to THB 21 million and THB 169 million in respectively, which decreased by THB 148 million. This was mainly because write-off of liabilities from terminated rehabilitation plan according to approval from the Company's Board of Directors on 10<sup>th</sup> November 2021. It is presented as part of net gain from write-off expired legal prescription of debts.

- **Current portion of long-term borrowings from related party**

As on year ended 2021 the Company had the nil balance for the current portion of long-term borrowings from related party due full repayment of the loan in during the year 2021.

- **Long-term borrowings from related party - net**

As on December 31, 2021, the Company had the nil balance for net long-term borrowings from related party due to full repayment of loan during the year 2021.

	31-Dec-21		31-Dec-20		31-Dec-19	
	M THB	%	M THB	%	M THB	%
<b>Equity</b>						
Authorised share capital	<u>27,601</u>		<u>27,601</u>		<u>27,601</u>	
Issued and paid-up share capital	24,468	147%	24,468	165%	24,468	158%
Premium (discount) on ordinary shares	(9,667)	-58%	(9,667)	-65%	(9,667)	-62%
Legal reserve	37	0%	0	0%	0	0%
Retained earnings (Deficit)	692	4%	(2,449)	-16%	(1,816)	-12%
Other components of equity	<u>310</u>	2%	<u>310</u>	2%	<u>310</u>	2%
<b>Total equity</b>	<b><u>15,839</u></b>	95%	<b><u>12,661</u></b>	85%	<b><u>13,294</u></b>	86%
<b>Total liabilities and equity</b>	<b><u>16,622</u></b>	100%	<b><u>14,857</u></b>	100%	<b><u>15,488</u></b>	100%

## Total Shareholders' equity

As on December 31, 2021, the Company has total equity of THB 15,839 million which increased by THB 3,178 million or 25% from year ended 2020 mainly due to net profit for the year amounting to THB 3,178 million. The Company has created a legal reserve of THB 37 million during the year.

## 5. Significant financial ratios

	As of December 31,		
	2021	2020	2019
<b>Liquidity Ratio</b>			
Current Ratio	5.62	1.24	1.81
Quick Ratio	1.23	0.10	0.41
Operating Cash Flow Ratio	2.17	(0.01)	0.14
<b>Operating Efficiency Ratio</b>			
Accounts Receivable Turnover	1,318	667	1,287
Days of Receivables	0.28	0.55	0.28
Inventory Turnover	7	8	5
Days of Inventory on Hand	53	44	70
Accounts Payable Turnover	53	34	9
Days of Payables	7	11	39
Cash Conversion Cycle	46	34	32
<b>Profitability Ratio</b>			
Gross Profit Margin	22%	2%	-5%
Operating Profit Margin	19%	-3%	-8%
EBITDA Margin	21%	2%	-1%
Net Profit Margin	17%	-5%	-10%
Return on Equity	22%	-5%	-10%
Return on Assets	20%	-4%	-8%
Total Assets Turnover	1.19	0.76	0.77
<b>Debt leverage ratio</b>			
Debt to Equity Ratio	0.05	0.17	0.17
Interest Coverage Ratio	10.69	(0.10)	1.10
Dividend Payout Ratio	-	-	-

### Liquidity Ratio

In year 2021, the Company had better liquidity ratio from last year due to increase of selling price by 73 % while the cost of sales increased by 28 % from the previous year. This enabled the

Company to have a 20 % increase in gross profit margin. This also resulted in better cashflow from operations and repayment of liabilities. The Company still has a sales policy on cash basis and follow-up collection of debts from trade account receivables regularly, monitoring the production and selling plan that serves the needs of the customer and ordering raw materials with the suppliers who can provide credit terms

- Current Ratio is greater than 1 (which means the Company has the current assets greater than current liabilities)
- Quick Ratio is more than last year (meaning the Company has the assets which can turn into cash slower than last year)
- Operating Cash Flow Ratio is improved due to better profitability as explained above.

#### Operating Efficiency Ratio

Operating efficiency ratio reflects the performance of assets and liabilities in the statement of financial position to show whether the Company operation is effective or not.

- Account Receivable Turnover in this year is better than last year and Days of Receivable is lower than last year, this reflects the improvement in collection of money from sales.
- Inventory Turnover in this year is lower than last year and Days of Inventory on Hand is higher than last year as due to poor HRC market conditions in December 2021, which led to stoppage of production in mid of December 2021 resulting in higher inventory of steel scrap as on this year ended compared to last year.
- Account Payable Turnover Ratio is higher than last year, and Days of Payable is lower than last year since the Company has managed cash to settle liability payment more frequently.
- Cash Conversion Cycle number of days is higher than previous year due to days of inventory on hand increased due to stoppage in production in mid of December 2021.

#### Profitability Ratio

In year 2021, overall, the Company has better profitability ratio than last year from the HRC market price has improved thereby improving the operating results of the Company. Further as said above in section liquidity ratio, the Company has better cash flow from operations. Be able to pay off all long-term loan from related parties. This resulted from all profitability ratios improving compared to last year such as Gross Profit Margin, Operating Profit Margin, EBITA Margin, Net Profit Margin, Return on Equity, and Return on Assets and Total Assets.

#### Debt Leverage Ratio

In 2021, the Debt Leverage Ratio can be analyzed as follows:

- Debt to Equity Ratio is less than previous year due to the Company has ability to pay off all long-term loan in during year 2021 and there is write-off of liabilities which expired legal prescription which resulted in reduction of total liabilities from last year amounting to THB 1,413 million. As a result, the debt-to-equity ratio decreased.
- Interest Coverage Ratio is greater than last year because in year 2021 the Company has a better net cash provided from operating activities as compares to last year

## 6. Statement of cash flows

	31-Dec-21	31-Dec-20	31-Dec-19
	M THB	M THB	M THB
<b><i>Cash flows from operating activities</i></b>			
Profit (loss) for the year	3,178	(605)	(1,353)
<i>Adjustments for</i>			
Depreciation and amortization	516	526	900
Work roll amortization	83	78	74
Interest income	(1)	(2)	(20)
Finance costs	142	251	348
Net gain from write-off the expired legal prescription of liabilities	(279)	0	(10)
Gain from write-back advance received from customer	0	(10)	0
Gain from repayment of liability from terminated rehabilitation plan	(2)	0	0
Unrealised loss (gain) on exchange rate - net	15	(8)	(87)
(Reversal of) loss on devaluation of inventories	1	(84)	(73)
Loss on confirmed purchase orders for undelivered raw material	0	(19)	(21)
Employee benefit expenses	11	10	29
Loss on write-off of assets	19	2	4
Loss on sales of machinery under suspended construction in progress	7	0	0
Insurance compensation income - net	0	(2)	0
Provision loss for court case claim	0	2	0
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable	28	(22)	8
Inventories	(1,439)	89	2,568
Other current assets	94	(66)	177
Other non-current assets	(184)	(81)	(85)
Trade accounts payable	(53)	(5)	(1,683)
Advances received from customers	(5)	1	(13)
Other payables and accrued expenses	17	(60)	(385)
Other current liabilities	5	(3)	(12)
Paid employee benefits obligations	(6)	(10)	(4)
Loss from court case claim paid	(3)	0	0
Interest received	<u>0</u>	<u>0</u>	<u>3</u>
<b>Net cash from (used in) operating activities</b>	<b>2,146</b>	<b>(17)</b>	<b>365</b>



	31-Dec-21	31-Dec-20	31-Dec-19
	M THB	M THB	M THB
<b><i>Cash flows from investing activities</i></b>			
Cash receive from short-term loan to related company	0	0	94
Purchase of property, plant and equipment	(201)	(128)	(112)
Purchase of intangible assets	(1)	(2)	(2)
Proceeds from insurance claim	0	16	0
Proceeds from sales of machinery under suspended construction in progress	13	0	0
Interest received	<u>1</u>	<u>2</u>	<u>23</u>
<b>Net cash from (used in) investing activities</b>	<b>(188)</b>	<b>(113)</b>	<b>3</b>
<b><i>Cash flows from financing activities</i></b>			
Cash received from short-term borrowings from related party	0	0	624
Repayment of liabilities from terminated rehabilitation plan	(1)	(2)	(3)
Repayment of short-term borrowings from related party	0	0	(1,864)
Repayment of long-term borrowings from related party	(1,057)	0	0
Payment for lease liabilities	(6)	(5)	(1)
Cash received from issuance of new ordinary shares	0	0	1,503
Pay the cost of issuing new shares	0	0	(74)
Finance cost paid	<u>(201)</u>	<u>(180)</u>	<u>(331)</u>
<b>Net cash from (used in) financing activities</b>	<b><u>(1,265)</u></b>	<b><u>(188)</u></b>	<b><u>(144)</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>693</b>	<b>(317)</b>	<b>224</b>
Cash and cash equivalent at 1 January	107	424	201
Effect of exchange rate changes on balances held in foreign currencies	<u>1</u>	<u>(0)</u>	<u>(1)</u>
<b>Cash and cash equivalent at 31 December</b>	<b><u>800</u></b>	<b><u>107</u></b>	<b><u>424</u></b>

In the year 2021 the Company had a net profit of THB 3,178 million and in year 2020 it had a net loss of THB 605 million. While net cash flow from operations in 2021, the Company had net cash provided from operating activities of THB 2,146 million and in 2020 the Company had net cash used in operating activities of THB 17 million

For investing activities, the Company had net cash used in year 2021 and 2020 amounting to THB 188 million and THB 113 million, in respectively, due to purchase of new assets for replacement parts of the machines that are worn out.

For financing activities, the Company had net cash used in year 2021 and 2020 amounting to THB 1,265 million and THB 188 million, in respectively, this is mainly due to the full repayment of loan from related party of THB 1,057 million in year 2021 and repayment of financial costs related to loan from related party for year 2021 and 2020 of THB 201 million and THB 180 million, respectively.

**7. Commitments as of December 31, 2021 can summarize in below:**

Unit: Million Baht

Commitments	Total	Payment in period			
		within 1st year	in year 2nd and 3rd	in year 4th and 5th	in year 6th onwards
Operating lease liabilities	4.90	4.44	0.46	-	-
Purchase contracts liabilities	1,068.00	938.48	129.52	-	-
Other commitment liabilities	0.70	0.70	-	-	-
<b>Total</b>	<b>1,073.60</b>	<b>943.62</b>	<b>129.98</b>	<b>-</b>	<b>-</b>

**8. Factor effect to the future operation**

The company has imports of Scrap, Pig Iron and several sub raw material. Thus, foreign exchange fluctuation would significantly affect the Net profit of the Company. However, the Company manages the risk of exchange rate by benchmark the selling price with the world market selling price, which is primarily linked to US dollar. Besides, the Company has adapted a plan in respect of various projects aiming to reduce production cost in order 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.

## 5. General information and other related information

<b>Company Name:</b>	G J Steel Public Company Limited	
<b>Stock Symbol:</b>	GJS (Listed on the Stock Exchange of Thailand)	
<b>Company Registration Number:</b>	0107538000401	
<b>Type of Business:</b>	Production and Distribution of Hot Rolled Coil	
<b>First Trade Date:</b>	2 July 1996	
<b>Amounts of registered capital and paid-up capital:</b>	Registered Capital	27,600,824,751.36 Baht
	Paid-up Capital	24,467,649,500.16 Baht
<b>Number and type of the total shares sold:</b>	Ordinary shares	25,487,134,896 shares,
	Preferred shares	None
	Par Value	0.96 Baht per share
<b>Fiscal Year:</b>	1 January to 31 December	
<b>Headquarter Address:</b>	88 PASO Tower, 24 <sup>th</sup> Floor, Silom Road, Suriyawong, Bangrak, Bangkok 10500 Tel: (02) 267-8222 Fax: (02) 267-9048-9	
<b>Factory Address:</b>	WHA Chonburi Industrial Estate 1, 358 Moo 6, Highway 331, Bowin, Sriracha, Chonburi 20230 Tel: (038) 345-950 Fax: (038) 345-693	
<b>Website:</b>	www.gjsteel.co.th	
<b>Reference:</b>		
<b>Share Registrar</b>	<b>Thailand Securities Depository Company Limited</b>	
<b>Address</b>	93 Ratchadaphisek Road, Din Daeng, Din Daeng, Bangkok 10400	
<b>Tel</b>	(02) 009-9999	
<b>Fax</b>	(02) 009-9991	
<b>Auditors</b>	<b>Baker Tilly Audit And Advisory Services (Thailand) Ltd.</b>	
	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	
<b>Address</b>	21/1 Floor, Sathorn City Tower, 175 South Sathorn Road, Thung Maha Mek, Sathorn, Bangkok 10120	
<b>Tel</b>	(02) 679-5400	
<b>Fax</b>	(02) 679-5500	

## **Legal Dispute**

### **Progress of dispute**

A former employee filed a complaint to the Central Labour Court against the Company for the unfair lay-off. The Central Labour Court determined the Company to pay the compensation to such employee totalling Baht 2.4 million plus interest at the rate of 7.5% per annum until settlement date. The Company filed a petition to the Appeal Court, the Appeal Court confirmed the judgement of the Central Labour Court to pay the compensation totalling Baht 2.4 million plus interest at the rate of 7.5% per annum from sue date until settlement date.

This case was final in the appellate stage according to the judgment of the Special Court of Appeal on 8 March 2021 and the Company has fully paid the debt to the plaintiff.

## Part 2

### Corporate Governance

#### 6. Corporate governance policy

The Board of Directors has implemented 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. 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 the Code of Conduct 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.

Please find more details in “Attachment 5 Code of Conduct”.

#### 6.1 Overview of the Policy and Guidelines

##### 6.1.1 Policy and guidelines related to the Board of Directors

###### 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.

### **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, 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. The detail of separated the scope of duties and responsibilities are under “Information on the Board of Directors” and under “The composition of the Board of Directors”

### **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.

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 Meeting of Shareholders 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.

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. At the meeting of the Board of Directors at the end of the year 2020, the Company Secretary prepared meeting schedule for the year 2021 for the Board of Directors to be able to schedule their time for the meetings.

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.

### **Nomination and Appointment of Directors and Executives**

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

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 corporate governance practices, such as ethics, independence, assertiveness, creativity, carefulness and integrity as well as ability to dedicate their time for the Company.

#### 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 Meeting of Shareholders 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 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 corporate governance practices, such as ethics, independence, assertiveness, creativity, carefulness and integrity as well as ability to dedicate their time for the Company.

## **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 Chief level, the appointment of the person shall be endorsed by the Nomination and Remuneration Committee and proposed to the Board of Directors for approval, while an appointment of positions equivalent to the Internal Audit Department executives shall be made with the Audit Committee's discretion.

## **Remuneration for directors, Chief Executive Officer, and top executives**

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 Shareholders (as the case may be) 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 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 (if any), such as consultancy fee 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 Shareholders' Meeting to approve the remunerations for the non-executive and non-employee directors are under "Remuneration for Directors and Executives".



## Directors and Executives development

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.

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.

### 6.1.2 Policy and guidelines related to shareholders and stakeholders

#### Shareholders' right protection and promotion of shareholders' right exercising

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 Meeting of Shareholders, 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.

### **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.

### **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 prior to the meeting date for download.

### **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.

### **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.

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

With fully respect of shareholders' right, the attendance of all 9 Directors, including Chief Executive Officer, and Chief Financial Officer, comprised 10 persons attended the 2021 Annual General Meeting of Shareholders.

### **Practice for shareholders prior to the shareholders' meeting, at the shareholders' meeting, and after 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 Shareholders' Meeting, 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. To deliver to the documents of the Shareholders' Meeting ("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 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. The Company clearly stated shareholders' meeting rules and process in the meeting invitation.

At the Meeting, the Company facilitated shareholders and shareholders' proxy to exercise their rights to attend the meeting by used a e-Voting 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.

Furthermore, the moderator of the meeting also informed the Meeting the number and ratio of attending shareholders either by themselves or by appointment of proxies, the rule and voting process, the procedures of vote-casting, vote-counting, including notification of voting result. The shareholders' meeting minutes also included a record that the meeting was informed of the rules and voting process.

In addition, at the 2021 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. Olan Siricharoen, a legal advisor has been assigned as a vote-counting inspector together with the Company to supervise in the 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 SEC.

After the Meeting, 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 the Shareholders' Meeting for publishing on the Company's website in compliance with the regulations of SEC and SET.

### **Facilitating and equitable treatment of shareholders**

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

#### Policy on facilitating and equitable treatment of 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.

### **Provide 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 Annual General Meeting of Shareholders 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 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. Shareholder who wishes to propose an item on the agenda must be a Company's shareholder at the date proposing the agenda holding a minimum of not less than five percent of the total shares issued by the Company, which can be either a shareholder or combined shareholders.
2. An issue shall be proposed through the "Form Proposed Agenda of AGM" with related complete and entire documents, to be submitted to the Company. In case of combined

shareholders jointly propose an agenda, each shareholder must fill in the “Form Proposed Agenda of AGM” with signature and submit altogether as one set.

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 fully qualified as specified in criteria No.1, or whose information or supporting documents enclosed are incorrect or incomplete or the proposal submitted after the deadline.
  - 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 the Code of Conduct.
  - 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

#### **Provide shareholders to nominate person for director position**

The Company allowed and assisted any shareholders to nominate in advance qualified person as a candidate for the Company’s director position in the agenda of Annual General Meeting of Shareholders 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 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. Shareholder who wishes to propose a qualified candidate for directorship must be the Company’s shareholder at the date proposing the candidate for directorship holding a minimum of not less than five percent of the total shares issued by the Company by a shareholder or combined shareholders.
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, to be submitted to the Company. In case of a combined shareholders jointly nominate a candidate, each shareholder must fill in the

“Form Nominated Qualified Candidate for Directorship in AGM” with signature and submit altogether as one set.

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.

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

Through publishing all information on the Company’s website prior to the Shareholders’ Meeting, 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. Moreover, the Company updates current information and data published on its website.

### **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 Shareholders’ Meeting, 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.

### **Internal Information Protection**

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. 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.

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.



## 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 Company has established preventive measures for Conflicts of Interest for Executives and Employees as follows;

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

## Role of 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 Corporate Social Responsibility and Corporate Governance 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;

### **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.

### **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.

### 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.

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

### **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.

### **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.

### **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.

### **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.

### **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.

### **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.

### **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.

### **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 Company's website on the topic of Investor Relations.
4. The Company sends its representatives to visit the surrounding community every year.

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

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

#### **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.

#### **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.

#### **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.

#### **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.

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.



## **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.

## **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.

## **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 and via the Company's website.

## **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.

## **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.

## **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.

## **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.

## 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  
G J Steel Public Company Limited  
88 PASO Tower, 24 th Floor, Silom Road, Suriyawong,  
Bangrak, Bangkok 10500  
Tel. 02-267-8222 ext. 5610,5611  
e-mail : IA@gjsteel.co.th

Chanel 2

Human Resource and Administration Department  
Tel. 038-345-950 ext. 1320  
e-mail : HRA@gjsteel.co.th 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 J Steel Public Company Limited  
88 PASO Tower, 24th Floor, Silom Road, Suriyawong,  
Bangrak, Bangkok 10500  
Tel. 02-267-8222 ext. 5151, 1559  
e-mail : compliance@gjsteel.co.th

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.

## 6.2 Business ethics

The Board of Directors has prepared a manual “Business Ethics and Code of Conduct For Executives and Employees” (“**Code of Conduct**”), which focuses on the principles of good corporate governance and in accordance with the Company’s vision, mission, business goals and key objectives of the Company 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, the Company has distributed the Code of Conduct 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 has set the guidelines and organize a strong operation system to prevent corruptions with an internal audit system, lead to a corporate governance to truly.

Please find more details in “Attachment 5 Code of Conduct”.

### 6.3 Material changes and developments regarding policy, guidelines and corporate governance system in the preceding year

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.

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

In the year 2021, 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

**In 2021, there are changes in the shareholding of directors and executives as follows:**

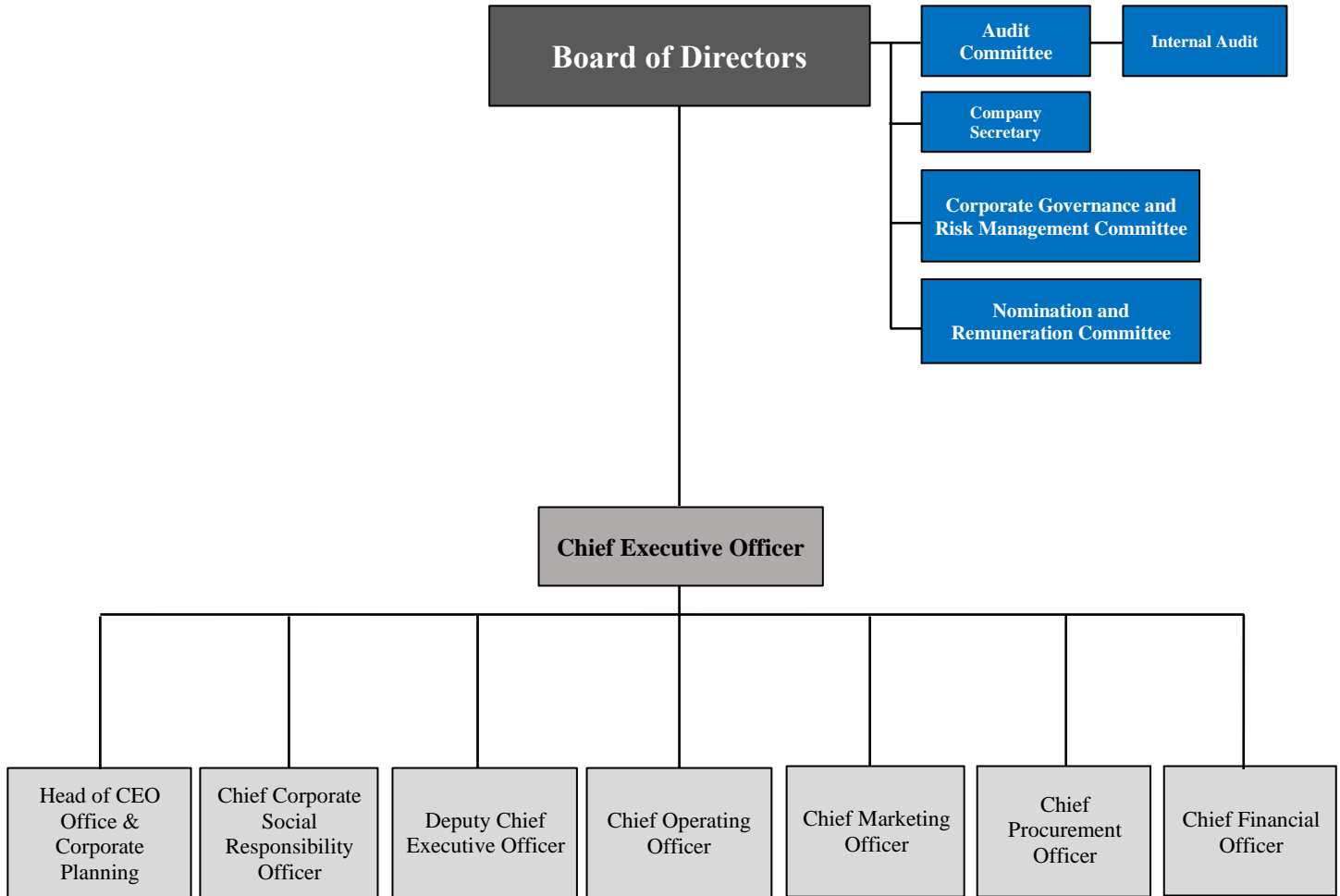
As of 31 December 2021

No.	name	position	No. of ordinary share(s) (Ratio ( Percentage ))		Change Increase/ (Decrease) in 2021
			31 December 2020	31 December 2021	
1.	Khunying Patama Leeswadtrakul	Chief Corporate Social Responsibility Officer	29,206,943 (0.11%)	79,206,943 (0.31%)	50,000,000
	Spouse or Minor children		-	-	-

## 7. Corporate governance structure and significant information related to the Board of Directors, subcommittees, executives, employees and others

### 7.1 Corporate Governance Structure

The Company has the Organization Chart of the Company as follows;



#### Remark:

The Board of Directors' Meeting No. 2/2565 held on 24 February 2022 resolved to approved the change of the Company's organization chart with effect from 1 April 2022 onwards.

### 7.2 Information on the Board of Directors

The Company's Board of Directors comprises of 9 members including:

Name	Position
1.Mr. Stephen Karl Stewart	Chairman and Independent Director/ Audit Committee Member
2.Assoc. Prof. Niputh Jitprasonk	Independent Director/ Chairman of the Audit Committee
3.Mr. Yingsak Jenratha	Independent Director/ Audit Committee Member
4.Mr. Yanyong Kurovat	Director/ Executive Director
5.Mr. Somchai Leeswadtrakul	Director/ Executive Director
6.Mr. Ichiro Sato <sup>(2)</sup>	Director/ Non-Executive Director
7.Mr. Nobuo Okochi <sup>(2)</sup>	Director/ Executive Director
8.Mr. Kenichi Hoshi <sup>(2)</sup>	Director/ Executive Director
9.Mr. Bantoon Juicharn <sup>(3)</sup>	Director/ Executive Director

**Remarks:**

- (1) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to acknowledge the resignation of the directors, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).
  - 1) Mr. Andreas Rizal Vourloumis
  - 2) Mr. Richard Jim Yee
  - 3) Mr. Sudhir Maheshwar
- (2) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to approve the Appointment of Directors in replacement of the Directors that have resigned, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time)
  - 1) Mr. Ichiro Sato
  - 2) Mr. Nobuo Okochi
  - 3) Mr. Kenichi Hoshi
- (3) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to acknowledge the resignation of Mr. Kanit Sukonthaman as Director, Chief Executive Officer and Chairman of the Executive Committee of the Company, and approve the appointment of Mr. Bantoon Juicharn as a new Director and the new Chief Executive Officer of the Company replacing Mr. Kanit Sukonthaman, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).

**Definition**

**Non-Executive Director** means outside directors who are not the Company's executives or employees, or executive directors, or authorized directors

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

**7.2.1 The composition 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.

**Power balance of non-executive directors**

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 4 sub-committees have been appointed with different roles and duties as detailed in the topic "7.3 Information on subcommittees".

The structure of the Company's Board of Directors comprises the executive directors totaling 5 persons, and 4 non-executive directors, totaling 9 persons. The balance of power by independent directors is 33.33 percent (account for one-third of Board members).

**Authorized Directors are as follow;**

"(1) (a) either Mr. Yanyong Kurovat or Mr. Somchai Leeswadtrakul jointly signs with (b) either Mr. Nobuo Okochi or Mr. Kenichi Hoshi or Mr. Bantoon Juicharn, totaling 2 persons (one from each of (a) and (b)), together with the Company's seal being affixed or (2) Two out of Mr. Nobuo Okochi or Mr. Kenichi Hoshi or Mr. Bantoon Juicharn jointly signs with the Company's seal being affixed."

Remark: The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to approve the amendment of the Directors' Signatory Authorization.



## Roles and responsibilities of the Board of Directors

### 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 statement of financial position, 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.

### **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.

### 7.3 Information on subcommittees

The Company's Management Structure consists of the Board of Directors and 4 sub-committees namely the Management Committee, Audit Committee, Nomination and Remuneration Committee and Corporate Governance and Risk Management Committee. Details of the Committee's scope of authorities and responsibilities are as follows;

#### Position in Sub-Committees

No.	Name	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee and Risk Management Committee	Management Committee
1.	Mr. Stephen Karl Stewart	✓	✓	✓	
2.	Assoc. Prof. Niputh Jitprasonk	✓	✓		
3.	Mr. Yingsak Jenratha	✓		✓	
4.	Mr. Yanyong Kurovat				
5.	Mr. Somchai Leeswadtrakul		✓		
6.	Mr. Ichiro Sato				
7.	Mr. Nobuo Okochi		✓		
8.	Mr. Kenichi Hoshi			✓	
9.	Mr. Bantoon Juicharern				✓

\*  = Chairman

#### 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.

The Audit Committee comprised 3 directors as listed below.

No.	Name	Position
1.	Assoc. Prof. Niputh * Jitprasonk	Chairman of the Audit Committee
2.	Mr. Stephen* Karl Stewart	Member of the Audit Committee
3.	Mr. Yingsak* Jenratha	Member of the Audit Committee

\*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

#### 1.1 Internal Control and Internal Audit

- 1) Review the Company's internal control system and internal audit system to ensure that it is suitable and effective.
- 2) Review the independence of the Internal Audit Department.
- 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.
- 4) Supervise the management to correct any defects found any follow up and correct the deficiencies to make the operation more efficient.
- 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.
- 6) Review the measures taken by the Company for countering the anti-corruption and bribe as part of good corporate governance.
- 7) Consider and approve the appointment, transfer, terminate of the chief internal audit.
- 8) Evaluate performance and approve wages bonus or other compensation of internal auditors.
- 9) Promote understanding among the Audit Committee, the Management, the Internal Audit Department and the Auditor in order to ensure a unified direction.
- 10) Review the scope of the audit with the Company's auditor to ensure consistency and mutual contribution.

#### 1.2 Financial Statements and Disclosure

- 1) Review the Company's financial reporting process to ensure that it is accurate and adequate.
- 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.
- 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.

#### 1.3 External Auditor

- 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.
- 2) Recommend the removal of the auditor due to lack of ability dereliction or malpractice.
- 3) Attend the meeting with the auditor without the management attends the meeting at least once a year.
- 4) Suggest that the auditor review or exam the items deemed necessary and it is important during the audit of the Company.
- 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).

#### 1.4 Compliance and Law

- 1) Verify that the company has complied with the applicable laws, securities and the SET regulations or government regulations.
- 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.

#### 1.5 Risk Management

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

#### 1.6 Other Responsibilities

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

#### 1.7 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 2021, the details of the meeting attendance of the Nomination and Remuneration Committee Members are as follows:

No.	Name	Number of Attendance
1.	Assoc. Prof. Niputh Jitprasonk	2 / 2
2.	Mr. Stephen Karl Stewart	2 / 2
3.	Mr. Somchai Leeswadtrakul	2 / 2
4.	Mr. Nobuo Okochi <sup>(1)</sup>	-

Remark:

- (1) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to acknowledge the resignation of Mr. Sudhir Maheshwari as a Nomination and Remuneration Committee Member, and approve the appointment of Mr. Nobuo Okochi as a Nomination and Remuneration Committee Member replacing Mr. Sudhir Maheshwari, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).  
In this regard, Mr. Sudhir Maheshwari has attended 2 out of 2 the Nomination and Remuneration Committee meetings during the year 2021.



### 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 2021, the details of the meeting attendance of the Corporate Governance and Risk Management Committee Members are as follows:

No.	Name	Number of Attendance
1.	Mr. Stephen Karl Stewart	4 / 4
2.	Mr. Yingsak Jenratha	4 / 4
3.	Mr. Kenichi Hoshi <sup>(1)</sup>	-

#### Remark:

- (1) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to acknowledge the resignation of Mr. Richard Jim Yee as a Corporate Governance and Risk Management Committee Member, and approve the appointment of Mr. Kenichi Hoshi as a Corporate Governance and Risk Management Committee Member replacing Mr. Richard Jim Yee, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time). In this regard, Mr. Richard Jim Yee has attended 4 out of 4 the Corporate Governance and Risk Management Committee meetings during the year 2021.

### Responsibilities of the Corporate Governance and Risk Management Committee

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 Internal 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.
7. To perform other duties as the board assigns related to the good corporate governance.
8. To report on the operations about the supervision of the company to the board.

#### 4. Management Committee<sup>(1)</sup>

In the past year, The Management 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 Management 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.

The Management Committee comprises of 4 members as follows;

No.	Name	Position
1.	Mr. Bantoon Juicharern <sup>(2)</sup>	Chairman of the Management Committee
2.	Mr. Yasuhiro Sakamoto <sup>(4)</sup>	Member
3.	Mr. Toshikazu Mukaiyama <sup>(4)</sup>	Member
4.	Mr. Rajeev Jhawar	Member

#### Remarks:

- (1) The Board of Directors' Meeting No. 2/2565 held on 24 February 2022 resolved to approve the rename of "Executive Committee" to "Management Committee" with effect from 1 April 2022 onwards.
- (2) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to acknowledge the resignation of Mr. Kanit Sukonthaman as Director, Chief Executive Officer and Chairman of the Executive Committee of the Company, and approve the appointment of Mr. Bantoon Juicharern as a new Director and the new Chief Executive Officer of the Company replacing Mr. Kanit Sukonthaman, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).
- (3) Mr. Yotsakorn Srisuksawadi, Deputy chief financial officer, Deputy chief compliance and legal officer and the member of the Executive committee, has resigned with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).
- (4) The Board of Directors' Meeting No. 2/2565 held on 24 February 2022 resolved to approve the appointment of the following names as a Company's Management and Management Committee members with effect from 1 April 2022 onwards.
  - 1) Mr. Yasuhiro Sakamoto Chief Operating Officer
  - 2) Mr. Toshikazu Mukaiyama Head of CEO Office & Corporate Planning and Chief Marketing Officer

## 7.4 Information on executives

### Executives

The Company's Executives are as follows:

No.	Name	Position
1.	Mr. Bantoon Juicharnern <sup>(1)</sup>	Chief Executive Officer
2.	Mr. Yasuhiro Sakamoto <sup>(3)</sup>	Chief Operating Officer
3.	Mr. Toshikazu Mukaiyama <sup>(3)</sup>	Head of CEO Office & Corporate Planning and Chief Marketing Officer
4.	Mr. Sittisak Leeswadtrakul	Deputy Chief Executive Officer
5.	Khunying Patama Leeswadtrakul	Chief Corporate Social Responsibility Officer
6.	Mr. Rajeev Jhawar	Chief Financial Officer

**Remarks:**

- (1) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to acknowledge the resignation of Mr. Kanit Sukonthaman as Director, Chief Executive Officer and Chairman of the Executive Committee of the Company, and approve the appointment of Mr. Bantoon Juicharnern as a new Director and the new Chief Executive Officer of the Company replacing Mr. Kanit Sukonthaman, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).
- (2) Mr. Yotsakorn Srisuksawadi, Deputy chief financial officer, Deputy chief compliance and legal officer and the member of the Executive committee, has resigned with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).
- (3) The Board of Directors' Meeting No. 2/2565 held on 24 February 2022 resolved to approve the appointment of the following names as a Company's Management and Management Committee members with effect from 1 April 2022 onwards.
  - 1) Mr. Yasuhiro Sakamoto Chief Operating Officer
  - 2) Mr. Toshikazu Mukaiyama Head of CEO Office & Corporate Planning and Chief Marketing Officer

**Remuneration for directors and executives**

As for 2021, the Nomination and Remuneration Committee meeting has considered 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. Including considering the overall operation results, business environment and economy as a whole, endorsed the matter to be proposed to the Board of Directors for further proposal to the Annual General Meeting of Shareholders to approve the director remuneration for the year 2021, in which the amount is the same as the remuneration for the year 2020 approved by the Annual General Meeting of Shareholders. The details are as follows:

**Remuneration for the Board of Directors for year 2021**

Position	Position Remuneration (Baht/Month)	Monthly Remuneration (Baht/Month)	Meeting Allowance (Baht/Time)
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.

**Monetary remuneration of the Executives in the form of salaries and other payments**

<b>Unit: Million Baht</b>	<b>2021 (31 December 2021)</b>	<b>2020 (31 December 2020)</b>
Salary	14	24
Employee Benefits	1	2
Provident Fund	1	1
Incentive Program	<u>174</u>	<u>-</u>
<b>Total</b>	<b><u>190</u></b>	<b><u>27</u></b>

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

**7.5 Information on employees**

**Number of employees**

As of 31 December 2021, the Company has a total of 646 employees, which are separated under the following functions:

<b>Functions</b>	<b>Number of Employees</b>
Corporate	40
Production	606
<b>Total</b>	<b><u>646</u></b>

<b>Remuneration for Employees (million Baht)</b>	<b>Total (million Baht)</b>
Total (Comprises of salary, provident fund and others)	764

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

<b>Gender</b>	<b>Number of Employees</b>	<b>Proportion by Gender (%)</b>
Male	524	81
Female	122	19
<b>Total</b>	<b><u>646</u></b>	<b><u>100</u></b>

<b>Age</b>	<b>Number of Employees</b>	<b>Proportion by Age (%)</b>
Under 30 years old	89	14
Between 30-50 years old	479	74
Above 50 years old	78	12
<b>Total</b>	<b><u>646</u></b>	<b><u>100</u></b>

Level	Number of Employees	Proportion by Level (%)
Staff-Assistant Manager	616	95
Manager	18	3
General Manager up	12	2
<b>Total</b>	<b><u>646</u></b>	<b><u>100</u></b>

## 7.6 Other significant information

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

Ms. Varaporn Chalermrattanakomol, 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.

### Company Secretary

The Board of Directors Meeting No. 11/2563 held on Monday, 9 November 2020 appointed Ms. Arttaya Sookto as the Company Secretary, with effect from 9 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.

### Head of internal audit

The Company's internal audit department directly reports to the Audit Committee. It is responsible for overseeing internal audits performance operation, the internal control, assurance and consulting independently efficiently and effectively. At the present, the Audit Committee has appointed



Miss Jurai Chailertdilokkul to as the head of the internal audit, the details are given in attachment 3 details about the head of internal audit.

### **Head of compliance unit**

The Company has assigned Ms. Arttaya Sookto to be the Company Secretary to ensure that the Company will supervise the performance of the Company to comply with laws, rules, regulations, orders, announcements from both inside and outside the organization. The qualifications of the person holding the position as in Attachment 1.

### **Head of investor relations**

The Company has assigned Ms. Arttaya Sookto to be the Company Secretary to follow up and collect relevant news and information to support executive in dealing with external parties including analysts and investors and maintain good relationships with analysts and investors. Should there be any need for additional information, investors can directly contact the Investor Relations Department via these channels:

#### **Investor Relations - IR**

G J Steel Public Company Limited

88 PASO Tower, 24<sup>th</sup> Floor, Silom Road, Suriyawong,  
Bangrak, Bangkok 10500

Tel: +66(0) 2267-8222 Ext. 5954

E-mail: ir@gsteel.com

### **Audit Fee**

As the year 2021 Annual General Meeting of Shareholders held on 4 May 2021, 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 2021 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 2021, the Company paid the audit fee to the Company's auditors in the amount of 3,600,000 baht, which is the rate of the previous year.

#### Non-Audit Fee

-None-

## 8. Report on key operating results related to corporate governance

### 8.1 Summary of duty performance of the Board of Directors in the past year

The Board of Directors has established policies and strategies that can lead to enhancing competitiveness, building culture and corporate values, as well as enhancing governance efficiency, sufficiency of internal control system and risk management of the organization and provide other opinions that are beneficial to the organization's development.

#### 8.1.1 Selection, development and evaluation of duty performance of the Board of Directors

The Nomination and Remuneration Committee has duties to consider and define criteria and process of recruiting a qualified person to be appointed as Director and President of the Company, select the Directors to be Subcommittees, consider the format and principals for the compensation and selection as defined by the nomination process then propose to the Board of Directors or the shareholders' meeting for approval.

In addition, for nominating the directors, the Company announced to invite the shareholders to propose the names of qualified candidates and not prohibited by laws in advance for the positions of the directors in the 2021 Annual General Meeting of Shareholders via the Company's website and the SET's channel during 17 December 2020 to 29 January 2021. However, neither the agenda nor the names of the nominated person have been proposed. In the 2021 Annual General Meeting of Shareholders, 3 directors shall retire, which are:

1. Mr. Stephen Karl Stewart      Chairman of the Board of Directors,  
Independent Director and Audit Committee Member
2. Mr. Andreas Rizal Vourloumis      Director
3. Mr. Sudhir Maheshwari      Director

The Nomination and Remuneration Committee has thoroughly and carefully conducted the review of its screened under the Company's nomination policy to selected qualified and suitable individuals to be proposed to hold the position of the Company's directors in accordance with the qualifications, working experiences, skills, and expertise, as the proportion of the Board members, including the performance of the directors during the past year. The Nomination and Remuneration Committee considers that the 3 persons are fully qualified as directors and had duly performed their duties as the members of the Company's Board of Directors and Sub-Committees well throughout the time. In addition, the Nomination and Remuneration Committee has considered that the director will independently express their opinion and in compliance with relevant regulations.

The Nomination and Remuneration Committee, excluding the directors who are proposed for re-election, casted their votes individually to propose to the Board of Directors to propose to the Shareholders' Meeting to consider the re-election of the 3 retired directors. The 3 persons are proposed to be as the independent director and directors of the Company for another term. In the 2021 Annual General Meeting of Shareholders, for the election voting for Directors, shareholders were required to use ballots to elect directors individually, allowing all shareholders to cast their votes to elect the nominated persons.

## 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. In 2021, details of Directors and executive's attendance of training are as follows:

No.	Name and Position	Course	By Organization
1	Mr. Rajeev Jhawar Chief Financial Officer	E-learning CFO Refresher Course	The Stock Exchange of Thailand

## Self-Assessment of the Board of Directors

For year 2021, 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.

### 8.1.2 Meeting attendance and remuneration payment to each Board member

In 2021, there were 7 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 2021 are as follows:

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 2021 Annual General Meeting of shareholders / Attendance
1. Mr. Stephen Karl Stewart	7 / 7	6 / 6	2 / 2	4 / 4	✓
2. Assoc. Prof. Niputh Jitprasonk	7 / 7	6 / 6	2 / 2	-	✓
3. Mr. Yingsak Jenratha	7 / 7	6 / 6	-	4 / 4	✓
4. Mr. Yanyong Kurovat	7 / 7	-	-	-	✓
5. Mr. Somchai Leeswadtrakul	7 / 7	-	2 / 2	-	✓
6. Mr. Ichiro <sup>(2)</sup> Sato	0 / 0	-	-	-	-
7. Mr. Nobuo <sup>(2)</sup> Okochi	0 / 0	-	0 / 0	-	-
8. Mr. Kenichi <sup>(2)</sup> Hoshi	0 / 0	-	-	0 / 0	-
9. Mr. Bantoon <sup>(3)</sup> Juichareern	0 / 0	-	-	-	-

#### Remarks:

- (1) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to acknowledge the resignation of the directors, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).
  - 1) Mr. Andreas Rizal Vourloumis
  - 2) Mr. Richard Jim Yee
  - 3) Mr. Sudhir Maheshwar
- (2) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to approve the Appointment of Directors in replacement of the Directors that have resigned, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time)
  - 1) Mr. Ichiro Sato
  - 2) Mr. Nobuo Okochi
  - 3) Mr. Kenichi Hoshi

- (3) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to acknowledge the resignation of Mr. Kanit Sukonthaman as Director, Chief Executive Officer and Chairman of the Executive Committee of the Company, and approve the appointment of Mr. Bantoon Juicharn as a new Director and the new Chief Executive Officer of the Company replacing Mr. Kanit Sukonthaman, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).

### Remuneration for individual Directors for year 2021

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. Stephen Karl Stewart	720,000	43,750	30,000	10,000	25,000	828,750
2. Assoc. Prof. Niputh Jitprasonk	720,000	35,000	37,500	12,500	-	805,000
3. Mr. Yingsak Jenratha	240,000	35,000	30,000	-	20,000	325,000
4. Mr. Yanyong Kurovat	240,000	35,000	-	-	-	275,000
5. Mr. Somchai Leeswadtrakul	240,000	35,000	-	10,000	-	285,000
6. Mr. Ichiro <sup>(2)</sup> Sato	-	-	-	-	-	-
7. Mr. Nobuo <sup>(2)</sup> Okochi	-	-	-	-	-	-
8. Mr. Kenichi <sup>(2)</sup> Hoshi	-	-	-	-	-	-
9. Mr. Bantoon <sup>(3)</sup> Juicharn	-	-	-	-	-	-
<b>Total</b>	<b>2,160,000</b>	<b>183,750</b>	<b>97,500</b>	<b>32,500</b>	<b>45,000</b>	<b>2,518,750</b>

#### Remarks:

- (1) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to acknowledge the resignation of the directors, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).
- 1) Mr. Andreas Rizal Vourloumis
  - 2) Mr. Richard Jim Yee
  - 3) Mr. Sudhir Maheshwar
- (2) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to approve the Appointment of Directors in replacement of the Directors that have resigned, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time)
- 1) Mr. Ichiro Sato
  - 2) Mr. Nobuo Okochi
  - 3) Mr. Kenichi Hoshi
- (3) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to acknowledge the resignation of Mr. Kanit Sukonthaman as Director, Chief Executive Officer and Chairman of the Executive Committee of the Company, and approve the appointment of Mr. Bantoon Juicharn as a new Director and the new Chief Executive Officer of the Company replacing Mr. Kanit Sukonthaman, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).
- (4) Remunerations details of resigned directors, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time) for year 2021 are as follows;

No.	Name of Resigned Directors	Directors' Remuneration Amount (Baht)
1.	Mr. Andreas* Rizal Vourloumis	-
2.	Mr. Richard* Jim Yee	-
3.	Mr. Sudhir* Maheshwari	-
4.	Mr. Kanit** Sukonthaman	-
	<b>Total</b>	<b>None</b>

**Remark:** \* 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.

\*\* Mr. Kanit Sukonthaman was executives of the Company. Therefore, He was not receive any of the remuneration and meeting allowance.

### 8.1.3 Supervision of subsidiaries and associated companies

The company has no subsidiaries.

### 8.1.4 Monitoring of compliance with the corporate governance policy and guidelines

The Company realizes the importance of good corporate governance by establishing policies and practices relevant to the Code of Conduct and good corporate governance. In the past year, the Company has followed up on the implementation of good corporate governance including employees, stakeholders, community and social responsibility, safety, health and environment which the follow-up results showed that the Company has completely followed the guidelines of each issue. In addition, the Company has followed up 4 additional issues of good corporate governance as follows:

#### (1) Prevention of conflicts of interest

The Board of Directors has formulated measures and approval procedure of connected transactions between the Company 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.

In the past year, it was not found that the directors, executive directors and employees had any case that might create a conflict of interest.

#### (2) Use of inside information to seek benefits

The Company gives importance on the use of internal information by specifying 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.

In the past year, it was not found that the directors, executive and employees had traded any securities during the period that the Company had set to refrain from trading

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

#### (3) Anti-corruption action

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 to comply with the Good Corporate Governance and with the Good Corporate Governance Standard generally acceptable for the listed companies, the meeting of Board of Directors No. 11/2017 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. 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.

In addition, the company also announced its intention to be the Thai private sector's anti-corruption coalition and was certified as a member of the coalition on November 5, 2018. And in 2021, the company has been renewed for membership of the Thai Private Sector Collective Action Coalition Against Corruption. The certificate will be valid for 3 years from the date of approval, which is 30 September 2021.

#### **(4) Whistleblowing**

The Board of Directors had specified the whistleblowing policy for providing the opportunities for employees and stakeholders, having a channel for complaints and reporting illegal acts. The company secretary is acknowledged as the complaints of corporate governance and the Code of Conduct of the company

In this regard, the Company has regularly tested the notification system in the whistleblowing or complaints channels on the Company's website that the system can still be used properly.

In the past year, from testing of the notification system, it was found that there were no abnormalities in the whistleblowing or complaints channels, and no one reported any violation of the Code of Conduct or a whistle on actions that are not in accordance with the anti-corruption policy.

### **8.2 Audit Committee Performance Result**

In 2021, the Audit Committee convened a total of six meetings, all of which were attended by all members of the committee. The performance result of the Audit Committee in the previous year, which have been disclosed, include the following:

1. Financial Statements Review
2. Internal Control Systems and Internal Audit Review
3. Related Party Transaction or Potential Conflicts of Interests Review
4. Review of the risk management process
5. Consider selection of the External Auditor and propose to appointment

*Find more details in "Attachment 6: Audit Committee Report"*

### **8.3 Summary of the results of duty performance of subcommittees**

#### **The Nomination and Remuneration Committee**

In 2021, the Nomination and Remuneration Committee held 2 meetings to consider various matters, whereby all directors attended every meeting in order to follow up and consider important matters assigned by the Board of Directors, which can be summarized as follows:

1. To review the structure and composition of the Company's Board of Directors, Sub-Committees' Members including the suitable number of Directors given the nature of the Company's business, and determine the rules and procedures for recruitment and qualifications of, and identify, suitable candidates for the roles of Directors, Sub-Committees' Members and Executives, before endorsing to the Board of Directors' Meeting and/or proposing to the Shareholders' Meeting for consideration and approval.

2. To formulate the policies for reviewing the rules for determining Monetary Remuneration and Non-Monetary Remuneration for the Directors, Committees' Members, as well as the compensation

structure for Executives to ensure that they are appropriate and fair, before endorsing to the Board of Directors' Meeting and/or proposing to the Shareholders' Meeting for consideration and approval.

### **The Corporate Governance and Risk Management Committee**

In 2021, the Nomination and Remuneration Committee held 4 meetings to consider various matters, whereby all directors attended every meeting in order to follow up and consider important matters assigned by the Board of Directors, which can be summarized as follows:

1. To formulate and introduce the policies, guidelines, and recommendations to ensure good governance of the Company's businesses, encourage ethical organization culture and follow the corporate governance policy and the Company's code of conduct including review and revise the corporate governance policy and the Company's code of conduct as appropriate, before proposing to the Board of Directors' Meeting for consideration.

2. Reviewed and oversaw the appropriateness and effectiveness of the Company's risk management quarterly, including monitoring the progress made in managing key risks identified as having significant impact on the business. The Committee ensured the methods and mitigation tactics deployed were adequate and then followed up and advised on the mitigation of risks, including strategic, operating, financial, and other risks, considering both external and internal factors.

## 9. Internal control and related party transactions

### Internal Control

The Company consider providing the assessment of adequacy of internal control system, comprising the 5 sections: 1. Control Environment, 2. Risk Assessment, 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 Corporate Governance and Risk Management Committee has considered the internal control sufficiency evaluation form for year 2021 to be in line with the Company's management. And has been 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 2021, 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.

The Company has the Code of Conduct, which laid out the ethical policy and business code of conduct 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 Assessment**

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 workflow 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

The Company has transactions with person who may have conflict of interest for related transactions are transactions with the shareholders and/or the management of the Company that can summarize the relations as follows:

Name of Company and Person who may have Conflict of Interest	Nature of Relationships
<b>G Steel PCL (“G Steel”)</b>	<b>Same ultimate major shareholder</b>
Siam Professional Holdings Co., Ltd. (“SPH”)	<b>Subsidiary of G Steel</b>
GS Securities Holdings Co., Ltd. (“GS Securities”)	<b>Subsidiary of G Steel</b>
Oriental Access Co., Ltd. (“OAC”)	<b>Indirect subsidiary of G Steel (The Central Bankruptcy Court ordered such company to be bankruptcy on August 31, 2020)</b>
Asia Credit Opportunities I (Mauritius) Limited (“ACO I”)	<b>Major shareholders which is a wholly-owned subsidiary of Ares SSG Capital Partners III, L.P. (“Ares SSG III”)</b>
Link Capital I (Mauritius) Limited (“Link Capital I”)	<b>Related party which is a wholly-owned subsidiary of Ares SSG Capital Partners III, L.P. (“Ares SSG III”)</b>
Synergy Strategic Solutions Management DMCC (“Synergy”)	<b>Common director</b>
Asia Metal PCL	<b>Common shareholder of G Steel</b>
Panichsawad Co., Ltd.	<b>Connected person with the Company and G Steel</b>
Arnoma Hotel Bangkok Co., Ltd.	<b>Common director with G Steel</b>
Felix River Kwai Resort (Kanchanaburi) Co., Ltd.	<b>Common shareholder with the Company</b>
Wallstreet Tullet Prebon Co., Ltd.	<b>Common director</b>
Wallstreet Tullet Prebon Securities Ltd.	<b>Common director</b>
Anda Development Co., Ltd.	<b>Common director</b>
Designers Concept Ltd.	<b>Common director</b>
SK Capital Management Company Limited	<b>Common director</b>
S N P Management Company Limited	<b>Common director</b>
Amason Co., Ltd. (formerly Teraosan Co., Ltd.)	<b>Common director with G Steel</b>

**Related transactions from 2019 to 2021 as detail below:**

**1. Transaction with G Steel PCL**

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2021	As of 31 Dec 2020	As of 31 Dec 2019	
- Sales of raw materials and finished goods	0.72	144.31	308.66	The management is of the opinion that such transactions is under a normal business conditions in its operations, especially tolling service transaction is approved by the Company board of director's meeting No. 10/2017 on 6 November 2017
- Interest income	-	-	17.24	
- Other income	-	0.07	1.03	
- Purchase of raw materials	-	37.40	36.43	
- Tolling service	-	-	274.24	

**2. Transaction with Oriental Access Co., Ltd**

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2021	As of 31 Dec 2020	As of 31 Dec 2019	
- Financial costs	-	-	1.01	The management is of the opinion that such transactions is under a normal business conditions in its operations.
- Others payable	-	-	13.45	
- Accrued interest expenses	-	-	4.62	

**3. Transaction with Link Capital I (Mauritius) Limited**

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2021	As of 31 Dec 2020	As of 31 Dec 2019	
- Financial costs	111.83	207.93	293.91	The management is of the opinion that such transactions are necessary and justified, including approved by the Company board of director's meeting under the approval of the Company board of audit committee and announcement through SET on 13 November 2017 whereby its purpose is for repayment its debts and for the Company's working capital, purchase of raw materials and increasing the capacity.
- Commitment fee	13.77	13.37	13.53	
- Short-term loan	-	311.39	-	
- Long-term loan - net	-	739.06	1,049.02	
- Interest payable	-	77.93	29.29	

#### 4. Transaction with Synergy Strategic Solutions Management DMCC

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2021	As of 31 Dec 2020	As of 31 Dec 2019	
- Business advisory services	-	2.08	13.61	The management is of the opinion that such transactions is under the terms and conditions of the loan agreement with Link Capital I.
- Others payable	-	-	1.49	

#### 5. Transaction with Asia Metal PCL

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2021	As of 31 Dec 2020	As of 31 Dec 2019	
- Sales of finished goods	-	2.01	-	The management is of the opinion that such transactions is under a normal business conditions in its operations.

#### 6. Transaction with Panichsawad Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2021	As of 31 Dec 2020	As of 31 Dec 2019	
- Purchases of raw materials	-	6.76	-	The management is of the opinion that such transactions is under a normal business conditions in its operations.

#### 7. Transaction with Arnoma Hotel Bangkok Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2021	As of 31 Dec 2020	As of 31 Dec 2019	
- Other expenses	-	0.03	0.71	The management is of the opinion that such transactions is under a normal business conditions in its operations.

## Measures or Procedures for Approval of the Related Transactions

The related transactions have to comply with the securities and exchange law and rules, notifications, orders or requirements of the SET and SEC. Those who may have a conflict of interest or have an interest of that related transactions, cannot vote in such transactions. The Board of Directors and the Audit Committee have to review and monitor the related transactions, while the management and/or the non-vested director shall proceed and make a decision on the related transactions. This does not include the transaction that is the normal course of business operations.

However, the procedure on approval of a related transaction shall comply with the Company's regulations by seeking an opinion from the audit committee to consider the necessity and justification and notify to or request an approval from the Board of Directors and/or the Company's shareholders. By means of it is required to be consistent with the guidelines of the SET and the SEC for making any related transactions as a listed company. Moreover, the Company has a policy for the related transaction in the future which related to the normal business operation and lending as follows:

### **1. Normal business operation and supportive transaction in the normal course of business which is the general commercial conditions.**

In the future the Company may have a transaction in the nature of the normal business and the supportive transaction in the normal course of business which has the general commercial conditions dealing with the person who may have a continuous conflict of interest in the future, e.g. sales and purchase of goods, lease of office or lease of place for organizing a seminar. The requirement on making the related transactions shall comply with the conditions on the normal commercial conditions like pricing for related transaction should be similar to the fair price for the general customers.

### **2. Normal business operation and the supportive transaction in the normal business which is without the general commercial conditions, and the other related transactions.**

In the future the Company may have a transaction in the nature of the normal business and the supportive transaction in the normal course of business which is without general commercial conditions, and the other related transactions dealing with the person who may has a continuous conflict of interest in the future, e.g. the transaction with the allies who provide consultancy on the Company's strategy. The Company shall comply with the designated conditions in the contract strictly. In addition, if there is a related transaction in the future the Company has to follow the measures and procedures on approval of the related transactions. The Board of Company's Directors may not approve any transactions that they may have a conflict of interest in accordance with the specified scope of the authority of the board.

### **3. Lending**

The Company has no policy on lending to other companies, including its allies who are providing the consultancy on the Company's strategy. However, if it is necessary to proceed, the Company has to follow the measures and procedures on approval of the related transactions. The Board of Company's Directors shall not approve any transactions that they may have a conflict of interest in accordance with the specified scope of the authority of the board.

Due to both Company and same ultimate major shareholder i.e. G Steel PLC ("G Steel") has products in similar line, therefore, in order to prevent the conflict of interest in the future, the management of the Company has set guidelines on the measures as follows:

**1) Reduction in the chance of the business competition between the Company and G Steel**

The Management of the Company and of G Steel shall plan and prepare the guidelines on future business expansion on the principal of expertise of each Company, production process, the present of customer target group to be consistent with the trend on the product demand in the future of each customer group, avoid the redundant investment and encourage the economies of scale in term of both production and purchase of raw materials.

**2) Independence of the Board of Directors and the management**

Both Companies have its own independent Boards and Audit Committees to maintain the interest of the minor shareholders on both sides, and each company's management has a business policy to maintain an independent management approach in dealing with related transaction.

**3) Making related transaction in between the Company and G Steel**

The Company has a policy to maintain the commercial arm's length basis in making any related transactions in between Company and G Steel. In case there is a related transaction in between two Companies, it shall have a review process whether it is has transparency along with the auditor in order to be able to verify and comment on such related transactions and make a disclosure in the Company's financial statements sufficiently.



**Part 3**  
**Financial Statements**

**G J STEEL PUBLIC COMPANY LIMITED**

**Financial Statements**

**For the Year Ended December 31, 2021**

**and Independent Auditor's Report**

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of G J Steel Public Company Limited

### ***Opinion***

I have audited the financial statements of G J Steel Public Company Limited (“the Company”), which comprise the statement of financial position as at December 31, 2021, and the 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 financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### ***Basis for Opinion***

I conducted my audit 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 Financial Statements section of my report. I am independent of 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 audit of the 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.

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

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

Key Audit Matter Details	Auditor's Approach
<p><b><i>Assessment of impairment loss on property, plant and equipment</i></b></p> <p>The Company 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 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 financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the 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 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 Financial Statements***

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

In preparing the financial statements, management is responsible for assessing 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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

My objectives are to obtain reasonable assurance about whether the 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 these 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 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 audit.

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 financial statements of the current period and are therefore the key audit matter. I describe this 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, 2022

**G J STEEL PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

**A S S E T S**

		In Baht	
	Notes	2021	2020
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	800,466,397	106,593,691
Trade account receivables - net	6	-	27,922,175
Inventories - net	7, 14, 27	2,789,087,135	1,361,359,108
Other current assets - net	8	57,664,222	151,578,570
<b>Total Current Assets</b>		<b>3,647,217,754</b>	<b>1,647,453,544</b>
<b>NON-CURRENT ASSETS</b>			
Advance payment for purchase of land and building	9, 10	-	210,000,000
Property, plant and equipment - net	9, 10, 13, 18, 27, 29	12,561,726,221	12,651,015,945
Other intangible assets - net		3,604,516	5,215,597
Other non-current assets - net	12	409,681,232	343,721,902
<b>Total Non-Current Assets</b>		<b>12,975,011,969</b>	<b>13,209,953,444</b>
<b>Total Assets</b>		<b>16,622,229,723</b>	<b>14,857,406,988</b>



**G J STEEL PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (Continued)**  
**AS AT DECEMBER 31, 2021**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		In Baht	
	Notes	2021	2020
<b>CURRENT LIABILITIES</b>			
Trade account payables	7, 14	273,874,622	328,134,141
Other payables and accrued expenses	4, 15	315,320,803	289,209,148
Advances received from customers		5,282,530	10,506,608
Accrued interest expense	4, 16	23,315,278	198,592,331
Liabilities from terminated rehabilitation plan	17	21,089,630	168,530,256
Current portion of long-term borrowings from related party	4, 10, 18	-	311,389,181
Current portion of lease liabilities		1,756,296	5,740,013
Other current liabilities		8,833,698	15,240,652
<b>Total Current Liabilities</b>		<b>649,472,857</b>	<b>1,327,342,330</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings from related party - net	4, 10, 18	-	739,059,084
Lease liabilities - net		555,308	2,311,604
Non-current provision for employee retirement benefit	19	133,506,524	128,175,780
<b>Total Non-Current Liabilities</b>		<b>134,061,832</b>	<b>869,546,468</b>
<b>TOTAL LIABILITIES</b>		<b>783,534,689</b>	<b>2,196,888,798</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital			
- Authorized share capital,			
ordinary share 28,750,859,116 shares at Baht 0.96 par value		27,600,824,751	27,600,824,751
- Issued and paid-up share capital,			
ordinary share 25,487,134,896 shares at Baht 0.96 per share		24,467,649,500	24,467,649,500
Discount on ordinary shares		(9,667,487,640)	(9,667,487,640)
Retained earnings (deficit)			
- Appropriated for legal reserve	20	37,000,000	-
- Unappropriated		691,851,956	(2,449,324,888)
Other components of equity	21	309,681,218	309,681,218
<b>Total Shareholders' Equity</b>		<b>15,838,695,034</b>	<b>12,660,518,190</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>16,622,229,723</b>	<b>14,857,406,988</b>

**G J STEEL PUBLIC COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

		In Baht	
	Notes	2021	2020
<b>REVENUES</b>			
Revenue from sales - net	4	18,407,126,387	11,379,228,023
Write-back expired legal prescription of liabilities	17	278,762,389	-
Gain on foreign exchange - net		-	38,126,372
Reversal of loss on confirmed purchase orders for undelivered raw materials		-	19,175,314
Other income	4	60,709,804	80,132,366
<b>Total Revenues</b>		<b>18,746,598,580</b>	<b>11,516,662,075</b>
<b>EXPENSES</b>			
Cost of sales	23		
- Cost of goods sold	4	14,326,029,393	11,222,681,539
- Idle cost		57,307,492	69,225,314
- Loss on decline in value of inventories (reversal)		1,410,918	(83,585,796)
Total Cost of Sales		14,384,747,803	11,208,321,057
Selling expenses	23	167,941,268	170,162,523
Administrative expenses	4, 23	764,386,295	492,162,333
Loss on foreign exchange - net	23	109,634,038	-
Finance costs	4, 13	141,712,332	251,275,182
<b>Total Expenses</b>		<b>15,568,421,736</b>	<b>12,121,921,095</b>
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>3,178,176,844</b>	<b>(605,259,020)</b>
<b>Other Comprehensive Loss:</b>			
Item that will not be reclassified subsequently to profit or loss:			
Actuarial losses	19	-	(28,468,676)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>		<b>3,178,176,844</b>	<b>(633,727,696)</b>
<b>Basic Earnings (Loss) per Share</b>	24	<b>0.125</b>	<b>(0.024)</b>

**G J STEEL PUBLIC COMPANY LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

In Baht						
Note	Issued and Paid-up Share Capital	Discount on Ordinary Shares	Retained Earnings (Deficit)		Other Components of Equity	Total
			Appropriated for Legal Reserve	Unappropriated		
<b>Balance as at January 1, 2020</b>	24,467,648,060	(9,667,486,450)	-	(1,815,597,192)	309,681,218	13,294,245,636
Issuance of new ordinary shares	1,440	(1,190)	-	-	-	250
Total comprehensive loss for the year	-	-	-	(633,727,696)	-	(633,727,696)
<b>Balance as at December 31, 2020</b>	24,467,649,500	(9,667,487,640)	-	(2,449,324,888)	309,681,218	12,660,518,190
Total comprehensive income for the year	-	-	-	3,178,176,844	-	3,178,176,844
Appropriated for legal reserve	20	-	37,000,000	(37,000,000)	-	-
<b>Balance as at December 31, 2021</b>	<u>24,467,649,500</u>	<u>(9,667,487,640)</u>	<u>37,000,000</u>	<u>691,851,956</u>	<u>309,681,218</u>	<u>15,838,695,034</u>

**G J STEEL PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	In Baht	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit (loss) for the year	3,178,176,844	(605,259,020)
Adjustments to reconcile profit (loss) for the year to net cash provided by (used in) operating activities:		
Depreciation and amortization	516,337,526	525,845,828
Work roll amortization	83,034,051	77,886,845
Interest income	(1,219,193)	(1,618,424)
Finance costs	141,712,332	251,275,182
Write-off expired legal prescription of liabilities - net	(278,762,389)	-
Write-back advance received from customer	-	(10,000,657)
Gain from repayment of liability from terminated rehabilitation plan	(1,937,914)	-
Unrealized loss (gain) on foreign exchange - net	14,839,171	(8,303,048)
Allowance for decline in value of inventories (reversal)	1,410,918	(83,759,722)
Reversal of loss on confirmed purchase orders for undelivered raw materials	-	(19,175,314)
Provision for employee retirement benefit	10,983,445	10,338,684
Loss on write-off of fixed assets	19,419,026	1,962,476
Loss on sales of machinery under suspended construction in progress	7,213,555	-
Insurance compensation income - net	-	(1,835,675)
Provision loss for court case claim	-	2,400,000
<b>Decrease (Increase) in Operating Assets:</b>		
Trade account receivables	27,922,175	(21,725,663)
Inventories	(1,438,926,005)	89,010,571
Other current assets	94,488,021	(66,494,477)
Other non-current assets	(183,670,727)	(81,423,402)
<b>Increase (Decrease) in Operating Liabilities:</b>		
Trade account payables	(53,457,897)	(4,750,382)
Advances received from customers	(5,224,078)	707,499
Other payables and accrued expenses	17,351,022	(59,725,106)
Other current liabilities	4,790,951	(2,736,718)
Employee retirement benefit paid	(5,652,701)	(9,839,624)
Loss for court case claim paid	(2,614,521)	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>2,146,213,612</b>	<b>(17,220,147)</b>

**G J STEEL PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	In Baht	
	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipment	(200,941,302)	(128,457,826)
Purchases of other intangible assets	(679,454)	(1,682,762)
Proceeds from insurance claim	-	15,985,622
Proceed from sales of machinery under suspended construction in progress	12,684,000	-
Interest received	1,219,193	1,618,424
<b>Net Cash Used in Investing Activities</b>	<b>(187,717,563)</b>	<b>(112,536,542)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of liabilities under rehabilitation plan	(1,469,661)	(2,008,429)
Repayment of long-term borrowings from related party	(1,057,238,000)	-
Repayment of lease liabilities	(5,740,013)	(5,426,532)
Cash received from issuance of new ordinary shares	-	250
Finance costs paid	(200,890,834)	(180,271,695)
<b>Net Cash Used in Financing Activities</b>	<b>(1,265,338,508)</b>	<b>(187,706,406)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>693,157,541</b>	<b>(317,463,095)</b>
<b>CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR</b>	<b>106,593,691</b>	<b>424,062,101</b>
Effect of exchange rate changes on cash and cash equivalents		
held in foreign currencies	715,165	(5,315)
<b>CASH AND CASH EQUIVALENTS, AT END OF YEAR</b>	<b>800,466,397</b>	<b>106,593,691</b>



**G J STEEL PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	In Baht	
	2021	2020
<b>Additional cash flow information :</b>		
1) Property, plant and equipment increased by means of :		
- Other account payables - net	12,068,866	193,288
- Lease liabilities	-	12,229,520
- Transfer from advance payment for purchase of land and building	210,000,000	-
- Transfer from other intangible assets	1,809,666	-
- Transfer from inventories	9,787,060	-
- Transfer from other current assets	11,379,064	-
- Cash payments	200,941,302	128,457,826
Total	445,985,958	140,880,634
2) Write-off trade account receivable	-	351,818,433
3) Write-off inventories	35,241,471	-
4) Write-off other current assets	1,111,397	-
5) Other receivable from sales of machinery under suspended construction in progress	12,000,000	-
6) Write-back expired legal prescription of liabilities - net consisted of:		
- Decrease in other current assets	(47,262)	-
- Decrease in other non-current assets	(2,779,791)	-
- Decrease in trade account payables	830,337	-
- Decrease in other payables and accrued expenses	1,338,344	-
- Decrease in accrued interest expense	112,901,826	-
- Decrease in liabilities from terminated rehabilitation plan	154,408,086	-
- Decrease in other current liabilities	12,110,849	-
Total	278,762,389	-

**G J STEEL PUBLIC COMPANY LIMITED****Notes to Financial Statements****December 31, 2021**

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**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

The financial statements were approved and authorized for issue by the Board of Directors on February 24, 2022.

**1. GENERAL INFORMATION AND THE SHAREHOLDING STRUCTURE**

**1.1 General information**

G J Steel Public Company Limited (the “Company”) is incorporated in Thailand and has its registered office as follows:

Head office : 88 Paso Tower, 24th Floor, Silom Road, Suriyawong, Bangrak, Bangkok

Factory : 358 Moo 6, WHA Chonburi Industrial Estate 1 Highway 331, Tambol Bowin, Amphur Sriracha, Chonburi

The Company was listed on the Stock Exchange of Thailand (the “SET”) on July 2, 1996.

The principal activities of the Company are the manufacturing and distribution of hot rolled coil steel products.

**1.2 The shareholding structure**

As at December 31, 2021 and 2020, the Company’s major shareholders as follows:

Shareholders’ Name	Proportionate of share (%)	
	2021	2020
Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) - incorporated in the Republic of Mauritius	40.45	40.45
G Steel Public Company Limited (“G Steel”)	8.24	8.24
Mrs. Jarunee Chinvongvorakul	0.68	7.38
Superior Overseas (Thailand) Company Limited	1.62	1.62
GS Securities Holdings Co., Ltd. (“GS Securities”) GS Securities is 99.99% owned by G Steel	1.21	1.21

**Coronavirus Outbreak Situation**

Since early 2020, the Coronavirus (“COVID-19”) outbreak was recognized as a pandemic 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 has brought significant economic uncertainties in Thailand and markets in which the Company operates.

However, based on the financial statements for year ended December 31, 2021, the Company had better operating results due to strong uptrend in steel prices globally and improved raw material mix. The Company will be taking appropriate and timely measures to minimize the impact of the COVID-19 pandemic on the Company’s future operations.

## **2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

The statutory financial statements are prepared in Thai Baht and in the Thai language in conformity with Thai Financial Reporting Standards. Accordingly, the accompanying financial statements are intended solely to present the financial position, financial performance and cash flows in accordance with Thai Financial Reporting Standards.

For convenience of the readers, an English translation of the financial statements has been prepared 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 Company 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, 2021, in the Note 3.

The Company's management has assessed the effects of the revised accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, and considers that they do not have a significant impact to the financial statements for the year ended December 31, 2021.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### **Cash and Cash Equivalents**

Cash on hand is kept for general use within the Company. 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 Expected Credit Losses**

Accounts receivable are stated at amortized cost net of allowance for expected credit losses ("ECL") (if any).

The Company applies a simplified approach in calculating ECL for trade receivables. Therefore, the Company 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.

### **Inventory Valuation**

The Company 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 Company provides an allowance for all deteriorated, damaged, obsolete and slow-moving inventories.

The Company recognizes an asset and corresponding liability in respect of consignment inventories once the Company obtains the rights and responsibilities of legal and economic ownership.

### **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 depreciations are eliminated from the accounts and any gain or loss resulting from their disposal is included in profit or loss.

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Land improvements	5 - 20
Buildings and building improvements	20 - 50
Machinery and equipment	20 - 41
Furniture, fixtures and office equipment	5 - 10
Vehicles	5

The Company 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:

	<u>Years</u>
Lease building	3
Vehicles	2 - 5

**Other Intangible Assets and Amortization**

Other intangible assets that are acquired by the Company 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>
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 Company amortizes deferred loan arrangement fee as finance cost in profit or loss over the term of the loan agreement.



**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**Impairment of Assets**

The Company 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 Company recognizes the impairment losses by reducing the carrying value of the asset to its recoverable amount and recording the devaluation in 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 Company 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 Company 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.

**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 are recognized on a straight-line basis over the average period until the amended benefits become vested. 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 is leases.

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

*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:

- Net realizable value of inventories
- Current and deferred taxation
- Utilization of tax losses
- 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

**Revenue Recognition**

To determine whether to recognize revenue, the Company 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 Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company recognizes revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Company 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 from rendering of services is recognized over time as services are provided.

*Interest income*

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

*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.

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**Leases**

At inception of contract, the Company 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 Company (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.

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 Company 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 Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company 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.

**Financial Instruments**

The Company 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 Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

*Financial assets at amortized cost*

The Company 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 J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

*Financial assets designated at FVOCI (equity instruments)*

Upon initial recognition, the Company 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 Company 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 Company'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 Company 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 Company has transferred substantially all the risks and rewards of the asset, or the Company 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 Company 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 Company 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 Company applies a simplified approach in calculating ECL. Therefore, the Company 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 J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

• ***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 Company 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.

**Finance Costs**

Interest expenses and similar costs are charged to 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 the 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 profit or loss.

**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 Company 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 Company re-assesses unrecognized deferred tax assets. The Company 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 Company 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.

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**Basic Earnings (Loss) per Share**

Basic earnings (loss) per share is determined by dividing the profit (loss) for the year by the weighted average number of shares outstanding during the year.

**Segment Reporting**

Segment results that are reported to the Company'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.

**4. TRANSACTIONS WITH RELATED PARTIES**

For the purposes of these financial statements, connected persons or related parties are considered to be related to the Company if the Company 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 Company 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
G Steel Public Company Limited ("G Steel")	Thailand	Manufacture and sale of steel	Same ultimate major shareholder
Siam Professional Holding Co., Ltd. ("SPH")	Thailand	Holding company	Subsidiary of G Steel
GS Securities Holding Co., Ltd. ("GS Securities")	Thailand	Special-purpose restructuring entity	Subsidiary of G Steel
Oriental Access Co., Ltd. ("OAC")	Thailand	Business consulting services	Indirect subsidiary of G Steel (The Central Bankruptcy Court ordered such company to be bankruptcy on August 31, 2020)
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")
Synergy Strategic Solutions Management DMCC ("Synergy")	United Arab Emirates	Business advisory	Common director
Asia Metal Public Company Limited	Thailand	Manufacture and sale of steel	Common shareholder of G Steel
Panichsawad Co., Ltd.	Thailand	Sale of steel	Connected person with the Company and G Steel
Arnoma Hotel Bangkok Co., Ltd.	Thailand	Hotel, food and beverage	Common director with G Steel
Felix River Kwai Resort (Kanchanaburi) Co., Ltd.	Thailand	Hotel, food and beverage	Common shareholder with the Company
Wallstreet Tullet Prebon Co., Ltd.	Thailand	Brokerage financial instruments	Common director
Wallstreet Tullet Prebon Securities Ltd.	Thailand	Brokerage trading securities	Common director



**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

Name of entities	Country of incorporation/ Nationality	Type of business	Nature of relationships
Anda Development Co., Ltd.	Thailand	Residential real estate trading	Common director
Designers Concept Ltd.	Thailand	Interior service	Common director
SK Capital Management Company Limited	Thailand	Business advisory and management services	Common director
S N P Management Company Limited	Thailand	Construction	Common director
Amason Co., Ltd. (formerly Teraosan Co., Ltd.)	Thailand	Wholesale of other machinery and equipment	Common director with G Steel
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 Company

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sale of raw materials	Cost plus margin and agreed prices
Sales of finished goods	Agreed prices with reference to market prices
Purchases of raw materials	Cost plus margin and agreed prices
Business advisory services	Contractual prices
Finance costs	Contractual rates

Significant transactions for each of years ended December 31, 2021 and 2020 with related parties were as follows:

	In Million Baht	
	2021	2020
<b>Related parties</b>		
Sales of finished goods	-	2
Sales of raw materials	1	144
Purchases of raw materials	-	44
Business advisory services	-	2
Finance costs	126	221
<b>Key management personnel</b>		
Key management personnel compensation		
Short-term benefits	192	30
Long-term benefits	0.4	0.6

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

Balances as at December 31, 2021 and 2020 with related parties were as follows:

	<i>Notes</i>	In Million Baht	
		2021	2020
<b>Accrued incentive program</b>	<i>15</i>		
Key management personnel		3	-
<b>Long-term borrowings from related party - net</b>	<i>18</i>		
<b>Other related party</b>			
Link Capital I		-	1,050
<b>Accrued interest expense</b>	<i>16</i>		
<b>Other related party</b>			
Link Capital I		-	78

**Significant agreement with related parties**

***Credit Agreement***

As at December 31, 2020, the Company was granted credit facilities from Link Capital I (Mauritius) Limited of USD 75 million.

During year 2021, the Company has repaid the whole amount of principal and accrued interest and terminated such credit facilities and released the property, plant and equipment under second mortgage ranking against credit facilities from such foreign related party as discussed in Note 29.

***Other Agreements***

In the past during year 2013, the Company entered into a memorandum with OAC to accept the liabilities from the compromised debt agreement totalling Baht 25.08 million, and the Company 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, 2021 and 2020. 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, the Company recorded such debts in the statement of financial position as at December 31, 2021 and 2020.

**5. CASH AND CASH EQUIVALENTS**

	In Million Baht	
	2021	2020
Cash at banks - savings account	800	107

The currency denomination of cash and cash equivalents as at December 31, 2021 and 2020 were as follows:

	In Million Baht	
	2021	2020
Thai Baht	793	105
United States Dollars	7	2
Total	800	107

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**6. TRADE ACCOUNT RECEIVABLES - Net**

	In Million Baht	
	2021	2020
Other parties	-	28
Reversal of allowance for doubtful accounts during the year	-	(352)
Write-off bad debts during the year	-	352

Aging analyses for trade account receivables were as follows:

	In Million Baht	
	2021	2020
Within credit-term	-	2
Overdue		
- Not over 3 months	-	26
Total	-	28

The normal sales terms granted by the Company are cash advance and credit not over 7 working days for domestic sales, and cash advance and letter of credit at sight for export sales.

In July 2013, the Company filed complaints against the Non-performing Customer 1 with Civil Court for breach of sale and purchase agreements. Subsequently on March 24, 2020, the Central Bankruptcy Court ordered bankruptcy to Customer 1 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, the Company considered to write-off such account receivable which was approved by the Board of Directors' Meeting No. 12/2563 held on December 16, 2020.

The currency denomination of trade accounts receivable, gross amount as at December 31, 2021 and 2020 was as follows:

	In Million Baht	
	2021	2020
Thai Baht	-	28

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**7. INVENTORIES - Net**

	In Million Baht	
	2021	2020
Finished goods	545	361
Raw materials	1,376	445
Consumables	158	85
Spare parts	424	415
Goods in transit	288	90
Total	2,791	1,396
Less: Allowance for decline in value of inventories	(2)	(35)
Net	2,789	1,361
Reversal of allowance for decline in value of inventories during the year	33	84
Write-off inventories during the year	35	-
Carrying value of inventories pledged to secure trade account payable (Note 14)	-	61

**8. OTHER CURRENT ASSETS - Net**

	In Million Baht	
	2021	2020
Advances to suppliers - other parties	24	120
Less: Allowance for impairment losses	(10)	(11)
	14	109
Suspense input tax	6	9
Prepaid expenses and others	38	34
Net	58	152

On September 13, 2019, the Company filed a lawsuit against a company in Thailand together with an authorized representative of such company as a criminal case at the Bangkok South Criminal Court on charges of jointly forging and fabricating documents of rights, sharing or claiming forged documents of rights, jointly defraud and 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 and interest at a rate of 7.5% per annum from the date of infringement (December 19, 2017) until the date of filing, totalling Baht 2.6 million and interest at the rate of 7.5% per annum of the principal after the date of filing until the two defendants will pay the plaintiff in full.

The Court had arranged a mediation appointment on November 13, 2019 but the parties could not reach an agreement. Subsequently, the Court has investigated the cause of the plaintiff's case on August 17, 2020, August 31, 2020 and September 20, 2021. Whereby, on October 29, 2021, the Court has accepted the charges for further consideration and determined a date for mediation, testimony, and witness testimony and the date for the witness examination of the plaintiff's witness on February 14, 2022. Subsequently, the Court has postponed the next examination of witness and evidence on May 23, 2022, at the request of plaintiff and defendant.

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**9. ADVANCE PAYMENT FOR PURCHASE OF LAND AND BUILDING**

The movements of advance payment for purchase of land and building during the year ended December 31, 2021 were as follows:

	<u>In Million Baht</u>
As at January 1, 2021	210
Transfer to property, plant and equipment - net (Note 10)	<u>(210)</u>
<b>As at December 31, 2021</b>	<b><u>-</u></b>

On September 29, 2015, the Company and the land seller agreed to mortgage 5 land title deeds which are presented as a 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 Steel totalling Baht 330 million (For the Company amounting to Baht 206 million).

In April 2020, the Company already paid remaining balances of such tax installment payable in full amount and released 1 mortgaged land title deed in August 2020. Subsequently on April 8, 2021, the ownership of such land was transferred to the Company.

In April 2021, G Steel also fully paid of tax installment payable and released 4 mortgaged land title deeds in July 2021. Subsequently on September 15, 2021, the ownership of such land was transferred to the Company.

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**10. PROPERTY, PLANT AND EQUIPMENT - Net**

	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, 2020	866	6,247	17,953	185	5	6,880	32,136
Additions	10	7	26	12	2	73	130
Effects of the adoption of TFRS 16 as at January 1, 2020	-	5	-	-	5	-	10
Disposals and write-off	-	-	(146)	(4)	(1)	-	(151)
Transferred in (out)	1	-	93	1	-	(95)	-
<b>As at December 31, 2020</b>	<b>877</b>	<b>6,259</b>	<b>17,926</b>	<b>194</b>	<b>11</b>	<b>6,858</b>	<b>32,125</b>
Additions	19	-	44	6	-	145	214
Disposals and write-off	-	-	(87)	(1)	(6)	-	(94)
Transferred in (out)	210	-	68	2	-	(48)	232
<b>As at December 31, 2021</b>	<b>1,106</b>	<b>6,259</b>	<b>17,951</b>	<b>201</b>	<b>5</b>	<b>6,955</b>	<b>32,477</b>
<b>Accumulated Depreciation</b>							
As at January 1, 2020	47	4,362	10,909	155	3	-	15,476
Depreciation charge for the year	5	124	382	9	3	-	523
Disposals and write-off	-	-	(129)	(3)	(1)	-	(133)
<b>As at December 31, 2020</b>	<b>52</b>	<b>4,486</b>	<b>11,162</b>	<b>161</b>	<b>5</b>	<b>-</b>	<b>15,866</b>
Depreciation charge for the year	7	124	371	11	3	-	516
Disposals and write-off	-	-	(66)	(1)	(6)	-	(73)
<b>As at December 31, 2021</b>	<b>59</b>	<b>4,610</b>	<b>11,467</b>	<b>171</b>	<b>2</b>	<b>-</b>	<b>16,309</b>
<b>Allowance for Impairment</b>							
<b>Losses</b>							
As at January 1, 2020	23	76	390	-	-	3,122	3,611
Reversal	-	-	(3)	-	-	-	(3)
<b>As at December 31, 2020</b>	<b>23</b>	<b>76</b>	<b>387</b>	<b>-</b>	<b>-</b>	<b>3,122</b>	<b>3,608</b>
Reversal	-	-	(2)	-	-	-	(2)
<b>As at December 31, 2021</b>	<b>23</b>	<b>76</b>	<b>385</b>	<b>-</b>	<b>-</b>	<b>3,122</b>	<b>3,606</b>
<b>Net Book Value</b>							
Owned assets	802	1,694	6,377	33	-	3,736	12,642
Right-of-use assets	-	3	-	-	6	-	9
<b>As at December 31, 2020</b>	<b>802</b>	<b>1,697</b>	<b>6,377</b>	<b>33</b>	<b>6</b>	<b>3,736</b>	<b>12,651</b>
Owned assets	1,024	1,573	6,099	30	-	3,833	12,559
Right-of-use assets	-	-	-	-	3	-	3
<b>As at December 31, 2021</b>	<b>1,024</b>	<b>1,573</b>	<b>6,099</b>	<b>30</b>	<b>3</b>	<b>3,833</b>	<b>12,562</b>



**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

Details of construction in progress as at December 31, 2021 and 2020 were as follows:

	In Million Baht	
	2021	2020
Galvanizing line	5,038	5,038
Reversing Mill line	1,525	1,525
Others	392	295
Total	6,955	6,858
Less: Allowance for impairment losses	(3,122)	(3,122)
Net	3,833	3,736

The gross carrying amounts of the Company's certain building and equipment totalling approximately Baht 715 million and Baht 709 million were fully depreciated as at December 31, 2021 and 2020, respectively, but these items are still in active use.

***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 2021 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 rate of 5% per annum 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 rate of 1% per annum in 1 <sup>st</sup> year and 0% 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 rate of 18.36% per annum which was based on weighted average cost of capital, with average cost of debt, risk free rate, market risk premium and the Company'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 as at December 31, 2021.

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

***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, 2021) 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)	
	Increase in change in assumption	Decrease in change in assumption
Discount rate		
- Change of 0.5%	(418)	441
- Change of 1%	(814)	908
Growth rate of sale quantity		
- Change of 5%	58	(58)
- Change of 10%	117	(116)
Growth rate of selling price		
- Change of 0.5%	1,989	(1,963)
- Change of 1%	4,005	(3,899)

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 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 the Company's property, plant and equipment which the Company has completely settled debt under rehabilitation plan to such creditors. On October 28, 2013, the Southern Bangkok Civil Court ruled in favour of the Company ordering the three defendants to release the mortgaged assets. Currently, two defendants have released the mortgaged assets and the Company is in the process of release of the collateral from the third defendant.

The Company's property, plant and equipment, which have net book values as at December 31, 2021 and 2020 totalling Baht 7,232 million and Baht 7,571 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 Notes 13, 18 and 29. During year 2021, the Company has repaid the whole amount of principal and accrued interest and terminated such credit facilities and released the property, plant and equipment under second mortgage ranking against credit facilities from such foreign related party as discussed in Note 29.

***Mortgaged as security for tax liabilities***

On July 9, 2015, the Company'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 9. In April 2020, the Company already paid remaining balances of such tax installment payable in full amount and released one mortgaged land title deed in August 2020. Subsequently, in April 2021, G Steel already paid remaining balances of such tax installment payable in full amount and released 4 mortgaged land title deeds in July 2021.

Right-of-use assets are acquired by lease liabilities.

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**11. DEFERRED TAX**

Tax expense for each of the years ended December 31, 2021 and 2020 consisted of:

	In Million Baht	
	2021	2020
Tax expense - current tax	-	-
Add (Less) : Tax effect from deferred income tax of temporary differences	-	-
Tax expense	-	-

Reconciliation between tax expense and accounting profit (loss) multiplied by the applicable tax rate for each the years ended December 31, 2021 and 2020 are as follows:

	In Million Baht	
	2021	2020
Accounting profit (loss) before tax	3,178	(605)
Income tax rates at 20%	636	(121)
Add (less): Tax effects from		
- Non-deductible expenses	4	1
- Unrecognized certain temporary differences	20	16
- Utilized unrecognition other temporary differences	(340)	(91)
- Utilized unrecognition tax loss carry forward	(320)	195
Tax expense	-	-

Deferred tax assets arising from temporary differences and unused tax losses that have not been recognized in the financial statements as at December 31, 2021 and 2020 were as follows:

	In Million Baht	
	2021	2020
Temporary differences		
- Allowance for decline in value of inventories	-	7
- Allowance for impairment on advances to suppliers	2	2
- Allowance for impairment losses on property, plant and equipment	721	722
- Allowance for impairment loss on other intangible assets	-	2
- Depreciation gap	540	528
- Allowance for impairment loss on other non-current assets	76	411
- Non-current provision for employee retirement benefit	27	26
- Other payables and accrued expenses	-	3
	1,366	1,701
Tax loss carried forward	127	449
Total	1,493	2,150

Tax loss carried forwards will expire in 2026. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in the financial statements of the Company in respect of these items because it is not certain that future taxable profit will be generated against which the Company can utilize the benefits there from.

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**12. OTHER NON-CURRENT ASSETS - Net**

	In Million Baht	
	2021	2020
Suspended construction in progress	382	2,086
Less: Allowance for impairment losses	(381)	(2,053)
	1	33
Cash guarantee for electricity usage	112	-
Cash guarantee for purchase natural gas	45	-
Restricted deposits at financial institutions for purchase of natural gas and fleet card usage	1	46
Deferred cost of roll - net	250	261
Others	1	4
Net	410	344

***Suspended construction in progress***

Suspended construction in progress represented the Direct Reduced Iron plant (“DRI Facility”). The management of the Company 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.

At the Board of Directors’ Meeting of the Company held on November 10, 2021, the directors approved the process of disposing off such impaired machinery items. Subsequently, on November 15, 2021, the Company had entered the Sale and Purchase Agreement to sell the steel scrap of machinery with a local company at the market price of scrap net off the demolish and transportation cost amounting to Baht 25 million. The Company recognized loss from disposal of such machinery amounting to Baht 7 million in the statement of comprehensive income for the year ended December 31, 2021.

The carrying value of this investment was written down based on the market price of steel scrap of Baht 1 million and Baht 33 million as at December 31, 2021 and 2020, respectively. 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, 2021 and 2020.

**13. INTEREST-BEARING LIABILITIES**

		In Million Baht	
	Notes	2021	2020
<b><i>Current</i></b>			
Trade account payables - Unsecured	14	3	47
Other payables and accrued expenses - Unsecured	15	18	21
Liabilities from terminated rehabilitation plan - Unsecured	17	21	169
Current portion of long-term borrowings from related party - Secured	4, 18	-	311
Current portion of lease liabilities - Secured		2	6
Total current		44	554
<b><i>Non-Current</i></b>			
long-term borrowings from related party - net - Secured	4, 18	-	739
Lease liabilities - net - Secured		1	2
Total non-current		1	741
Total		45	1,295

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

The periods to maturity of interest-bearing liabilities as at December 31, 2021 and 2020 were as follows:

	In Million Baht	
	2021	2020
Not later than 1 year	44	554
Later than 1 year but not later than 5 years	1	741
Total	45	1,295

Secured interest-bearing liabilities as at December 31, 2021 and 2020 were secured on the following assets:

	Note	In Million Baht	
		2021	2020
Property, plant and equipment - net	10	7,232	7,571

The currency denomination of interest-bearing liabilities as at December 31, 2021 and 2020 were as follows:

	In Million Baht	
	2021	2020
Thai Baht	24	103
United States Dollars	21	1,181
Euro	-	8
Singapore Dollars	-	3
Total	45	1,295

**14. TRADE ACCOUNT PAYABLES**

	In Million Baht	
	2021	2020
Other parties	274	328

The currency denomination of trade accounts payable as at December 31, 2021 and 2020 were as follows:

	In Million Baht	
	2021	2020
Thai Baht	84	207
United States Dollars	179	121
Euro	11	-
Total	274	328

As at December 31, 2020, the Company has agreements to purchase raw materials from various suppliers. The Company withdrew raw materials and had not paid for the raw materials withdrawn under consignment agreements totalling Baht 44 million (2021: No outstanding account payable).

As at December 31, 2020, one trade account payable guaranteed by inventories of Baht 61 million as discussed in Note 7 (2021: Nil).

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**15. OTHER PAYABLES AND ACCREUD EXPENSES**

	In Million Baht	
	2021	2020
Accrued bonus and incentive program	89	5
Electricity payable	55	99
Others	171	185
Total	315	289

The currency denomination of other payables and accrued expenses as at December 31, 2021 and 2020 were as follows:

	In Million Baht	
	2021	2020
Thai Baht	290	255
United States Dollars	24	20
Euro	1	14
Total	315	289

**16. ACCRUED INTEREST EXPENSE**

	In Million Baht	
	2021	2020
Trade account payables	1	1
Other payables and accrued expenses from related party	-	13
Other payables and accrued expenses from other parties	7	6
Liabilities from terminated rehabilitation plan	15	114
Borrowings from related party	-	65
Total	23	199

The currency denomination of accrued interest expense as at December 31, 2021 and 2020 was as follows:

	In Million Baht	
	2021	2020
Thai Baht	9	58
United States Dollars	14	133
Euro	-	6
Singapore Dollars	-	2
Total	23	199



**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**17. LIABILITIES FROM TERMINATED REHABILITATION PLAN**

In 1998, the Company faced the financial problems from financial crisis causing the Company to be unable to repay the existing debt. And in April 2000, the Company entered into the business rehabilitation process administered by the Central Bankruptcy Court. In 2002, the Central Bankruptcy Court approved the business rehabilitation plan. Later on November 28, 2008, the Company 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 the Company.

Liabilities from terminated rehabilitation plan as at December 31, 2021 and 2020 were included in the financial statements as follows:

			In Million Baht	
Creditor		Due date	2021	2020
Class 4	Employees	July 2015	4	4
Class 5	Equipment Claims	October 2011	-	8
Class 13	Other Creditors	October 2011	17	157
Total			21	169

The repayment schedules of each creditor under Class 4 and Class 13 are not entirely consistent in terms of date, as they depend on the date of the conclusion of the debt. However, the first due date of creditors under Class 4 and Class 13 is October 31, 2011.

The movement of liabilities from terminated rehabilitation plan for each of years ended December 31, 2021 and 2020 was as follows:

			In Million Baht	
			2021	2020
At January 1			169	170
Repayments during the year			(1)	(2)
Written-off			(154)	-
Exchange rate adjustments during the year			7	1
<b>At December 31</b>			<b>21</b>	<b>169</b>

The Company's liabilities from terminated rehabilitation plan were due on October 31, 2011 but fell into default. The Company entered into negotiations with the creditors to extend the payment period. Accordingly, the Company presented the outstanding liabilities from terminated rehabilitation plan as at December 31, 2021 and 2020 as current liabilities in the Company's 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.

At the Board of Directors' Meeting of the Company held on November 10, 2021, the directors approved to written-off liabilities from terminated rehabilitation plan which have exceeded legal prescription period of 10 years without any claim from the creditors of Baht 154 million and accrued interest of Baht 113 million. Hence, the Company recorded such write-back as a part of write-back expired legal prescription of liabilities totalling Baht 267 million in the statement of comprehensive income for the year ended December 31, 2021.

The currency denomination of liabilities from terminated rehabilitation plan as at December 31, 2021 and 2020 was as follows:

			In Million Baht	
			2021	2020
Thai Baht			4	74
United States Dollars			17	84
Euro			-	8
Singapore Dollars			-	3
Total			21	169

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**18. LONG-TERM BORROWINGS FROM RELATED PARTY - Net**

Credit facilities	In Million USD		In Million Baht	
	2021	2020	2021	2020
First loan facility - Cash loan	-	30	-	906
Second loan facility - Cash loan	-	5	-	151
Total	-	35	-	1,057
Long-term borrowings from related party			-	1,057
Less: Deferred loan arrangement fee			-	(7)
			-	1,050
Less: Portion due within one year			-	(311)
Net			-	739

The movements of long-term borrowings from related party for each of years ended December 31, 2021 and 2020 were as follows:

	In Million Baht	
	2021	2020
At January 1	1,050	1,049
Amortization of deferred loan arrangement fee during the year	7	6
Repayment during the year	(1,057)	-
Exchange rate adjustments during the year	-	(5)
<b>At December 31</b>	<b>-</b>	<b>1,050</b>

During year 2021, the Company has repaid the whole amount of principal and accrued interest and terminated such credit facilities and released the property, plant and equipment under second mortgage ranking against credit facilities from such foreign related party as discussed in Note 29.

As at December 31, 2020, long-term borrowings from related party had interest rates and repayment periods as discussed in Note 29 and were guaranteed by the mortgaged property, plant and equipment of the Company as discussed in Note 10 (2021: Nil).

The currency denomination of loan from related party as at December 31, 2021 and 2020 were as follows:

	In Million Baht	
	2021	2020
United States Dollars	-	1,057

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**19. NON-CURRENT PROVISION FOR EMPLOYEE RETIREMENT BENEFIT**

	In Million Baht	
	2021	2020
Non-current provision for employee retirement benefit as at January 1	128	106
Current service cost and interest cost	11	10
Employee retirement benefit paid	(5)	(10)
Transferred to other payables and accrued expenses	-	(6)
Actuarial losses	-	28
<b>Non-current provision for employee retirement benefit as at December 31</b>	<b>134</b>	<b>128</b>

Expenses recognized in the statements of comprehensive income for each of years ended December 31, 2021 and 2020 were as follows:

	In Million Baht	
	2021	2020
In profit (loss) for the year:		
- Current service cost and interest cost	11	10
In other comprehensive income (loss) for the year:		
- Actuarial losses	-	28
<b>Total</b>	<b>11</b>	<b>38</b>

Actuarial assumptions:

Discount rate	1.79% per annum
Future salary increase	5.00% per annum
Employee turnover rate	3.82% - 11.46% per annum
Mortality rate	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.

	In Million Baht	
	2021	2020
Effect on the non-current provision for employee benefit at 31 December		
Discount rate		
1% increase	(15)	(15)
1% decrease	18	18
Salary increase rate		
1% increase	19	17
1% decrease	(16)	(15)
Employee turnover rate		
10% increase	(7)	(7)
10% decrease	8	7

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.

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**20. 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.

During the year ended December 31, 2021, the Company set a side of Baht 37 million as legal reserve (2020: Nil).

**21. OTHER COMPONENTS OF EQUITY**

The detail of other components of equity as at December 31, 2021 and 2020 were as follows:

	In Million Baht	
	2021	2020
Cash received from expired warrants		
- First Warrants (a)	162	162
- Second Warrants (b)	148	148
<b>At December 31</b>	<b>310</b>	<b>310</b>

- (a) Upon the cancellation of the 3,234 million units of First Warrants in year 2011, their carrying value at Baht 0.05 each was transferred from the warrants component of equity to other components of equity for an amount of Baht 162 million.
- (b) Upon the cancellation of the 4,933 million units of Second Warrants in year 2017, their carrying value at Baht 0.03 each was transferred from the warrants component of equity to other components of equity for an amount of Baht 148 million.

**22. REGISTERED PROVIDENT FUND**

The Company 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 Company 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 Company's contribution for each of the years 2021 and 2020, which were charged to profit or loss, amounted to Baht 21 million and Baht 23 million, respectively.

**23. EXPENSES BY NATURE**

Significant expenses by nature for each of years ended December 31, 2021 and 2020 are as follows:

	In Thousand Baht	
	2021	2020
Raw materials and consumable used	11,844	8,564
Change in finished goods	(184)	(15)
Depreciation and amortization	599	604
Employee benefit expenses	764	571
Utility expenses	1,204	1,292
Natural gas expense	328	280
Loss on foreign exchange - net	110	-
Other expenses	762	575
<b>Total expenses</b>	<b>15,427</b>	<b>11,871</b>

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**24. BASIC EARNINGS (LOSS) PER SHARE**

The calculations of basic earnings (loss) per share for each of the years ended December 31, 2021 and 2020 were based on the profit (loss) for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	In Million Baht / Million shares	
	2021	2020
Profit (loss) for the year attributable to equity holders of the Company	3,178	(605)
Number of ordinary shares outstanding at January 1	25,487	25,487
Effect of issuance of new shares	-	-
Weighted average number of ordinary shares outstanding	25,487	25,487
Basic earnings (loss) per share (in Baht)	0.125	(0.024)

**25. DISCLOSURE OF FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, trade account receivables, trade account payables, other payables and accrued expenses, accrued interest expense, liabilities from terminated rehabilitation plan, long-term borrowings from related party 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 Company 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 Company 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 Company 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 Company does not have a hedge agreement.

**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 Company as and when they fall due.

At the reporting date there were no significant concentrations of credit risk because the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**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 Company. The Company's exposure to interest rate risk relates primarily to its deposits at financial institutions, trade account payables, other payables and accrued expenses, liabilities from terminated rehabilitation plan, long-term borrowings from related party and lease liabilities, which bear interest rate. The Company has no hedging agreement to protect against such risk.

Significant financial assets and liabilities as at December 31, 2021 and 2020 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.

		2021 (In Million Baht)						
		Fixed interest rates						Effective interest rate
	Measurement	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	(% p.a.)
Financial assets								
Cash and cash equivalents	Amortized cost	-	-	-	800	-	800	0.05 - 0.25
Cash guarantee for electricity usage and purchase of natural gas	Amortized cost	-	-	-	-	157	157	-
Restricted deposits at financial institutions	Amortized cost	1	-	-	-	-	1	0.20
Total		1	-	-	800	157	958	
Financial liabilities								
Trade account payables	Amortized cost	3	-	-	-	271	274	2.00
Other payables and accrued expenses	Amortized cost	18	-	-	-	297	315	2.00 - 7.50
Accrued interest expense	Amortized cost	-	-	-	-	23	23	-
Liabilities from terminated rehabilitation plan	Amortized cost	21	-	-	-	-	21	7.50
Lease liabilities	Amortized cost	2	1	-	-	-	3	5.28 - 12.00
Total		44	1	-	-	591	636	
		2020 (In Million Baht)						
		Fixed interest rates						Effective interest rate
	Measurement	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	(% p.a.)
Financial assets								
Cash and cash equivalents	Amortized cost	-	-	-	107	-	107	0.05 - 0.25
Trade account receivables - net	Amortized cost	-	-	-	-	28	28	-
Restricted deposits at financial institutions	Amortized cost	46	-	-	-	-	46	0.25 - 1.05
Total		46	-	-	107	28	181	
Financial liabilities								
Trade account payables	Amortized cost	47	-	-	-	281	328	2.00 - 3.50
Other payables and accrued expenses	Amortized cost	21	-	-	-	268	289	2.00 - 7.50
Accrued interest expense	Amortized cost	-	-	-	-	199	199	-
Liabilities from terminated rehabilitation plan	Amortized cost	169	-	-	-	-	169	7.50
Long-term borrowings from related party	Amortized cost	317	740	-	-	-	1,057	14.12
Lease liabilities	Amortized cost	6	2	-	-	-	8	5.28 - 12.00
Total		560	742	-	-	748	2,050	



**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**Fair Value of Financial Instruments**

Fair value is defined as the amount at which the instruments 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 is approximately market rate.

Trade account receivables, trade account payables, other payables and accrued expenses - the carrying values are approximate their fair values due to the relatively short-term maturity of these financial instruments.

Liabilities from terminated rehabilitation plan and long-term borrowings from related party - the aggregate carrying value is insignificantly different from its aggregate fair value because it uses market interest rate.

Lease liabilities - the carrying value is approximately its fair value because these liabilities have been calculated using market interest rate.

**26. OPERATING SEGMENTS**

Segment information is presented in respect of the Company's geographical segments based on the Company's management and internal reporting structure.

***Business segments***

Management considers that the Company 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 based on geographic segment, for the years ended December 31, 2021 and 2020 were as follows:

	In Million Baht					
	Domestic		Export		Total	
	2021	2020	2021	2020	2021	2020
Revenue from sales	18,071	11,302	336	77	18,407	11,379
Cost of sales	(14,105)	(11,132)	(280)	(76)	(14,385)	(11,208)
Gross margin	3,966	170	56	1	4,022	171
Other income					340	99
Gain (loss) on foreign exchange rate - net					(110)	38
Selling expenses					(168)	(170)
Administrative expenses					(764)	(492)
Finance costs					(142)	(251)
Profit (loss) for the year					3,178	(605)

Non-current assets are located in Thailand only.

***Information about major customers***

For the year ended December 31, 2021, the Company had revenues from the domestic sales to 2 customers for the total amount of Baht 8,659 million (2020: 2 customers of Baht 6,081 million).

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**27. COMMITMENTS AND CONTINGENT LIABILITIES WITH NON-RELATED PARTIES**

As at December 31, 2021 and 2020, the Company had commitments and contingent liabilities with non-related parties as below:

	In Million Baht	
	2021	2020
<b><i>Commitments under lease and service agreements</i></b>		
Not later than 1 year	4	5
Later than 1 year but not later than 5 years	1	1
Total	5	6
<b><i>Capital commitments</i></b>		
Purchases of assets	156	136
<b><i>Commitments for purchases of raw materials and supplies</i></b>		
Purchases of raw materials	711	821
Purchases of natural gas	200	271
Total	911	1,092
<b><i>Contingent liabilities</i></b>		
Bank guarantees	1	159

***Significant agreements***

- (a) On July 1, 2019, the Company entered into agreement to purchase natural gas for 5 years up to of October 31, 2024. The Company committed to pay for the natural gas depending on monthly charges based on consumption.
- (b) On November 1, 2004, the Company entered into a supply agreement to purchase oxygen, argon and nitrogen for 20 years. Minimum payments under the agreement amounts to approximately Baht 6 million per month.
- (c) On May 1, 2018, the Company entered into service agreements with two domestic companies for the transportation of goods to domestic customers for 3 years starting from May 2018. Subsequently, on April 20, 2021, the Company entered into service agreements with such companies for another period of 3 years starting from May 2021, whereby the Company committed to pay the freight charge as specified in the contracts.

Service fee from such agreements for each of the years ended December 31, 2021 and 2020 amounted to Baht 164 million and Baht 166 million, respectively.

- (d) On August 1, 2018, the Company 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.

Slag waste management services from such agreement for each of the years ended December 31, 2021 and 2020 amounted to Baht 62 million and Baht 74 million, respectively.

- (e) As at December 31, 2020, the Company had agreements to purchase raw materials with various suppliers under consignment agreements, under which the ownership of unreleased raw material belongs to the suppliers. The Company has to pay interest at the rate of 3.5% per annum on the unreleased raw materials (2021: Nil).

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**28. LITIGATION**

A former employee filed a complaint to the Central Labour Court against the Company for the unfair lay-off effective from December 10, 2019 and requested the Company to pay him amounting to Baht 23 million. Subsequently on September 29, 2020, the Court of First Instance determined the Company to pay the compensation to such employee totalling Baht 2.4 million plus interest at the rate of 7.5% per annum until settlement date. The Company 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, the Company's management filed a petition to the Appeal Court on November 11, 2020 and on March 8, 2021, the Appeal Court confirmed the judgement of the Central Labour Court. Subsequently on March 19, 2021, the Company already paid such debts totalling of Baht 2.6 million.

**29. CREDIT FACILITIES FOR OPERATION**

As at December 31, 2020, the Company was grant credit facilities from Link Capital I (Mauritius) Limited as follows (2021: Nil):

Credit Facilities	Credit Line (in Million USD)		Interest Rate *	Repayment Term
	2021	2020		
The first loan facility - Cash loan	-	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 January 29, 2021 **).  On February 23, 2021, the Company 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.  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).
The second loan facility - Cash loan and Standby letter of credit	-	45	- Cash loan at 12% per annum - Standby letter of 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	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 **).  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).
Total	-	75		

\* The Company is responsible for withholding income tax. The Company 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.

These facilities from related party were guaranteed by the mortgaged property, plant and equipment of the Company as discussed in Note 10.

On July 12, 2021, the Company entered into the Seventh Amendment and Restatement Agreement of Credit Agreement with Link Capital I (Mauritius) Limited to decrease the second loan credit facility (cash loan and standby letter of credit) from USD 45 million to be USD 15 million with the effective date from June 10, 2021 onwards.

**G J STEEL PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

During year 2021, the Company has repaid the whole amount of principal and accrued interest. Subsequently on November 1, 2021, the Company entered into the Eighth Amendment Agreement of Credit Agreement with Link Capital I (Mauritius) Limited to decrease the second loan credit facility from USD 15 million to be USD 13 million with the effective date from August 26, 2021 onwards and to cancel such credit facility with the effective date on September 16, 2021.

Subsequently on November 25, 2021, the Company entered in to Security Release and Discharge Agreement with Link Capital I (Mauritius) Limited to release the second mortgage ranking security of property, plant and equipment against the utilization of such credit facilities. The Company already released the mortgage of such land and buildings on December 9, 2021 and is in the process of release the pledged machinery with the Department of Industrial Works.

### **30. EVENT AFTER REPORTING PERIOD**

On January 21, 2022, the Company was informed by Kendrick Global Limited (“Shares Seller”) in relation to an entry into the Sale and Purchase Agreement (the “SPA”) between the Shares Seller, Nippon Steel Corporation (“Shares Purchaser”), a company whose shares are listed on the stock exchanges in Japan and whose core business is steelmaking and steel fabrication, and other contractual parties in order to sell 100% ordinary shares in Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) in the amount of 19,885,955 shares in ACO I (“Sale and Purchase of Shares in ACO I”). Currently, ACO I own 40.45% of the total voting shares of the Company and is a major shareholder of the Company.

Upon completion of the Sale and Purchase of Shares in ACO I, the shareholding structure of the major shareholder of the Company will change as follows:

Shareholders in ACO I	Prior to the Sale and Purchase of Shares in ACO I		After the Sale and Purchase of Shares in ACO I	
	Number of shares	% of shares with voting rights of ACO I	Number of shares	% of shares with voting rights of ACO I
Kendrick Global Limited	19,885,955	100%	-	-
Nippon Steel Corporation	-	-	19,885,955	100%

Such Sale and Purchase of Shares in ACO I will not affect the number of shares which ACO I holds in the Company in any way but it will be the case of a change in the Company’s indirect major shareholder and is the case where the Shares Purchaser acquires significant control over a juristic person who already owns shares in the business in accordance with the Chain Principle under the Notification of the Capital Market Supervisory Board No TorJor.12/2554 Re: Rules, Conditions and Procedures for the Acquisition of the Securities for Business Takeover dated May 13, 2011 (including any amendments). Therefore, the Shares Purchaser will be required to conduct the mandatory tender offer in order to acquire all securities of the Company from all existing shareholders afterwards.

In this regard, the Shares Purchaser has made a public announcement on its entry into the Sale and Purchase of Shares in ACO I. According to the Purchaser’s Announcement, the Shares Purchaser has stated that the expected tender offer price of the Company would be USD 0.0178 per share or equivalent to THB 0.59 per share (reference to the exchange rate of THB 33.014 per USD, which is the weighted average interbank exchange rate quoted from Bank of Thailand website as of January 18, 2022).

On February 10, 2022, the Shares Purchaser has announced the intention to make the tender offer for all of the balance securities in the business in the number of 12,769,143,866 shares (after acquiring 12,717,991,030 shares) at the expected tender offer price of THB 0.59 per share.

On February 21, 2022, the Shares Purchaser has announced the tender offer for all the shares at the offer price of THB 0.59 per share with the tender offer period from February 23, 2022 to March 29, 2022.

**31. THAI FINANCIAL REPORTING STANDARDS ANNOUNCED IN THE ROYAL GAZETTE BUT NOT YET EFFECTIVE**

The Federation of Accounting Professions has revised TFRSs which are effective for annual accounting periods beginning on or after January 1, 2022 and have not been adopted in the preparation of these financial statements because they are not yet effective. The Company has assessed the potential initial impact on the financial statements of these revised TFRSs and expected that there will be no material impact on the financial statements in the period of initial application.

## Attachments

- Attachments 1 Details of Directors, Executive Directors, Chief Financial Officer, Accounting Supervisor and Company Secretary
- Attachments 2 Details of the directors of subsidiaries
- Attachments 3 Details of the Heads of the Internal Audit
- Attachments 4 Assets used in a business
- Attachments 5 Full version of the corporate governance policies and practice and full version of Code of Conduct that the Company has prepared
- Attachments 6 Audit Committee Report

Note: Investors can view the attachments on the Company's website  
<https://investor.gjsteel.co.th/en/download/annual-report>

# GJS

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