

**แบบแสดงรายการข้อมูล  
ประจำปี 2564  
56-1 ONE REPORT  
2021**



**Toranomon Azabudai**  
(The highest building  
in Tokyo, Japan)



**Hokkaido Ball Park**



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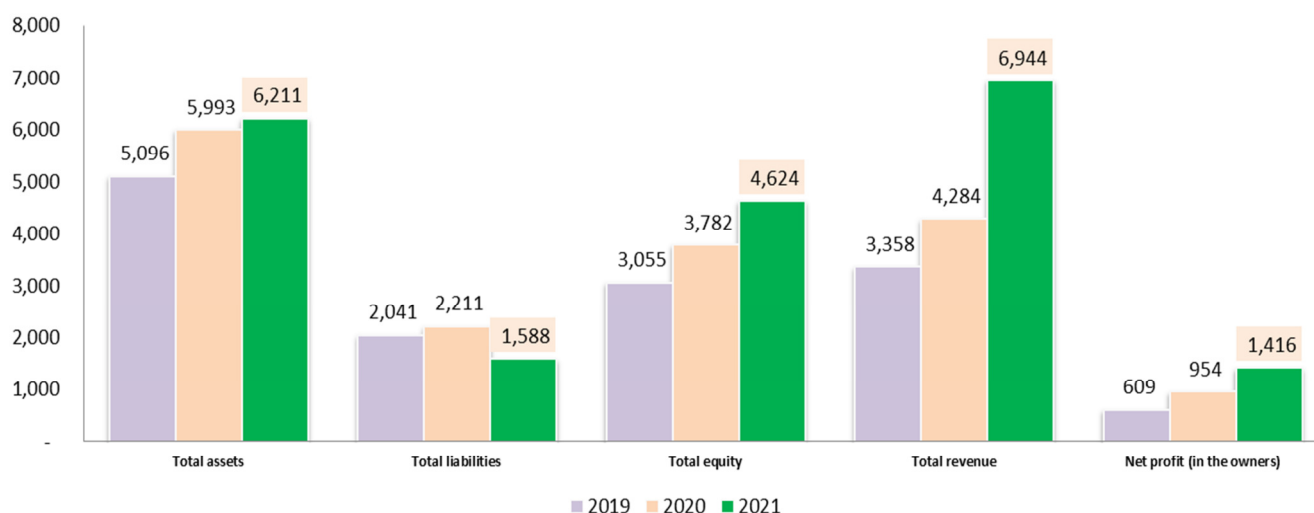
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### Attachments

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<b>Attachment 2</b>	Information on Directors of Subsidiaries
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## Important Financial Information (Consolidated)

Unit: Million Baht




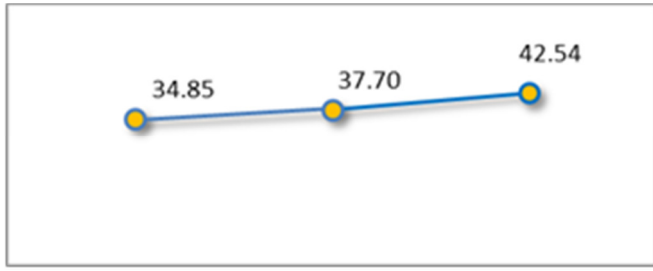

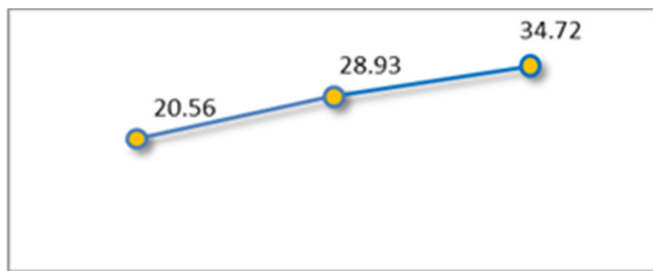
Income Statement (THB Million)	2019	2020	2021
Revenue from sales of goods and rendering of services and Contract revenue	3,300.34	4,251.78	6,906.59
Total Revenue	3,357.88	4,283.88	6,943.91
Total expenses	2,706.36	3,161.29	5,304.13
Profit from operating activities	651.51	1,122.59	1,639.78
Financial Cost and Income Tax	32.04	133.46	180.46
Net Profit (in the owners)	608.54	954.08	1,415.77


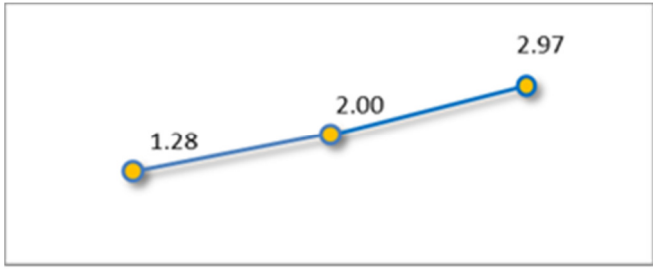

Statement of Financial Position (THB Million)	2019	2020	2021
Total assets	5,096.49	5,993.07	6,211.11
Total liabilities	2,041.32	2,210.69	1,587.50
Non-controlling interest (NCI)	66.59	97.66	156.31
Shareholder equity (SE)	2,988.58	3,782.37	4,623.61



Common Stocks Information	2019	2020	2021
Issued and fully paid-up share capital (Million shares)	500	477	477
Earnings Per Share (EPS) Baht	1.28	2.00	2.97
Book Value (BV) Baht	6.11	7.93	9.69
Dividend per share	0.65	1.00	1.27*

### Important Financial Ratios

	2019	2020	2021								
Current Ratio (Time)	 <table><tr><th>Year</th><th>Current Ratio (Time)</th></tr><tr><td>2019</td><td>1.80</td></tr><tr><td>2020</td><td>1.99</td></tr><tr><td>2021</td><td>2.98</td></tr></table>			Year	Current Ratio (Time)	2019	1.80	2020	1.99	2021	2.98
Year	Current Ratio (Time)										
2019	1.80										
2020	1.99										
2021	2.98										
Gross Margin (%)	 <table><tr><th>Year</th><th>Gross Margin (%)</th></tr><tr><td>2019</td><td>34.85</td></tr><tr><td>2020</td><td>37.70</td></tr><tr><td>2021</td><td>42.54</td></tr></table>			Year	Gross Margin (%)	2019	34.85	2020	37.70	2021	42.54
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Net Profit Margin (%)	 <table><tr><th>Year</th><th>Net Profit Margin (%)</th></tr><tr><td>2019</td><td>18.77</td></tr><tr><td>2020</td><td>23.26</td></tr><tr><td>2021</td><td>21.02</td></tr></table>			Year	Net Profit Margin (%)	2019	18.77	2020	23.26	2021	21.02
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2020	23.26										
2021	21.02										
Return on Equity (%)	 <table><tr><th>Year</th><th>Return on Equity (%)</th></tr><tr><td>2019</td><td>20.56</td></tr><tr><td>2020</td><td>28.93</td></tr><tr><td>2021</td><td>34.72</td></tr></table>			Year	Return on Equity (%)	2019	20.56	2020	28.93	2021	34.72
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	2019	2020	2021								
Return on Net Assets (%)	 <table><tr><th>Year</th><th>Return on Net Assets (%)</th></tr><tr><td>2019</td><td>13.57</td></tr><tr><td>2020</td><td>17.84</td></tr><tr><td>2021</td><td>23.92</td></tr></table>			Year	Return on Net Assets (%)	2019	13.57	2020	17.84	2021	23.92
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Earnings (loss) per share (Baht)	 <table><tr><th>Year</th><th>Earnings (loss) per share (Baht)</th></tr><tr><td>2019</td><td>1.28</td></tr><tr><td>2020</td><td>2.00</td></tr><tr><td>2021</td><td>2.97</td></tr></table>			Year	Earnings (loss) per share (Baht)	2019	1.28	2020	2.00	2021	2.97
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Dividend per share (Baht)	 <table><tr><th>Year</th><th>Dividend per share (Baht)</th></tr><tr><td>2019</td><td>0.65</td></tr><tr><td>2020</td><td>1.00</td></tr><tr><td>2021</td><td>1.27</td></tr></table>			Year	Dividend per share (Baht)	2019	0.65	2020	1.00	2021	1.27
Year	Dividend per share (Baht)										
2019	0.65										
2020	1.00										
2021	1.27										

## Message from Chairman of Board Director And Chief Executive Officer

This year MCS has a combine fabrication of over 80 thousand ton (83,740), a sale of over 20 billion (23 billion) yen , and a profit of more than 1.4 billion baht, all in new record for 30 years since company established, also reach a total profit of 10 billion baht mark since listed

Particularly it has been achieved during covid-19 crisis , while many companies have been forced to closed down. 4 years ago, I have to postpone my retirement due to sudden resignation of our then CEO, I am delighted to be able to make contribution to this company.

We have to contribute this result to all our employees , self quarantine for the past more than one and half year ,24 hours shift as required , scheduled monthly PCR test for all employees & families , a newly established reception center next to factory which has been certified as one of the only few OQ facility in Thailand to receive necessary client's representatives and required third part inspectors , this facility also providing 3 sometimes 4 meals a day for all our near 600 employees and Japanese guests , decision for such preparation did face many obstacles and difficulties , but it is MCS approach , we plan and do things necessary to create a place where our clients know they are safe to come and work with us , at same time , company employees can lean on during cold days , not for publicity.

Without any doubt , due to this Covid-19, the world has changed , how people works also have changed , travel will not be as easy as before and as present as previous, therefore , we have rearranged our organization, we have concentrated all our sales offices and drawing offices centralized in Japan , for those clients reluctant to go aboard can have all their discussion and conclusion done without leaving Japan , we also update all our drawing software to 3D as to cope up future new trend in Japan , at same time by first half of this year our factory will be “ paperless “ every worker will equipped with their own lap top and all drawings and necessary data and report will be shown and collected to main computer center , which will enhance our communication between each work teams , also , all data can be viewed and analyzed here in our command center ( war room ) , at same time can be viewed by our clients in Japan real time as well as to enhance their confidence on us, even we are actually 4000 km away from each other , we have already started equipment setting , next few months will be training period , we target to commence our new system within first half of this year , always ahead of our competitors is how we survived for the past 30 years , and we intended to maintain as it is

We should be able to reduce number of our manpower through this process by eliminating no longer necessary documents related operation , this will be how we like to increase income for our employees and still remain competitiveness

As to our organization , it is time , actually already late , to let younger generations to make own decision ,every right or wrong will always become precious experience for the future of this company , meanwhile I will standby as necessary as required



Any new approach can be hard and difficult but it is also why important , it will become his/ her own experience, and definitely totally different from things simply learned from books or from me .

As this company enter her 30th year , as the foundation build up through these years , and together with hard working employees , I have no doubt we will see even higher building in Tokyo contributed by MCS in near future ( we have just completed our participation for the tallest building in Tokyo , the famous Toranomon Azabudai project )

We can't forget to mention our facilities at Xiamen and Japan, Xiamen now contribute more than 10% of group profit after successfully readjusted market focus. Also, Japan facility no longer only function as our service center , now take up those work not suitable for Thai or Xiamen facility , become the last puzzle to complete our group capacity as to handle a completed building ( newly completed “ Kudankaikan “ is the first fully handled project by MCS group / Thai, Xiamen, Japan ) it has no doubt the first foreign owned fabricator can ever achieve, but most importantly, it is the critical and necessary steps if we like to survive for another at least 10-20 years .

Indeed , it has been a harsh & troublesome year for everyone, but we can be proud to say we did just fine.

Again , I like to take this opportunity to thank our directors and all our employees for their effort and sacrifices, and all our shareholders for their trust on us

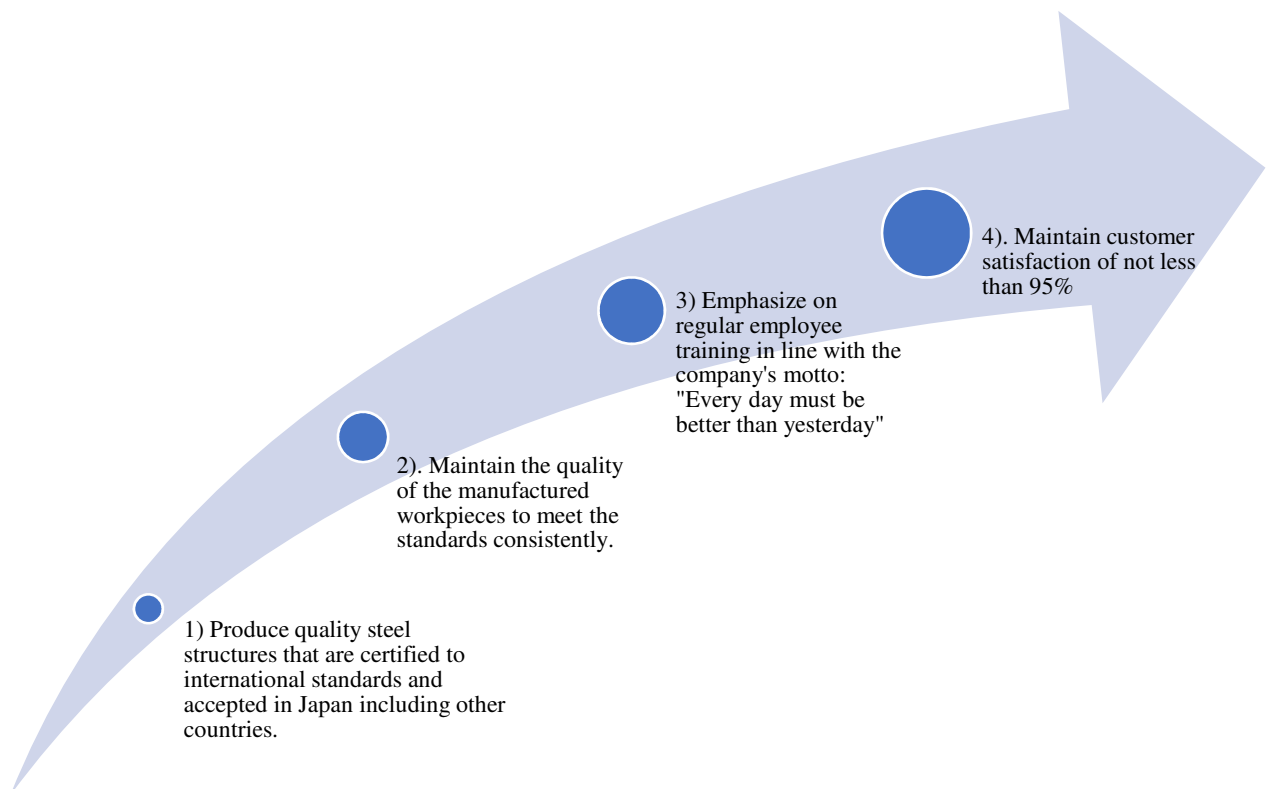


**Dr.Naiyuan Chi**  
**Chairman and Chief Executive Officer**

# VISION

We are a large-scale steel structure manufacturer, especially steel beams and columns for the construction of large complex high-rise buildings, and has been certified to international standards both domestically and internationally.

# MISSION



# Section 1

Business Operation  
and Operating results



## **Part 1 Business Operation and Operating results**

### **1. Company Structure and Operations**

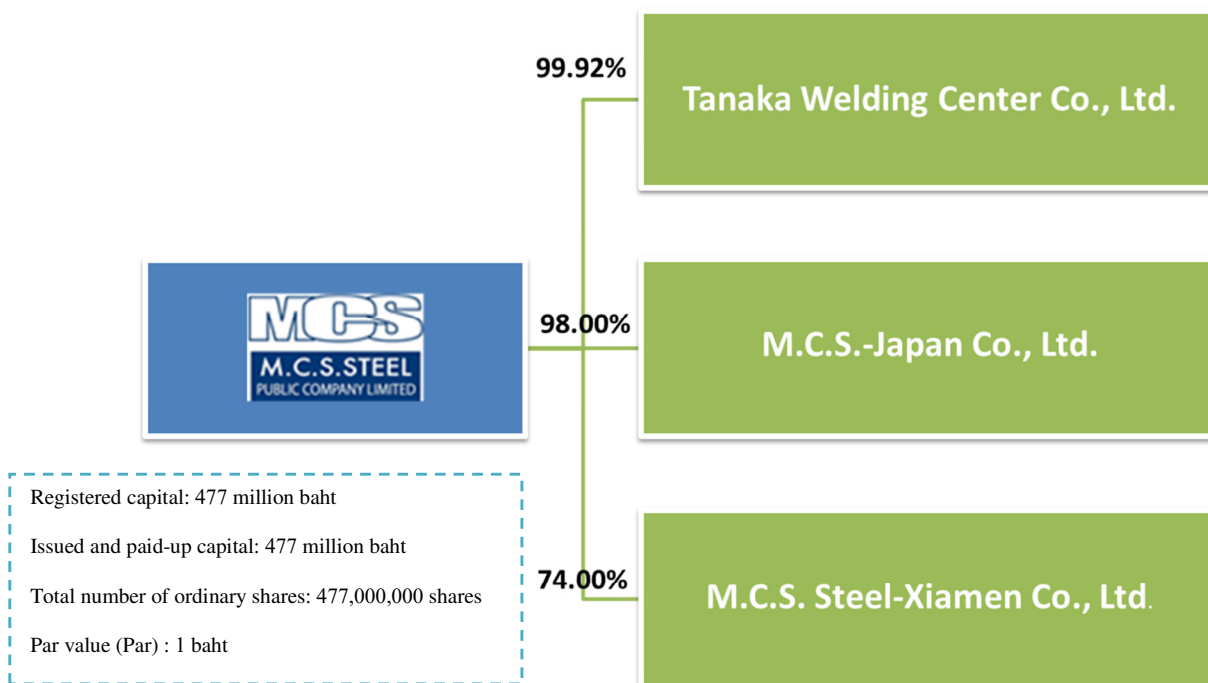
#### **1.1 Policy and Business Overview**

Established in 1992, M.C.S. Steel Public Company Limited is a large steel structure manufacturer, especially steel beams and columns for the construction of large high-rise buildings such as office buildings, hotels, shopping malls, etc. The company's products are characterized by quality that meets the international standards and can be manufactured above the JASS 6 (Japanese Architectural Standard Specification), which is a standard for the constructions of steel structures in particular, and is certified by Japanese Architectural Standard Specification in Japan and meets the conditions set by Japanese law. In addition, the construction using steel structures can save construction time. The large steel structures produced by the company are heavily used in countries with frequent earthquakes such as Japan. The characteristics of the work that our company produces is cutting and assembling steel plates according to the customer's requirements. The company provide a comprehensive production.

There are two types of steel structures produced by the company: the steel structure used as a column-box and the steel structure used as beams, which are important components of the building. The factory is located in Chang Yai Subdistrict, Bang Sai District, Ayutthaya Province. At the end of 2016, the company began buying robot machines to produce column and pipe, which would have increased the company's capacity by 12,000-15,000 tons per year for column and pipe work.

The steel structure manufacturing-process starts from using high quality hot-rolled steel sheet to cut to the desired size. Then the steel sheets are assembled together by welding into various shapes such as columns or beams, using welding wires as a connection material. Then bring the relevant components such as wire rods, steel pipes, steel sheets according to the drawings to complete the connection. Finally, the work can be customized according to the desired quality. In addition, the company produces general steel structures such as roof structures. The columns or beams used in domestic construction have the same production process as the production of large steel structures.

## Shareholding structure of the Company and its subsidiaries as of December 31, 2021



**M.C.S. Steel Public Company Limited**


Business Type	Manufacturing and distributing large steel structures
Registered capital	477,000,000 baht
Par value per share	1 baht (477,000,000 shares) fully paid
Location	No. 70 Moo 2, Chang Yai Subdistrict, Bang Sai District, Phra Nakhon Si Ayutthaya Province 13290
Telephone number	035-372961-6, 089-9001217-8

**Tanaka Welding Center Company Limited**


Business type	Training and real estate
Shareholding	99.92 %
Relationship	Shareholding and having common directors
Registered capital	24,750,000 baht
Par value per share	25 baht (990,000 shares)
Location	No. 70 Moo 2, Chang Yai Subdistrict, Bang Sai District, Phra Nakhon Si Ayutthaya Province 13290
Telephone number	035-372961



**M.C.S.-JAPAN Co., Ltd.**

Business type	Contractual manufacturing
Shareholding	98.00 %
Relationship	Shareholding and having common directors
Registered capital	50,000,000 yen
Par value per share	1,000,000 yen (50 shares)
Location	711-2 Owadashinden Yashiyo-shi Chiba 276-0046 Japan
Telephone number	81-47-4306265

**M.C.S. Steel Xiamen Co., Ltd.**

Business type	Contractual manufacturing
Shareholding	74.00 %
Relationship	Shareholding and having common directors
Registered capital	7,800,000 US Dollars
Location	68 Shanbian Road, Dongfu Town, Haicang District, Xiamen 361027 China
Contact	86-592-6511-143


### 1.1.1 Long-Term Goals


The total production capacity is more than 100,000 tons per year, including the overseas subsidiaries.

#### Strategy

- 1) Maintaining the quality of products and services to build customer satisfaction
- 2) Emphasizing on products of equal or greater quality than the competitors and being a cost leader
- 3) Delivering the work on time
- 4) Providing comprehensive services and being able to accept large projects for the whole project

### 1.1.2 Major changes and developments in the past 4 years can be summarized as follows:

Year	Event
2017	 <ul style="list-style-type: none"> <li>▪ Increase of the shareholding in M.C.S. Steel-Xiamen Co., Ltd. from 39% to 74% of the registered capital by purchasing shares from the existing shareholders.</li> <li>▪ Repurchase of 23 million shares for financial management, representing 4.60% of the total issued shares, totaling 354.878 million baht.</li> <li>▪ Construction of a new office in the same factory area with a budget of 50.34 million baht</li> </ul>
2018	<ul style="list-style-type: none"> <li>▪ Purchase of land and buildings at NASU plant in Japan for less than 1 billion yen or about 300 million baht to serve as a pile of pieces and support the company's business in Japan.</li> <li>▪ Purchased 32% shares of M.C.S. - Nasu Co., Ltd., Japan for 33 million yen or approximately 9.66 million baht, making the company to hold 98% of the said company and changed its name to M.C.S. - Japan Co., Ltd.</li> <li>▪ Disposal of 27 treasury shares, representing 5.40 percent of the total issued shares with a total value of 193.648 million baht</li> </ul>
2020	<ul style="list-style-type: none"> <li>▪ Registered capital reduction by cutting off 23 million shares of repurchased and unsold shares, resulting in the company's current registered capital of 477 million baht.</li> </ul>

Year		Event
2021		<ul style="list-style-type: none"> <li>▪ Permission to establish an organizational quarantine (Type B) to be used as a quarantine facility for foreign customers</li> <li>▪ Appointed Ms.Wanna Pholkaew to be the Managing Director</li> <li>▪ Appointed Ms.Mattawan Srisakda to be the Deputy Managing Director of Accounting and Finance</li> </ul>

**1.1.3 Is the use of the proceeds raised from crowdfunding serve the purpose?**

The company does not issue equity or bond.

**1.1.4 Obligations that the company pledged in the registration statement for the offering of securities, and/or the office's license conditions (if any), and/or conditions for listing securities of the Stock Exchange of Thailand (if any)**

-None-

**1.1.5 Name, location of the head office, type of business, company registration number, telephone, fax, company website, number and type of the company's total issued shares.**

- The details are shown in Section 5 General information and other important information -



## 1.2 Type of Business

M.C.S. Steel Public Company Limited was established in 1992 and was listed on the Stock Exchange of Thailand in 2005. At present, the company has a registered capital of 477 million baht. It is a large steel-structure manufacturing business (Fabricated Steel) for construction projects both domestically and internationally. The head office and factory are located at 70 Moo 2, Chang Yai Subdistrict, Bang Sai District, Phra Nakhon Si Ayutthaya Province, Thailand, with a total of 13 factories on an area of 255 rai and a total production capacity of 70,000 tons per year.

### 1.2.1 Company Revenue Structure

Products	2019		2020		2021	
	THB	%	THB	%	THB	%
1. Revenue from sales of steel structures						
1.1 Domestic	678,913,239	20.22	195,476,753	4.56	62,044,887	0.89
1.2 International	2,621,430,835	78.07	4,056,305,416	94.69	6,844,549,454	98.57
2. Revenue from sales of scrap iron	13,924,279	0.41	11,791,751	0.28	16,692,797	0.24
3. Other income	36,547,795	1.09	20,301,959	0.47	20,622,231	0.30
4. Profit from exchange rate	7,063,214	0.21	-	-	-	-
<b>Total Revenue</b>	<b>3,357,879,362</b>	<b>100.00</b>	<b>4,283,875,879</b>	<b>100.00</b>	<b>6,943,909,369</b>	<b>100.0</b>

### 1.2.2 Product Information

There are 2 types of steel structures manufactured by the company:

- 1) Fabrication of steel structures used as columns (Column-Box)
- 2) Production of steel structures that are used as beams (Beam)

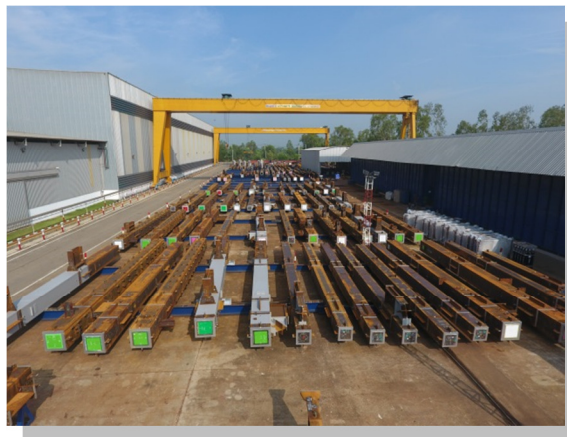
These are important components of a building and provide distinctive features, that is to say saving construction time, reducing pollution in the construction area and being able to absorb vibration well.

The characteristic of Beam production is cut to given size, which is a tailored production according to the customer's preferred size. As opposed to Beam Roll-H, which are pre-cast beams that have a limited size.



Example of beam work

As for the nature of column work, Column-Box is structured either with a diaphragm assembled outside or inside the column, where the diaphragm is connected and forced by the beam to take the weight down to the column. By welding the internal diaphragm to the column; it requires modern tools and the expertise of welders, which the welding work is strong but we can't see the welding lines.



Example of Column-Box

An important characteristic for designed steel structure is that it can withstand seismic vibrations better than reinforced concrete. In addition, the size is smaller and lighter than the perch. At present, large steel structure (Fabricated steel) is a popular building material and is increasingly used to replace Reinforced Concrete. The important raw materials are high-quality hot-rolled steel sheet (Special Hot Rolled Sheet), which the company imports such raw materials from Japan and Korea. Large steel structures are widely used in countries with frequent earthquakes such as Japan and Taiwan.

The company's products are characterized by quality standards, which can be produced higher than JASS 6 (Japanese Architectural Standard Specification) standards and meet the conditions required by Japanese law. Moreover, it can save construction time. The steel material that the company uses is durable steel, which can withstand earthquake vibrations better than reinforced concrete. The important raw materials are Special Hot Rolled Sheet, which the company mainly imports such raw materials from Japan and some are imported from China and Korea. However, Thailand does not produce hot-rolled steel with such properties because the demand for this type of steel is very low. Currently, most of the workpieces are manufactured for construction projects in Japan. In manufacturing, the company has invested in modern machinery and has been transferring technology from Japan, as well as having a Test Room to test and control the quality of the workpieces.

And, the company has been cooperative with teachers from King Mongkut's Institute of Technology North Bangkok to develop and set up testing systems, including providing training for related employees. The Test Room was certified ISO/IEC 17025 : 2005 by the Thai Industrial Standards Institute in accordance with the general requirements for the competency of the testing laboratory and calibration laboratory.



Picture of Test Room

## Undelivered Projects at the end of 2021

No	Project name	Type	Location	Value	Expected year of completion	% of work not delivered	Value of undelivered work	Contract Status
1	SHIBUYA	High-rise building	Japan	5,500.66	2565	15.40%	847.33	Contractual
2	TORANOMON AZABUDAI	High-rise building	Japan	10,476.61	2565	3.42%	358.28	Contractual
3	TORANOMON STATION	High-rise building	Japan	9,934.31	2565	37.58%	3,733.30	Contractual
4	NAKANO	Train Station	Japan	304.09	2565	11.87%	36.08	Contractual
5	TRC	Warehouse	Japan	3,281.00	2565	100.00%	3,281.00	Contractual
6	FUJITA	High-rise building	Japan	1,530.00	2565	100.00%	1,530.00	In Process of Contractual
Value of work (Million yen)							9,785.99	
Value of work (Million baht) Exchange rate date 30/12/2021 : 100 JPY = 0.286911							2,807.71	



Project : Toranomon Station in Tokyo ,Japan  
 \*\* Under construction

### Privileges from BOI Promotion Certificates

The privileges of Investment Promotion Certificate used in 2021 can be summarized as follows:

No.	Certificate No.	Amount of Corporate Income Tax exemption on the net profits	Benefits valid until 31 December 2021
1	59-1184-0-00-1-0	340.51 million baht	340.51 million baht
2	60-0816-1-00-1-0	212.46 million baht	77.17 million baht

### The 3rd BOI Promotion Certificate (Began using tax rights in 2017)

Certificate Number		59-1184-0-00-1-0
Details		
1. Date of approval		16/9/2016
2. To promote investment in the business		Manufacture of metal structures used in construction or industrial work or platform repairs.
3. Key benefits received		Received
(1) Exemption of import duty on machinery used in new projects requested for promotion		5 years starting from the date of earning from that business
(2) Exemption of corporate income tax for the net profits derived from promoted businesses of which the total value does not exceed <b>340.51 million baht</b> , and exemption not to take dividends from promoted businesses which are exempt from corporate income tax to be calculated for tax purposes.		1 year starting from the first day of import
(3) Exemption of import duties for raw materials and essential materials that must be imported from abroad for export production.		29,376 ton/year
(4) Size of business		
4. Commencement date of exercising tax rights under the promotion certificate		Year 2017
5. Tax rights exercised until December 31, 2021		340.51 million baht

**The 4th BOI Promotion Certificate (Began using tax rights in 2021)**

Certificate Number	60-0816-1-00-1-0
Details	
1. <b>Date of approval</b>	23/8/2016
2. <b>To promote investment in the business</b>	Manufacture of metal structures used in construction or industrial work or platform repairs.
3. <b>Key benefits received</b>	
(1) Exemption of import duty on machinery used in new projects requested for promotion	Received
(2) Exemption of corporate income tax for the net profits derived from promoted businesses of which the total value does not exceed <b>212.458 million baht</b> , and exemption not to take dividends from promoted businesses which are exempt from corporate income tax to be calculated for tax purposes.	3 years starting from the date of earning from that business
(3) Exemption of import duties for raw materials and essential materials that must be imported from abroad for export production	1 year starting from the first day of import
(4) Size of business	28,980 ton/year
4. <b>Commencement date of exercising tax rights under the promotion certificate</b>	Year 2021
5. <b>Tax rights exercised until December 31, 2021</b>	77.17 million baht



### Research and Development Policies & Innovations in processes and services

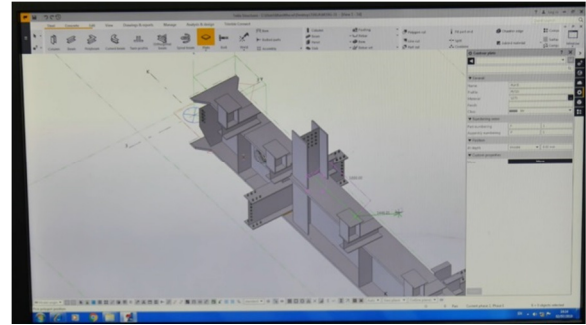
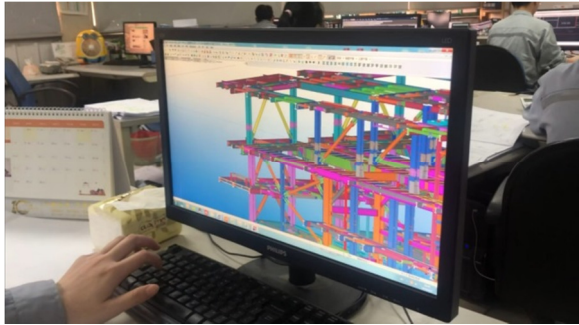
Innovation development in the production process Since 2016, the company has begun importing robot welding machines to be used in welding instead of manual welding, ordering 3 automatic machines to help in production which the capacity is currently at 1,200-1,500 tons per month.



Picture of Robot welding machine

### Innovation development in drawing

The company has begun to use Tekla Structural Designer programme for analysis and design concrete and steel buildings, which makes it easier to work and get a better overview of the workpiece.



### Innovation development in services

Due to the COVID-19 pandemic since the beginning of 2020, travel restrictions on inspections of customers have been limited; therefore, the company has switched to Televised or Remote Conference systems instead of on-site inspections. This help prevent customers in Japan from having to visit the company as before, and reduces the duration and cost of travel problems that may arise during the time of the outbreak. In 2021, the company has conducted six televised or conference projects, including 37 inspections.



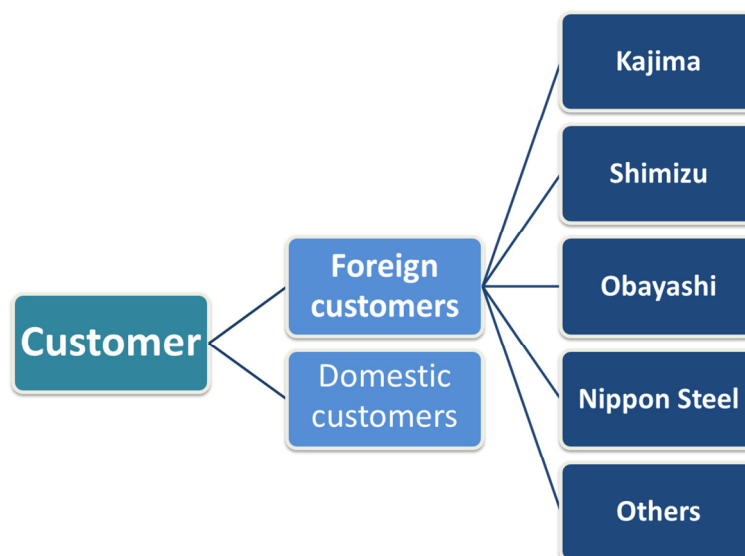
## (2) Marketing and Competition

### Marketing policies in the past year

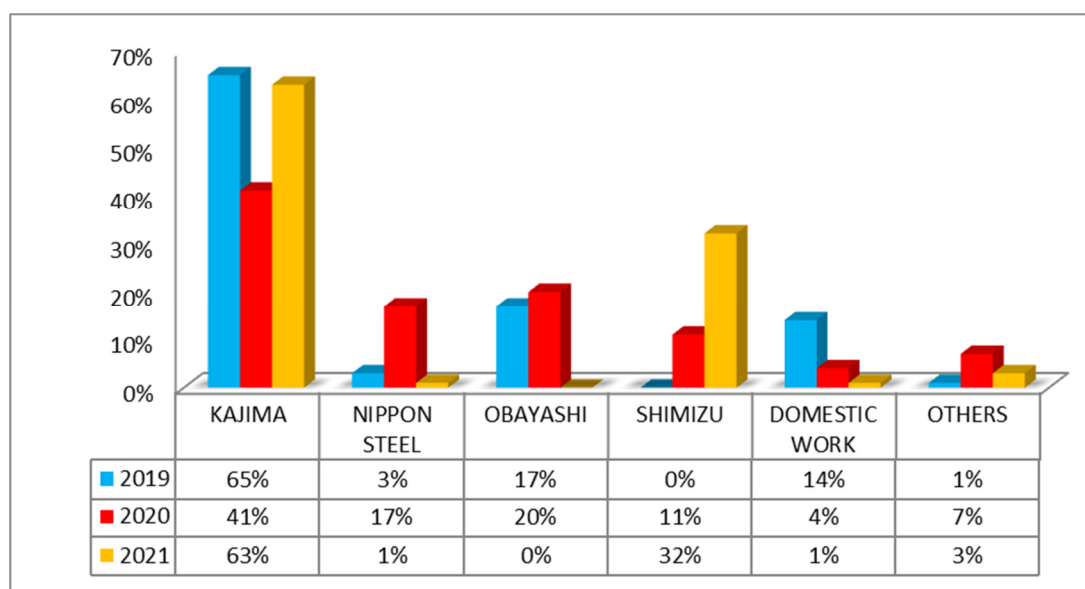
During the past year, the company has achieved the export up to 83,187 tons sending out from factories in Thailand, amounting to 61,341 tons of factories in Xiamen, China 16,772 tons and factories in Japan 5,627 tons. The company's marketing policy is working together as a group by sharing the duties and responsibilities for each factory. As the year 2021 continues with the spread of COVID-19, the inspection trips by Japanese customers could not be carried out due to a number of restrictions. In 2021, MCS-Japan, a subsidiary of the Company in Japan had been acting as the center for Remote Inspection, thus the company had no inspection problems before the delivery of work to the customers. MCS-Japan also has coordinated with the customers in Japan on various projects during the time the company was unable to send our agents to meet with our customers; including inspection of parts sent for installation, MCS-Japan was also responsible for inspections, corrections before delivering to the customers.

### Customer characteristics and Target Customers

The characteristics of the company's customers can be classified as follows:



1. **Foreign Customer** This target market includes large general construction companies in Japan, which is the main market and has a large number of construction projects and demand for steel structures. In 2021, the Company accounted for the majority of sales to foreign customers from the 5 major customers as follows :



2. **Domestic Customer** Most of our customers are related to Japanese companies as well. The company is contracted to make steel structures according to the customers' requirements because domestic customers do not need to use special grades of steel same like in earthquake-prone countries, the steel material used is therefore common iron. This group of target customers are factories, construction buildings with the delivery of work between 2020 and 2021 including the O-Nes Tower of Thai Obayashi. In 2021, there was approximately 553 tons of work delivered.



Picture of O-Nes Tower

## Industry trends and future competitive conditions

Since the company manufactures large steel structures mainly for high-rise buildings, in 2021, the company exported to Japan about 98.50% of the total output. By considering the competitive conditions of the industry in the future, the company therefore focuses mainly on sales in Japan taking into account the following factors:

### 1) Demand

The demand for steel structure depends on the construction conditions in Japan. According to a report from the Ministry of Land, Infrastructure, Transport and Tourism of Japan, it was found that the demand for steel structure in Japan from 2017 to 2021 totaled approximately 4-8 million tons per year and the demand for steel structure is still at a high level, compared to the company's export volume to Japan. In 2021, the company exported approximately 83,187 tons to Japan (exclude domestic work 553 ton), which only represents about 1% of the total steel structure demand.

### Construction situation in Japan

Construction work in Japan in 2021 was mainly private investment, accounting for 95.60 percent, and the other 4.40 percent was the government investment. When considering the construction situation in Japan, it can be classified according to the type of use: Residential and Non-residential construction (Dwelling and Non-dwelling). It was found that in 2021 the residential and non-residential constructions accounted for 60.36% and 39.64 percent, respectively.

Large steel structures are often used in the construction of large high-rise buildings, so they are not used in the construction of general residences. Most of the characteristics of the work used include office buildings, hotels, shopping malls, etc. Most of the demand is construction in the capital and large cities such as Tokyo, Nagoya, Osaka.

When considering the nature of construction in 2021, there will be a number of uses classified by construction materials as follows: wood material, 43.44 %, and steel-reinforced concrete and reinforced concrete and steel structures at 1.51%, 17.27% and 37.07%, respectively. Construction of steel structures increased by 2.31% compared to 2020, but the market share of steel structure building materials in the past 5 years was approximately 30-40%, which is the highest compared to other materials does not include wooden structures.

**Table: Construction areas completed by the public and private sectors in Japan during 2017-2021**

Unit: 1000 Sq m

	2017		2018		2019		2020		2021	
		%		%		%		%		%
<b>1. Classified by investor type</b>										
Government sector	7,038	5.23	6,253	4.77	5,938	4.66	5,381	4.73	5,372	4.40
Private sector	127,641	94.77	124,896	95.23	121,617	95.34	108,363	95.27	116,866	95.60
Total	134,679	100.0	131,149	100.0	127,555	100.0	113,744	100.0	122,239	100.0
<b>2. Classified by type of use</b>										
Residence	81,711	60.67	78,718	60.02	78,868	61.83	69,508	61.11	73,779	60.36
Non-residence (Office/Factory/Warehouse/School/ Hospital )	52,968	39.33	52,432	39.98	48,687	38.17	44,236	38.89	48,460	39.64
Total	134,679	100.0	131,149	100.0	127,555	100.0	113,744	100.0	122,239	100.0
<b>3. Classified by construction materials</b>										
Wood	56,157	41.70	55,456	42.28	55,718	43.68	49,756	43.74	53,100	43.44
Steel structure and reinforced concrete	2,484	1.84	2,186	1.67	1,354	1.06	1,954	1.72	1,842	1.51
Reinforced concrete	24,264	18.02	21,855	16.66	22,916	17.97	21,757	19.13	21,111	17.27
Steel structure	50,787	37.71	50,693	38.65	46,554	36.50	39,534	34.76	45,309	37.07
Other materials	987.04	0.73	959	0.73	1,013	0.79	742	0.65	875.31	0.72
<b>Total</b>	<b>134,679</b>	<b>100.0</b>	<b>131,149</b>	<b>100.0</b>	<b>127,555</b>	<b>100.0</b>	<b>113,744</b>	<b>100.0</b>	<b>122,239</b>	<b>100.0</b>

Source: Ministry of Land, Infrastructure, Transport and Tourism, Japan



In determining the construction needs in Japan, variables such as Order received for construction or Construction Contract are used each year. This can be used as an indicator of the need for building materials. According to a survey of construction orders from 2017 to 2011, it was found that the order received for construction from government sector in 2021 were worth 106,949,545 million yen, which was increased by 3,457,035 million yen from 2020, meanwhile the private sector and subcontractors were 20.16%, 45.19 and 34.65, respectively. The private sector has the highest number of construction contracts accounting for 45.19% of the construction contracts, including public utilities, construction and machinery installation work, 5.86%, 34.83 and 4.49 %, respectively, of the total construction work.

Order received for construction) between 2017-2021

Year	Prime Contracts						Subcontracts			Total  (Million Yen)
	Government sector			Private sector						
	Public utilities	Construction	Machinery Installation	Public utilities	Construction	Machinery Installation	Public utilities	Construction	Machinery Installation	
2017	10,543,483	4,470,480	1,285,892	5,599,303	31,549,737	4,311,837	7,566,979	15,737,609	2,668,247	83,733,566
2018	9,796,492	4,131,458	1,315,303	5,690,073	31,602,034	4,906,050	7,143,780	16,337,553	2,887,127	83,809,870
2019	10,564,035	4,712,520	1,246,060	5,653,182	31,074,237	4,360,804	8,053,985	17,270,765	2,739,007	85,674,595
2020	14,492,174	5,732,079	1,750,862	6,564,930	34,162,744	5,000,367	10,140,110	21,809,008	3,840,236	103,492,510
2021	14,413,350	5,357,185	1,786,224	6,270,861	37,252,892	4,807,145	10,925,517	22,781,769	3,354,602	106,949,545

Source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

### Estimated Number of Competitors

The company is a large steel structure manufacturer and most of our products are delivered to contractors in Japan, about 95%. Therefore, competitors in the industry include:

#### A) Domestic

At present, the manufacturers of large steel structures for the constructions in the country are as follows:

- (1) STP & I Public Company Limited
- (2) Sino-Thai Engineering and Construction Public Company Limited
- (3) Italian-Thai Development Public Company Limited
- (4) Nawarat Patanakarn Public Company Limited
- (5) Christiani and Nielsen (Thai) Public Company Limited
- (6) Sriracha Construction Public Company Limited
- (7) CH. Karnchang Public Company Limited
- (8) TTCL Public Company Limited
- (9) and other manufacturers, namely BJC Heavy Industries Public Company Limited/Triton Holding Public Company Limited

Source: The Stock Exchange of Thailand

## B) Japan

Top 10 steel structure manufacturers in Japan that operate similar businesses are:

Rank	Company	Total Capacity (Ton)	Actual production capacity in 2021
1	YAMANE TEKKO KENSETSU	96,000	72,000
2	KAKUTOU	96,000	72,000
3	KAWAGISHI KOGYO	72,000	60,000
4	<b>MCS</b>	<b>70,000</b>	<b>57,083</b>
5	KAGAYA	60,000	54,000
6	KAWADA KOGYO	60,000	42,000
7	J-FAB	54,000	43,200
8	KOMAI	36,000	25,200
9	FUJIKI	33,600	40,800 *
10	WATAHAN TECNOS	24,000	24,000

Remark : \* some part use sub- contractor

Source: Sumisho Tekko Hanbai Co., Ltd., Japan

The above steel structure manufacturers produce and distribute in the same way as the company, but their main purpose of production is not for continuous use in construction work. Since there is a limited number of manufacturers who are able to fabricate steel structure in accordance with the quality standards required, the competition in Japan is therefore among the manufacturers that can meet the standards requirements and the established conditions in accordance with the laws of Japan. In addition, most of the Japanese steel structure manufacturers have restrictions on labor wages. Steel structure work is a kind of work that focuses on skilled labor in assembly, welding, decoration, which requires skilled and experienced labor and this type of labor in Japan has a very high wage. In addition, in order to have the manufacturing facilities fully integrated as well as the manufacturing site; it requires a large area along with the land price in Japan is very high, for this reason, the production costs in Japan is consequently high.

At present, there are 3 competitors in Japan that have full-scale production like our company, but their manufacturing sites are located in a province far from Tokyo. Therefore, such manufacturers have to transfer the fabricated parts to Tokyo while the shipping costs in Japan are quite expensive. In addition, the transportation in Japan for large workpieces is limited to some roads and bridges that cannot be accommodated. Therefore, considering the above factors, this will affect the increased production costs of competitors based in Japan. In summary, it can be seen that the company which is a steel structure manufacturer in Thailand has the potential to compete with the steel structure manufacturers in Japan, since we are certified with the factory standards including our employees have also received a license from the Japanese Institute to fabricate and install steel structures in

Japan. This is proven by the company's continuous delivery of large steel-structure parts to Japan for more than 20 years and there are more than 100 projects that our company transfers steel structures for installation in Japan.

The company aims to reach the production capacity of 100,000 tons per year, including among the companies in foreign countries that we have invested in. With such potential, the company has the abilities to compete effectively supporting with some of our loyal customers in Japan, who are major contractors and trust in our quality providing with continuous demand.

### **(3) Procurement of products or services**

Since the company's business is mainly a large steel structure exported to Japan. Therefore, the company's products must be of high quality and acceptable in Japan. Therefore, we have continuously maintained the quality of our workpieces in accordance with the quality standards, as well as for the long-term pre-contracts we regularly received from Japan as follows:

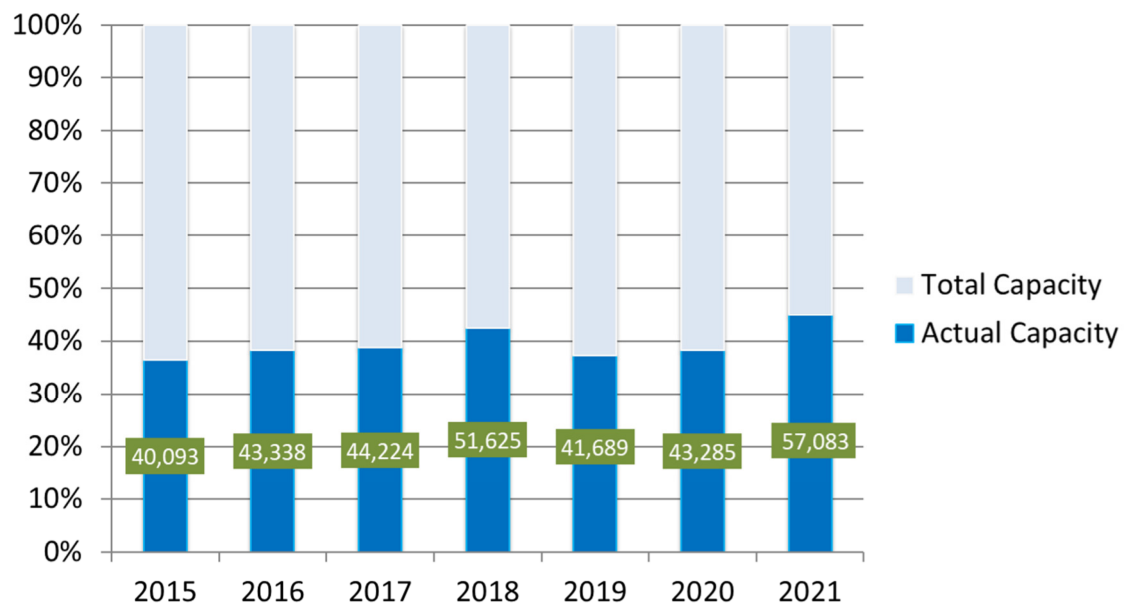
#### **(1) Product**

The company focuses on the quality control of products to meet standards requirements, using the systems to control the operations. The employees shall have knowledge on the jobs they do as much as possible, in order to assure the quality control. The company would provide documentation identifying the procedures and recording the inspection of product control according to the standards. Currently, most of the workpieces are manufactured for construction projects in Japan. The company has been certified as an "S" class fabricator from Japan Steel Structure Appraisal Center, Ltd. in Japan, which is issued to factories that produce steel structures and meet the same standards as steel structures in Japan.

#### **(2) Pricing**

The company will determine the price by giving the customer, who is a large construction contractor, a chance to propose the price they want to buy first, for the company to consider. Then, the company will consider the proposal taking into account the cost of raw materials and other accompanying expenses, together with the management's considerations.

### Production capacity and capacity utilization in 2015-2020



**Note:** At present, the factory has a total production capacity of 70,000 tons per year, excluding the overseas subsidiaries.

### Production process

The production process starts from using high quality hot rolled steel sheet (Special Hot Rolled Steel) to cut to the desired size. The Model and Information Department will use the designs received from the customers to write for production. Then, the steel plates are formed together by welding into shapes such as column boxes or beams using welding wire as connection materials. Then bring the relevant components such as wire rods, steel pipes, steel sheets according to the drawings to complete the connection. Finally, adjust the work to the desired quality.

### Chart showing Beam Production

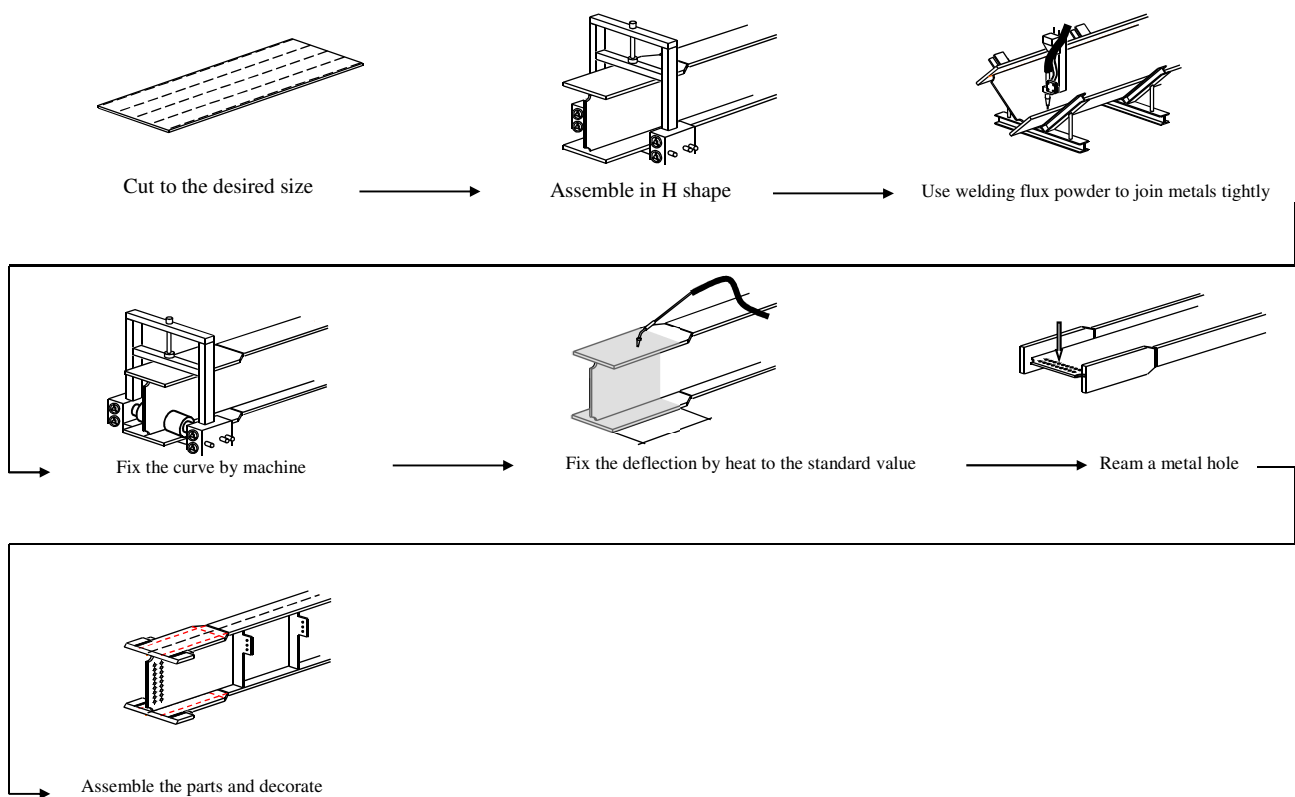
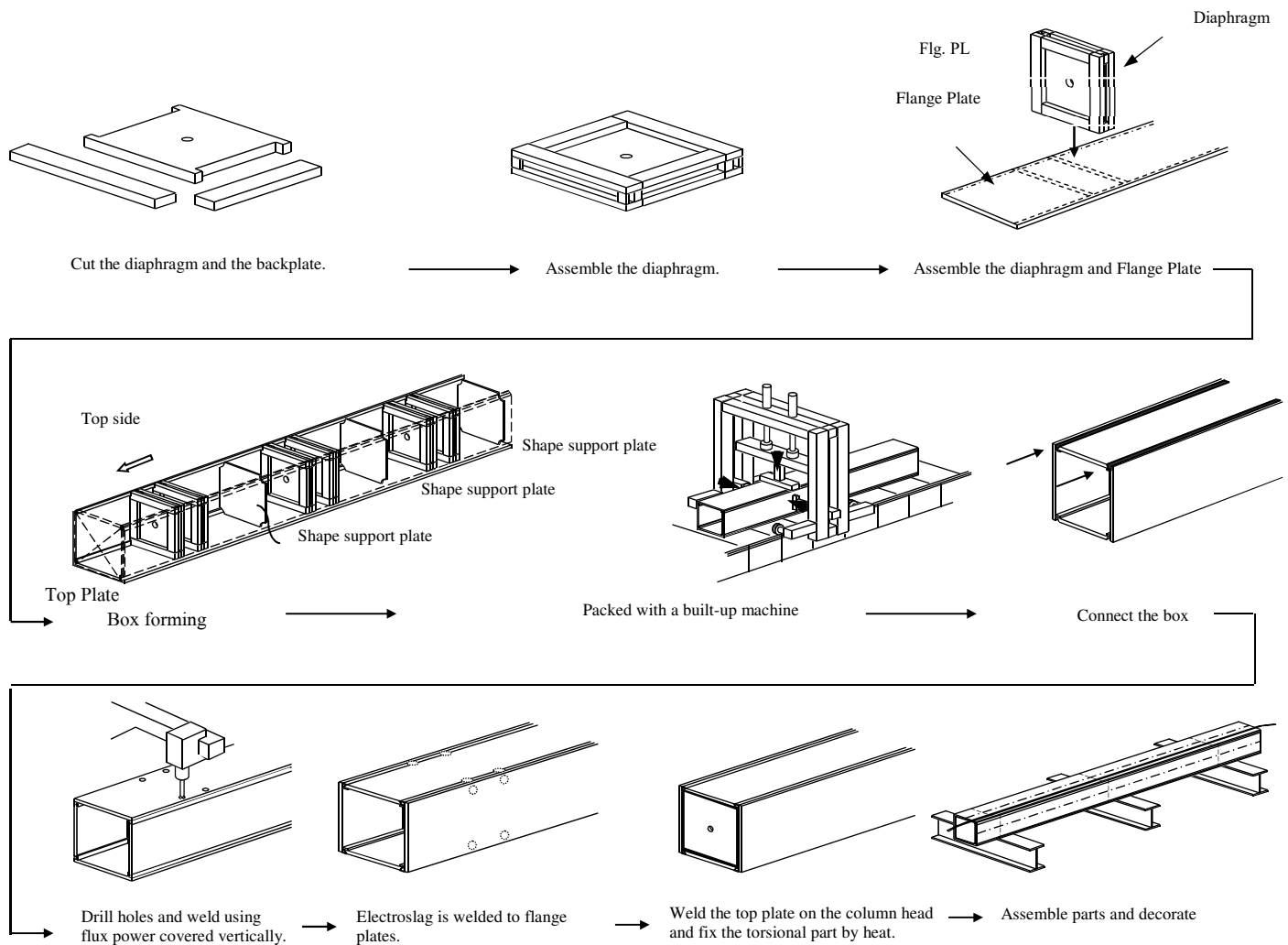


Chart showing the manufacturing process of the Pillar (Box)





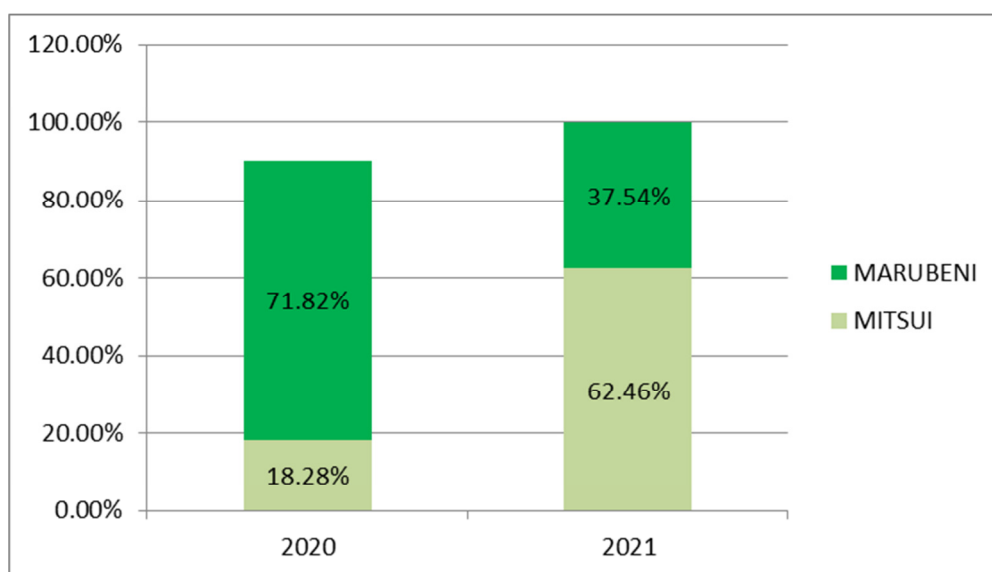
## Procurement and source of raw materials

### Raw materials

The main raw materials for production are Special Hot Rolled Sheet, accounting for approximately 98% of the total raw materials used in production. Other than that, they include other components such as L-angle steel or channels, rebars, steel pipes, etc., to be used as sub-assemblies according to the nature of steel structures ordered by the Company from within the country. In addition, there are consumables used in the production process such as welding wire and flux, etc., which have the characteristics of use such as corner welding, butt welding and part assembly welding, which are imported from Japan and China and Korea, including some orders from within the country (In the case of a domestic job that does not require high quality steel)

Since the company's products are quality-oriented, and the domestic manufacturers are still unable to produce high-quality Special Hot Rolled Sheet for our production. Therefore, at present, all Special Hot Rolled Sheets must be imported from abroad.

In 2020, the company ordered steel from 2 companies, namely Marubeni – Itochu Steel Inc. 81.72% and from MITSUI & Co., Ltd. 18.28%, which are major manufacturers in Japan, most of which have agreed to purchase for a period of approximately 6 months in advance.



### Assets used in business

The manufacturing site is located at 70 Moo 2, Chang Yai Subdistrict, Bang Sai District, Phra Nakhon Si Ayutthaya Province on an area of approximately 255 rai, consisting of 13 steel mills, dormitories, canteens, raw material (steel sheet) stock yard, work piece yard, and others.

(Unit : Thousand baht)

Property Type	Proprietary Characteristics	Cost Price	Net Worth	Collateral value incurring the guarantee	Encumbrances
(1) Land and improvements	Owner	370,484	367,243	86,220	Yes
(2) Buildings and structures	Owner	979,626	456,093	68,404	Yes
(3) Machinery and equipment	Owner	1,055,831	350,981	42,100	Yes
(4) Office supplies, furnishings and vehicles	Owner	194,087	30,432	-	No
(5) Assets under construction	Owner	211,684	211,684	-	No
<b>Including land, buildings and equipment</b>		<b>2,811,712</b>	<b>1,416,433</b>	<b>196,724</b>	

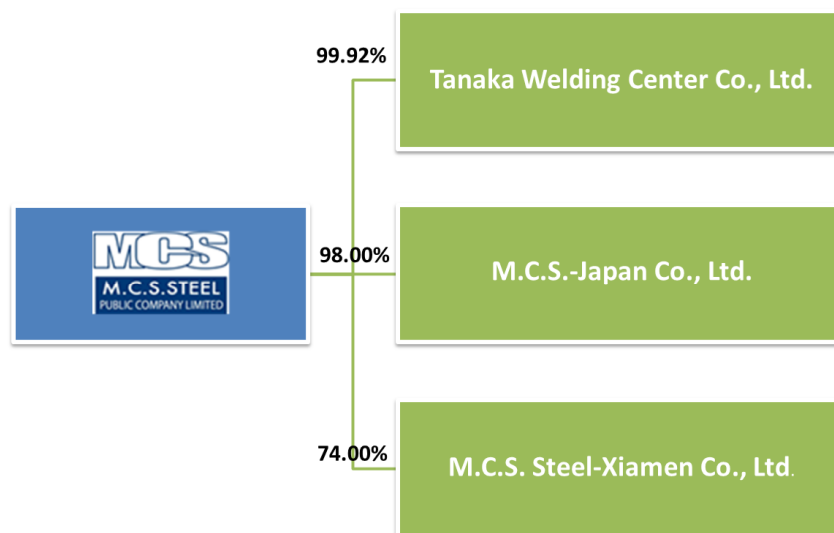
Remark: \* Land, buildings and some machinery, the company took a mortgage/ pledge to a commercial bank in a country. As the following list:

- 1) Guarantees for bank overdrafts in the amount of 5 million baht with no outstanding balance as of December 31, 2021.
- 2) Guarantees for trust receipts and letters of credit, amounting to Baht 2,930 million as of December 31, 2021, used for Baht 1,831 million.

### 1.3 Shareholding Structure of the Group

#### 1.3.1 Shareholding Structure of the Group

The Company and its Subsidiaries Structure as at December 31, 2021



Securities Distribution Report at December 31, 2021 (only M.C.S. Steel)

Type	Securities Distribution Report								
	Natural Persons			Juristic Persons			Total		
	Number of Holders	Total	%	Number of Holders	Total	%	Number of Holders	Total	%
	of Holders	Securities Held		of Holders	Securities Held		of Holders	Securities Held	
Thai securities holders	13,855	361,085,420	75.70	39	63,990,362	13.42	13,894	425,075,782	89.11
Alien securities holders	11	1,990,300	0.42	25	49,933,918	10.47	36	51,924,218	10.89
<b>Total</b>	<b>13,866</b>	<b>363,075,720</b>	<b>76.12</b>	<b>64</b>	<b>113,924,280</b>	<b>23.88</b>	<b>13,930</b>	<b>477,000,000</b>	<b>100.00</b>

#### 1.3.2 Persons with Possible Conflict of Interests Holding Combined Shareholding in Subsidiary Companies over the Level of 10 % of the Number of Shares with Voting Rights of Such Companies

- None -

#### 1.3.3 Relationship Between the Business Groups of the Major Shareholders

- None -

### 1.3.4 Shareholders

#### (1) Shareholders

##### A. List of Major Shareholder at December 30,2021

No.	Name	Share(s)	Holding
			(%)
1	Thai NDVR Co., Ltd.	53,153,362	11.14
2	Mr. Surachai Rathithong	16,450,000	3.45
	Mr. Surachai 's group	15,856,700	3.32
	Total of Mr. Surachai 's group	32,306,700	6.77
3	NOMURA SECURITIES CO LTD-CLIENT A/C	22,500,000	4.72
4	Mrs. Dorn Teantavornwong	18,993,400	3.98
5	THE BANK OF NEW YORK (NOMINEES) LIMITED	12,424,800	2.60
6	Dr. Naiyuan Chi	6,500,000	1.36
	Dr.Chi 's group	3,000,000	0.63
	Total of Dr.Chi 's group	9,500,000	1.99
7	Mrs. Sumporn Kaireak	4,909,500	1.03
	Mrs. Sumporn 's group	2,448,000	0.51
	Total of Mrs. Sumporn 's group	7,357,500	1.54
8	Mr. Somkiat Metasatidsuk	6,580,400	1.38
	Mr.Somkiat 's group	400,000	0.08
	Total of Mr.Somkiat 's group	6,980,400	1.46
9	UBS AG LONDON BRANCH	5,940,100	1.25
10	Mr. Sompong Metasatidsuk	5,090,000	1.07
	Mr. Sompong 's group	716,300	0.15
	Total of Mr. Sompong 's group	5,806,300	1.22
11	Mr. Jirachai Kanchitavorakul	4,924,600	1.03
	Mr. Jirachai 's group	200,000	0.04
	Total of Mr. Jirachai 's group	5,124,600	1.07
12	Others	296,912,838	62.25
Total		477,000,000	100.00

**B. Groups of Major Shareholders Who Have Significant Influence over the Formulation of Management Policies or Operation of the Company**

- None –

(2) The Company is not a Holding Company

- None –

(3) Shareholders' Agreement There is no shareholders' agreement

- None –

**1.4 Registered and Paid-up Capital**

**1.4.1 Registered Capital/ Paid-up Capital/ Number of Shares (at December 30,2021)**

Registered capital	: 477,000,000 Baht ( Fully paid up )
Common shares	: 477,000,000 Shares
Par value per share	: 1.00 Baht

**1.4.2 Other Types of the Shares with Rights or Conditions Different from Ordinary Shares**

- None -

**1.4.3 In the Case of Having Shares or Convertible Securities of the Company**

- None -

**1.5 Issuance of Other Securities and Convertible Securities**

**1.5.1 Convertible Securities**

- None -

**1.5.2 Debt Instrument**

- None -

## 1.6 Dividend Payment Policy

### (1) Dividend Payment Policy of Company

A Policy dividend rate at least 50 percent of net profit (Separate Financial Statement) after tax and legal reserves , however , Company may make a dividend less defined above depending on financial performance, liquidity needs to be used as working capital for operations expansion and other factors involved in the management of the company. In the subsidiaries and dividend policy of subsidiary company and associated company will pay dividends to the company based on performance in each year.

The Company has paid dividends for the past 5 years as described below.

Year	Profit per share	Dividend per share	Dividend per share : Profit per share
	( Baht )	( Baht )	%
2017	1.16	0.60	51.72
2018	0.99	0.50	50.51
2019	1.26	0.65	51.59
2020	1.75	1.00	56.27
2021	2.52	1.27	50.38

\*\* include the dividend that prefer to shareholder meeting of 2022 to approve at 0.50 Baht per share and will pay on May 5,2022

### (2) Dividend Payment Policy of subsidiaries Company

Subsidiaries Company had dividend payment Policy due to operation each year which consider by the board of director



## 2. Risk Management

### 2.1 Risk Management Policies and Plans

The Company is aware of risk management that may affect the business operations. In the 1st Board of Directors Meeting on February 26, 2021, the Board of Directors resolved to appoint 4 members of the Risk Management Committee consisting of two independent board members, managing director, deputy managing director and the working group which includes the Secretary and Head of Internal Audit. The scope of work is set to perform duties in overseeing, monitoring and reviewing important risk management plans and reports along with giving advice as well as evaluating and reporting the assessment results to the Board of Directors at the end of each year.

### 2.2 Risk factors for the Company's business operations

In 2021, the Risk Management Committee considered the risks that primarily affect the Company's business operations are as follows:

#### 2.2.1 Risks to the Company's Business

##### **Risks related to economic trends and construction industry in Japan**

The company's business is the production of large steel-frames for high-rise buildings, and 90% of which are exported to major contractors in Japan. Although from 2020 - 2021, there is a covid-19 pandemic that has slowed down the industries in Japan and may have an impact on future projects, the company has been contracted to accept jobs in advance until 2023, so the number of assignments to be delivered in 2021 remain unaffected at all. Although the construction projects in Japan have decreased, demand for steel structures in the country is still at least 5 million tons per year. By comparison, the number of exported jobs sent to Japan is only 1 percent of all jobs, while there are less than 10 factories that meet the standard in "S" grade. Therefore, it is considered that the company has an advantage to compete in this industry.

##### **Risks of receiving payment from customers**

Since the company produces and export steel structures to Japan market, which is a major target market of the Company with about 95% of its total revenue. Most of the revenue comes from major clients, the four largest construction companies in Japan: Kajima Corporation, Shimizu Corporation, Obayashi Corporation and Takenaka Corporation. The Company entered into a trading agreement by opening the letter of credit (L/C) to confirm that payments from the payer would be made to the recipient in due course and in the correct quantity. This reduces the risk of customer payments, and the company will receive payment within 14 days after the submission of the documents for remittance. In 2021, the 98.50 percentage of revenue was charged by L/C, only less than 1.5 percentage of domestic jobs were opened with the billing payment term. In any case that there is a default from domestic customers, it would be small and does not affect the company's core performance.

**Risk of shortage of skilled craftsmen**

The company manufactures steel structures for exporting to Japan. By the standard of work, it is necessary that the employees must take the Japanese Certificate Examination, which the company has hired for the Japanese organization to take the exam every year. There have been travel restrictions in recent years. The company solved the problem by sending the test specimens abroad instead. Although the situation of the pandemic of COVID-19 may cause inconvenience in finding skilled workers to join the company. In the past 2021, the company has made several lockdowns for a total of more than 8 months to allow all 600 company employees to live together without leaving the area, to reduce the risk of infection. In the past year, employees who wish to join the company must also live at the company. This may make skilled labors difficult to find, and also the travelling restrictions caused it difficult to transfer foreign craftsmen from abroad during the past year. Regarding new craftsmen, regardless of nationality or ethnicity, before entering the area the company must take a PCR test for the corona virus, including make a request for a 14 days-quarantine before starting work, which may cause some difficulties and inconvenience to find skilled technicians. At present, the company has 240 welders who have received the JIS (Japanese Industrial Standard) certificate and 103 welders of AW (Architectural Welding Certificate)

**Risk from foreign exchange rate**

Although in 2021 the exchange rate of Yen to Thai Baht had some fluctuations which affected the revenue of the company, since most of the company's revenue is in foreign currency (yen). However, the cost of purchasing 40-50% of the main raw materials is imported from Japan where the company paid for the raw materials in the same currency as the revenue. This makes it possible to partially hedge foreign exchange risks. In addition, the management also has a plan to reduce the exchange rate risk by considering the forward contract for foreign currency as appropriate including the use of Foreign Currency Deposits (FCD). Although the use of deposits in foreign currencies is able to reduce the risk of exchanging money into Thai baht immediately, However, such operations can be carried out at for a period of time only, when the fiscal period is arrived, the preparation of financial reports must be converted into Thai baht which is the location of business. This may affect the income or expenses at the end of the accounting period, but such numbers are only accounting numbers that are shown to investors at the end of the accounting period. The company still uses the methods to reduce the exchange rate risk as appropriate for each period.

**Risk from the outbreak of COVID-19**

Since the beginning of January 2020, the pandemic of COVID-19 has continued until now. This outbreak has caused many limitations on business operations whether it is the traveling limitation to meet customers abroad, new business negotiations including traveling restrictions of customer representatives for work inspection. At the same time, our work procedures have been changed to Remote Conference System, including the company has taken precautionary measures to prevent the spread of COVID-19 for employees and their families. The preventative measures include a lock down of the company allowing all employees to live inside the factory area and providing food for all employees, allowing employees and their families to stay in the company's dormitories, and administering the COVID-19 examination with Antigen Test Kit (ATK) every 7 days. At present, the company's employees and their families who live in the factory area have received 2 vaccinations

since the beginning of September 2021, but the epidemic of the virus is still ongoing. Doing so, though, would add to the limitations of the company's operations or even create an additional cost burden than operating a business in normal circumstances, but in the past year, the company has been able to deliver products according to the customer's requirements continuously. The amount of work has been delivered up to 83,740 tons, both from factories in Thailand and from factories of subsidiaries in foreign countries.

#### **Risks of fluctuations in raw material prices**

The main raw material used in the Company's production, approximately 45% of the cost of sales is Hot Roll Steel Plate, most of which about 98% is imported from Japan. In the past year, steel raw material prices have increased by approximately 20% compared to the year 2020, which the increase in prices will directly affect the cost of sales of the company. The company has reduced the impact on the price adjustment by comparing prices for the same grade of steel with different manufacturers whether from China, Korea and Japan, including a bargain by making a large number of contracts to make the price cheaper than buying in small purchases. However, the company's business is manufacturing; the company has to take into account the price of raw materials each time making a quotation, in order to determine the selling price. When the company receives a job, which is contracted at least 1 year in advance, the company already has ordered most of the raw materials beforehand. As a result, the fluctuations in raw material prices do not significantly affect costs.

#### **Risks from management that rely on executives**

Doing business with Japanese customers at present, the image of the company's executive is still adhered to, Dr. Naiyuan Chi, who is the Chief Executive Officer. Currently, Dr. Naiyuan Chi holds 6,500,000 shares, representing 1.36% of the registered capital. Dr. Naiyuan Chi is a key player in dealing with customers to receive existing projects in the present. This includes the work that has been continued until 2023, in which Dr. Naiyuan Chi plans to retire in the future. This will affect the confidence of customers who have been in contact for a long time. However, in 2021, the Company restructured its management team by appointing a new managing director, who will take over the management role, as well as initiating the distribution of duties to those responsible in various lines of work to reduce risks and prepare for the CEO's retiring plan.

### 2.2.2 Securities holder investment risk

M.C.S. Company Steel Public Company Limited is a company established in Thailand and primarily exports steel structures to Japan, 90% of which are exported to foreign countries, and also has subsidiaries abroad, namely China and Japan. Most of the business's income comes from Japan. Its base currency is Yen (JPY), which changes in exchange rates will affect the company's performance. Therefore, securities holders are at risk if there is a change in exchange rates, which will also change the performance.






### 2.2.3 Risks from investing in foreign securities

At present, the company does not invest in any foreign securities. Therefore, the company does not have this type of risk.

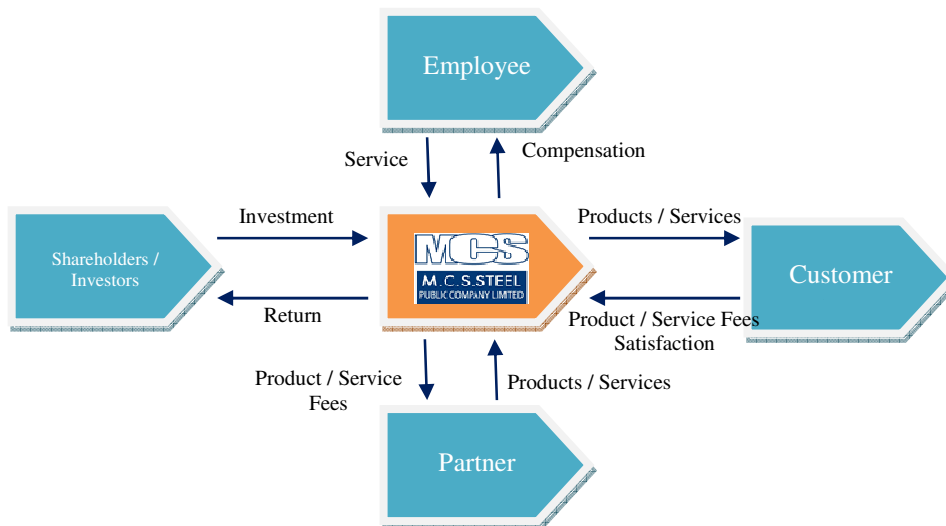
### 3. Driving business for sustainability

#### 3.1 Sustainability Management Policies and Goals

The Company has made sustainable development a priority establishing policies and goals for implementing various aspects of all stakeholders. It is committed to conducting business by complying with laws and guidelines relating to government agencies and emphasize on good corporate governance practices covering all stakeholders including customers, employees, partners. The company's policies and goals are as follows:

<b>Business</b>		Conduct business with fairness operating in accordance with the law or related regulations, and do not infringe any copyright or intellectual property.
<b>Anti-Corruption</b>		Conduct business honestly with transparency and to promote awareness about working against corruption, including channels for whistleblowing in the event that something is wrong in the organization
<b>Labor Treatment</b>		Respect the employees' human rights and to pay compensation and benefits fairly to employees, as well as promoting the learning of employees on a regular basis and providing employees with appropriate work spaces covering safety equipment arrangements so that employees can work safely.
<b>Community</b>		The Company operates its business in parallel with the promotion of environmental conservation in the community.
<b>Innovation</b>		The company regularly researches and develops production processes to reduce the working time and improve the quality of the products to the customer's requirements.

### 3.2 Managing the impact on stakeholders in the value chain of business (Value Chain)

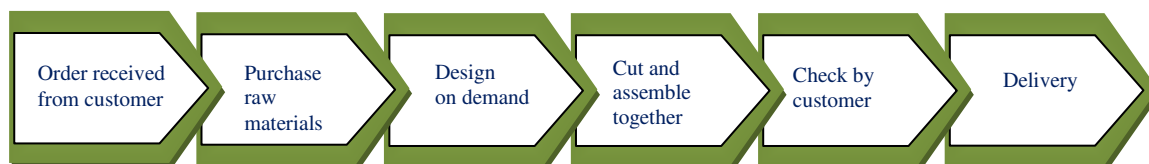


The company has a policy to serve customers with an emphasis on quality and efficiency services by producing products that meet the needs of customers. The Company therefore has established management guidelines as follows:

- All employees are certified to meet the customer requirements, including having regular knowledge training
- Produce quality products that meet the standards required by customers.
- Systematic operation processes enable monitoring of the progress of various workpieces to meet the delivery deadline.
- Before delivering the work to the customer, there is a process of quality inspection of the goods.
- Production and delivery are planned according to the contract requirements.
- Prepare a satisfaction assessment form after every delivery in order to improve the services.
- There is a guarantee of the quality of the parts delivered to the customer after installation for a period of 2 years from the date of installation.

### 3.2.1 Business value chain

When the company receives an order from a customer, the Design Department will make the drawing and then order the required raw materials. After that, it will be produced by cutting according to the drawings and assembled by welding them together. When the production is finished, the customer shall send a representative to inspect the Finish Goods before receiving it. When the inspection is complete, the company then deliver to the customer.



### 3.2.2 Stakeholder analysis in the business value chain.

The Company and its subsidiaries value stakeholders both in the organization and outside the organization, taking steps to meet the expectations of stakeholders to support the business operations of the organization.

#### Actions with stakeholders

Group Stakeholders	Actions	Expectancy of stakeholders	Response
<b>1. Internal Stakeholders</b>			
<b>Shareholder</b>	<ul style="list-style-type: none"> <li>Annual shareholders' meeting</li> <li>Preparation of annual reports</li> <li>Quarterly performance report</li> <li>Disclosure of various information through various channels</li> <li>Disclosure of information through the stock exchange</li> <li>Access to information related to the Company's shareholders</li> </ul>	<ul style="list-style-type: none"> <li>The Company's performance on the rate of return in the form of dividends and share prices.</li> <li>Equitable treatment of shareholders.</li> <li>Internal audit system and good corporate control.</li> <li>Risk management system for the business operations.</li> </ul>	<ul style="list-style-type: none"> <li>Manage the business with transparency, fairness and accountability.</li> <li>Pay dividends to shareholders appropriately in accordance with the company's policy.</li> <li>The Investor Relations Unit is appointed with communication channels to provide</li> </ul>



Group Stakeholders	Actions	Expectancy of stakeholders	Response
Shareholder		<ul style="list-style-type: none"> <li>Social and environmental responsibility in business operations</li> </ul> <p>Providing equality to shareholders and preserving the interests of shareholders</p>	<p>accurate information and build relationships with shareholders</p>
Employee	<ul style="list-style-type: none"> <li>Training and development of the company's personnel.</li> <li>Fair compensation and benefits</li> <li>Career Progression</li> <li>Having a welfare agent to protect the benefits of employees.</li> </ul>	<ul style="list-style-type: none"> <li>Support the budget for training and continue developing employees' knowledge annually.</li> <li>Set the remuneration rate to suit the work of employees at all levels, including the annual award rate, according to the performance each year.</li> <li>Provide benefits to employees, covering all aspects such as Provident fund, Residential and Medical Expenses, Accident Insurance, COVID-19 Insurance and more.</li> <li>Quality of life of employees in work environment, safety and housing</li> </ul>	<ul style="list-style-type: none"> <li>Annual training plans are set for employees at all levels, as well as allocate training budgets to interested employees.</li> <li>Establish rules for fair compensation in comparison with similar businesses whether in the form of salary or annual reward which is reviewed appropriately every year.</li> <li>Respect human rights principles and equal practices.</li> <li>Listen to the employee grievances and find solutions.</li> </ul>

Group Stakeholders	Action	Expectancy Of stakeholders	Reaction
<b>2. External Stakeholders</b>			
<b>Customer</b>	<ul style="list-style-type: none"> <li>Meeting about various plans and inspections.</li> <li>Conducting a service satisfaction survey. each time of the inspection</li> <li>Regular meetings with customers and agencies.</li> <li>Delivery of goods</li> </ul>	<ul style="list-style-type: none"> <li>Get accurate and completed information as required</li> <li>Receive satisfactory service.</li> <li>The quality of the product meets the requirements.</li> <li>Timely delivery</li> <li>Customer information retention</li> </ul>	<ul style="list-style-type: none"> <li>Inspection process before delivery.</li> <li>Products meet the standards as specified by the customers.</li> <li>Code of Conduct for Maintaining Customer Data</li> </ul>
<b>Creditor</b>	<ul style="list-style-type: none"> <li>Comply with the terms and conditions set forth in the contract.</li> </ul>	<ul style="list-style-type: none"> <li>Comply with the terms and conditions set forth in the contract.</li> <li>Punctuality of payment</li> </ul>	<ul style="list-style-type: none"> <li>Deliver the goods in a timely fashion</li> </ul>
<b>Debtor</b>	<ul style="list-style-type: none"> <li>Comply with the terms and conditions set forth in the contract.</li> </ul>	<ul style="list-style-type: none"> <li>Comply with the terms and conditions set forth in the contract.</li> </ul>	<ul style="list-style-type: none"> <li>Treat debtors fairly according to the specified conditions.</li> </ul>
<b>Competitor</b>	<ul style="list-style-type: none"> <li>Comply with the competition rules set by the industry or regulators, which is the norm of competitive practices.</li> </ul>	<ul style="list-style-type: none"> <li>Comply with industry competition frameworks of competitive practices.</li> </ul>	<ul style="list-style-type: none"> <li>Have a clear and fair trade policy.</li> <li>Treat business competitors fairly on the basis of business.</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>Using energy-saving equipment in business operations</li> <li>Improving workplace environment</li> <li>Energy saving and resource use campaigns</li> <li>Raising environmental awareness with employees</li> </ul>	<ul style="list-style-type: none"> <li>Does not create any impact on society and the surrounding environment.</li> <li>Strictly comply with applicable laws and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Clear environmental policy</li> <li>There is an environmental quality control system as required by law</li> <li>Comply with ISO 14001 and 45001</li> </ul>

Group Stakeholders	Action	Expectancy Of stakeholders	Reaction
Environment	<ul style="list-style-type: none"> <li>Reporting to relevant government agencies on schedule</li> </ul>		<ul style="list-style-type: none"> <li>Promote and raise awareness of the energy savings of employees in the organization</li> </ul>
Community	<ul style="list-style-type: none"> <li>Cooperate with community agency activities, including budget support for community improvement as requested by the agency.</li> </ul>	<ul style="list-style-type: none"> <li>Support for community projects / government agencies</li> </ul>	<ul style="list-style-type: none"> <li>Support for community projects / government agencies</li> </ul>

### 3.3 Sustainability management in the environmental dimension

The company has made environmental protection a priority in neighboring communities. The policy is to conduct business in conjunction with environmental protection, with strict compliance with the laws or regulations of government agencies. In the past 30 years, the company has never had a dispute with the community about environmental issues.

#### 3.3.1 Environmental policies and practices

MCS focuses on the environment whether within the company or the nearby, and the company has established policies for environmental management and is committed to managing resources and the environment within the organization with guidelines as follows

1. Strictly comply with the environmentally related laws and regulations 100%
2. Control, prevent and reduce the severity of environmental pollution arising from operations to a totally low level.
3. Reduce resource and energy consumption, as well as encourage more cost-effective and efficient use of resources.
4. Campaign to raise awareness about the importance of environmental management by focusing on the participation of personnel at all levels and stakeholders.
5. Continuously review and improve operations and environment in the organization.
6. Protect the environment that affects inside and outside the company

### 3.3.2 Environmental Performance

On October 25, 2021, the Company hired Green Earth Environment Co., Ltd., an environmental consulting firm, to conduct sampling and analyze environmental quality related to the operation of the plant. The objectives are monitoring the quality of the environment within the establishment, and then using the results of the examination to determine preventive and corrective measures against health impacts of employees and people living in the surrounding area. The results of the measurement are as follow :

Environmental Quality Measurement	Standard used	Number of inspected areas	Audit Results
1. The intensity of chemicals and dust in the working atmosphere.	ACGIS	10	Most of them are within the benchmark.
2. Heat level	Ministerial Regulations on Heat, Lighting & Sound 2016	4	Classified in the benchmark
3. Light intensity level in the workspace	Notification of Department of Labour Protection and Welfare Lighting Intensity Standards on February 21, 2018		
3.1 During the daytime		187	Most of them are within the benchmark.
3.2 Night time		75	Most do not meet certain criteria.
4. Average volume level 8 Hours	Notification of Department of Labour Protection and Welfare Volume Standard on January 26, 2018	8	Most of them are within the benchmark.
5. The number of contaminants in the air vented from the flue drained from the crater.	The standard is set according to the Ministry of Industry Announcement 2006.	2	Classified in the benchmark
6. Effluent quality	The standards are set in accordance with the Ministry of Industry Announcement 2017.	4	Most of them are within the benchmark.

#### A. Waste management and disposal from the production process.

In regard to the waste management and disposal from the production process, the company has adopted the Environmental Management System, or “The Environmental Management” (EMS), which is specified in ISO 14001, to be separated and stored for technically proper disposal and treatment by the specialized disposal recipients, which are supervised by the Department of Industrial Works

#### B. Energy management

MCS has set up a management system with the Energy Committee, responsible for ordinary energy, and has established energy saving measures every year by encouraging employees to use energy efficiently. The campaign has been set up to raise awareness of the energy consumption of employees by doing the following:

- Turn off the light during lunch break
- Setting the temperature of the air conditioner, and the time for turning on and off the air conditioner 15 minutes before finishing work.
- Closure of gas vales in the fabrication after work
- Adjust the use of energy-efficient lamps in the office.
- Use of transparent roof sheets in the factory to replace the use of electricity
- Establish a plan for regular maintenance of machines. to make the machine efficient
- Install solar panels to bring some energy to use in the office

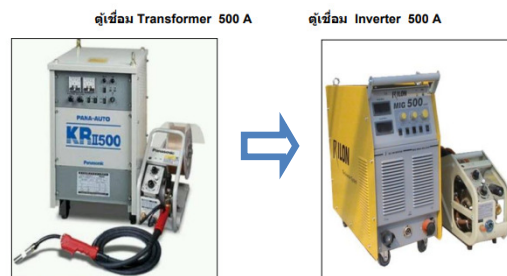
#### C. Quality inspection of wastewater from the production process

The company's production process does not produce much wastewater. However, the company has monitored the quality of the wastewater leaving the factory by having annual effluent quality measurements from outsourced agencies to prevent the quality of effluents below the criteria set for waste management, waste and pollution management.

#### D. Management to reduce greenhouse gas problems

The company recognized the need to solve the problem of reducing greenhouse gas emissions in the organization by establishing plans and measures to conserve energy to help reduce the company's greenhouse gas problems in the future by doing the following things :

- 1) In terms of production and energy consumption, the company reduces its dependence on natural gas by promoting the use of electricity from renewable sources such as solar energy, including the modification of some machinery in the factory, such as submerge welding machine from transformer coil to inverter.



- 2) For transportations both inside and outside the plant, we promote the use of biofuels such as biodiesel, gasohol to help reduce oil consumption, as well as reduce carbon dioxide emissions.
- 3) Changes of energy habits in buildings and offices, such as turning off air conditioning during breaks. reducing business travel by using technology to communicate to help, using a laptop computer that saves more energy than desktop computers, reducing the use of paper in the office, such as campaigning for both pages of paper, as well as reducing the use of office paper by switching some data to be in electronic formats instead i.e., company announcements via Line groups or creating questionnaires in Google form instead.
- 4) Plant more trees to increase green space to help absorb carbon from the air and help maintain a stable climate, which can help reduce global warming.
- 5) Saving on energy costs include regular air-conditioning inspections to repair air leaks and this helps the air conditioner to work less, inspection of lighting system to replace factory lamps from Hi Bay 400 W to LED lamps, as well as automated on/off controls for factory lighting, and last but not least, changing the factory roof sheet to the transparent sheets to increase the lighting inside the factory instead of using light from incandescent lamps.

### 3.4 Sustainability management in the social dimension

#### 3.4.1 Policies and guidelines in accordance with the law, rules and regulations relating to the company's business, including respect for human rights

M.C.S. Steel Public Company Limited has established the policies related to the society regarding respect for human rights, as well as environmental policies that aim to maintain a balance between business operations, caring for the environment and compliance with relevant laws and regulations.

##### Respect for human rights

The Company has given importance and consideration to the respect of human rights as follows:

- 1) Not infringing on fundamental rights on race, religion, sex, age, disability, and take into account the human rights of employees of all races including employees with disabilities by

providing equal welfare. The company gives the right in terms of compensation including welfare such as medical expenses, life insurance, accident insurance, equal annual monetary prize to employees without distinguishing nationality, race; and everyone receive equal work benefits.

2) Treat employees fairly, the company has a policy to reward employees based on the amount of work and the quality of work by giving employees the opportunity to choose the level of compensation they want both in the production department and in the staff office. The Company has improved the working environment including the importance of safety and occupational health for employees, in order to ensure a good quality of life for them. The company provides opportunities to relocate positions and develop work potential, practice and enhance work skills regularly as well as being able to request position modifications for higher returns.

3) Ensure that businesses and employees of the Company and its subsidiaries are not involved in human rights violations, such as illegal labor, child labor, and ensure strict compliance with the standards of labor protection laws.

4) The company provides an alternative channel for employees' grievances through the Employee Welfare Committee, which is elected from the representatives of employees in the organization, allowing the company management to establish social dialogue with employees and make improvements.

As of December 31, 2021, the number of employees (excluding the executives) is detailed as follows:

Key line of management	Number of employees (person)		
	2019	2020	2021
Production and Quality Assurance Staff	329	337	374
Office Staff	146	171	185
Burmese employees	61	58	56
<b>Total</b>	<b>536</b>	<b>566</b>	<b>615</b>



## Safety and work environment

1) The Company provides safety policies and practices, by providing essential safety equipment to all employees working with the company, including helmets, shoes, gloves, glasses and more, as well as creating a good work environment, providing stadiums, gyms, and supporting workout budgets for employees i.e., contributing to employee football team budgets. Every year, the Company holds annual sporting events to allow employees to participate and strengthen harmony among employees in the company.

### ▪ Stadium / Gym



2). In 2021, due to the spread of the Covid-19 virus, the company has made a lock down by allowing all employees to move into the company's area. (Dormitory and M.C.S. Village) for almost 8 months by providing food, accommodation and facilities to all employees. In order to reduce the risk of infection in the community, and every 7 days, a covid test is arranged using the ATK (Antigen Test Kit) for employees and their families who live in the company. for initial screening every week, which allows all employees to continue to work normally and has no impact on income for employees.

## Human Resource Development Policy

The Company has a policy to develop personnel at all levels on a regular basis, by sending employees to attend training courses and study tours both domestically and internationally, especially craftsmen employees such as welders. Since the company's products are delivered to the projects in Japan, all of the company's craftsmen must meet the welding standards from Japan.

The main policy of personnel development of the company is that all employees must be trained to increase knowledge annually so that employees continue to enhance their knowledge and skills, as the company's motto which is "Every day must be better than yesterday". In 2021, the employee's training budget was 5.43 million baht.

As for the production staff, the company has arranged places and equipment for welding internships, as well as experts who provide advice so that employees can spend their free time developing their own skills and welding quality.

▪ Welder Training Center



### Responsibility to Consumers (Customers)

To be responsible for the quality of the product before delivery to the customer, the company arranges to inspect the quality of the workpieces before delivery to the customers. In 2021, due to the limitation of traveling to the plant site. The inspection of the workpiece is therefore using a remote system through the VDO Conference system, with a total of 6 projects, including 37 inspections. The company has provided a customer satisfaction survey form every time they come for the inspection. The results of the customer satisfaction survey for the past 5 years are as follows:

Year	Inspection (Times)	Average customer satisfaction (%)
2017	121	89.08
2018	54	94.60
2019	121	97.14
2020	113	97.04
2021	37	87.00

### Community and Social Development Participation

The Company has made it a priority to contribute to community and social development by doing the following:

**1) Support the Children's Day Activities in the community**

Every year, the company donates money to Ratchakram Subdistrict Municipality, Bang Sai District, Phra Nakhon Si Ayutthaya Province. and donated gifts and money to staff dormitory directors to support activities and food in the Children's Day event for employees' children who live in the company area and nearby

**2) Donations**

In 2021, M.C.S. Steel Public Company Limited contributed donations to the following communities:

- Making a donation of 175,000 baht to support education for schools in remoted areas

- Donating money to Chang Yai Police Station, Bang Sai District, Ayutthaya Province for garage repair, amounting to 10,000 baht
- Donating 140 doses of Sino Farm vaccine to the Royal College of Chulabhorn to be used for people at high risk of COVID-19 infection.
- Donating 900,000 Baht to Thammasat Hospital to support operations and medical equipment needed to treat COVID-19 patients.

**Non-stop development for sustainable organizations**

The Company realizes the importance of continuous development in business operations, therefore bringing modern technology into use including the development of personnel's abilities every year are one of our priorities. The company has a policy for all employees to learn or train, or send our employees to the training courses and study tours to obtain more knowledge. This is because the Company believes that the development of employees' abilities is what will enable the Company to grow sustainably, as the motto of the company says, "Better than yesterday everyday" Trust .

The board of directors Executives, including all employees, remain committed continuously and consistently to create a sustainable business for both internal and external stakeholders to have confidence and mutually benefit in both the short and long term.

## 4. Management Discussion and Analysis (MD&A)

### 4.1 Operational and Financial Analysis

#### ➤ Overview of past performance

The Company operates as a manufacturer and assembler of large steel structures (Fabricated Steel) for use in large-scale building construction. Most of the steel structures that the company produces are column-box and beam works. In 2021, the company has total deliverables of 83,740 tons, divided into

- 1) Export work of 83,187 tons (including the work of the companies that hires the subsidiaries to produce)
- 2) 553 tons of domestic work

The Company and its subsidiaries had profit for the period amounted to 1,459.33 Million baht, an increase of 470.20 million baht or 47.54% from 2020 if the profits with subsidiaries were included. Profit attributable to the parent company is equal to 1,415.77 Million baht, an increase of 461.69 million baht, representing an increase of 48.39%.

The subsidiaries' performances are as follows:

- M.C.S. Steel Xiamen Co., Ltd. has a net profit of 35.18 million yuan or 167.52 million baht.
- M.C.S.- Japan Co., Ltd. has a net profit of 73.87 million yen or 28.83 million baht.
- Tanaka Welding Center Company Limited has a net profit of 0.69 million baht.

And when recognizing according to the company shareholding's proportion, the profit attributable to the parent company is 1,415.77 million baht

Although in 2021 there was still the COVID-19 pandemic going on, amongst many travelling restrictions that made it difficult to meet the customers in Japan, the Company has achieved in terms of the revenue due to 2 main reasons:

1. MCS JAPAN, a subsidiary of the Company in Japan had been acting as the center for Remote Inspection
2. The Company has provided a Reception Center near the Company's area to serve as accommodation for the representative of the workpiece's owner, and the Third-Party Inspector in the situation of the COVID-19 pandemic.

#### ➤ Performance

##### 1) Revenue from sales

In 2021, the Company and its subsidiaries had revenue from sales of 6,906.59 million baht, consisting of income from work, export 6,844.55 million baht and 62.04 million baht from domestic work. In 2021, sales revenue increased from the previous year by 2,654.81 million baht, representing an increase of 62.44%. Due to export work increased and price per ton increased.

2) Other income

In 2021, the Company had other income of 37.32 million baht, which increased by 5.22 million baht from the previous year due to income from scrap increased

3) Gross profit

In 2021, the Company and its subsidiaries had gross profit of 2,938.22 million baht, an increase of 1,335.47 million baht from the previous year, representing an increase of 83.32%. In 2021, the gross profit margin was at 42.54% increase from the same period last year of 83.82% because price per ton increased.

4) Cost of sales of goods and rendering of services

In 2021, the Company and its subsidiaries had cost of sales and services equal to 3,968.37 million baht, an increase of 1,319.34 million baht due to the increase in delivery work and the increase of raw material's price.

5) Distribution costs

In 2021, the Company and its subsidiaries had distribution costs equal to 888.84 million baht, a increase of 682.15 million baht or a 330.05 percent due to increase of delivery work and Freight cost.

6) Administrative expenses

In 2021, the Company and its subsidiaries had administrative expenses of 417.92 million baht, an increase of 159.36 million baht from the previous year or an increase of 61.63% which including special expense for handing Covid-19 of 24.77 million baht.

7) Net foreign exchange loss

In 2021, the Company and its subsidiaries had a net foreign exchange loss of 28.99 million baht, a decrease of 18.02 million baht from the previous year

8) Finance costs

In 2021, the Company and its subsidiaries had financial costs of 17.02 million baht, a decrease of 8.99 million baht from the previous year due to in 2020 the company had a bank loan for emergency reserves to cope with the COVID-19 situation.

9) Income Tax Expenses

In 2021, the Company and its subsidiaries had income tax expenses of 163.44 million baht, an increase of 55.99 million baht from the previous year due to increase of net profit.

➤ **Financial status****Total assets**

As of December 31, 2021, the Company had total assets of 6,211.11 million baht, an increase from December 31, 2019 of 218.04 million baht or an increase of 3.64%.

The Summary of company's main assets are detailed as follows:

- **Cash and cash equivalents**

The Company has cash and cash equivalents of Baht 473.32 million. In 2019, it decreased to Baht 378.29 million and decreased to Baht 566.38 million in 2020 and 2021, respectively. At the end of 2021, cash and cash equivalents held by the Company are both Thai Baht and foreign currencies, classified as Baht 60.57 percent, Renminbi 10.13 percent, yen 23.83 percent and U.S. dollar 5.47 percent. The company prefers to hold foreign currency, especially Yen (JPY), in order to pay off foreign-currency liabilities, most of which are in Japanese Yen (JPY).

- **Accounts receivable, trade accounts receivable and other receivables**

The company has sales both domestically and internationally. The Company has a policy for all domestic customers to open a Letter of Credit or Aval Loan Certificate or a letter of guarantee from the bank (Bank Guarantee) upon delivery of the goods which the company gives credit 45-60 days after delivery of the product for overseas sales. The company requires every customer to must open a Letter of Credit. When delivering the goods, therefore, the Company has no allowance for doubtful accounts for both domestic and international customers.

In addition, the Company has a policy to set a retention receivable in the proportion of 5-10% of the work value, which is in accordance with the agreement in the contract. The remaining balance will be paid upon completion of the steel structure construction. This usually takes about 2-4 months after the workpiece is delivered. Trade accounts receivable and other receivables of the Company at the end of 2021 were 1,788.65 million baht.

The company and its subsidiaries have trade receivables and other receivables are divided as follows:

(Unit: Million Baht)	31 Dec 2019	31 Dec 2020	31 Dec 2021
Trade receivables			
- Overseas	512.62	928.93	1,188.92
- Domestically.	171.03	34.97	-
Rebalance receivables			
- Overseas	119.50	397.09	549.50
- Domestically.	-	2.28	-
Other receivables	75.02	27.84	120.03
<b>Total</b>	<b>878.17</b>	<b>1,391.11</b>	<b>1,788.65</b>

### **Inventories**

The Company's inventories consisted of steel inventories, inventories nuts, consumables and work in process. As of December 31, 2021, the Company had inventories of 1,990.93 million baht, or a decrease of 16.74% from the end of 2020. Such inventories were ordered by the company according to the production plans that have in hand. The company has managed inventories by categorizing the inventories by inventory life and product type and using a first-in, first-out product management method. In addition, the company has checked the suitability of inventory storage and raw materials at the appropriate level. The company manages inventories by planning production in advance.

Therefore, the company is able to estimate the use of raw materials and deliver the remaining products appropriately along with minimal waste.

### **Property, plant and equipment**

The company's Property, plant and equipment at the end of 2019 was 1,291.57 million baht, 1,416.43 million baht at the end of 2020, and at the end of 2021 was 1,457.31 million baht, which accounted for 25.34%, 23.63% and 23.46% of total assets, respectively. At the end of 2021, the property, plant and equipment increased of 40.88 million baht or 2.89% comparing to the year 2020 because new assets were built and new machines were bought.

### **Total liabilities**

As of December 31, 2021, the Company had total liabilities of 1,587.50 million baht, a decrease from December 31, 2020 of 623.20 million baht or 28.19% due to the important changes as follows:

- Trade and other accounts payable decreased of 655.84 million baht caused by some trade already had payment.
- Income tax payable decreased 19.45 million baht which were from payment during year.

### **Equity**

As of December 31, 2021, the Company had shareholders' equity of 4,623.61 million baht, an increase from December 31, 2020 by 841.24 million baht or 22.24% increase due to the following significant changes:

- Annual Profit of the Company and its subsidiaries is equal to 1,459.33 million baht.
- The company has paid dividends during the year in the amount of 653.47 for the operating results of 2020 at 0.60 baht per share on April 2021 and for the operating results of 2021 at 0.40 baht per share on September 2021 and at 0.37 baht per share on December 2021.

### **➤ Financial liquidity and source of funds of the company**

#### **Cash flow**

The Company had net cash earned from operating activities of Baht 260.50 million, Baht 500.35 million and Baht 1,178.08 million in 2019, 2020 and 2021, respectively. The Company's cash flows from investment activities were Baht 154.31 million in 2019, Baht 181.24 million in 2020 and Baht 144.44 million in 2021.



For the cash flow in financing activities; the Company's cash flow used in financing activities was 527.61 million baht in 2019, equal to 409.79 million baht and 633.44 million baht in 2020 and 2021, respectively.

The Company's income tax payable during the period increased from 29.81 million baht in 2020 to 187.27 million baht in 2021. The company has sufficient cash flow liquidity to cover the tax burden.

**Liquidity ratio**

The Company's liquidity ratio during the year 2019-2021 was between 1.80 – 2.98 times, and the Quick Ratio were 0.71 times, 0.85 times and 1.62 times in 2019, 2020 and 2021, respectively.

**Source of funds**

The company's funds come from two sources, namely from debt equity and the shareholders' equity. The Debt to Equity Ratio were 0.67 times, 0.58 times and 0.34 times in 2019, 2020 and 2021 respectively.

#### 4.2 Factors or events that may significantly affect the financial position or operations in the future (Forward looking)

The company mainly exports the workpieces for installations in overseas, therefore the potential factors that may affect the business operations include:

1. The Covid-19 situation, at present, has affected and caused many limitations whether directly or indirectly to the journey of customers to inspect the work before delivery. Although the company currently has solved the problem by checking the work via the remote video system, but in the future the customers may feel inconvenience and may affect the employment of companies abroad. That may be the reason why the company receives fewer projects.
2. Since the company does export business, the company's main income is in foreign currency. The fluctuations in currency exchange rates will affect the earnings of the Company, which currently has a core income in yen (JPY).
3. The non-renewal of the Certificate S-Grade by Japan Steel Structure Appraisal Center, Ltd. , Japan since the company's core business is manufacturing and assembling steel structures to install high-rise buildings in Japan. Therefore, it is necessary to obtain a certificate certified by Japan Steel Structure Appraisal Center, Ltd. ,Japan in order to be able to produce steel structures and install them in Japan. At present, the company is in the process of renewing the Certificate S Grade of Japan, which must be renewed every 5 years, currently being the 3rd renewal. But due to the Covid-19 situation, the Japan Steel Structure Appraisal Center, Ltd. representatives cannot come for inspection. The company is hoping that in 2022 the COVID-19 situation will be relieved and allowing the Japanese representatives to come in for inspection and renew the certificate the company
4. The shortage of shipping vessels, which has increased freight in 2021 by 300%, resulting in an increase of transportation cost and affected to the company's performance.

\*\*At present, the company has been temporarily renewed Certificate S Grade until the situation of covid improves and travel can be done normally \*\*

### 4.3 Important financial information

Key Financial Ratios and Operating Results of the Company and its Subsidiaries Comparison of 3 years

อัตราส่วนทางการเงิน		2564	2563	2562
(Key Financial Ratio)		2021	2020	2019
อัตราส่วนสภาพคล่อง (Liquidity Ratios)				
อัตราส่วนสภาพคล่อง / Current ratio	(เท่า / Time)	2.98	1.99	1.80
อัตราส่วนสภาพคล่องหมุนเร็ว / Quick ratio	(เท่า / Time)	1.62	0.85	0.71
อัตราส่วนหมุนเวียนลูกหนี้การค้า / Receivable current ratio	(เท่า / Time)	4.34	3.75	5.09
ระยะเวลาเก็บหนี้เฉลี่ย / Avg. debt collection period	(วัน/Day)	84	97	72
อัตราส่วนหมุนเวียนสินค้าคงเหลือ / Inventory turnover period	(เท่า / Time)	1.81	1.19	1.35
ระยะเวลาขายสินค้าเฉลี่ย / Avg. selling period	(วัน/Day)	202	307	270
อัตราส่วนหมุนเวียนเจ้าหนี้ / Payable current ratio	(เท่า / Time)	2.35	1.35	1.55
ระยะเวลาค้ำประกัน / Loan repayment period	(วัน/Day)	155	270	236
Cash Cycle	(วัน/Day)	130	135	106
อัตราส่วนแสดงความสามารถในการหากำไร (Profitability Ratios)				
อัตรากำไรขั้นต้น / Gross profit margin	(%)	42.54	37.70	34.85
อัตรากำไรสุทธิ / Operating profit margin	(%)	21.02	23.26	18.77
อัตราผลตอบแทนต่อผู้ถือหุ้น / Return on equity	(%)	34.72	28.93	20.56
อัตราส่วนแสดงประสิทธิภาพในการดำเนินงาน (Efficiency Ratios)				
อัตราผลตอบแทนจากสินทรัพย์ / Return on assets	(%)	23.92	17.84	13.57
อัตราผลตอบแทนจากสินทรัพย์ถาวร / Return on fixed assets	(%)	101.56	73.05	46.77
อัตราหมุนของสินทรัพย์ / Assets turnover	(เท่า / Time)	1.13	0.77	0.72
อัตราส่วนวิเคราะห์นโยบายทางการเงิน (Financial Policy Ratios)				
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น / Debt to equity ratio	(เท่า / Time)	0.34	0.58	0.67
อัตราส่วนความสามารถชำระดอกเบี้ย / Interest coverage ratio	(เท่า / Time)	96.36	43.16	85.86
อัตราการจ่ายเงินปันผล / Pay out ratio	(%)	50.38	50.00	50.95

Remark : The company does not have finished goods balance because it will deliver the goods to the customer when the goods are produced. Therefore, the ratio calculated will be the inventories in Steel inventory, Consumables, Inventory Nuts, and Work-in-Process.

**Key Financial Ratios and Operating Results of the Company and its Subsidiaries Comparison of 3 years (Continued)**

ข้อมูลต่อหุ้นและอัตราการเติบโตของประเภทธุรกิจ				
		2564	2563	2562
อัตราการเติบโต (Growth Ratio)		2021	2020	2019
สินทรัพย์รวม / Total Assets	(%)	3.64	17.59	26.34
หนี้สินรวม Total liabilities	(%)	-28.19	8.30	91.79
รายได้จากการขายหรือบริการและรายได้ตามสัญญา	(%)	62.44	28.83	1.60
Revenue from sales of goods and rendering of services				
ค่าใช้จ่ายดำเนินงาน / Operation Expenses	(%)	67.78	0.99	-18.65
กำไรสุทธิ / Net Profit	(%)	47.54	59.67	47.32
ข้อมูลต่อหุ้น (Information per share)				
มูลค่าตามบัญชีต่อหุ้น / Book Value per share		9.69	7.93	6.11
กำไรสุทธิต่อหุ้น / Net Profit per share		2.97	2.00	1.28
เงินปันผลต่อหุ้น / Dividend per share		1.27	1.00	0.65

## 5. General and other important information

### 5.1 General Information

Company	:	M.C.S. Steel Public Company Limited
Nature of Business	:	Manufacturing and distributing large steel structures
Head office and factory address	:	70 Moo 2, Chang Yai Sub-district, Bang Sai District, Phra Nakhon Si Ayutthaya Province
Company registration number	:	0107548000048
Home Page	:	<a href="http://www.mcssteel.com">www.mcssteel.com</a>
E-mail	:	info@mcssteel.co.th
Phone	:	035-372961-6 , 089-9001217-8
Fax	:	035-372967-8
Registered capital	:	477,000,000 ordinary shares, with a par value of 1 baht per share (full payment)

**Other references**

- A) Securities Registrar  
Thailand Securities Depository Company Limited  
93 Ratchadaphisek Road, Din Daeng Subdistrict, Din Daeng District, Bangkok 10400  
Telephone +66(0) 2009-9000  
Fax +66(0) 2009-9991
- B) Auditor  
Mr. Banthit Tangpakorn  
Certified Public Accountant No. 8509  
Auditor approved by the SEC Office  
KPMG Phoomchai Audit Company Limited  
195 Empire Tower, 48th Floor, South Sathorn Road, Yannawa,  
Sathorn District, Bangkok 10120  
Telephone +66(0)2677-2000 Fax +66(0)2-677-4414
- C) Legal advisor  
Paramee Law Company Limited  
511/4 Pracha Uthit Road 117/1, Thung Khru Subdistrict, Thung Khru District,  
Bangkok 10140  
Phone +66(0) 2815-9523
- D) Financial advisor  
- None -

## **5.2 Other important information**

5.2.1 Important information that significantly affects to the investor's decision-making

- None -

5.2.2 Restrictions on foreign shareholders

- do not have -

## **5.3 Legal Disputes**

As of December 31, 2021, the Company has no lawsuits that may affect the assets of the Company and its subsidiaries of which the value is greater than 5% of the shareholders' equity.

## **5.4 Secondary market**

- None -

## **5.5 Financial institutions that are in constant contact (Only in the case of bonds)**

- None -



# Section 2

## Corporate Governance

## **Part 2 Corporate Governance**

### **6. Corporate Governance Policy**

#### **6.1 Overview of corporate governance policies and practices**

The Company attaches great importance to the compliance with good corporate governance principles in order to promote sustainable growth of the Company. The Board of Directors has established a policy of good corporate governance in written for executives and employees to adhere to as guidelines for practice covering the following matters:

- 1) Rights of Shareholders
- 2) Equitable treatment of shareholders
- 3) Role of Stakeholders
- 4) Board of Directors

#### **6.1.1 Policies and guidelines relegated to directors**

- **Structure of the Board of Directors**

##### **1) Board of Directors**

1. The Board of Directors consists of not less than 5 members, of which not less than half of the total directors must reside in the Kingdom of Thailand and must have the qualifications as required by law.
2. Board of Directors shall be knowledgeable, capable and experienced in business operations, acting as a leader and setting the company's policies, vision, strategies, goals, missions, business plans and budgets. In addition, they shall supervise the management team to carry out the work as set out with efficiency and effectiveness within the framework of the law, objectives, and articles of association of the company and the resolution of the shareholders' meeting with responsibility honesty cautious according to the principles of good practice.
3. The Board of Directors consists of independent directors at least one third of all directors.
4. A company director shall not hold a directorship position in more than 5 listed companies.
5. All company directors must have completed at least one basic training course for directors from the Thai Association of Directors (IOD). To understand the duties of directors of listed companies.

##### **2) Audit Committee**

The Audit Committee consists of at least 3 independent directors serving as the Audit Committee. All Audit Committee members must have all the qualifications as specified in the Stock Exchange of Thailand Notification regarding the Qualifications and Scope of Work of the Audit

Committee, in order to perform the duties of checking and balancing business administration in various fields of the company.

To ensure fairness and maximum benefit to all shareholders, there must be at least 1 member of the Audit Committee who has knowledge in accounting.

### 3) Sub-committees

The Company has appointed other sub-committees to perform various duties as appropriate which include the following committees:

- (1) Executive Committee
- (2) Audit Committee
- (3) Nomination and Remuneration Committee
- (4) Risk Management Committee

No.	Sub-Committee	Member's Composition (Number of people)	Tenure
1.	Executive Committee	4	From 20/8/2021
2.	Audit Committee	3	7/4/2021-7/4/2024
3.	Nomination and Remuneration Committee	3	3 Years
4.	Risk Management Committee	4	3 Years

### 4) Board of Directors Meeting

The Board of Directors holds meetings at least once every 3 months and may call for a meeting as appropriate and necessary. The meeting schedule is set in advance throughout the year and does not include any special agendas that are set afterwards. The meeting agenda and supporting documents are delivered to the committee at least 5 days in advance of the meeting or less for reason and necessity. In each meeting, the chairman of the board has the duty to preside over the meeting. And if the chairman is not able to attend the meeting, the committee will appoint another director to act as the chairman of the meeting by specifying a quorum that must be attended by not less than two-thirds of the Board of Directors so that the meeting can be opened.

### 5) Board Meeting Minutes

The secretary of the Board of Directors is responsible for taking board meeting minutes which will be sent to the Board of Directors for approval in the next meeting. If the Company's directors wish to amend the minutes of the previous meeting, they can do so at the Board of Directors' meeting. The minutes of the meeting contain at least the following information.

- (1) Date and time of commencement and termination of the meeting
- (2) List of directors attending the meeting and not attending the meeting, including related persons who attend the meeting
- (3) Important matters in various agendas
- (4) Comments/suggestions/questions of the Board of Directors
- (5) Resolution of the meeting, list of directors in case of disagreeing on that agenda

**6) Report of the Board of Directors**

The Board of Directors is responsible for the Company's financial statements. Such financial statements are prepared in accordance with generally accepted account in Thailand and audited by a certified public accountant licensed by the Securities and Exchange Commission. In this regard, the

Audit Committee is responsible for reviewing the quality of financial reports and internal control systems, including adequate disclosure of important information in the notes to the financial statements. The Audit Committee will present the opinions of the Audit Committee to the Board of Directors and the shareholders' meeting respectively.

**7) Remuneration of Directors**

Approved by the Shareholders' Meeting, the Board of Directors has designated a nomination and remuneration committee, to consider the remuneration of directors clearly and transparently. The remuneration is determined in such a way that it is linked to the Company's performance in the past year and compare it to other similar businesses. The remunerations established are appropriate for the duties and responsibilities of the directors in the form of monthly remuneration and meeting allowance.

**8) Term of Office of the Board of Directors**

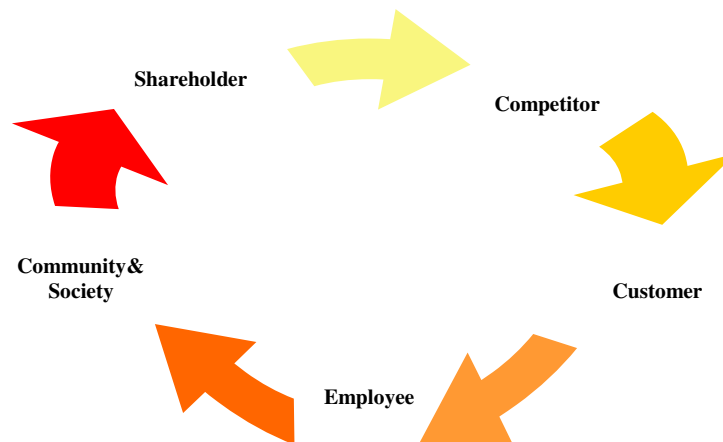
At every annual general meeting of shareholders one third (1/3) of the number of directors at that time shall retire from office. If the number of directors cannot be divided exactly into three parts, it is issued by the number closest to one third (1/3). The directors who vacate office upon the expiration of the term may be re-elected.

The committee members shall agree to mutually agree on the order of vacating office in accordance with the procedures as mentioned in the above paragraph.

The directors who must retire from office in the first and second year after the company registration by virtue of the draw, in subsequent years, the member who has been in office for the longest time shall retire from office.

### 6.1.2 Policies and practices relevant to shareholders and stakeholders

The MCS committee attaches great importance to the stewardship of the rights of all stakeholders, both inside and outside the company, including social and environmental responsibilities. The stakeholder groups are divided into 5 main groups and the guidelines for stakeholders have been clearly defined for the Company's directors, executives and employees to adhere to as guidelines. It covers the following matters:



#### 1. Rights of shareholders

##### 1. Shareholder Meeting

1) The Company shall provide information, date, time, location and agenda of the meeting in both Thai and English in advance through the Company's website at least 14 days prior to the meeting, with statements and reasons for each agenda in accordance with the resolutions requested as specified in the Invitation to the AGM of Shareholders, as well as the documents attached. The Company has assigned Thailand Securities Depository Company Limited, which is the Company's share registrar to deliver the invitation letter for the shareholders' meeting and supporting documents to all shareholders at least 7 days prior to the meeting date, and in case of special agenda requiring shareholders to consider. It will be sent at least 14 days in advance with the meeting invitation letter with complete details as follows:

- Agenda for approving dividend payment: The company's dividend payment policy has been informed including the proposed dividend rate and the proportion of dividends in case of receiving BOI tax rights
- Agenda to consider appointing directors: Specifying name, surname, age, number of years as a director, educational qualifications, and related training courses, work history, number of companies holding director positions, positions of directors proposed, shareholding, including attendance information for the past year, and legal disputes in the past 5 years, and the remuneration of the approved directors

- Agenda for the appointment of auditors: Clearly stated the name of the auditor is specified including his/her affiliated company, license number, number of years auditing for the company, including the independence of the auditors and the auditor's remuneration

2) At the shareholders meeting, the following people are required to attend the meeting:

- (1) All Directors
- (2) Chief Executive Officer or Managing Director
- (3) Chief Executive Officer of Accounting Department
- (4) Auditor
- (5) Legal advisor

Except in the event of force majeure that cannot attend the meeting.

3) The Company holds shareholders meetings in Bangkok or neighboring provinces with convenient travel. The meeting shall be scheduled on weekdays that do not coincide with long holidays, and arrange for a registration at least 1.5 hours prior to the start of the meeting, and shareholders can register until the final agenda. Shareholders shall be able to travel through public transport. If any shareholders are inconvenient attending the meeting, the company shall arrange a Proxy Form so that shareholders can determine the direction of voting and one independent director or non-executive director shall be appointed as an alternative for the proxy of the shareholders.

## **2. Actions taken on the day of the shareholders meeting**

- 1) The Company arranges the use of technology for the shareholders' meeting by adopting the Barcode system to assist in registration. For the shareholders who do not bring the barcode registration documents, the company arranges a registration officer. by using the ID card code or the name-surname of the shareholder. For the counting of votes in each agenda for those who disagree or abstain from voting, votes were collected through the barcode system as well. Therefore, the registration or vote counting is fast and accurate, and the video is recorded to be published on the company's website after the meeting.
- 2) In meetings, the Chairman of the Meeting gives shareholders the opportunity to inquire on matters related to the agenda. In other sessions, the Company has given shareholders the opportunity to question issues for a period of time. Details of questions and answers are recorded in the minutes.
- 3) At the shareholders' meeting, the Company holds a vote in individual order, with a ballot prepared. Separately, the appointment of directors, which gives shareholders the opportunity to appoint directors individually, as well as vote on the remuneration of directors separately from the appointment of directors. After the meeting, the company kept ballots on all sessions.

### 3. Preparation of minutes and disclosure of shareholders' meeting resolutions

- 1) Prior to the start of the meeting, the company explains how to vote on various agendas and records in the minutes of the shareholders' meeting of the voting process. Questions and votes on each term that shareholders agree on disagree and abstention, including the number of invalid cards. In addition, the names of attending directors are listed and submitted to the resolutions of the shareholders' meeting the next day through the Stock Exchange of Thailand's reporting system. To keep shareholders informed of both Thai and English, the full minutes of the meeting shall be disclosed on the company's website.

In 2021, due to the coronavirus 2019 outbreak, the company has changed the shareholder meeting's venue to the company's offices in Bang Sai District, Ayutthaya Province. The Company has sent invitations with supporting documents to shareholders at least 7 days in advance, as well as publishing such information through the Company's website in both Thai and English at least 7 days in advance

On that day, the company livestreamed the meeting through social media and recorded a video throughout the meeting. Shareholders could submit questions in advance or sent questions during the meeting. The meeting on that day took preventive actions according to the measures to prevent COVID-19 of the Ministry of Public Health as follows:

- (1) Shareholder or representatives must go through an alcohol sprayer before entering the area
- (2) Have body temperature checked before attending the meeting, including requiring the attendees to wear masks throughout the meeting
- (3) Arrange seats at least 1-2 meters apart per person.
- (4) Using disposable cups to serve drinks

## 2. Equitable treatment of shareholders

The Company encourages equal treatment of all shareholders in order to protect the fundamental rights of all shareholders as follows:

1. Information prior to the shareholders' meeting
  - The Company informs the schedule of the meeting with agendas and opinions of the Board of Directors to the SET and published via the Company's website at least 14 days prior to the date of the shareholders' meeting. The above notice of shareholders' meeting is prepared in both English and Thai versions.
2. Protection of the rights of minority shareholders
  - The Company has notified the criteria for all minority shareholders to be able to propose additional agendas in advance, and to nominate a person to be a director one month prior to the date of the shareholders' meeting in order to demonstrate fairness and transparency.
  - As for the agenda for appointing directors, the Company allows shareholders to exercise their rights to appoint directors individually.

### 3. Protection of insider information

- The Company attaches importance to an effective internal control system. Therefore, it determines the retention and prevention of insider information by having all executive directors of the Company in the organization hold a code of conduct, prohibiting all senior executive directors of the Company from trading in the company's securities, including transferring or being transferred.
- Company securities one month prior to public announcement and require all directors and executives who are obliged to report their legal holdings both in the part of the spouse and underage children and notify the company secretary every time there is an action related to the company's securities. To be disclosed in the annual data report (Form 56-1 One Report)

### 4. Interests of Directors

- In determining the agenda related to any director, the Board of Directors requires the Directors to report the stake at least before considering the agenda, and record it in the minutes of the Board of Directors meeting, as well as refraining from participating in the meeting.

### 5. Disclosure of connected transactions that are subject to disclosure

- The company discloses the details and reasons for the connected transaction that fall within the scope of disclosure of information in the annual information report (form 56-1 One Report) to shareholders clearly. The report has been reviewed by the Audit Committee clearly explaining the reasons for considering entering into the transaction.

## 3. Role of Stakeholders

The Company has given importance to the rights of all groups of stakeholders, whether they are internal stakeholders such as employees and executives of the Company or external stakeholders such as creditors, competitors, etc., with details as follows:

Employee : Treat employees fairly and equally in accordance with human rights principles. There is no discrimination against skin color, race and nationality. The company pays reasonable compensation according to the abilities of the employees and always provide opportunities for employees to increase their knowledge ability is always including providing various welfare to all employees appropriately, such as

- 1) Provident Fund The maximum contribution rate is 15% for employees with more than 15 years of service.
- 2) Staff Village by constructing houses and selling them to employees at a lower price than the market



- 3) Provide necessary safety equipment for all employees working in the company, including helmets, shoes, gloves, goggles, etc., and create a good working environment by providing a sports gym.

Creditor : Comply with the terms and conditions set forth in the contract and do not promote dishonest claims of benefits.

Customer : Caring and being responsible to customers by producing quality and standard products. Maintaining the customers' confidentiality and providing a system to receive customer complaints in order to act in a fair resolution as soon as possible, such as:

- 1) Set a reserve limit for parts during the life of the product after delivery for a period of at least 2 years in order to ensure the customer's confidence in the quality of the company's products.

Competitor : Comply with the framework of competition rules that the industry or regulatory authorities establish and maintain norms of competitive conduct, such as:

- 1) There are procedures and processes for selecting business partners or contractors set out in writing

Society : Be socially responsible by conducting business with professional ethics and supporting activities. that is helpful and creative to the society as appropriate, such as

- 1) Operations are systematically prepared according to ISO 14001: 2015 and upgraded OHASA 18001: 2007 to ISO 45001: 2018 on February 6, 2019, which ensures that the company's production system is not environmental hazards
- 2) various donations to support work for government agencies, hospitals, schools and police stations as appropriate

In 2021, the Company does not have any significant disputes with stakeholders. The company has complied with the good corporate governance policy as clearly defined.

#### 4. Disclosure and Transparency

The Company recognizes the importance of good corporate governance to increase transparency and the competitiveness of the business, as well as to increase confidence in shareholders and all related parties. Therefore, it has established a corporate governance policy covering important principles as follows:

- (1) Equitable treatment of shareholders and stakeholders fair to all parties
- (2) The Board of Directors is committed to creating value added to the business in the long term, managing work and managing risks with prudence and caution, being responsible for performing duties with sufficient competence and efficiency, in order to make the most of the benefits

for shareholders including preventing conflicts of interest and taking responsibility for their own decisions and actions.

- (3) The operations are transparent and verifiable, and disclose sufficient information to all relevant parties.
- (4) Establishing business ethics for directors and employees to practice, and preparing compliance manuals.

In addition, the Company will comply with all rules and regulations as specified by the Securities and Exchange Commission and the Stock Exchange of Thailand. After the company's ordinary shares were listed on the Stock Exchange of Thailand, the Company disclosed its corporate governance report in its annual statement (Form 56-1 One Report).

The Board of Directors attaches importance to accurately disclose complete and transparent information to all shareholders. The Company continues to focus on disclosing information and presenting such information to shareholders and investors in accordance with the standards and regulations set by the Securities and Exchange Commission through the dissemination of information from the Stock Exchange of Thailand and the following channels:

1) Company Website ([www.mcssteel.com](http://www.mcssteel.com))

The Company sets the minimum information disclosed on its website as follows:

- Company Information
- Nature of Business
- Project Examples
- Board of Directors
- Organizational Structure
- List of Major Shareholders
- Company Regulations
- Dividend Policy
- Latest Financial Statements
- Annual Data Statement (Form 56-1 One Report)
- Good Corporate Governance Report
- Documents relating to the AGM
- Other documents required

2) Making a request through the company's e-mail address to [mcs.ir@mcssteel.co.th](mailto:mcs.ir@mcssteel.co.th)

3) Making a phone call to inquire the information at investor Relation as details No. 7.6.2

### 6.2 Business ethics

The company operates by preparing the Compliance Manual which focuses on business ethics and compliance with official regulations and signed for acknowledgment and compliance by the director's management and staff. The Company will monitor the implementation of the manual on a regular basis and impose disciplinary penalties.

### 6.3 Major changes and developments of policies, guidelines and the corporate governance in the past year

The Company has continually improved its policies, practices, and good corporate governance systems. In the past 2021, the Company has taken the following actions:

- (1) Establishing a Risk Management Committee to define the risk management policies that covers the entire organization as well as supervising the establishment of a risk management systems or processes, to appropriately reduce the impact on the Company's business by defining the scope of powers, duties, responsibilities so that the Risk Management Committee can perform its duties effectively as assigned by the Board of Directors.

The Risk Management Committee will publish risk management policies and good practice guidelines to directors, management team and employees to have knowledge and mutual understanding, so that they can apply in concrete operations, to comply with risk management policies and to manage effectively, transparently, and verifiable.

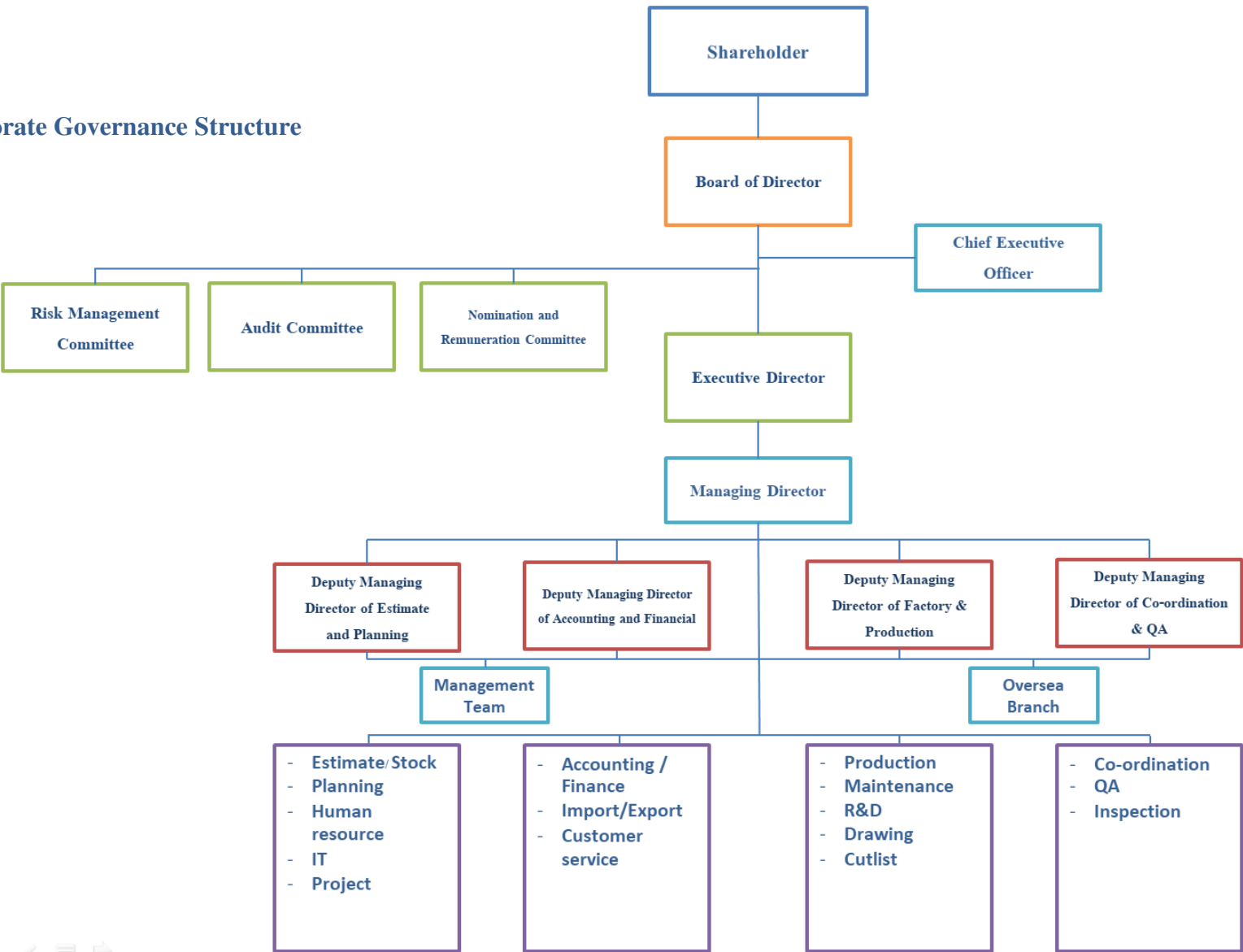
## 7. Corporate Governance Structure and Important Information about the Board of Directors, Sub-Committees, Executives, Employees and Others



Project : Hokkaido Ballpark at Sapporo , Japan  
Under construction

## 56-1 One Report (2021)

### 7.1 Corporate Governance Structure



## 7.2 Information about the Board of Directors

### 7.2.1 The Board of Directors Structure

As at 31 December 2021, the Board of Directors consisted of 10 directors as follows:

No.	Name	Position	Type	2021
				Number of meeting
1.	Dr.Naiyuan Chi	Chairman of Board Director	Executive Director	7/7
2.	Mr.Phairat Viwatborvornwong	Director	Executive Director	7/7
3.	Mr.Pornchai Phisarnanukunkit	Director	Executive Director	7/7
4.	Ms.Wanna Pholkaew	Director	Executive Director	7/7
5.	Gen. Titiwat Kamlang-Ek	Chairman of Audit Committee	Independent Director	7/7
6.	Mr.Tinakorn Seedasomboon	Audit Committee	Independent Director	7/7
7.	Mr.Supoj Kaewmanee	Audit Committee	Independent Director	7/7
8.	Mr.Somsakdi Suriyawongse *	Chairman of Nomination and Remuneration Committee	Independent Director	-
9.	Ms.Penprapa Vongkovit **	Chairman of Nomination and Remuneration Committee	Independent Director	6/7

#### Remark :

\* Mr.Somsakdi Suriyawongse has resigned from director and Chairman of Nomination and Remuneration Committee since February 25,2021

\*\* Ms.Penprapa Vongkovit was elected to director and Chairman of Nomination and Remuneration Committee since February 27,2021

The Board of director included 4 independent directors or 50% of director

### 7.2.2 Profiles of Directors and Controlling persons

Detailed in Attachment 1.

### 7.2.3 The Board's Responsibilities

#### The Board's Responsibilities

The Board of Directors have the important duties and responsibilities as follows:

1. Manage to be in compliance with the laws, objectives, and company regulations as well as resolutions of the Shareholders' Meeting with lawful, honesty, and good corporate governance
2. Determine the policies, budgets, and operational directions of the Company to be suitable and supervise the administration and the management of the Executive to be in accordance with the assigned policies and the regulations of the Stock Exchange of Thailand, except the following matters that the Board of Directors must receive an approval from the Shareholders' Meeting before taking action, such as capital increase, capital reduction, issuance of debentures, selling or transferring of entire or partial business to other persons, or buying or receiving the business transfer of other companies to belong to the Company, or revision of the Memorandum of Association or regulations, including the payment of pension or director compensation
3. Control the Company's operation to be in accordance with the rules and regulations of relevant official agencies with adequate information disclosure to all parties of shareholders and relevant persons and to obtain transparency in the administration as well as maximum benefits to the shareholders.
4. Have the authority to consider appointing a certain number of directors as see appropriate as other sub-committees to supervise the business of the Company as the Board of Directors has assigned
5. Have the authority to consider appoint any other person to operate the Company under the control of the Board of Directors or might give the authority to the said person to have the authority as the Committee sees appropriate within the specified period of time

#### Authorized Directors

At present Dr.Naiyuan Chi , Chief Executive Officer signing with the Company's seal affixed or Mr.Phairat Viwatborvornwong or Mr.Pornchai Phisarnanukunkit or Ms.Wanna Pholkaew any two persons signing jointly with the Company's seal affixed.

### 7.3 Sub -Committee

#### 7.3.1 Structure of Directors of the Company

The Sub –Committee structure consists of 4 groups of directors which are :

- (1) Executive Director
- (2) Audit Committee
- (3) Nomination and Remuneration Committee
- (4) Risk Management Committee

#### 7.3.2 List of each Committee

##### (1) Executive Director

At the Board Meeting Director on August 20,2021 has appointed 4 Executive Directors as details;

No.	Name	Position
1.	Ms.Wanna Pholkeaw	Managing Director
2.	Mr.Phairat Viwatborvornwong	Deputy Managing Director of Estimate and Planning
3.	Mr.Pornchai Phisarnanukunkit	Deputy Managing Director of Factory & Production
4.	Ms.Mattawan Srisakda	Deputy Managing Director of Accounting and Financial

##### (2) Audit Committee

As at December 31,2021, the Audit Committee comprised 3 members:

No.	Name	Position	2021
			Total of Meeting
1.	Gen.Titiwat Kamlang-Ek	Chairman of Audit Committee	4/4
2.	Mr.Tinakorn Seedasomboon*	Audit Committee	4/4
3.	Mr.Supoj Kaewmanee	Audit Committee	4/4

Remark : \* Is a person with sufficient knowledge and experience to verify the creditability of the financial statements.

Term of The committee for 3 years ( 7/4/2021-7/4/2024 ) Ms.Kanchalika Sangparinya is the secretary to the Nomination and Remuneration Committee.



**The scope of duties and responsibilities of the Board of Directors are as follows:**

**Power into perform work**

1. To make consideration in selection, propose for appointment or employment termination of an independent person in order to performs his/her duty as the Auditor of the Company, and to propose his/her remuneration and appointment to the Shareholders Meeting for approval.
2. To make consideration, in case the Management and the Auditor have different opinion on Financial Report. However, it excludes the power to approve adjustment of important accounting policies stated in accounting and financial regulations of the Company which is in the power and the duty of the Board of Directors.
3. To give comment in making consideration of appointment, transferring, termination, and feats of internal auditing work unit chiefs.
4. To approve the charter of internal auditing work units.
5. To consider approval of annual budget, manpower, and necessary resource for performing work of internal auditing unit.
6. To approve annual auditing plan, as well as making consideration for approval of revision/ adjustment for change of work planning in the part of implicitly significant.
7. To access to every level of information of the Company, including invitation made to executives, employees, or related persons to the meeting and give information concerned under work performance within the scope of the power and the duty assigned by Board of Directors.
8. To consult the expert or the consultant of the Company (if any), or hire the consultant, or the expert outside in necessary case with the expense of the Company.

**Duty**

1. To check up for the Company to have correct financial report with enough revelation.
2. To promote for having development system of financial report to be on a par with international accounting standard.
3. To check up the effectiveness of information technology that relates to financial report and internal control.
4. To check up of efficiency and effectiveness of good corporate governance process, risk management process and internal control process.
5. To make consideration of the report from Risk Management Sub-Committee and discuss with Management on assessment of policy, and risk management.
6. To make consideration of the assessment result of internal control system of the Company to ensure to Board of Directors that activities have sufficient internal control and in accordance with good corporate Governance process.
7. To check up performance to be in accordance with recommendation in the assessment report of internal control system received from the Internal Auditor, the Accounting Auditor with the aim for improvement and rectification of the weak point in working process to have the most effectiveness.
8. To check up for the Company to comply with the law concerning Security and The Stock Exchange of Thailand, requirement of The Stock Exchange of Thailand and law related to business of the Company.
9. To make consideration of things to be in accordance with involving laws, in case there are related items, or items that may have conflict of interest, they are required to be in accordance with the law and the requirement of The Stock Exchange of Thailand, in order to ensure that such items are reasonable and to the maximum benefit of the Company.
10. To check up anti-corruption process of the Company.
11. To check up internal process on receiving and supervising clue notification, receiving of complaints.

12. To attend the meeting with the Accounting Auditor for acknowledgment of quarterly Financial Reports, and/or the inspection result of yearly Financial Report, and discuss about problems/obstacles that may be found from work performance of the Accounting Auditor, by holding the meeting with the Accounting Auditor without participation of the Management at least once a year. And assess the efficiency and the effectiveness of performance result, and to make consideration of the independence of the accounting Auditor.
13. To check up the internal auditing process to be suitable and effective
  - To ensure the independence of the internal auditing unit by prescribing the Audit Committee to have chain of command directly to the internal auditing work unit.
  - To supervise internal auditing work unit to perform works in accordance with yearly inspection plan that has been approved and to perform in accordance with international standard of internal audit profession practice.
14. The Audit Committee shall be the one who reports work result of The Audit Committee to the Board of Directors Meeting for acknowledgement and/or for consideration periodically.
15. To prepare report of the Audit Committee for revealing in annual report of the Company. Such report must be signed by Chairman of the Audit Committee, which must be composed of :
  - Comment on the correctness, completeness making Financial Report of the Company reliable.
  - Comment on sufficiency of Internal Control System of the Company.
  - Comment on performing in accordance with the law concerning Security and Stock Exchange of Thailand, or laws in relation to business of the Company.
  - Comment on suitability of the Accounting Auditor.
  - Comment about items that may have the conflict of interest.
  - Number of meetings of Audit Committee and participation of each audit committee member.
  - Comment or observation as a whole that the Audit Committee receives from performing the duty pursuant to the Charter.
  - Other particulars deemed that shareholders and investors should know under the scope of duty and responsibility assigned by Board of Directors of the Company.
16. To check up and give comment to assessment sufficiency form of internal control system from assessment of Management.
17. In performing duty of the Audit Committee, if in doubt whether there are the following particulars, or acts which may be implicitly significant to Financial position, and result of business operation of the Company, the Audit Committee is required to report to Board of Directors of the Company for carrying out the improvement, rectification within the time deemed appropriate by the Audit Committee.
  - (1) Particulars causing conflict of interest
  - (2) Dishonesty, or abnormal things, or significant defect in internal control
  - (3) Offence against the law relating to the Company's business

Failure of the Board of Directors, or executives to carry out the improvement or rectification within time specified by the Audit Committee, any Audit Committee member may report that there is an item or an act under Paragraph One to Office of Securities and Exchange Commission, or The Stock Exchange of Thailand.

18. To give comment differently from the comment of Board of Directors on entering into making list of acquisition, or distribution, of assets items as prescribed by The Stock Exchange of Thailand.
19. Perform other duties assigned by Board of Directors with approval of Audit Committee, and such orders must be in writing.

20. To assess result of annual performance of Audit Committee for conclusion of self-assessment to submit to Board of Directors for supporting consideration of assessment result of Audit Committee's annual performance.
21. To check up supervision of complaint receiving process by Management.
22. To consider approval of working experience of assignees for highest responsibility in accounting and finance which is direct benefit to business operation of the Company, and in case the Company arranges the training course for supporting knowledge development on accounting continuously by the Company itself, the Audit Committee is to show that the content and number of the course training hours have already passed the consideration of the Audit Committee to be in accordance with the requirement of the Office.
23. To consider approval of working experience of assignees to have direct responsibility for supervision of doing accounting which is direct benefit to business operation of the Company, and in case the Company by itself, arranges the training course for supporting knowledge development on accounting, the Audit Committee is to show that the content and number of the course training hours have already passed the consideration of the Audit Committee to be in accordance with the requirement of the Office.

### (3) Nomination and Remuneration Committee

The Nomination and Remuneration Committee which consists of 3 company committee .

No.	Name	Position	2021	Period
			Total of Meeting	
1.	Ms.Penprapa Vongkovit	Chairman of Nomination and Remuneration Committee	6/6	26/2/2021-26/2/2024
2.	Mr.Tinakorn Seedasomboon	Nomination and Remuneration Committee	6/6	7/4/2021-7/4/2024
3.	Mr.Supoj Kaewmanee	Nomination and Remuneration Committee	6/6	7/4/2021-7/4/2024

Ms.Kanchalika Sangparinya is the secretary to the Nomination and Remuneration Committee.

#### **The duties and responsibilities can be summarized as follows:**

- 1) To consider and review the qualification of persons to hold the position of Directors in Board of Directors of the company and of its subsidiaries. A director must have a variety of qualification, namely skill, experience, and specialization which will be beneficial to the company.
- 2) To seek new Directors for the company and its subsidiaries to replace Directors of the company and its subsidiaries who complete their office term, or in the other cases that make the positions of Directors of the company and its subsidiaries become vacant.
- 3) To review the independence of Directors of the company and its subsidiaries, including conflict of interest that may occur from performing duties of Directors.
- 4) To consider the plan of position succeeding, and seek executives to hold the highest superior ranks whatever names of the ranks may be called, such as managing director, CEO, etc. of the company and its subsidiaries for submission to Board of Directors of the company for consideration of approval.
- 5) To propose the guideline and method for payment of remuneration to Board of Directors and its subsidiaries, including Sub-Committee appointed by Board of Directors.

- 6) To prescribe the policy for consideration of remuneration and evaluation criterion of work performance result of executives who are the highest superiors of the company and its subsidiaries, as well as consideration of salary adjustment and prescribing annual bonus amounts, based on business operation and result of work performance, in order to propose to Board of Directors of the company for approval.
- 7) To evaluate work performance of executives, who are in the highest positions of the company and its subsidiaries in order to adjust their remuneration yearly, before submitting to Board of Directors of the company for approval.
- 8) To regularly consider remuneration of Board of Directors of the company and of its subsidiaries, Sub-Committee, and executives who are the highest superiors of the company and its subsidiaries, by comparing to the other companies that operate the same business nature, in order to create the incentive to work management.
- 9) To set up standard of work performance evaluation as a whole, both in the organization of the company and subsidiaries, and to consider salary adjustment and fix amounts of annual bonus to employees in the whole organization (except executives who are the highest superiors) of the company and its subsidiaries, on the basis of business operation and work performance result and submit to Board of Directors for approval.
- 10) To report the progress and work performance result to Board of Director every time after the meeting of the NRC.
- 11) To evaluate the result of duty performance of the NRC and report the evaluation result to Board of Directors for acknowledgement.
- 12) To perform other duties assigned by Board of Directors.

#### (4) Risk Management Committee

The Risk Management Committee which consists of 4 company committee .

No.	Name	Position	Period
1.	Mr.Tinakorn Seedasomboon	Chairman of Risk Management Committee	7/4/2021-7/4/2024
2.	Mr.Supoj Kaewmanee	Risk Management Committee	7/4/2021-7/4/2024
3.	Ms.Wanna Pholkeaw	Risk Management Committee	26/2/2021-26/2/2024
4.	Mr.Phairat Viwatborvornwong	Risk Management Committee	26/2/2021-26/2/2024

Ms.Pornsiri Sukchai is the secretary to the Risk Management Committee.

#### The scope of duties and responsibilities is as follows:

1. Determine and review the risk management framework, risk management charter, and management policy and process as well as recommending other risk management guidelines, which are operational risk, strategic and business operational risk, investment risk, financial risk, personnel risk, and information and cyber security risk, etc. that are relevant with the operation of the Company's business properly, effectively, and in accordance with the operational strategic directions, business plans, and situations that are changing

2. Support and develop the risk management in all levels throughout the organization, including tools continuously and effectively as well as promoting the development of risk management culture in the organization
3. Supervise, monitor, and review the operational plan and significant risk management report as well as providing suggestions to ensure that there is the effective and suitable risk management in the acceptable level that is in accordance with the risk management policy
4. Report the significant risk result to the Company's Board of Directors. In case of significant factors or incidents that might affect the Company significantly, report to the Company's Board of Directors for consideration urgently.
5. Be responsible for other matters that the Company's Board of Directors has assigned
6. Arrange the performance appraisal of the Risk Management Committee and report the appraisal result to the Board of Directors at the end of every year
7. Monitor the development of guidelines and risk management framework continuously for the Company to obtain effective risk management system with continuous compliance
8. Review the risk management report to monitor the essential risks and operate to ensure that the Company has adequate and suitable risk management
9. Coordinate with the Audit Committee about significant risks with the Internal Audit Agency as the Reviewer to ensure that the Company has the internal control system that is suitable for risk management, including using and complying with the risk management system appropriately
10. Operate other works that are relevant with the risk management as the Board of Directors has specified

#### 7.4 Information of Executives

##### 7.4.1 The Management

As of 31 December 2021, the management consisted 5 Executives of The Company as follows :

No.	Name	Position
1.	Dr.Naiyuan Chi	Chief Executive Officer
2.	Ms.Wanna Pholkaew	Managing Director
3.	Mr.Phairat Viwatborvornwong	Deputy Managing Director of Estimate and Planning
4.	Mr.Pornchai Phisarnanukunkit	Deputy Managing Director of Factory & Production
5.	Ms.Mattawan Srisakda	Deputy Managing Director of Accounting and Financial

#### 7.4.2 Remuneration Policy of Directors and Executives

The Company has the remuneration policy for directors, executive directors, and executives by considering from suitability, duties and responsibilities, and performance of the Company that compares with the remuneration from public companies in the stock exchange that conduct the business or have the revenue in similar manner. The remuneration for the Board of Directors will be presented to the shareholders for approval in the Annual General Meeting. The director remuneration will be in a form of salary and annual meeting allowance. In the part of remuneration for executives and executive directors, the Company has appointed the Nomination and Remuneration Committee, consisting of external independent director since the year 2018, to consider the remuneration in this part. The remuneration will be paid in the form of salary, annual gratuity, and provident fund contribution.

#### 7.4.3 Remuneration of Directors and Executives

##### Monetary Remuneration

- Director

In 2020-2021, remuneration was paid to the directors of the Company and Sub-Committee, in the form of meeting allowance and directors' reward for the number of attendance

Name	Position	Remuneration ( Baht)	
		2020	2021
1. Dr.Naiyuan Chi	Chairman of Board Director	1,029,000	1,150,200
2 . Mr.Phairat Viwatborvornwong	Director	840,000	972,000
3. Mr.Pornchai Phisarnanukunkit	Director	840,000	972,000
4. Gen.Titiwat Kamlang-Ek	Independent Director and Chairman of Audit Committee	1,017,000	1,117,200
5. Mr.Tinakorn Seedasomboon	Independent Director and Audit Committee and Nomination and Remuneration Committee	960,000	1,107,000
6. Mr.Supoj Kaewmanee	Independent Director and Audit Committee and Nomination and Remuneration Committee	975,000	1,107,000
7. Mr.Somsakdi Suriyawongse *	Independent Director and Chairman of Nomination and Remuneration Committee	951,000	259,200
8. Ms.Wanna Pholkaew	Director	840,000	972,000
9. Ms.Penprapa Vongkovit **	Independent Director and Chairman of Nomination and Remuneration Committee	-	876,000
<b>Total</b>		<b>7,452,000</b>	<b>9,600,600</b>

Remark :

For Director , The company not pay any remuneration except health insurance

\* Mr.Somsakdi Suriyawongse has resigned from director and Chairman of Nomination and Remuneration Committee since February 25,2021

\*\* Ms.Penprapa Vongkovit was elected to director and Chairman of Nomination and Remuneration Committee since February 27,2021

Details of the directors' remuneration in the subsidiary for the year 2021

M.C.S. Steel – Japan Co., Ltd.

Name	Position	Remuneration ( Baht)
		2021
1. Dr.Naiyuan Chi	Chairman of Board Director	349,745
2. Ms.Wanna Pholkaew	Director	349,745
3. Ms.Mattawan Srisakda	Director	349,745

Remuneration for the Executives

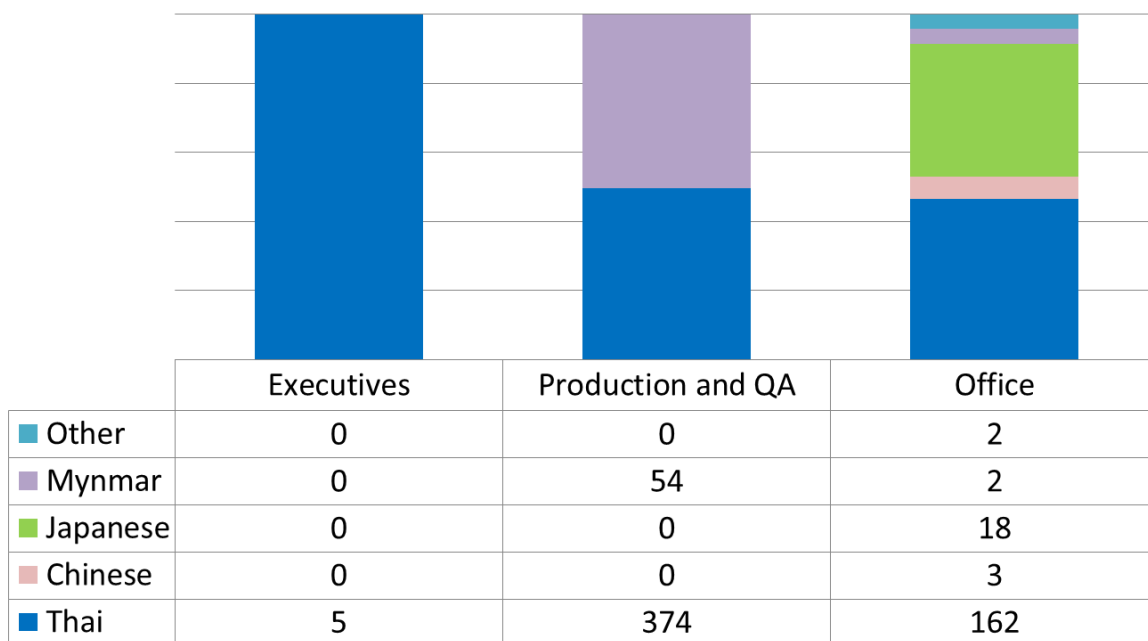
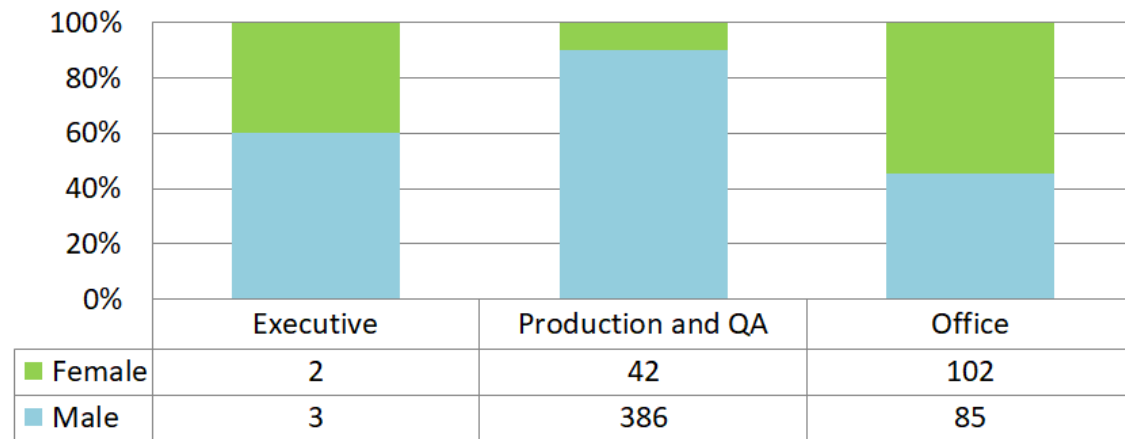
- Executives

Remuneration	Year			
	2020		2021	
	Number of Executiv e	Total (Baht)	Number of Executiv e	Total (Baht)
Salary and Bonus	5	50,473,681	5	
Provident Funds + Others	5	1,054,080	5	

Remarks : Others including Health Insurance and Car Rental

### 7.5 Employees

➤ At the end of 2021 Total of employees were 620 Person (include Executives)



Remuneration	Year 2021 (Million Baht) exclude Executives
Salary + Bonus	372,108,719
Provident Fund	5,487,480



## Human resource development policy

The company is committed to the development of the company's personnel to develop potential in terms of knowledge, ability and skills in working. The company continuously supports the education of employees. Our main policy is that all employees must be trained to enhance their knowledge on an annual basis, which is consistent with the Company's motto - "Better than yesterday, everyday". In 2021, The employees took more training courses, which is the total budget was Baht 1.36 million.

## 7.6 Other Important Information

### 7.6.1 List of persons who were assigned be responsible as follows

#### ➤ **Company secretary**

Now , the company secretary is Ms.Kanchalika Sangparinya.

Roles and Responsibilities

- 1) Responsible for arranging meetings of the Board of Directors and shareholders' meetings including helping to ensure compliance with such resolutions
- 2) Supervise and give an advice to the Board of Directors regarding various rules and regulations
- 3) Preparing and keeping a register of directors , Invitation of Board of Directors' , Board meeting minutes ,Company's annual report , Invitation of Annual General Meeting of Shareholders and the minutes of the shareholders' meeting
- 4) Other duties according to the Securities and Exchange Act (No. 4) B.E. 2551

Contact as :

Telephone : 089-9001217-8 Ext.113

E-mail : [kancharica@mcsteel.co.th](mailto:kancharica@mcsteel.co.th)

Profile of company secretary is presented in Attachment 1

#### ➤ **The person supervising accounting**

The Company appointed **Miss Titinan Punlaising** to be the person supervising accounting and profile of supervising accounting is presented in Attachment 1

➤ **The Head of Internal Audit**

The Company appointed **Miss Pornsiri Sukchai** to be the head of Internal Audit, review and evaluate internal control system, and plan internal audit plan by reporting directly to the audit committee. Miss Pornsiri Sukchai profile is presented in Attachment 3

**7.6.2 List of Investor Relations and Contacts**

The company board of directors attaches utmost importance to the disclosure of accurate, complete, and transparent data to every investor. The company still attaches importance to the disclosure and provision of data to the share shareholders and general investors in accordance with the standards and criteria determined by the Securities Exchange Commission and the Stock Exchange of Thailand both by the data distribution channels and media of the Stock Exchange of Thailand and the company website ([www.mcssteel.com](http://www.mcssteel.com)) or provides an opportunity for investors or shareholders who wish to inquire about the company in many ways, as follows :

Head of Investor Relation : Ms.Kanchalika Sangparinya

Contact to 089-9001217-8 Ext. 113

E-mail : [mcs.ir@mcssteel.co.th](mailto:mcs.ir@mcssteel.co.th)

**7.6.3 Remuneration of The Auditor**

1) Audit fee

The Company and its subsidiaries paid audit remuneration in 2021 as follows ;

No.	Company	Auditor Name	Audit Fees (Baht)	
			2021	2020
1.	M.C.S. Steel Public Co., Ltd.	KPMG Phoomchai Audit Co., Ltd.	4,500,000	4,500,000
2.	Tanaka Welding Center Co., Ltd.	KPMG Phoomchai Audit Co., Ltd.	170,000	170,000
3.	M.C.S. – Japan Co., Ltd.	Local Auditor Japan	637,628	636,318
4.	M.C.S. Steel – Xiamen Co., Ltd.	Local Auditor China	87,288	77,403

2) Non-audit fee

- None -

## 8. Significant Corporate Governance Operational Report

### 8.1 Summary of Performance of Duties of the Board of Directors in the Past Year

- 1) On 7 April 2021, there were 8 directors attending the Annual General Meeting for the year 2021 to present the performance of the year 2020 to the shareholders. In the past year, due to the pandemic situation of Covid-19 and to provide facilitation to the shareholders, the Company had arranged the online meeting with broadcasting live for the shareholders to watch from home.
- 2) Though in the pandemic situation of Covid-19 that all companies are facing with problems in the business operation, the Board of Directors of MCS had supervised the business operation. In the year 2021, the Company and its subsidiary had the net profit of 1,415.77 million baht.
- 3) In the year 2021, the Board of Directors had appointed the new Managing Director to take over the position from the current Chief Executive Officer who reached the maturity of retirement by restructuring the management structure of the organization and determining the company policy to obtain suitability for the current business operation.
- 4) Review the charter of the Board of Directors of MCS and sub-committees to obtain suitability annually

#### 8.1.1 Nomination, Development, and Performance Evaluation of the Board

The Company has determined the rules for the nomination of directors, independent directors, and chief executives as follows:

- (1) **Independent Directors** have been appointed from the directors or the Shareholders' Meeting. The Company has defined the Independent Director of the Company with the minimum requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand as follows:
  1. Holds shares not exceeding 1% of the total shares with voting right of the applicant, its parent company, subsidiaries, associates, major shareholders, and controlling parties of the applicant, provided that the shares held by the related parties of such independent director shall be included.
  2. Is not or has never been an executive director, employee, staff, advisor who receives salary, nor controlling parties of the applicant, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of the applicant unless the foregoing status ended at least 2 years prior to the date of submitting the application to the Securities and Exchange Commission (SEC), provided that such prohibition shall not include the case that such independent director has ever been official or advisor of the government sector that is the major shareholder or controlling party of the applicant.

3. Is not the person who has relationship by means of descent or legal registration under the status of father, mother, spouse, brothers and sisters, and children. The prohibitive persons also include spouses of daughters and sons of management, major shareholders, controlling party or the person who is in the process of nomination to be the management or controlling party of the applicant or its subsidiary.
4. Have no or never had business relationship with the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant in respect of holding the power which may cause the obstacle of the independent decision, including not being or never been the significant shareholder, or controlling parties of any person having business relationship with the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant unless the foregoing status ended at least 2 years prior to the date of submitting the application to the SEC.
5. Is not or has never been the auditor of the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of applicant, and is not the significant shareholder, controlling parties, or partner of the auditing firm which employs such auditor of the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant unless the foregoing status ended at least 2 years prior to the date of submitting the application to the SEC.
6. Is not or has never been the professional service provider, including but not limited to legal service or financial advisor with received service fee more than 2 million baht per year from the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties, and is not the significant shareholder, controlling parties, or partner of the above mentioned service firms unless the foregoing status ended at least 2 years prior to the date of submitting the application to the SEC.
7. Is not the director who is nominated to be the representative of directors of the applicant, major shareholders, or any other shareholder related to the major shareholders.
8. Do not operate the same and competitive business with the business of the applicant, or its subsidiaries, or is not a significant partner of the partnership, or is not an executive director, employee, staff, advisor who receives salary, nor holds shares for more than 1% of the total shares with voting right of any other company which operates same and competitive business with the business of the applicant, or its subsidiaries.
9. Is not any otherwise which is unable to have the independent opinion regarding the business operation of the applicant.

After being appointed as the independent director in accordance with the conditions under the article (1) - (9), such independent director may be assigned by the board of directors to make decision in respect of collective decision on business operation of the applicant, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of applicant.

(2) **Directors** have been appointed from the directors or the Shareholders' Meeting. The appointment of the Company Director will be in accordance with the rules as specified in the company regulations as follows:

1. The Company Director consists of no less than 5 directors by which the directors of no less than half of all directors must have the residence in the kingdom.
2. The Shareholders' Meeting must elect the directors according to the rules and methods as follows:
  - 2.1 One shareholder has the vote of one (1) share per one (1) vote.
  - 2.2 Each shareholder will use all existing votes according to Item 2.1 to elect a single or multiple persons as director, but the votes cannot be shared to any person in any number.
  - 2.3 The persons who receive the top scores in descending order will be those who are elected to be the directors in the number of directors that should have or should be elected at that time. In case the elected persons in the descending orders receive the equivalent scores in the number that exceeds the number of directors that should have or should be elected at that time, the Chairman of the Meeting will have a casting vote.
3. In each Annual General Meeting, the directors must vacate the office in the number of one in three (1/3) of all directors during that time. If the number of directors cannot be divided into three parts, they must be vacated in the number that is nearest to one in three (1/3). The directors who are retired by rotation might be elected to hold the position again. The directors must be mutually agreed with the ordering of vacating the office of directors according to the method in the above paragraph. The directors who must vacate the office in the first year and the second year after the registration of the company must draw lots. For the following years, the director who holds the position for the longest period of time will vacate the office.
4. Any director who will vacate the office must file the resignation letter to the Company by which the resignation will be effective when the resignation letter reaches the Company.
5. In case the position of director is vacant but not by rotation, the Board of Directors must select a person with suitable qualifications to be the director in the meeting of the Board of Directors unless the remaining terms of director is less than 2 months and the substitute person will hold the position of director only for the remaining term of the director that has been replaced.
6. The Shareholders' Meeting might resolve for any director to vacate the office before retiring by rotation with the votes of no less than three in four (3/4) of number of shareholders who attend the meeting and have the right to vote with the total shares of no less than half of number of shares held by shareholders who attend the meeting and have the right to vote.

(3) **Executives** have been selected from the Nomination and Remuneration Committee by selecting a person with knowledge, abilities, experiences, and direct skills that match with the business of the Company and appointing by the Board of Directors or the person that the Board of Directors has assigned to have the appointing authority.

## Development of Directors and Executives

The Company has the policy to encourage the Directors and Executives to participate in the training courses that will benefit the position holding by which the training courses to attend will depend on the request of the Board of Directors or Executives who see that the training courses are interesting and will benefit the business operation of the Company. For the basic training course that the Directors must receive from the Thai Institutes of Directors, the Company has arranged for all Directors to participate in the training as specified.

### 8.1.2 Meeting Attendance and Individual Director Compensation Payment

In the year 2021, the meeting attendance of the Board of Directors was shown in Item 7.2.1. Also, the information on individual director compensation payment was shown in Item 7.4.3 Financial Compensation of Directors and Executives.

### 8.1.3 Subsidiary Supervision

#### Operational Supervision of Subsidiary

The Company has the policy to send the representative from the Company to take the position of Director at the subsidiary in case of suitability. Currently, the subsidiary of the Company has the representative or the Director that the Company has sent to take the position of Director in which the Company will be informed about the operations in the subsidiary at all times. All subsidiaries are adhering to the administration policy, which is in accordance with the Company policy at most.

### 8.1.4 Monitoring for Compliance with the Policy and Practices in Corporate Governance

#### (1) Prevention of Conflict of Interest

The Board of Directors has determined the policy on the making of cross-transaction and the transactions that might cause the conflict of interest. The transactions must be proposed via the review by the Audit Committee and must be proposed for approval by the Board of Directors before making the transactions at all times.

#### (2) Use of Internal Information for Exploitation

The Company has determined the rules for the prevention of use of internal information of the Directors and the Chief Executives as follows:

- Determine the security for data retention by the Information Technology Department to limit the access to important information of the Company
- The Board of Directors and the Executives (the first 4 Executives from the Chief Executive Officer to the Accounting Manager) must not disclose the information of the Company or use to seek for the benefits of oneself or acquaintances whether directly or indirectly unless the said information have been disclosed to the public with no stock trading of the Company during 1 month before the disclosure of financial statement. This will include spouse and minor child of the Directors and the Executives.
- Determine for all Directors and Executives, including spouse and minor child, to report the holding of the Company's securities within 3 days to the Securities and Exchange Commission (SEC) and notify to the Company Secretary as information for the making of Annual Data Report.

### (3) Anti-Corruption Business

The Company has placed an importance on operating the business with transparency and auditability and can communication with all employees participating in the business operation with no corruption in all procedures by not encouraging the giving of bribes or gifts. Also, the whistleblowing channel is determined in case the abnormalities that might cause the corruption are found by which the complaints can be made via the complaint box to the Welfare Committee or the Company Secretary in order to forward to the Audit Committee via e-mail: [info@mcssteel.co.th](mailto:info@mcssteel.co.th) or the Company's address.

### (4) Whistleblowing

The Company has placed an importance on operating the business with transparency and auditability and can communicate with the Executives and all employees participating in the business operation with no corruption in all procedures of business operation by not encouraging the giving of bribes or gifts to relevant agencies, including the use of information that take advantage of other persons. Also, the whistleblowing channel is determined in case the abnormalities that might cause the corruption are found by which the complaints can be made via the complaint box to the Welfare Committee or the Company Secretary in order to forward to the Audit Committee via e-mail: [info@mcssteel.co.th](mailto:info@mcssteel.co.th) or the Company's address.

## 8.2 Audit Committee Report

### 8.2.1 Attendance of the Committee

Details at 7.3 Sub-committee

### 8.2.2 Performance of the Audit Committee

The Performance of the Audit Committee is presented in Report of the Audit Committee at attachment 4

## 8.3 Other Sub -Committee Report

### 8.3.1 Attendance of the Committee

Details at 7.3 Sub-committee

### 8.3.2 Performance of other Sub -Committee

- None -

## 9. Internal Control and Cross-Transaction

### 9.1 Internal Control

#### **Opinions of the Board of Directors on the Internal Control System**

The Company's Board of Directors had arranged the Meeting No. 7/2021 on 17 December 2021. The 3 audit committee members had attended the meeting and had given their opinions on the assessment of adequacy and suitability of the internal control of the Company by referring to the adequacy assessment form of the internal audit control of the Securities and Exchange Commission, which could be seen that the Company and its subsidiary had suitable and effective internal control system that covered the activities on 3 aspects, which were operation, reporting, and compliance with laws and rules that were relevant with the business operation of the Company. Also, the Company had appointed the Risk Management Committee to assess the risk of the organization, including monitoring the risk management regularly, which could convince that the Company had obtained the suitable risk control.

#### **9.1.1 Adequacy and Suitability of Internal Control System**

The Company has established the internal audit agency by which the said agency is independent with the direct reporting line to the Audit Committee in terms of internal auditing and to the Chief Executive Committee in terms of agency management. The internal audit agency has the duty to assess the efficiency and effectiveness of internal control system, risk management, and corporate governance and to act as advisor in order to support the Company to achieve its objectives and business goals. The annual internal audit plan of the agency has received an approval from the Audit Committee by using Risk Based Audit Approach and the Key Control Points and emphasizing on preventive control, including corruption risk assessment according to the Fraud Whistleblowing Protection Policy. In every quarter, the Internal Audit Department has the duty to present the audit report of the internal control system in the annual plan of the Meeting of Audit Committee. Hence, in the year 2021, the Internal Audit Department had no limitation on giving opinions and no issue on audit result that could convince that the internal control system obtained risks and faults that might cause significant damages to the organization.

#### **9.1.2 Faults Concerning Internal Control System of the Company and Subsidiary**

The Company has arranged the audit of internal control system to cover all activities in the Company, which is in accordance with the internal audit plan of both long-term and short-term that the Head of Internal Audit will present to the Audit Committee for consideration and approval annually. If the Audit Committee has seen that risks that need to be audited and monitored urgently in any system of the Company, the Audit Committee will notify the Internal Audit Department to proceed with the audit instantly. Currently, there is no fault that needs to be urgently audited and monitored.

#### **9.1.3 Opinions of the Audit Committee**

The Audit Committee had the opinions that were consistent to the Company's Board of Directors that the internal control system of the Company is adequate and suitable.



### **9.1.4 Opinions of the Audit Committee on the Incumbent Head of Internal Audit Department**

The Audit Committee had the duty to supervise the internal audit by appointing the Head of Internal Audit with proper qualifications to audit and assess the internal control system for its adequacy, suitability, and effectiveness. The Internal Audit Department has the duty to report to the Audit Committee in every quarter. Current, it has assigned **Miss Phonsiri Sukchai** to be the main responsible person for the internal audit of the Company by which the Audit Committee had seen that **Miss Phonsiri Sukchai** has proper and adequate qualifications for the performance of duty as well as having a good knowledge and understanding on the working system of the Company and passing the training course that is relevant with the internal audit.

### **9.15 Practical Guidelines for Appointment, Removal, and Transfer of the Head of Internal Audit Department**

The Audit Committee has the authority and duty to supervise, consider, and approve the appointment, removal, and transfer of the Head of Internal Audit Department, including encouraging and supporting to have the trainings of knowledge that are relevant with the internal audit work.

## 9.2 Cross-Transaction

### 9.2.1 Information on Cross-Transaction with Persons that Might Have Conflict / 9.2.2 Necessity and Reasonability of Transaction

For the year ended 31 December 2021 as follows:

Unit : Thousand Baht

Name of Company/Person with Mutual Benefit	Category	Types of Transaction	Transaction Value Year 2021	Necessity/ Reasonability
<b>M.C.S. – JAPAN Co., Ltd.</b>		Subsidiary that the Company holds the share of 98%		
	Expense	- The Company receives the service from M.C.S.-JAPAN Co., Ltd. and the manufacturing and workpiece modification service in Japan	477,424	Normal service transaction
	Revenue	- The Company records the interest received from loan giving to M.C.S.-JAPAN Co., Ltd.	6,376	Transaction from loan giving to the affiliated company
		- The Company records the profit from the selling of machinery to M.C.S.-JAPAN Co., Ltd.	8,614	Normal transaction from disposal of assets
<b>M.C.S. Steel-Xiamen Co., Ltd.</b>		Subsidiary that the Company holds the share of 74%		
	Expense	- The Company pays the wage for manufacturing of workpiece and wage for drawing.	965,538	Normal service transaction
<b>Tanaka Welding Center Co., Ltd.</b>		Subsidiary that the Company holds the share of 99.92%		
	Liability	- The Company repays the loan that is borrowed from the subsidiary in the previous year.	74,191	Loan repayment
	Expense	- Loan interest payment	929	Loan transaction
<b>Dr. Naiyuan Chi</b>		Person related to the Executive		
	Expense	- The Company sells the land to the executive.	4,400	Normal transaction from disposal of assets

### **9.2.3 Policies or Trends of Cross-Transaction in the Future**

Since the Company and its subsidiary needs to have the cross-transaction in the future for the services that are relevant with the manufacturing and the modification of workpiece in Japan or China, the said transaction is to support the business of the Company in Thailand with the determination of service fee according to the reasonable market price. The Audit Committee has reviewed the said transaction every quarter and present to the Meeting of the Board of Directors to request for approval according to the rules of the making of transaction.

The loan giving between the Company and its subsidiary has been proceeded as see appropriate to support the business in the company group. Also, the minimum remuneration is determined according to the interest rate of fixed deposit account of commercial bank. In the part of related person, the Company and its subsidiary have no policy to provide financial support to related persons.

# Section 3

## Financial Statements

## Report of Board of Directors' Responsibilities' for Financial Statements

Board of Directors are responsible for the financial report as prepared by M.C.S. Steel Public Co., Ltd. and its subsidiaries in order to ensure the accurate and reasonable presentation of financial position, revenues and expenses and statement of cash flow. The presentation reflects accurate, complete and sufficient data entry of assets; prevents frauds and abnormal business operations. In preparing the financial report, appropriate accounting policies have been practiced consistently and in compliance with the Thai Financial Reporting Standards. Significant information has also been sufficiently disclosed in notes to financial statements the auditors provided their opinion in Report

The Board of Director appointed Audit Committee consisting of the independent directors to review the financial report and the sufficiency of internal control system. The opinion of Audit Committee presented in Report of the Audit Committee in the annual registration statement (Form 56 -1 One Report)

The Board of Director 's opinion that the overall internal control system of the company is at a satisfactory level, able to build confidence with reasons for the reliability of the Company's financial statements as of December 31, 2021, which the Company's auditors have audited in accordance with the Auditor general certified and opined that the financial statements show the financial position and operating results correctly and appropriately in all material respects and accounting principles that are generally accepted

As Board of Director



Dr.Naiyuan Chi  
Chairman  
M.C.S. Steel Public Co., Ltd.  
28 February 2022

# **M.C.S. Steel Public Company Limited and its Subsidiaries**

Financial statements for the year ended  
31 December 2021  
and  
Independent Auditor's Report

## Independent Auditor's Report

### To the shareholders of M.C.S. Steel Public Company Limited

#### *Opinion*

I have audited the consolidated and separate financial statements of M.C.S. Steel Public Company Limited and its subsidiaries (the "Group") and of M.C.S. Steel Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2021, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2021 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

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

### Key Audit Matter

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

Adequacy of provision for product warranty	
Refer to notes 19 to the consolidated and separate financial statements	
The key audit matter	How the matter was addressed in the audit
The Company has warranted the quality of the products by compensating the customers for the damage arising from normal usage due to the quality of the products. The product warranty period is 2 years counting from the completion date of the construction projects in which the products were installed. Therefore, a provision of product warranty was recognized. The determination of the provision involves estimates of the probability and amount of damage under warranty through the use of management's judgement. Therefore, I consider this matter to be a key audit matter.	<p>My audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>- Inquiring management to gain understanding on the process and method for estimation;</li> <li>- Testing the reliability of actual claims with warranties data including testing on sampling basis of relevant documents;</li> <li>- Challenging management regarding the method and assumptions used for estimation to evaluate the reasonableness of the method and assumptions used;</li> <li>- Considering the appropriateness of assumptions used for estimation of expected damage from warranty by comparing with historical actual claims data;</li> <li>- Testing the calculation of provision for product warranty by considering the value of the products in the warranty period, total actual warranty expense and average number of years being claimed; and</li> <li>- Considering the adequacy of the Company's disclosures in accordance with the related Thai Financial Reporting Standards.</li> </ul>

### Other Information

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

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

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

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



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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 consolidated and separate financial statements.

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

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my 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 consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Banthit Tangpakorn)  
Certified Public Accountant  
Registration No. 8509

KPMG Phoomchai Audit Ltd.  
Bangkok  
28 February 2022

# M.C.S. Steel Public Company Limited and its subsidiaries

## Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2021	2020	2021	2020
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	5	566,374,891	378,288,892	509,004,269	175,816,437
Trade and other accounts receivable	4,6	1,788,650,314	1,391,112,585	2,268,331,067	1,780,005,017
Current portion of long-term loans to employees	8	7,831,200	7,152,990	7,831,200	7,152,990
Inventories	7	1,990,924,716	2,391,295,959	1,579,308,066	2,157,111,432
<b>Total current assets</b>		<b>4,353,781,121</b>	<b>4,167,850,426</b>	<b>4,364,474,602</b>	<b>4,120,085,876</b>
<i>Non-current assets</i>					
Investments in subsidiaries	10	-	-	204,062,113	273,236,057
Investments in an associate	9	-	-	-	-
Long-term loans to related parties	4	-	-	430,251,735	430,199,250
Long-term loans to employees	8	73,097,367	78,769,349	73,097,367	78,769,349
Property, plant and equipment	12	1,457,311,266	1,416,433,263	912,496,559	894,631,912
Right-of-use assets	13	148,534,258	132,209,875	8,133,403	5,577,218
Goodwill	14	21,381,560	21,378,952	-	-
Other intangible assets	15	18,510,121	10,896,612	8,139,480	7,520,419
Deferred tax assets	25	3,618,299	3,911,766	8,518,738	8,811,608
Contract cost assets	23	131,959,767	159,109,644	131,959,767	159,109,644
Other non-current assets		2,915,356	2,505,654	34,775	34,775
<b>Total non-current assets</b>		<b>1,857,327,994</b>	<b>1,825,215,115</b>	<b>1,776,693,937</b>	<b>1,857,890,232</b>
<b>Total assets</b>		<b>6,211,109,115</b>	<b>5,993,065,541</b>	<b>6,141,168,539</b>	<b>5,977,976,108</b>

The accompanying notes are an integral part of the financial statements.

# M.C.S. Steel Public Company Limited and its subsidiaries

## Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	Note	2021	2020	2021	2020
(in Baht)					
<b>Current liabilities</b>					
Trade and other accounts payable	4, 16	1,361,415,896	2,017,253,997	1,822,197,369	2,133,949,159
Current portion of lease liabilities	28	2,833,651	2,273,664	2,677,809	2,113,239
Short-term loan from related party	4, 17	-	-	5,809,400	80,000,000
Short-term loan from financial institutions	17	39,843,635	-	-	-
Income tax payable		55,325,913	74,777,346	28,480,630	49,092,216
<b>Total current liabilities</b>		<b>1,459,419,095</b>	<b>2,094,305,007</b>	<b>1,859,165,208</b>	<b>2,265,154,614</b>
<b>Non-current liabilities</b>					
Lease liabilities	28	5,885,180	3,706,839	5,693,320	3,520,786
Deferred tax liabilities	25	40,258,731	37,903,227	-	-
Non-current provisions for employee benefits	18	27,529,344	25,671,158	27,529,344	25,671,158
Provision for product warranty	19	54,403,705	49,106,571	49,820,663	47,034,090
<b>Total non-current liabilities</b>		<b>128,076,960</b>	<b>116,387,795</b>	<b>83,043,327</b>	<b>76,226,034</b>
<b>Total liabilities</b>		<b>1,587,496,055</b>	<b>2,210,692,802</b>	<b>1,942,208,535</b>	<b>2,341,380,648</b>

The accompanying notes are an integral part of the financial statements.

# M.C.S. Steel Public Company Limited and its subsidiaries

## Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2021	2020	2021	2020
<i>(in Baht)</i>					
<b>Equity</b>					
Share capital:	20				
Authorised share capital		<u>477,000,000</u>	<u>477,000,000</u>	<u>477,000,000</u>	<u>477,000,000</u>
Issued and paid-up share capital		477,000,000	477,000,000	477,000,000	477,000,000
Share premium		140,000,000	140,000,000	140,000,000	140,000,000
Retained earning					
Appropriated					
Legal reserve	22	50,000,000	50,000,000	50,000,000	50,000,000
Unappropriated		4,596,990,110	3,834,693,981	4,327,527,230	3,778,478,356
Other components of equity		<u>(796,685,671)</u>	<u>(816,983,853)</u>	<u>(795,567,226)</u>	<u>(808,882,896)</u>
<b>Equity attributable to owners of the parent</b>		<b>4,467,304,439</b>	<b>3,684,710,128</b>	<b>4,198,960,004</b>	<b>3,636,595,460</b>
Non-controlling interests	11	<u>156,308,621</u>	<u>97,662,611</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<b><u>4,623,613,060</u></b>	<b><u>3,782,372,739</u></b>	<b><u>4,198,960,004</u></b>	<b><u>3,636,595,460</u></b>
<b>Total liabilities and equity</b>		<b><u>6,211,109,115</u></b>	<b><u>5,993,065,541</u></b>	<b><u>6,141,168,539</u></b>	<b><u>5,977,976,108</u></b>

The accompanying notes are an integral part of the financial statements.

**M.C.S. Steel Public Company Limited and its subsidiaries**

**Statement of comprehensive income**

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		Year ended 31 December		Year ended 31 December	
		2021	2020	2021	2020
<i>(in Baht)</i>					
<b>Revenue</b>					
Revenue from sales of goods and rendering of services	23	6,844,549,454	4,056,305,416	6,802,994,211	3,964,062,815
Contract revenue	23	62,044,887	195,476,753	62,044,887	195,476,753
Other income		37,315,028	32,093,710	44,802,313	30,916,599
<b>Total revenue</b>		<b>6,943,909,369</b>	<b>4,283,875,879</b>	<b>6,909,841,411</b>	<b>4,190,456,167</b>
<b>Expenses</b>					
Cost of sales of goods and rendering of services	24	3,936,316,690	2,563,728,333	4,291,719,210	2,709,454,970
Contract costs	24	32,057,449	85,305,041	32,057,449	85,305,041
Distribution costs	24	888,836,812	206,684,232	888,836,812	206,684,232
Administrative expenses	24	417,920,929	258,558,799	345,833,477	184,001,466
Net foreign exchange loss		28,993,887	47,008,679	21,557,283	51,593,277
<b>Total expenses</b>		<b>5,304,125,767</b>	<b>3,161,285,084</b>	<b>5,580,004,231</b>	<b>3,237,038,986</b>
<b>Profit from operating activities</b>		<b>1,639,783,602</b>	<b>1,122,590,795</b>	<b>1,329,837,180</b>	<b>953,417,181</b>
Finance costs		17,017,075	26,011,095	17,355,852	27,146,663
<b>Profit before income tax expense</b>		<b>1,622,766,527</b>	<b>1,096,579,700</b>	<b>1,312,481,328</b>	<b>926,270,518</b>
Tax expense	25	163,439,952	107,449,194	109,958,140	78,546,672
<b>Profit for the year</b>		<b>1,459,326,575</b>	<b>989,130,506</b>	<b>1,202,523,188</b>	<b>847,723,846</b>
<b>Other comprehensive income</b>					
<i>Item that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating financial statements		35,388,060	120,039,936	13,315,670	154,731,840
<b>Total item that will be reclassified subsequently to profit or loss</b>		<b>35,388,060</b>	<b>120,039,936</b>	<b>13,315,670</b>	<b>154,731,840</b>
<i>Items that will not be reclassified to profit or loss</i>					
Loss on remeasurements of defined benefit plans		-	(427,506)	-	(427,506)
Income tax relating to item that will not be reclassified	25	-	50,086	-	50,086
<b>Total items that will not be reclassified to profit or loss</b>		<b>-</b>	<b>(377,420)</b>	<b>-</b>	<b>(377,420)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>35,388,060</b>	<b>119,662,516</b>	<b>13,315,670</b>	<b>154,354,420</b>
<b>Total comprehensive income for the year</b>		<b>1,494,714,635</b>	<b>1,108,793,022</b>	<b>1,215,838,858</b>	<b>1,002,078,266</b>

The accompanying notes are an integral part of the financial statements.

# M.C.S. Steel Public Company Limited and its subsidiaries

## Statement of comprehensive income

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2021	2020	2021	2020
		(in Baht)			
Profit attributable to:					
Owners of parent		1,415,770,443	954,077,594	1,202,523,188	847,723,846
Non-controlling interests	11	43,556,132	35,052,912	-	-
Profit for the year		1,459,326,575	989,130,506	1,202,523,188	847,723,846
Total comprehensive income attributable to:					
Owners of parent		1,436,068,625	1,077,722,469	1,215,838,858	1,002,078,266
Non-controlling interests	11	58,646,010	31,070,553	-	-
Total comprehensive income for the year		1,494,714,635	1,108,793,022	1,215,838,858	1,002,078,266
Basic earnings per share (in Baht)					
	26	2.97	2.00	2.52	1.78

The accompanying notes are an integral part of the financial statements.

**M.C.S. Steel Public Company Limited and its subsidiaries**
**Statement of changes in equity**

		Consolidated financial statements												
		Retained earnings						Other components of equity						
		Issued and paid-up share capital	Shares premium	Share discount on treasury shares	Legal reserve	Treasury share reserve	Unappropriated	Treasury shares	Exchange differences on translating financial statements	Difference from change in shareholding proportion in subsidiary	Total other components of equity	Equity attributable to owners of the parent	Non- controlling interests	Total equity
Note														
(in Baht)														
Year ended 31 December 2020														
	Balance at 1 January 2020	500,000,000	140,000,000	(153,609,677)	50,000,000	295,812,458	3,393,192,004	(295,812,458)	(925,756,087)	(15,250,061)	(941,006,148)	2,988,576,179	66,592,058	3,055,168,237
Transactions with owners, recorded directly in equity														
Contributions by and distributions to owners of the parent														
	Reduction of treasury shares	21	(23,000,000)	-	153,609,677	-	(295,812,458)	(130,609,677)	295,812,458	-	-	-	-	-
	Dividends	27	-	-	-	-	(381,588,520)	-	-	-	-	(381,588,520)	-	(381,588,520)
	Total contributions by and distributions to owners of the parent		(23,000,000)	-	153,609,677	-	(295,812,458)	(512,198,197)	295,812,458	-	-	(381,588,520)	-	(381,588,520)
	Total transactions with owners, recorded directly in equity		(23,000,000)	-	153,609,677	-	(295,812,458)	(512,198,197)	295,812,458	-	-	(381,588,520)	-	(381,588,520)
Comprehensive income for the year														
	Profit		-	-	-	-	954,077,594	-	-	-	-	954,077,594	35,052,912	989,130,506
	Other comprehensive income (expense)		-	-	-	-	(377,420)	-	124,022,295	-	124,022,295	123,644,875	(3,982,359)	119,662,516
	Total comprehensive income for the year		-	-	-	-	953,700,174	-	124,022,295	-	124,022,295	1,077,722,469	31,070,553	1,108,793,022
	Balance at 31 December 2020		477,000,000	140,000,000	-	50,000,000	-	3,834,693,981	-	(801,733,792)	(15,250,061)	(816,983,853)	3,684,710,128	97,662,611

3,782,372,739

The accompanying notes are an integral part of the financial statements.



**M.C.S. Steel Public Company Limited and its subsidiaries**

**Statement of changes in equity**

Consolidated financial statements											
Note	Retained earnings				Other components of equity						
	Issued and paid-up share capital	Shares premium	Legal reserve	Unappropriated	Exchange differences on translating financial statements	Difference from		Total other components of equity	Equity attributable to owners of the parent	Non- controlling interests	Total equity
						change in shareholding proportion in subsidiary	Total				
(in Baht)											
Year ended 31 December 2021											
Balance at 1 January 2021	477,000,000	140,000,000	50,000,000	3,834,693,981	(801,733,792)	(15,250,061)	(816,983,853)	3,684,710,128	97,662,611	3,782,372,739	
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners of the parent											
Dividends 27	-	-	-	(653,474,314)	-	-	-	(653,474,314)	-	(653,474,314)	
Total contributions by and distributions to owners of the parent	-	-	-	(653,474,314)	-	-	-	(653,474,314)	-	(653,474,314)	
Total transactions with owners, recorded directly in equity	-	-	-	(653,474,314)	-	-	-	(653,474,314)	-	(653,474,314)	
Comprehensive income for the year											
Profit	-	-	-	1,415,770,443	-	-	-	1,415,770,443	43,556,132	1,459,326,575	
Other comprehensive income	-	-	-	-	20,298,182	-	20,298,182	20,298,182	15,089,878	35,388,060	
Total comprehensive income for the year	-	-	-	1,415,770,443	20,298,182	-	20,298,182	1,436,068,625	58,646,010	1,494,714,635	
Balance at 31 December 2021	477,000,000	140,000,000	50,000,000	4,596,990,110	(781,435,610)	(15,250,061)	(796,685,671)	4,467,304,439	156,308,621	4,623,613,060	

The accompanying notes are an integral part of the financial statements.

**M.C.S. Steel Public Company Limited and its subsidiaries**

**Statement of changes in equity**

Separate financial statements										
		Retained earnings						Other components of equity		
	Issued and	Share	Share discount	Legal	Treasury			Exchange differences	Total other	
Note	paid-up	Share	on treasury	reserve	share reserve	Unappropriated	Treasury shares	on translating	components	Total
	share capital	premium	shares	reserve	share reserve			financial statements	of equity	equity
(in Baht)										
Year ended 31 December 2020										
Balance at 1 January 2020	500,000,000	140,000,000	(153,609,677)	50,000,000	295,812,458	3,443,330,127	(295,812,458)	(963,614,736)	(963,614,736)	3,016,105,714
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Reduction of treasury shares	21	(23,000,000)	-	153,609,677	-	(295,812,458)	(130,609,677)	295,812,458	-	-
Dividends	27	-	-	-	-	(381,588,520)	-	-	-	(381,588,520)
Total contributions by and distributions to owners		(23,000,000)	-	153,609,677	-	(295,812,458)	(512,198,197)	295,812,458	-	(381,588,520)
Total transactions with owners, recorded directly in equity		(23,000,000)	-	153,609,677	-	(295,812,458)	(512,198,197)	295,812,458	-	(381,588,520)
Comprehensive income for the year										
Profit	-	-	-	-	-	847,723,846	-	-	-	847,723,846
Other comprehensive income (expense)	-	-	-	-	-	(377,420)	-	154,731,840	154,731,840	154,354,420
Total comprehensive income for the year	-	-	-	-	-	847,346,426	-	154,731,840	154,731,840	1,002,078,266
Balance at 31 December 2020	477,000,000	140,000,000	-	50,000,000	-	3,778,478,356	-	(808,882,896)	(808,882,896)	3,636,595,460

The accompanying notes are an integral part of the financial statements.

# M.C.S. Steel Public Company Limited and its subsidiaries

## Statement of changes in equity

		Separate financial statements						
		Retained earnings			Other components of equity			
		Issued and	Share	Legal	Unappropriated	Exchange differences	Total other	Total
		paid-up	premium	reserve		on translating	components	
Note	share capital					financial statements	of equity	equity
(in Baht)								
<b>Year ended 31 December 2021</b>								
<b>Balance at 1 January 2021</b>	<b>477,000,000</b>	<b>140,000,000</b>	<b>50,000,000</b>	<b>3,778,478,356</b>	<b>(808,882,896)</b>	<b>(808,882,896)</b>	<b>3,636,595,460</b>	
<b>Transactions with owners, recorded directly in equity</b>								
<i>Contributions by and distributions to owners</i>								
Dividends	27	-	-	-	(653,474,314)	-	-	(653,474,314)
<b>Total contributions by and distributions to owners</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(653,474,314)</b>	<b>-</b>	<b>-</b>	<b>(653,474,314)</b>
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(653,474,314)</b>	<b>-</b>	<b>-</b>	<b>(653,474,314)</b>
<b>Comprehensive income for the year</b>								
Profit		-	-	-	1,202,523,188	-	-	1,202,523,188
Other comprehensive income		-	-	-	-	13,315,670	13,315,670	13,315,670
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,202,523,188</b>	<b>13,315,670</b>	<b>13,315,670</b>	<b>1,215,838,858</b>
<b>Balance at 31 December 2021</b>		<b>477,000,000</b>	<b>140,000,000</b>	<b>50,000,000</b>	<b>4,327,527,230</b>	<b>(795,567,226)</b>	<b>(795,567,226)</b>	<b>4,198,960,004</b>

The accompanying notes are an integral part of the financial statements.

# M.C.S. Steel Public Company Limited and its subsidiaries

## Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2021	2020	2021	2020
		(in Baht)			
<b>Cash flows from operating activities</b>					
Profit for the year		1,459,326,575	989,130,506	1,202,523,188	847,723,846
<i>Adjustments to reconcile profit to cash receipts (payments)</i>					
Tax expense		163,439,952	107,449,194	109,958,140	78,546,672
Finance costs		17,017,075	26,011,095	17,355,852	27,146,663
Depreciation and amortisation	24	137,395,468	131,621,487	95,731,149	90,722,903
Amortisation of contract cost assets		109,974,833	56,466,070	109,974,833	56,466,070
Provision for employee benefits	18	2,746,808	2,435,047	2,746,808	2,435,047
Unrealised (gain) loss on exchange rate		(3,297,935)	400,246	(3,297,935)	400,246
(Reversal of) provision for warranty	19	28,043,198	(22,416,128)	25,532,639	(23,649,845)
Expected credit loss	6	-	7,479,964	18,707,273	7,479,964
Gain on disposal of equipment		(3,184,844)	(291,965)	(11,757,395)	(1,222,926)
Loss on inventories devaluation	7	2,670,264	1,080,085	2,670,264	1,080,085
Interest income		(2,780,754)	(3,172,088)	(7,867,063)	(7,933,503)
		1,911,350,640	1,296,193,513	1,562,277,753	1,079,195,222
<i>Changes in operating assets and liabilities</i>					
Trade and other accounts receivable		(389,857,210)	(513,161,338)	(500,934,213)	(699,686,268)
Inventories		397,700,979	(326,336,781)	575,133,102	(212,051,987)
Contract cost assets		(80,908,903)	(56,371,134)	(80,908,903)	(56,371,134)
Other non-current assets		(142,139)	(1,905,160)	-	-
Trade and other accounts payable		(659,017,707)	112,976,422	(315,855,286)	324,904,144
Exchange rate differences on translating of financial statements		(1,047,289)	28,327,980	11,577,166	68,962,995
Net cash generated from operating		1,178,078,371	539,723,502	1,251,289,619	504,952,972
Provision for employee benefit paid	18	(927,292)	(1,316,725)	(927,292)	(1,316,725)
Provision for warranties paid	19	(22,727,219)	(8,247,078)	(22,727,219)	(8,247,078)
Taxes paid		(187,269,158)	(29,812,546)	(132,213,180)	(29,812,546)
<b>Net cash from operating activities</b>		<b>967,154,702</b>	<b>500,347,153</b>	<b>1,095,421,928</b>	<b>465,576,623</b>

The accompanying notes are an integral part of the financial statements.

# M.C.S. Steel Public Company Limited and its subsidiaries

## Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2021	2020	2021	2020
		(in Baht)			
<b>Cash flows from investing activities</b>					
(Increase) decrease in loans to employees		4,993,772	(4,667,269)	4,993,772	(4,667,269)
Proceeds from capital reduction in a subsidiary		-	-	69,207,280	-
Acquisition of property, plant and equipment		(146,849,788)	(178,221,769)	(109,112,492)	(154,088,790)
Proceeds from disposal of property, plant and equipment		4,850,012	1,081,005	12,802,712	1,795,641
Acquisition of other intangible assets		(10,200,673)	(2,381,454)	(1,660,843)	(2,289,653)
Interest received		2,765,494	2,945,031	9,433,211	10,866,696
<b>Net cash used in investing activities</b>		<b>(144,441,183)</b>	<b>(181,244,456)</b>	<b>(14,336,360)</b>	<b>(148,383,375)</b>
<b>Cash flows from financing activities</b>					
Repayment of short-term loans from financial institutions		-	(200,000,000)	-	(200,000,000)
Proceeds from short-term loan from financial institutions		39,843,635	200,000,000	-	200,000,000
Proceeds from (Repayment of) short-term loan from related party		-	-	(74,190,600)	80,000,000
Payment of lease liabilities		(2,792,048)	(2,592,572)	(2,613,143)	(2,252,015)
Dividend paid	27	(653,474,314)	(381,588,520)	(653,474,314)	(381,588,520)
Interest paid		(17,012,050)	(25,607,807)	(16,426,936)	(26,743,376)
<b>Net cash used in financing activities</b>		<b>(633,434,777)</b>	<b>(409,788,899)</b>	<b>(746,704,993)</b>	<b>(330,583,911)</b>
Net increase (decrease) in cash and cash equivalents,					
before effect of exchange rate changes		189,278,742	(90,686,202)	334,380,575	(13,390,663)
Effect of exchange rate changes on cash and cash equivalents		(1,192,743)	(4,346,980)	(1,192,743)	(4,346,980)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>188,085,999</b>	<b>(95,033,182)</b>	<b>333,187,832</b>	<b>(17,737,643)</b>
Cash and cash equivalents at 1 January		378,288,892	473,322,074	175,816,437	193,554,080
<b>Cash and cash equivalents at 31 December</b>	5	<b>566,374,891</b>	<b>378,288,892</b>	<b>509,004,269</b>	<b>175,816,437</b>
<b>Non-cash transactions</b>					
Purchase of fixed assets under lease		5,219,852	-	5,219,852	-

The accompanying notes are an integral part of the financial statements.

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**



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**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**



These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 28 February 2022.

## **1 General information**

M.C.S. Steel Public Company Limited, (the “Company”), is incorporated in Thailand since 1992 and registered in the Stock Exchange of Thailand since February 2005 with its registered office at 70 Moo 2, Changyai, Bangsai, Ayutthaya. As at 31 December 2021, the Company’s major shareholders are Thai NVDR Co., Ltd. (11.14% shareholding), registered in Thailand, and Mr. Surachai Ratitong (6.77% shareholding), Thai nationality.

The principal activities of the Company and its subsidiaries (“the Group”) are production and distribution of structural steel products for building construction, and residential development project for sale. Details of the Company’s associate and subsidiaries as at 31 December 2021 are described in notes 9 and 10.

## **2 Basis of preparation of the financial statements**

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

### **(a) Functional and presentation currency**

Item included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). These financial statements are presented in Thai Baht which is different from the functional currency of the Company, which is Japanese Yen. The presentation currency in Thai Baht is in accordance with the regulatory requirements in Thailand. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. Condensed financial statements presented in Japanese Yen, which is the Company’s functional currency, are disclosed in note 32.

### **(b) Use of judgements and estimates**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

## **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### **(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**



At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree. In addition, when there is a change in the Group's interest in a subsidiary that do not result in a loss of control, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received from the acquisition or disposal of the non-controlling interests with no change in control are accounted for as other surpluses/deficits in shareholders' equity.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

The Group recognised investments in associates using the equity method in the consolidated financial statements. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's dividend income and share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated on consolidation. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

*Business combinations*

The Group applies the acquisition method when the Group assess that the acquired set of activities and assets include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The acquisition date is the date on which control is transferred to the Group, other than business combinations with entities under common control. Expenses in connection with a business combination are recognised as incurred.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less net fair value of the identifiable assets acquired and liabilities assumed. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, any contingent consideration and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

**(b) Investments in subsidiaries and associates**

Investments in subsidiaries and associates in the separate financial statements are measured at cost less allowance for impairment losses. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established. If the Company disposes of part of its investment, the deemed cost of the part sold is determined using the weighted average method. Gains and losses on disposal of the investments are recognised in profit or loss.

**(c) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies including non-monetary assets and liabilities denominated in foreign currencies are translated to the respective functional currencies of each entity in the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the reporting date. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated at the exchange rates at the dates that fair value was determined.

Foreign currency difference are generally recognised in profit or loss.



*Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to functional currency at the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated to functional currency at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve until disposal of the investment, except to the extent that the translation difference is allocated to non-controlling interests.

**(d) Financial instruments**

*(d.1) Classification and measurement*

Financial assets and financial liabilities (except trade accounts receivables (see note 3(f))) are initially recognised when the Group becomes a party to the contractual provisions of the instrument, and measured at fair value, taking into account for transaction costs that are directly attributable to its acquisition, except for financial assets and financial liabilities measured at FVTPL, which are initially and subsequently measured at fair value, and any transaction costs that are directly attributable to its acquisition are recognised in profit or loss.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

On initial recognition, financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognised in profit or loss.

Financial assets measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss and any gain or loss on derecognition are recognised in profit or loss.

*(d.2) Derecognition and offset*

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount extinguished and the consideration received or paid is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and the Group intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

*(d.3) Impairment of financial assets other than trade accounts receivables*

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI.

The Group recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

The Group considers a financial asset to have low credit risk when its credit rating is equivalent to the globally understood definition of 'investment grade'. The Group recognises ECLs for low credit risk financial asset as 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 270 days past due, significant deterioration in credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

*(d.4) Write offs*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

**(e) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments which has a maturity of three months or less from the date of acquisition.

**(f) Trade and other accounts receivable**

A receivable is recognised when the Group has an unconditional right to receive consideration. A receivable is measured at transaction price less allowance for expected credit loss. Bad debts are written off when incurred.

The Group estimates lifetime expected credit losses (ECLs), using a provision matrix to find ECLs rate. This method groups the debtors based on shared credit risk characteristics and past due status, taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date.

**(g) Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost of inventories are calculated by the following methods:

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Work in process	By actual cost specific to weight of the work piece
Raw materials, spare parts and factory supplies	By the first-in, first-out method

Cost includes direct costs incurred in acquiring the inventories. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

**(h) Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes capitalised borrowing costs, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Differences between the proceeds from disposal and the carrying amount of property, plant and equipment are recognised in profit or loss.

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

*Depreciation*

Depreciation is calculated on a straight-line basis over the estimated useful lives of each component of an asset and recognised in profit or loss. No depreciation is provided on freehold land and assets under construction and installation.

The estimated useful lives are as follows:

Buildings	20 years
Machinery and factory equipment	5 - 20 years
Furniture, fixtures and office equipment	3 - 5 years
Vehicles	5 years

**(i) Intangible assets**

*Goodwill*

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment.

*Other intangible assets*

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it will generate the future economic benefits. Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognised in profit or loss. The estimated useful lives are as follows:

Software licences	5 - 10 years
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No amortisation is provided on software under installation.

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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(j) Leases**

At inception of a contract, the Group assesses that a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any prepaid lease payments, plus any initial direct costs incurred. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Group uses the Group's incremental borrowing rate to discount the lease payments to the present value. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a lease modification. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**(k) Impairment of non-financial assets**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses of assets recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(l) Employee benefits**

*Defined contribution plan*

Obligations for contributions to provident funds are expensed as the related service is provided.

#### *Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligations is discounted to the present value, which performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **(m) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

#### *Warranties*

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

### **(n) Fair value measurement**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3:* inputs for the asset or liability that are based on unobservable input.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and asset positions at a bid price and liabilities and liability positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price, the financial instrument is initially measured at fair value adjusted for the difference between the fair value on initial recognition and the transaction price and the difference is recognised in profit or loss immediately. However, for the fair value categorised as level 3, such difference is deferred and will be recognised in profit or loss on an appropriate basis over the life of the instrument or until the fair value level is transferred or the transaction is closed out.

**(o) Share capital**

*Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

*Treasury shares*

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is classified as treasury shares and recognised as a deduction from equity. An equal amount is appropriated from retained earnings and taken to a reserve for treasury shares within equity. When treasury shares are sold, the amount received is recognised as an increase in equity by crediting the cost of the treasury shares sold, calculated using the weighted average method, to the treasury shares account and transferring the equivalent amount back from reserve for treasury shares to retained earnings. Surpluses on the sale of treasury shares are taken directly to a separate category within equity, 'Share premium on treasury shares'. Net deficits on sale or cancellation of treasury shares are debited to retained earnings after setting off against any remaining balance of surplus on treasury shares.

**(p) Revenue**

**(1) Revenue recognition**

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax or other sales taxes and is after deduction of any trade discounts and volume rebates.

Revenue from sales of goods is recognised on the date on which the goods are delivered to the customers.

Revenue for rendering of services is recognised over time based on stage of completion. The stage of completion is assessed based on cost-to-cost method. The related costs are recognised in profit or loss when they are incurred.

For bundled packages, the Group recognises revenue from sales of products and rendering of services separately if a product or service is separately identifiable from other items and a customer can benefit from it or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices.

**(2) Contract balances**

Contract assets are recognised when the Group has recognised revenue before it has an unconditional right to receive consideration. The contract assets are measured at the amount of consideration that the Group is entitled

to, less allowance for expected credit loss. The contract assets are classified as trade receivables when the Group has an unconditional right to receive consideration.

Contract liabilities are the obligation to transfer goods or services to the customer. The contract liabilities are recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

A refund liability is the obligation to refund some or all of the consideration received from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The refund liability is reassessed at each reporting date and make a corresponding change to the amount of revenue recognised.

**(3) Contract cost assets**

Contract cost assets are the incremental costs to obtain a contract with a customer. The Group expects to recover these costs.

Contract cost assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on systematic basis over the term of the contract it relates to, consistent with the related revenue recognition.

**(q) Income tax**

Income tax expense for the year comprises current and deferred tax, which is recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is recognised in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset in the separate financial statements.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(r) Earnings per share**

EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

**4 Related parties**

A related party is a person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.



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Relationships with subsidiaries, associates are described in notes 9 and 10. Other related parties that the Group had significant transactions with during the year were as follows:

<b>Persons</b>	<b>Nationality</b>	<b>Nature of relationships</b>
Key management personnel	Multi-nationalities	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

<b>Transactions</b>	<b>Pricing policies</b>
Interest income	Contractually agreed price
Cost of service	Contractually agreed price
Technical assistance expense	Contractually agreed price
Interest expense	Contractually agreed price
Sales assets	Contractually agreed price

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Interest income	-	-	6,376	6,432
Cost of service	-	-	1,461,201	868,732
Technical assistance expense	-	-	18,129	16,892
Interest expense	-	-	929	1,315
Sales assets	-	-	8,496	1,196
<b>Key management personnel</b>				
Sales assets	4,300	-	4,300	-
Key management personnel compensation				
Short-term benefits	73,542	69,799	65,195	61,903
Post-employment benefits	211	934	211	934
Total key management personnel compensation	<u>73,753</u>	<u>70,733</u>	<u>65,406</u>	<u>62,837</u>

Balances as at 31 December with related parties were as follows:

<i>Trade and other accounts receivable</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	629,771	390,563
Less allowance for expected credit loss	-	-	(18,707)	-
<b>Net</b>	<u>-</u>	<u>-</u>	<u>611,064</u>	<u>390,563</u>



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	Interest rate		31 December 2020	Separate financial statements			31 December 2021
	31 December 2020	31 December 2021		Increase	Decrease	Translation adjustment	
<i>Loans to</i>	(% per annum)			(in thousand Baht)			
A subsidiary	1.83	1.83	454,698	-	-	56	454,754
Less allowance for expected credit loss			(24,499)	-	-	(3)	(24,502)
<b>Net</b>			<b>430,199</b>				<b>430,252</b>

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	(in thousand Baht)			
<i>Trade accounts payable</i>				
Subsidiaries	-	-	647,695	271,290
<b>Total</b>	<b>-</b>	<b>-</b>	<b>647,695</b>	<b>271,290</b>
<i>Other accounts payable</i>				
Subsidiaries	-	-	43,151	22,196
<b>Total</b>	<b>-</b>	<b>-</b>	<b>43,151</b>	<b>22,196</b>

	Interest rate		31 December 2020	Separate financial statements			31 December 2021
	31 December 2020	31 December 2021		Increase	Decrease		
<i>Loans from</i>	(% per annum)			(in thousand Baht)			
A subsidiary	2.00	2.00	80,000	-	(74,191)		5,809
<b>Total</b>			<b>80,000</b>				<b>5,809</b>

**Significant agreements with related parties**

*Service agreement*

The Company entered into a fabrication steel service agreement with M.C.S. Steel (Xiamen) Co., Ltd. to conduct the fabrication work according to design drawing and to delivery according to the project schedule. Under the agreement, the Company has to prepay for material to M.C.S. Steel (Xiamen) Co., Ltd. to provide procurement main steel materials used in the project as requirement identifying in agreement.

*Technical service agreement*

The Company entered into a technical service agreement with M.C.S. - JAPAN Co., Ltd. to obtain technical and proficiency skills for improving efficiency of the fabrication work. The Company is committed to pay service charges at amounts specified in the agreements. The agreement is for the periods within one year, which are automatically renewable unless either party notified for termination.

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**5 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Cash on hand	1,187	792	665	665
Cash at banks	564,543	376,853	507,694	174,507
Highly liquid short-term investments	645	644	645	644
<b>Cash and cash equivalents in the statement of financial position and statement of cash flows</b>	<b>566,375</b>	<b>378,289</b>	<b>509,004</b>	<b>175,816</b>

**6 Trade and other accounts receivable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
<b>Trade accounts receivable</b>	<i>Note</i>				
<b>Other parties</b>					
Within credit terms		833,848	718,207	754,736	718,207
Overdue:					
Less than 3 months		267,664	225,355	267,664	212,734
3 - 6 months		-	2,077	-	405
6 - 12 months		1,382	-	1,382	-
More than 12 months		109,475	95,724	-	687
<b>Total</b>		<b>1,212,369</b>	<b>1,041,363</b>	<b>1,023,782</b>	<b>932,033</b>
Less allowance for expected credit loss		(109,475)	(95,037)	-	-
<b>Net</b>		<b>1,102,894</b>	<b>946,326</b>	<b>1,023,782</b>	<b>932,033</b>
<b>Other accounts receivable</b>					
<b>Related parties</b>	<i>4</i>				
Product and service advance payment		-	-	616,770	390,563
Others		-	-	13,001	-
Less allowance for expected credit loss		-	-	(18,707)	-
		-	-	611,064	390,563
<b>Other parties</b>					
Retention receivables		549,501	399,366	549,501	399,366
Contract assets	<i>23</i>	7,480	26,021	7,480	26,021
Product and service advance payment		52,540	23,814	6,328	8,200
Revenue department receivables		73,087	9,357	36,296	9,357
Others		61,617	38,972	41,360	21,945
		744,225	497,530	640,965	464,889
Less allowance for expected credit loss		(58,469)	(52,743)	(7,480)	(7,480)
<b>Net</b>		<b>685,756</b>	<b>444,787</b>	<b>633,485</b>	<b>457,409</b>
<b>Total</b>		<b>685,756</b>	<b>444,787</b>	<b>1,244,549</b>	<b>847,972</b>
<b>Net - trade and other accounts receivable</b>		<b>1,788,650</b>	<b>1,391,113</b>	<b>2,268,331</b>	<b>1,780,005</b>

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**7 Inventories**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Work in progress	750,625	945,105	532,692	833,073
Raw materials	945,473	1,153,640	792,124	1,042,834
Spare parts and factory supplies	210,513	107,948	170,178	96,601
Goods in transit	95,689	193,370	95,689	193,370
<b>Total</b>	<b>2,002,300</b>	<b>2,400,063</b>	<b>1,590,683</b>	<b>2,165,878</b>
Less allowance for decline in value of inventories	(11,375)	(8,767)	(11,375)	(8,767)
<b>Net</b>	<b>1,990,925</b>	<b>2,391,296</b>	<b>1,579,308</b>	<b>2,157,111</b>
Inventories recognised in 'cost of sales of goods':				
- Cost	3,965,704	2,647,953	4,321,107	2,793,680
- Write-down	2,670	1,080	2,670	1,080
<b>Net</b>	<b>3,968,374</b>	<b>2,649,033</b>	<b>4,323,777</b>	<b>2,794,760</b>

As at 31 December 2021, the Company's certain portion of raw materials are pledged as collateral for credit facilities with a local financial institution as disclosed in note 17.

**8 Loans to employees**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(In thousand Baht)</i>			
At 1 January	85,922	81,255	85,922	81,255
Increase	-	10,217	-	10,217
Decrease	(4,994)	(5,550)	(4,994)	(5,550)
<b>At 31 December</b>	<b>80,928</b>	<b>85,922</b>	<b>80,928</b>	<b>85,922</b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(In thousand Baht)</i>			
Current	7,831	7,153	7,831	7,153
Non-current	73,097	78,769	73,097	78,769
<b>At 31 December</b>	<b>80,928</b>	<b>85,922</b>	<b>80,928</b>	<b>85,922</b>

According to the Board of Directors Meeting No. 3/2018 dated 24 March 2018, it had resolution to approve the Company to provide loans to employees as welfare and support employees to have accommodation at low cost by calculating interest at 2% per annum. The period of payment is not over 20 years.

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**9 Investments in an associate**

Type of business	Country of operation	Ownership interest	2021	2020	Consolidated financial statements		Separate financial statements						Fair value of listed securities			
					At equity method		Cost		Impairment		At cost - net		2021		2020	
					2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
					(in thousand Baht)											
Associates																
T.K.C. Co., Ltd.	Design	Japan	-	25	-	-	-	861	-	(861)	-	-	-	-		
					-	-	-	861	-	(861)	-	-	-	-		

The associate is not publicly listed and consequently does not have published share price quotation.

At the Board of Directors Meeting held on 8 May 2021, the Board of Directors approved to write off the investment in T.K.C. Co., Ltd. which was dissolution and liquidation.

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**10 Investments in subsidiaries**

Separate financial statements														
	Type of business	Country	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the year	
			2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
			(%)								(in thousand Baht)			
<i>Direct subsidiaries</i>														
Tanaka Welding Center Co., Ltd.	Welder training and Real estate	Thailand	99.92	99.92	Baht 24.75 million	Baht 99 million	23,054	92,251	-	-	23,054	92,251	-	-
M.C.S. - JAPAN Co., Ltd.	Design and production of structural steel product	Japan	98.00	98.00	Yen 50 million	Yen 50 million	14,059	14,057	-	-	14,059	14,057	-	-
M.C.S. Steel (Xiamen) Co., Ltd.	Production and distribution of structural steel product	China	74.00	74.00	Yuan 64 million	Yuan 64 million	181,565	181,543	(14,616)	(14,615)	166,949	166,928	-	-
<b>Total</b>							<b>218,678</b>	<b>287,851</b>	<b>(14,616)</b>	<b>(14,615)</b>	<b>204,062</b>	<b>273,236</b>	<b>-</b>	<b>-</b>

At the Extraordinary General Meeting of shareholders of a subsidiary, Tanaka Welding Center Co., Ltd., held on 10 June 2021, the shareholders of the subsidiary approved to decrease the registered share capital of the subsidiary in amount of Baht 74.25 million from amount of Baht 99.00 million (99,000 ordinary shares, at par value of Baht 100 per share) to Baht 24.75 million (99,000 ordinary shares, at par value of Baht 25 per share). The subsidiary registered the decrease of share capital with the Ministry of Commerce on 20 July 2021.

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**11 Non-controlling interests**

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	M.C.S. Steel (Xiamen) Co., Ltd.	
	2021	2020
	<i>(in thousand Baht)</i>	
Non-controlling interest percentage	26.00	26.00
Current assets	465,362	297,327
Non-current assets	317,037	308,872
Current liabilities	(202,557)	(248,304)
Non-current liabilities	(38,520)	(41,126)
<b>Net assets</b>	<b>541,332</b>	<b>316,769</b>
Carrying amount of non-controlling interest	156,309	97,663
Revenue	926,307	727,669
Profit	167,524	134,819
Other comprehensive income	58,038	(15,317)
<b>Total comprehensive income</b>	<b>225,562</b>	<b>119,502</b>
Profit allocated to non-controlling interest	43,556	35,053
Other comprehensive income allocated to non-controlling interest	15,090	(3,982)
<b>Total</b>	<b>58,646</b>	<b>31,071</b>
Cash flows from operating activities	(143,203)	(27,073)
Cash flows from investing activities	(13,236)	(11,518)
Cash flows from financing activities	36,713	-
Effect of exchange rate changes on cash and cash equivalents	7,774	(4,964)
<b>Net decrease in cash and cash equivalents</b>	<b>(111,952)</b>	<b>(43,555)</b>

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**12 Property, plant and equipment**

	<b>Consolidated financial statements</b>						
	Land and land improvement	Buildings	Machinery and factory equipment	Furniture, fixtures and office equipment (In thousand Baht)	Vehicles	Assets under construction and installation	Total
<b>Cost</b>							
At 1 January 2020	351,629	909,984	975,324	136,419	45,397	87,735	2,506,488
Additions	-	1,743	30,009	7,256	-	139,214	178,222
Transfers	-	15,863	4,032	75	-	(19,970)	-
Disposals	-	-	(7,296)	(6,374)	(79)	-	(13,749)
Effect of movements in exchange rates	18,855	52,036	53,762	8,212	3,181	4,705	140,751
<b>At 31 December 2020 and 1 January 2021</b>	<b>370,484</b>	<b>979,626</b>	<b>1,055,831</b>	<b>145,588</b>	<b>48,499</b>	<b>211,684</b>	<b>2,811,712</b>
Additions	-	2,951	39,190	7,220	8,630	88,858	146,849
Transfers	-	38,361	199,543	6,575	-	(244,479)	-
Disposals	(1,021)	-	(1,432)	(4,535)	-	-	(6,988)
Effect of movements in exchange rates	44	33,886	16,970	9,648	781	26	61,355
<b>At 31 December 2021</b>	<b>369,507</b>	<b>1,054,824</b>	<b>1,310,102</b>	<b>164,496</b>	<b>57,910</b>	<b>56,089</b>	<b>3,012,928</b>

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	<b>Consolidated financial statements</b>						
	Land and land improvement	Buildings	Machinery and factory equipment	Furniture, fixtures and office equipment (In thousand Baht)	Vehicles	Assets under construction and installation	Total
<b><i>Depreciation and impairment losses</i></b>							
At 1 January 2020	3,076	449,836	621,428	112,144	31,430	-	1,217,914
Depreciation charge for the year	-	48,664	57,058	9,364	8,465	-	123,551
Disposals	-	-	(7,036)	(5,846)	(79)	-	(12,961)
Effect of movements in exchange rates	165	25,033	33,400	6,646	1,531	-	66,775
<b>At 31 December 2020 and 1 January 2021</b>	<b>3,241</b>	<b>523,533</b>	<b>704,850</b>	<b>122,308</b>	<b>41,347</b>	<b>-</b>	<b>1,395,279</b>
Depreciation charge for the year	-	50,050	64,133	9,866	4,164	-	128,213
Disposals	-	-	(1,289)	(4,034)	-	-	(5,323)
Effect of movements in exchange rates	-	17,287	11,609	8,386	166	-	37,448
<b>At 31 December 2021</b>	<b>3,241</b>	<b>590,870</b>	<b>779,303</b>	<b>136,526</b>	<b>45,677</b>	<b>-</b>	<b>1,555,617</b>
<b><i>Net book value</i></b>							
At 31 December 2020	367,243	456,093	350,981	23,280	7,152	211,684	1,416,433
At 31 December 2021	366,266	463,954	530,799	27,970	12,233	56,089	1,457,311



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	Separate financial statements						
	Land and land improvement	Buildings	Machinery and factory equipment	Furniture, fixtures and office equipment (In thousand Baht)	Vehicles	Assets under construction and installation	Total
<b>Cost</b>							
At 1 January 2020	126,461	582,848	829,316	65,664	36,176	87,699	1,728,164
Additions	-	721	9,391	4,762	-	139,214	154,088
Transfers	-	15,825	4,032	75	-	(19,932)	-
Disposals	-	-	(5,554)	(6,334)	(24)	-	(11,912)
Effect of movements in exchange rates	6,781	31,254	44,470	3,521	1,948	4,703	92,677
<b>At 31 December 2020 and 1 January 2021</b>	<b>133,242</b>	<b>630,648</b>	<b>881,655</b>	<b>67,688</b>	<b>38,100</b>	<b>211,684</b>	<b>1,963,017</b>
Additions	-	1,974	7,320	5,374	8,259	86,185	109,112
Transfers	-	38,323	198,225	6,575	-	(243,123)	-
Disposals	(1,021)	-	(15,639)	(129)	-	-	(16,789)
Effect of movements in exchange rates	15	77	108	9	5	26	240
<b>At 31 December 2021</b>	<b>132,236</b>	<b>671,022</b>	<b>1,071,669</b>	<b>79,517</b>	<b>46,364</b>	<b>54,772</b>	<b>2,055,580</b>

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	<b>Separate financial statements</b>						
	Land and land improvement	Buildings	Machinery and factory equipment	Furniture, fixtures and office equipment (In thousand Baht)	Vehicles	Assets under construction and installation	Total
<b><i>Depreciation and impairment losses</i></b>							
At 1 January 2020	3,076	338,439	522,653	53,006	26,566	-	943,740
Depreciation charge for the year	-	24,427	48,280	6,976	7,620	-	87,303
Disposals	-	-	(5,509)	(5,807)	(24)	-	(11,340)
Effect of movements in exchange rates	164	17,615	26,954	2,691	1,258	-	48,682
<b>At 31 December 2020 and 1 January 2021</b>	<b>3,240</b>	<b>380,481</b>	<b>592,378</b>	<b>56,866</b>	<b>35,420</b>	<b>-</b>	<b>1,068,385</b>
Depreciation charge for the year	-	24,843	56,378	7,416	3,320	-	91,957
Disposals	-	-	(15,639)	(105)	-	-	(15,744)
Effect of movements in exchange rates	-	(355)	(1,002)	(119)	(39)	-	(1,515)
<b>At 31 December 2021</b>	<b>3,240</b>	<b>404,969</b>	<b>632,115</b>	<b>64,058</b>	<b>38,701</b>	<b>-</b>	<b>1,143,083</b>
<b><i>Net book value</i></b>							
<b>At 31 December 2020</b>	<b>130,002</b>	<b>250,167</b>	<b>289,277</b>	<b>10,822</b>	<b>2,680</b>	<b>211,684</b>	<b>894,632</b>
<b>At 31 December 2021</b>	<b>128,996</b>	<b>266,053</b>	<b>439,554</b>	<b>15,459</b>	<b>7,663</b>	<b>54,772</b>	<b>912,497</b>

The gross amount of the Group and the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2021 amounted to Baht 895.11 million and Baht 710.87 million, respectively.

As at 31 December 2021 and 2020, the Company's land and building with a net book value of Baht 162.79 million and Baht 196.72 million, respectively are pledged as collateral for bank credit facilities and as at 31 December 2021 and 2020, the Company committed not to sell, transfer or make any restriction to the machinery for the such credit facilities with a local financial institution.

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
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**13 Leases**

<i>Right-of-use assets</i> <i>At 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Buildings	140,401	126,633	-	-
Equipment	4,426	3,664	4,426	3,664
Vehicles	3,707	1,913	3,707	1,913
<b>Total</b>	<b>148,534</b>	<b>132,210</b>	<b>8,133</b>	<b>5,577</b>

In 2021, additions to the right-of-use assets of the Group and the Company were Baht 5.22 million and Baht 5.22 million, respectively (2020: Baht 1.58 million and Baht 1.58 million, respectively).

In 2021 and 2020, the Group leased a office equipment for 4 - 5 years and paid fixed lease payment. These payment terms are common in Thailand.

<i>Year ended 31 December</i> <i>Amounts recognised in profit or loss</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Depreciation of right-of-use assets:				
- Buildings	3,845	3,525	-	-
- Equipment	1,892	1,789	1,892	1,789
- Vehicles	822	589	822	589
Interest on lease liabilities	150	138	150	138
Expenses relating to short-term leases - office equipment	59	13	59	13

In 2021, total cash outflow for leases of the Group and the Company were Baht 2.79 million and Baht 2.61 million, respectively (2020: Baht 2.59 million and Baht 2.25 million, respectively).

**14 Goodwill**

	<b>Consolidated financial statements</b>	
	2021	2020
	<i>(in thousand Baht)</i>	
<b>Cost</b>		
At 1 January	21,379	20,291
Effect of movements in exchange rates	2	1,088
<b>At 31 December</b>	<b>21,381</b>	<b>21,379</b>
<b>Net book value</b>		
<b>At 31 December</b>	<b>21,381</b>	<b>21,379</b>

*Impairment testing for CGUs containing goodwill*

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows.

	<b>Consolidated financial statements</b>	
	2021	2020
	<i>(in thousand Baht)</i>	
M.C.S. Steel (Xiamen) Co., Ltd.	13,925	13,923
M.C.S. - JAPAN Co., Ltd.	7,456	7,456
<b>Total</b>	<b>21,381</b>	<b>21,379</b>

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*M.C.S. Steel (Xiamen) Co., Ltd. and M.C.S. - JAPAN Co., Ltd.*

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
			(%)	
Discount rate	8.83 - 12.06	4.78 - 11.57	8.83 - 12.06	4.78 - 11.57
Terminal value growth rate	0.00 - 1.00	0.00 - 1.50	0.00 - 1.00	0.00 - 1.50
Budgeted EBITDA growth rate (average of next five years)	0.52 - 3.01	1.00 - 18.25	0.52 - 3.01	1.00 - 18.25

**15 Other intangible assets**

	<b>Consolidated financial statements</b>		
	Software licences	Software under installation	Total
	<i>(In thousand Baht)</i>		
<b>Cost</b>			
At 1 January 2020	22,087	-	22,087
Additions	1,134	1,247	2,381
Effect of movements in exchange rates	1,184	-	1,184
<b>At 31 December 2020 and 1 January 2021</b>	<b>24,405</b>	<b>1,247</b>	<b>25,652</b>
Additions	9,050	1,151	10,201
Transfers	1,260	(1,260)	-
Effect of movements in exchange rates	2	-	2
<b>At 31 December 2021</b>	<b>34,717</b>	<b>1,138</b>	<b>35,855</b>
<b>Amortisation</b>			
At 1 January 2020	11,994	-	11,994
Amortisation for the year	2,166	-	2,166
Effect of movements in exchange rates	595	-	595
<b>At 31 December 2020 and 1 January 2021</b>	<b>14,755</b>	<b>-</b>	<b>14,755</b>
Amortisation for the year	2,623	-	2,623
Effect of movements in exchange rates	(33)	-	(33)
<b>At 31 December 2021</b>	<b>17,345</b>	<b>-</b>	<b>17,345</b>
<b>Net book value</b>			
<b>At 31 December 2020</b>	<b>9,650</b>	<b>1,247</b>	<b>10,897</b>
<b>At 31 December 2021</b>	<b>17,372</b>	<b>1,138</b>	<b>18,510</b>

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<b>Separate financial statements</b>			
	Software licences	Software under installation <i>(In thousand Baht)</i>	Total
<b>Cost</b>			
At 1 January 2020	16,008	-	16,008
Additions	1,042	1,247	2,289
Effect of movements in exchange rates	858	-	858
<b>At 31 December 2020 and 1 January 2021</b>	<b>17,908</b>	<b>1,247</b>	<b>19,155</b>
Additions	510	1,151	1,661
Transfers	1,260	(1,260)	-
Effect of movements in exchange rates	2	-	2
<b>At 31 December 2021</b>	<b>19,680</b>	<b>1,138</b>	<b>20,818</b>
<b>Amortisation</b>			
At 1 January 2020	10,076	-	10,076
Amortisation for the year	1,042	-	1,042
Effect of movements in exchange rates	517	-	517
<b>At 31 December 2020 and 1 January 2021</b>	<b>11,635</b>	<b>-</b>	<b>11,635</b>
Amortisation for the year	1,060	-	1,060
Effect of movements in exchange rates	(16)	-	(16)
<b>At 31 December 2021</b>	<b>12,679</b>	<b>-</b>	<b>12,679</b>
<b>Net book value</b>			
<b>At 31 December 2020</b>	<b>6,273</b>	<b>1,247</b>	<b>7,520</b>
<b>At 31 December 2021</b>	<b>7,001</b>	<b>1,138</b>	<b>8,139</b>

**16 Trade and other accounts payable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2021	2020	2021	2020
<i>(in thousand Baht)</i>					
<b>Trade accounts payable</b>					
Related parties	4	-	-	647,695	271,290
Other parties		752,881	1,665,960	620,623	1,536,646
<b>Total</b>		<b>752,881</b>	<b>1,665,960</b>	<b>1,268,318</b>	<b>1,807,936</b>
<b>Other accounts payable</b>					
<b>Related parties</b>	4				
Accrued expenses		-	-	10,905	10,192
Other		-	-	32,246	12,004
		-	-	43,151	22,196
<b>Other parties</b>					
Accrued expenses		434,606	135,212	348,503	123,868
Contract liabilities	23	90,998	113,613	90,998	113,613
Other		82,931	102,469	71,227	66,336
		608,535	351,294	510,728	303,817
<b>Total</b>		<b>608,535</b>	<b>351,294</b>	<b>553,879</b>	<b>326,013</b>
<b>Trade and other accounts payable</b>		<b>1,361,416</b>	<b>2,017,254</b>	<b>1,822,197</b>	<b>2,133,949</b>

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**17 Interest-bearing liabilities**

	<b>Consolidated financial statements</b>					
	Secured	2021 Unsecured	Total (in thousand Baht)	Secured	2020 Unsecured	Total
Short-term loan from financial institutions	39,844	-	39,844	-	-	-
Lease liabilities	4,180	4,539	8,719	3,297	2,684	5,981
<b>Total interest-bearing liabilities</b>	<b>44,024</b>	<b>4,539</b>	<b>48,563</b>	<b>3,297</b>	<b>2,684</b>	<b>5,981</b>

	Note	<b>Separate financial statements</b>					
		Secured	2021 Unsecured	Total (in thousand Baht)	Secured	2020 Unsecured	Total
Short-term loans from related parties	4	-	5,809	5,809	-	80,000	80,000
Lease liabilities		3,832	4,539	8,371	2,950	2,684	5,634
<b>Total interest-bearing liabilities</b>		<b>3,832</b>	<b>10,348</b>	<b>14,180</b>	<b>2,950</b>	<b>82,684</b>	<b>85,634</b>

<b>Assets pledged as security for liabilities as at 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Inventories	621,670	1,030,779	621,670	1,030,779
Property, plant and equipment	162,788	196,724	162,788	196,724
Right-of-use asset	140,401	-	-	-
<b>Total</b>	<b>924,859</b>	<b>1,227,503</b>	<b>784,458</b>	<b>1,227,503</b>

As at 31 December 2021, the Group and the Company had unutilised credit facilities totalling Baht 1,185.86 million and Baht 1,098.90 million, respectively (2020: Baht 299.76 million and Baht 299.76 million, respectively).

**18 Non-current provisions for employee benefit**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>At 31 December</b>				
Defined benefit plan	27,529	25,671	27,529	25,671
<b>Total</b>	<b>27,529</b>	<b>25,671</b>	<b>27,529</b>	<b>25,671</b>

**Defined benefit plan**

The Group and the Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

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***Present value of the defined benefit obligations***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
At 1 January	25,671	23,775	25,671	23,775
<b>Include in profit or loss:</b>				
Current service cost	2,430	1,875	2,430	1,875
Past service cost	-	-	-	-
Interest on obligation	317	560	317	560
<b>Included in other comprehensive income</b>				
Actuarial (gain) loss				
- Demographic assumptions	-	-	-	-
- Financial assumptions	-	2,194	-	2,194
- Experience adjustment	-	(1,767)	-	(1,767)
Effect of movements in exchange rates	38	351	38	351
Benefit paid	(927)	(1,317)	(927)	(1,317)
<b>At 31 December</b>	<b>27,529</b>	<b>25,671</b>	<b>27,529</b>	<b>25,671</b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(%)</i>			
Discount rate	1.30	1.30	1.30	1.30
Future salary growth	5.00	5.00	5.00	5.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2021, the weighted-average duration of the defined benefit obligation was 7.69 years (2020: 7.69 years).

***Sensitivity analysis***

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	<b>Consolidated/ Separate financial statements</b>			
	increase in assumption		decrease in assumption	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Discount rate (0.5% change)	(1,082)	(957)	1,032	1,018
Future salary growth (1% change)	2,368	2,267	(2,240)	(2,040)

**19 Provision for product warranty**

	<b>Consolidated financial statement</b>	<b>Separate financial statement</b>
	<i>(in thousand Baht)</i>	
At 1 January 2020	75,781	74,943
Provisions made	33,476	32,241
Provisions used	(8,247)	(8,247)
Provisions reversed	(55,892)	(55,892)
Effect of movements in exchange rates	3,989	3,989
<b>At 31 December 2020 and 1 January 2021</b>	<b>49,107</b>	<b>47,034</b>
Provisions made	37,950	35,439
Provisions used	(22,727)	(22,727)
Provisions reversed	(9,906)	(9,906)
Effect of movements in exchange rates	(20)	(19)
<b>At 31 December 2021</b>	<b>54,404</b>	<b>49,821</b>

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*Warranties*

The provision for warranty relates mainly to structural steel products. The provision has been estimated based on historical warranty data associated with similar products.

**20 Share capital**

	Par value per share (in Baht)	2021 Number Baht (in thousand shares /in thousand Baht)		2020 Number Baht (in thousand shares /in thousand Baht)	
<i>Authorised</i>					
At 1 January					
- ordinary shares	1	477,000	477,000	500,000	500,000
Reduction of shares	1	<u>-</u>	<u>-</u>	<u>(23,000)</u>	<u>(23,000)</u>
<b>At 31 December</b>					
<b>- ordinary shares</b>	1	<u><b>477,000</b></u>	<u><b>477,000</b></u>	<u><b>477,000</b></u>	<u><b>477,000</b></u>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	477,000	477,000	500,000	500,000
Reduction of shares	1	<u>-</u>	<u>-</u>	<u>(23,000)</u>	<u>(23,000)</u>
<b>At 31 December</b>					
<b>- ordinary shares</b>	1	<u><b>477,000</b></u>	<u><b>477,000</b></u>	<u><b>477,000</b></u>	<u><b>477,000</b></u>

*Share premium*

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

**21 Treasury shares**

	<b>Consolidated financial statements / Separate financial statements</b>			
	Cost of treasury shares			
	The number of treasury shares (Thousand shares)	The value of treasury shares (Thousand Baht)	Average price per share (Baht)	Discount on treasury shares (Thousand Baht)
At 1 January 2020	23,000	295,812	12.86	(153,610)
Reduction of shares	(23,000)	(295,812)	12.86	153,610
<b>At 31 December 2020</b>	<b>-</b>	<b>-</b>		<b>-</b>

At the Board of Directors’ Meeting No.5/2017, held on 12 May 2017, the Board of Directors approved the share repurchase program for financial management purposes in the amount not exceeding Baht 380 million. The number of ordinary shares to be repurchased is 23 million shares (par value of Baht 1 per share), which is not exceeding 10% of the total number of paid-up share capital of the Company. The Company shall repurchase its ordinary shares through the Stock Exchange of Thailand during the period from 1 September 2017 to 30 November 2017.

At the Board of Directors’ Meeting No.7/2020, held on 26 September 2020, the Board of Directors approved to reduce authorised and issued and paid-up share capital of Baht 23 million from Baht 500 million to Baht 477 million by reducing 23 million treasury shares (par value of Baht 1 per share), totaling of Baht 295.81 million. The Company has registered the reduction of share capital with Ministry of Commerce on 9 October 2020.



## **22 Reserves**

Reserves comprise:

### ***Appropriations of profit and/or retained earnings***

#### ***Legal reserve***

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

#### ***Treasury share reserve***

The Notification of the Office of the Securities and Exchange Commission No. Kor.Lor.Tor.Chor.Sor.(Wor.) 2/2005 and the Notification of the Federation of Accounting Professions No.Sor.Sor.Wor.Bor. Chor. 016/2005 have a guideline for the public companies who repurchase their own shares to have the outstanding balance of treasury shares not exceeding the retained earnings and are required to appropriate their retained earnings to the treasury share reserve equal to the amount paid to acquire the shares. The Company has appropriated the retained earnings as reserve for treasury shares buy back in the full amount.

As described in note 21, the Company reduced 23 million treasury shares. Accordingly, the Company recorded the reversal of treasury shares reserve of Baht 295.81 million.

## **23 Segment information and disaggregation of revenue**

### ***(a) Segment information***

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group has three reportable segments on the basis of geographical of the entities, as described below, which are the Group's strategic divisions. The strategic divisions offer different operations separately. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1      Thailand
- Segment 2      China
- Segment 3      Japan

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's CODM. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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	Thailand		China		Japan		Elimination of inter-segment revenues		Total	
<i>For the year ended 31 December</i>	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	<i>(in thousand Baht)</i>									
<b>Information about reportable segments</b>										
External revenues	6,865,039	4,167,580	-	31,752	41,555	52,450	-	-	6,906,594	4,251,782
Inter-segment revenue	-	-	932,355	688,022	456,510	210,045	(1,388,865)	(898,067)	-	-
<b>Total</b>	<b><u>6,865,039</u></b>	<b><u>4,167,580</u></b>	<b><u>932,355</u></b>	<b><u>719,774</u></b>	<b><u>498,065</u></b>	<b><u>262,495</u></b>	<b><u>(1,388,865)</u></b>	<b><u>(898,067)</u></b>	<b><u>6,906,594</u></b>	<b><u>4,251,782</u></b>
<b>Disaggregation of revenue</b>										
<b>Primary geographical markets</b>										
Thailand	62,045	203,517	932,355	688,022	456,510	210,045	(1,388,865)	(898,067)	62,045	203,517
China	-	-	-	31,752	-	-	-	-	-	31,752
Japan	6,802,994	3,964,063	-	-	41,555	52,450	-	-	6,844,549	4,016,513
<b>Total</b>	<b><u>6,865,039</u></b>	<b><u>4,167,580</u></b>	<b><u>932,355</u></b>	<b><u>719,774</u></b>	<b><u>498,065</u></b>	<b><u>262,495</u></b>	<b><u>(1,388,865)</u></b>	<b><u>(898,067)</u></b>	<b><u>6,906,594</u></b>	<b><u>4,251,782</u></b>
<b>Major products/service lines</b>										
Fabrication and sell of structural steel	6,169,194	3,774,864	932,355	719,774	498,065	262,495	(1,388,865)	(898,067)	6,210,749	3,859,066
Fabrication including installation of structural steel	62,045	195,477	-	-	-	-	-	-	62,045	195,477
Real estate	-	8,040	-	-	-	-	-	-	-	8,040
Rendering of services	633,800	189,199	-	-	-	-	-	-	633,800	189,199
<b>Total</b>	<b><u>6,865,039</u></b>	<b><u>4,167,580</u></b>	<b><u>932,355</u></b>	<b><u>719,774</u></b>	<b><u>498,065</u></b>	<b><u>262,495</u></b>	<b><u>(1,388,865)</u></b>	<b><u>(898,067)</u></b>	<b><u>6,906,594</u></b>	<b><u>4,251,782</u></b>
<b>Timing of revenue recognition</b>										
At a point in time	6,169,194	3,782,904	932,355	719,774	498,065	262,495	(1,388,865)	(898,067)	6,210,749	3,867,106
Over time	695,845	384,676	-	-	-	-	-	-	695,845	384,676
<b>Total</b>	<b><u>6,865,039</u></b>	<b><u>4,167,580</u></b>	<b><u>932,355</u></b>	<b><u>719,774</u></b>	<b><u>498,065</u></b>	<b><u>262,495</u></b>	<b><u>(1,388,865)</u></b>	<b><u>(898,067)</u></b>	<b><u>6,906,594</u></b>	<b><u>4,251,782</u></b>
Segment profit (loss) before income tax	<u>1,313,167</u>	<u>927,954</u>	<u>210,271</u>	<u>163,331</u>	<u>34,561</u>	<u>29,371</u>	<u>64,760</u>	<u>(24,091)</u>	<u>1,622,767</u>	<u>1,096,580</u>
Segment assets as at 31 December	<u>6,161,612</u>	<u>6,072,064</u>	<u>782,231</u>	<u>609,521</u>	<u>828,061</u>	<u>589,891</u>	<u>(1,560,799)</u>	<u>(1,278,417)</u>	<u>6,211,109</u>	<u>5,993,066</u>
Segment liabilities as at 31 December	<u>1,943,660</u>	<u>2,342,913</u>	<u>243,311</u>	<u>296,171</u>	<u>839,361</u>	<u>617,071</u>	<u>(1,438,851)</u>	<u>(1,045,467)</u>	<u>1,587,496</u>	<u>2,210,693</u>

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**(b) Major customer**

Revenues from one customer of the Group's segment 1 and 3 represents approximately Baht 4,014.26 million (2020: Baht 1,607.58 million) of the Group's total revenue.

**(c) Promotional privileges**

The Group has been granted promotional certificates by the Office of the Board of Investment for the manufacturing of gasket under fabrication of metal structure products or platform repair. The Group has been granted several privileges including exemption and/or reduction from payment of income tax on the net profit derived from promoted operations with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses for the years ended 31 December 2021 and 2020 are as follow:

<b>Consolidated financial statements</b>						
<b>Year ended 31 December</b>	2021		<b>Total</b>	2020		<b>Total</b>
	Promoted businesses	Non-promoted businesses		Promoted businesses	Non-promoted businesses	
			(in thousand Baht)			
Export sales	3,512,301	3,332,248	6,844,549	1,555,286	2,492,979	4,048,265
Local sales	20,810	41,235	62,045	123,506	80,011	203,517
<b>Total</b>	<b>3,533,111</b>	<b>3,373,483</b>	<b>6,906,594</b>	<b>1,678,792</b>	<b>2,572,990</b>	<b>4,251,782</b>

<b>Separate financial statements</b>						
<b>Year ended 31 December</b>	2021		<b>Total</b>	2020		<b>Total</b>
	Promoted businesses	Non-promoted businesses		Promoted businesses	Non-promoted businesses	
			(in thousand Baht)			
Export sales	3,512,301	3,290,693	6,802,994	1,555,286	2,408,777	3,964,063
Local sales	20,810	41,235	62,045	123,506	71,971	195,477
<b>Total</b>	<b>3,533,111</b>	<b>3,331,928</b>	<b>6,865,039</b>	<b>1,678,792</b>	<b>2,480,748</b>	<b>4,159,540</b>

**(d) Contract Balances**

<b>Contract assets</b>	<b>Note</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2021	2020	2021	2020
		(in thousand Baht)			
Construction contract	6	7,480	26,021	7,480	26,021
Less: allowance for expected credit loss		(7,480)	(7,480)	(7,480)	(7,480)
<b>Net</b>		<b>-</b>	<b>18,541</b>	<b>-</b>	<b>18,541</b>

**Material movement for the year ended 31 December**

Recognised as revenue during the year	62,045	195,477	62,045	195,477
Transfer to receivables	(79,572)	(188,361)	(79,572)	(188,361)
Offset	-	(35,302)	-	(35,302)
Effect of movements in exchange rates	(1,014)	(2,883)	(1,014)	(2,883)

The contract assets primarily relate to the Group's rights to consideration for project installation service agreements which the Group has rendered the services but not yet billed the customers at the reporting date.

<b>Contract liabilities</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	(in thousand Baht)			

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<i>Contract liabilities</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Advances received for services	55,024	113,613	55,024	113,613
Advances received for goods	35,974	-	35,974	-
<b>Total</b>	<b>90,998</b>	<b>113,613</b>	<b>90,998</b>	<b>113,613</b>

Advances received from transportation which the Group have no amount to recognise revenue from services based on stage of completion of work, more than 12 months from the reporting date. (2020: Baht 52.76 million)

The Group's and the Company's contract liabilities at 31 December 2020 amounted of Baht 60.86 million, have been recognised as revenue in 2021.

**(e) Contract cost assets**

At 31 December 2021, the Group have costs to obtain a contract amounted of Baht 131.96 million (2020: Baht 159.11 million).

**24 Expenses by nature**

	<i>Note</i>	<b>Consolidated financial statement</b>		<b>Separate financial statements</b>	
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in progress		209,689	(570,237)	300,381	(493,853)
Raw materials and consumables used		2,555,700	2,482,938	1,860,900	1,876,791
Shipping cost		1,067,589	317,591	862,801	234,676
Personnel expenses		597,318	372,571	504,027	265,402
Subcontract cost		280,928	123,398	1,548,970	979,711
Depreciation and amortisation		137,395	131,621	95,731	90,723
Amortisation of contract cost assets		109,975	56,466	109,975	56,466
Utilities expense		51,455	40,978	43,444	36,087
Repair and maintenance		25,746	20,344	20,395	15,115
Professional and consultation fee		20,862	22,421	10,042	10,367
loss on inventories devaluation	7	2,670	1,080	2,670	1,080
Others		215,805	115,105	199,111	112,881
<b>Total cost of sales of goods and service, contract cost, distribution costs and administrative expenses</b>		<b>5,275,132</b>	<b>3,114,276</b>	<b>5,558,477</b>	<b>3,185,446</b>

**25 Income tax**

<i>Income tax recognised in profit or loss</i>	<b>Consolidated financial statement</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Current tax expense</b>				
Current year	157,913	110,740	101,720	79,198
Under provided in prior years	7,933	-	7,933	-
	<b>165,846</b>	<b>110,740</b>	<b>109,653</b>	<b>79,198</b>
<b>Deferred tax expense</b>				
Movements in temporary differences	(2,406)	(2,880)	293	(361)
Exchange differences	-	(411)	12	(290)
<b>Total income tax expense</b>	<b>163,440</b>	<b>107,449</b>	<b>109,958</b>	<b>78,547</b>

*Income tax*

**Consolidated financial statements**

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	Before tax	2021 Tax (expense) benefit	Net of tax (in thousand Baht)	Before tax	2020 Tax (expense) benefit	Net of tax
<b>Recognised in other comprehensive income</b>						
Defined benefit plan actuarial gains (losses)	-	-	-	(427)	50	(377)
<b>Total</b>	-	-	-	<b>(427)</b>	<b>50</b>	<b>(377)</b>

**Separate financial statements**

	Before tax	2021 Tax (expense) benefit	Net of tax (in thousand Baht)	Before tax	2020 Tax (expense) benefit	Net of tax
<b>Income tax</b>						
<b>Recognised in other comprehensive income</b>						
Defined benefit plan actuarial gains (losses)	-	-	-	(427)	50	(377)
<b>Total</b>	-	-	-	<b>(427)</b>	<b>50</b>	<b>(377)</b>

**Reconciliation of effective tax rate**

	Consolidated financial statement				Separate financial statements			
	Rate (%)	2021 (in thousand Baht)	Rate (%)	2020 (in thousand Baht)	Rate (%)	2021 (in thousand Baht)	Rate (%)	2020 (in thousand Baht)
Profit before income tax expense		1,622,767		1,096,580		1,312,481		926,271
Income tax using the Thai corporation tax rate	20.00	324,553	20.00	219,316	20.00	262,496	20.00	185,254
Expenses not deductible for tax purposes		122		9,807		293		12,200
Expenses allowed increase in determine taxable		(2,418)		(849)		(2,418)		(849)
Income not subject to tax		(137)		(5,014)		-		(5,014)
The exemption of profit of the promoted business (BOI)		(157,497)		(119,409)		(157,497)		(119,409)
Recognition of previously unrecognised tax losses		(2,272)		(17,518)		-		-
Effect of different tax rates in foreign jurisdictions		8,371		6,191		-		-
Under provided in prior years		7,933		-		7,933		-
Others		(15,215)		14,925		(849)		6,365
<b>Total</b>	<b>10.07</b>	<b>163,440</b>	<b>9.77</b>	<b>107,449</b>	<b>8.38</b>	<b>109,958</b>	<b>8.48</b>	<b>78,547</b>

	Consolidated financial statements				Separate financial statements			
	Assets		Liabilities		Assets		Liabilities	
<b>Deferred tax</b>	2021	2020	2021	2020	2021	2020	2021	2020
<b>At 31 December</b>								
		(in thousand Baht)				(in thousand Baht)		
Total	5,162	5,180	(41,802)	(39,171)	10,062	10,080	(1,543)	(1,268)
Set off of tax	(1,543)	(1,268)	1,543	1,268	(1,543)	(1,268)	1,543	1,268
<b>Net deferred tax assets (liabilities)</b>	<b>3,619</b>	<b>3,912</b>	<b>(40,259)</b>	<b>(37,903)</b>	<b>8,519</b>	<b>8,812</b>	<b>-</b>	<b>-</b>

**Consolidated financial statements**  
**(Charged) / Credited to**

	At 1 January	Profit or loss	Other comprehensive income (in thousand Baht)	Exchange differences	At 31 December
<b>Deferred tax</b>					
<b>2021</b>					
<b>Deferred tax assets</b>					

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		Consolidated financial statements (Charged) / Credited to			At 31 December
		At 1 January	Profit or loss	Other comprehensive income (in thousand Baht)	
<b>Deferred tax</b>				Exchange differences	
Inventories ( <i>allowance for decline in value</i> )	1,270	190	-	-	1,460
Lease liabilities	11	-	-	-	11
Provisions for employee benefits	3,019	(117)	-	-	2,902
Other accounts receivable	880	(91)	-	-	789
<b>Total</b>	<b>5,180</b>	<b>(18)</b>	<b>-</b>	<b>-</b>	<b>5,162</b>
<b>Deferred tax liabilities</b>					
Property, plant and equipment	(13,602)	1,619	-	(1,645)	(13,628)
Prepaid land rental expense	(25,569)	805	-	(3,410)	(28,174)
<b>Total</b>	<b>(39,171)</b>	<b>2,424</b>	<b>-</b>	<b>(5,055)</b>	<b>(41,802)</b>
<b>Net</b>	<b>(33,991)</b>	<b>2,406</b>	<b>-</b>	<b>(5,055)</b>	<b>(36,640)</b>
<b>2020</b>					
<b>Deferred tax assets</b>					
Inventories ( <i>allowance for decline in value</i> )	1,014	256	-	-	1,270
Lease liabilities	3	8	-	-	11
Provisions for employee benefits	2,484	485	50	-	3,019
Other accounts receivable	-	880	-	-	880
<b>Total</b>	<b>3,501</b>	<b>1,629</b>	<b>50</b>	<b>-</b>	<b>5,180</b>
<b>Deferred tax liabilities</b>					
Property, plant and equipment	(13,180)	539	-	(961)	(13,602)
Prepaid land rental expense	(24,494)	712	-	(1,787)	(25,569)
<b>Total</b>	<b>(37,674)</b>	<b>1,251</b>	<b>-</b>	<b>(2,748)</b>	<b>(39,171)</b>
<b>Net</b>	<b>(34,173)</b>	<b>2,880</b>	<b>50</b>	<b>(2,748)</b>	<b>(33,991)</b>

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Deferred tax	At 1 January	Separate financial statements (Charged) / Credited to			At 31 December
		Profit or loss	Other	Exchange differences	
			comprehensive income <i>(in thousand Baht)</i>		
2021					
Deferred tax assets					
Inventories <i>(allowance for decline in value)</i>	1,270	190	-	-	1,460
Lease liabilities	11	-	-	-	11
Provisions for employee benefits	3,019	(117)			2,902
Loan to related party	4,900	-	-	-	4,900
Other accounts receivable	880	(91)	-	-	789
Total	10,080	(18)	-	-	10,062
Deferred tax liabilities					
Property, plant and equipment	(1,268)	(275)	-	-	(1,543)
Total	(1,268)	(275)	-	-	(1,543)
Net	8,812	(293)	-	-	8,519
2020					
Deferred tax assets					
Inventories <i>(allowance for decline in value)</i>	1,014	256	-	-	1,270
Lease liabilities	3	8	-	-	11
Provisions for employee benefits	2,484	485	50	-	3,019
Loan to related party	4,666	-	-	234	4,900
Other accounts receivable	-	880	-	-	880
Total	8,167	1,629	50	234	10,080
Deferred tax liabilities					
Property, plant and equipment	-	(1,268)	-	-	(1,268)
Total	-	(1,268)	-	-	(1,268)
Net	8,167	361	50	234	8,812

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

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### 26 Earnings per share



	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<i>Profit attributable to ordinary shareholders for the year ended 31 December</i>				
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b><u>1,415,770</u></b>	<b><u>954,078</u></b>	<b><u>1,221,682</u></b>	<b><u>847,724</u></b>
<i>Ordinary shares outstanding</i>				
Number of ordinary shares outstanding at 1 January	477,000	500,000	477,000	500,000
Less Effect of treasury shares	-	(23,000)	-	(23,000)
<b>Number of ordinary shares outstanding (basic) at 31 December</b>	<b><u>477,000</u></b>	<b><u>477,000</u></b>	<b><u>477,000</u></b>	<b><u>477,000</u></b>
<b>Earnings per share (basic) (in Baht)</b>	<b><u>2.97</u></b>	<b><u>2.00</u></b>	<b><u>2.56</u></b>	<b><u>1.78</u></b>

### 27 Dividends

The shareholders of the Group have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
<i>2021</i>				
Annual dividend	7 April 2021	28 April 2021	0.60	286,199
Interim dividend	20 August 2021	15 September 2021	0.40	190,799
Interim dividend	12 November 2021	9 December 2021	0.37	176,476
				<b><u>653,474</u></b>
<i>2020</i>				
Annual dividend	7 April 2020	29 April 2020	0.40	190,790
Interim dividend	13 August 2020	10 September 2020	0.40	190,799
				<b><u>381,589</u></b>

### 28 Financial instruments

#### (a) Carrying amounts and fair values

The Group's financial assets and financial liabilities measured at amortised cost and the carrying amount is a reasonable approximation of fair value.

#### (b) Financial risk management policies

##### *Risk management framework*

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.



# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2021



The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

#### ***(b.1) Credit risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

##### ***(b.1.1) Trade accounts receivables and contract assets***

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Detail of concentration of revenue are included in note 23.

The Group limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of 365 days. Outstanding trade receivables are regularly monitored by the Group. An impairment analysis is performed by the Group at each reporting date. The provision rates of expected credit loss are based on days past due for individual trade receivables to reflect differences between economic conditions in the past, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Information relevant to trade accounts receivables and contract assets are disclosed in note 6 and 23, respectively.

##### ***(b.1.2) Cash and cash equivalents***

The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions which the Group considers to have low credit risk.

#### ***(b.2) Liquidity risk***

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2021



The following table are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

Consolidated financial statements						
Contractual cash flows						
			More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total
2021	Carrying amount	1 year or less	(in thousand Baht)			
<i>Non-derivative financial liabilities</i>						
Trade accounts payable	758,101	758,101	-	-	-	758,101
Lease liabilities	8,719	3,168	2,434	3,443	-	9,045
	<b>766,820</b>	<b>761,269</b>	<b>2,434</b>	<b>3,443</b>	<b>-</b>	<b>767,146</b>

Separate financial statements						
Contractual cash flows						
			More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total
2021	Carrying amount	1 year or less	(in thousand Baht)			
<i>Non-derivative financial liabilities</i>						
Trade accounts payable	625,387	625,387	-	-	-	625,387
Loans from related party	5,809	5,809	-	-	-	5,809
Lease liabilities	8,371	2,820	2,434	3,443	-	8,697
	<b>639,567</b>	<b>634,016</b>	<b>2,434</b>	<b>3,443</b>	<b>-</b>	<b>639,893</b>

Consolidated financial statements						
Contractual cash flows						
			More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total
2020	Carrying amount	1 year or less	(in thousand Baht)			
<i>Non-derivative financial liabilities</i>						
Trade accounts payable	1,665,960	1,665,960	-	-	-	1,665,960
Lease liabilities	5,981	2,571	1,565	2,072	-	6,208
	<b>1,671,941</b>	<b>1,668,531</b>	<b>1,565</b>	<b>2,072</b>	<b>-</b>	<b>1,672,168</b>

### Separate financial statements

Contractual cash flows

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
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**For the year ended 31 December 2021**



<b>2020</b>	Carrying amount	1 year or less	More than 1 year but less than 2 years (in thousand Baht)	More than 2 years but less than 5 years	More than 5 years	Total
<i><b>Non-derivative financial liabilities</b></i>						
Trade accounts payable	1,536,646	1,536,646	-	-	-	1,536,646
Loans from related party	80,000	80,000	-	-	-	80,000
Lease liabilities	5,634	2,224	1,565	2,072	-	5,861
	<b><u>1,622,280</u></b>	<b><u>1,618,870</u></b>	<b><u>1,565</u></b>	<b><u>2,072</u></b>	<b><u>-</u></b>	<b><u>1,622,507</u></b>

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**



**(b.3) Market risk**

The Group is exposed to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is as follows:

**(b.3.1) Foreign currency risk**

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies.

<b>Consolidated financial statements</b>								
<b>Exposure to foreign currency at 31 December</b>	2021				2020			
	USD	CNY	THB	Total (in thousand Baht)	USD	CNY	THB	Total
Cash and cash equivalents	30,966	-	343,067	374,033	26,771	-	119,441	146,212
Trade and other accounts receivable	-	-	86,329	86,329	-	-	122,869	122,869
Interest-bearing liabilities	-	-	(8,719)	(8,719)	-	-	(5,981)	(5,981)
Trade and other accounts payables	(14,502)	-	(186,177)	(200,679)	(17,478)	(4,140)	(75,943)	(97,561)
<b>Net statement of financial position exposure</b>	<b>16,464</b>	<b>-</b>	<b>234,500</b>	<b>250,964</b>	<b>9,293</b>	<b>(4,140)</b>	<b>160,386</b>	<b>165,539</b>

<b>Separate financial statements</b>								
<b>Exposure to foreign currency at 31 December</b>	2021				2020			
	USD	CNY	THB	Total (in thousand Baht)	USD	CNY	THB	Total
Cash and cash equivalents	30,966	-	343,067	374,033	26,771	-	119,441	146,212
Trade and other accounts receivable	-	-	86,329	86,329	-	-	122,869	122,869
Interest-bearing liabilities	-	-	(14,180)	(14,180)	-	-	(85,634)	(85,634)
Trade and other accounts payables	(14,502)	-	(186,177)	(200,679)	(17,478)	(4,140)	(75,943)	(97,561)
<b>Net statement of financial position exposure</b>	<b>16,464</b>	<b>-</b>	<b>229,039</b>	<b>245,503</b>	<b>9,293</b>	<b>(4,140)</b>	<b>80,733</b>	<b>85,886</b>

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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*Sensitivity analysis*

A reasonably possible strengthening (weakening) of Thai Baht against all other foreign currencies at the reporting date would have affected the measurement of financial instruments denominated in a foreign currency. This analysis assumes that all other variables, in particular interest rates, remain constant.

<i>Impact to profit or loss</i>	Movement (%)	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		Strengthening	Weakening <i>(in thousand Baht)</i>	Strengthening	Weakening
<i>At 31 December 2021</i>					
USD	10	1,646	(1,646)	1,646	(1,646)
CNY	10	-	-	-	-
THB	10	23,450	(23,450)	22,904	(22,904)
<i>At 31 December 2020</i>					
USD	10	929	(929)	929	(929)
CNY	10	(414)	414	(414)	414
THB	10	16,039	(16,309)	8,073	(8,073)

(b.3.2) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (see note 17) are mainly fixed. So the Group has low interest rate risk. The sensitivity impact to the increase or decrease in interest expenses from borrowings, as a result of changes in interest rates is immaterial on financial statements of the Group.

**29 Capital management**

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

**30 Commitments with non-related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Capital commitments</b>				
Buildings and other constructions	9,927	8,175	9,927	8,175
Machinery and equipment	-	835	-	835
<b>Total</b>	<b>9,927</b>	<b>9,010</b>	<b>9,927</b>	<b>9,010</b>
<b>Other commitments</b>				
Unused letters of credit for goods and supplies	473,471	123,713	473,471	123,713
Purchase orders for goods and supplies	14,161	7,317	14,161	7,317
Bank guarantees	1,233,310	1,071,565	1,233,310	1,071,565
Other agreements	427	7,446	427	7,446
<b>Total</b>	<b>1,721,369</b>	<b>1,210,041</b>	<b>1,721,369</b>	<b>1,210,041</b>

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
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*Hiring job search agent agreement*

On 1 December 2018, the Company entered into job search agreement with Creation Import Distribution Inc. Such company will be an agent in negotiating with the new customers under the rate of service fee specified in 2 year agreement. If either party does not give the advance notice not less than 3 months, it considers as the extension of this agreement.

**31 Events after the reporting period**

*Approval of annual dividend*

At the Board of Directors Meeting held on 28 February 2022, the Board of Directors approved the annual dividend payment in cash based on the operating result for the year of 2021 of Baht 1.27 per share, totaling Baht 605.78 million. The company has already paid interim dividend in the ratio of Baht 0.77 per share, totaling Baht 367.28 million. Therefore, the Company will pay dividend at Baht 0.50 per share, totaling Baht 238.50 million. The dividend is subject to approve by the shareholders at the annual general meeting to be held in April 2022.

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2021

#### 32 Condensed functional currency financial statements

The statements of financial position as at 31 December 2021 and 2020 and statements of comprehensive income for the year ended 31 December 2021 and 2020 presented in Japanese Yen currency which is used in its operations as major sales and purchases transactions are denominated in Japanese Yen currency. The detail are as follows:

<i>Statement of financial position</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Yen)</i>			
<b>Assets</b>				
<b><i>Current assets</i></b>				
Cash and cash equivalents	1,974,044	1,318,650	1,774,084	612,866
Trade and other accounts receivable	6,234,164	4,849,177	7,906,044	6,204,789
Current portion of long-term loans to employees	27,295	24,934	27,295	24,934
Inventories	6,939,172	8,335,643	5,504,523	7,519,316
<b>Total current assets</b>	<b>15,174,675</b>	<b>14,528,404</b>	<b>15,211,946</b>	<b>14,361,905</b>
<b><i>Non-current assets</i></b>				
Investments in subsidiaries	-	-	711,238	952,454
Investments in an associate	-	-	-	-
Long-term loans to related parties	-	-	1,499,600	1,499,600
Long-term loans to employees	254,774	274,576	254,774	274,576
Property, plant and equipment	5,079,315	4,937,441	3,180,417	3,118,531
Right-of-use assets	517,701	460,860	28,348	19,441
Goodwill	74,523	74,523	-	-
Other intangible assets	64,515	37,984	28,369	26,215
Deferred tax assets	12,611	13,636	29,691	30,716
Contract cost assets	459,933	554,629	459,933	554,629
Other non-current assets	10,161	8,734	121	121
<b>Total non-current assets</b>	<b>6,473,533</b>	<b>6,362,383</b>	<b>6,192,491</b>	<b>6,476,283</b>
<b>Total assets</b>	<b>21,648,208</b>	<b>20,890,787</b>	<b>21,404,437</b>	<b>20,838,188</b>
<b>Liabilities and equity</b>				
<b><i>Current liabilities</i></b>				
Trade and other accounts payable	4,624,909	6,850,131	6,190,244	7,246,401
Current portion of lease liabilities	9,626	7,721	9,097	7,176
Short-term loan from related party	-	-	19,735	271,662
Short-term loan from financial institutions	135,354	-	-	-
Income tax payable	187,949	253,927	96,752	166,706
<b>Total current liabilities</b>	<b>4,957,838</b>	<b>7,111,779</b>	<b>6,315,828</b>	<b>7,691,945</b>
<b><i>Non-current liabilities</i></b>				
Lease liabilities	19,993	12,588	19,341	11,956
Deferred tax liabilities	136,764	128,711	-	-
Non-current provisions for employee benefits	93,521	87,173	93,521	87,173
Provision for product warranty	184,817	166,754	169,248	159,717
<b>Total non-current liabilities</b>	<b>435,095</b>	<b>395,226</b>	<b>282,110</b>	<b>258,846</b>
<b>Total liabilities</b>	<b>5,392,933</b>	<b>7,507,005</b>	<b>6,597,938</b>	<b>7,950,791</b>

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**



<i>Statement of financial position</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Yen)</i>			
<b>Equity</b>				
Share capital:				
Authorised share capital	1,269,343	1,269,343	1,269,343	1,269,343
Issued and paid-up share capital	1,269,343	1,269,343	1,269,343	1,269,343
Share premium	371,008	371,008	371,008	371,008
Retained earning				
Appropriated				
Legal reserve	153,579	153,579	153,579	153,579
Unappropriated	13,619,793	10,979,085	13,012,569	11,093,467
Other components of equity	302,121	270,042	-	-
<b>Equity attributable to owners of the parent</b>	<b>15,715,844</b>	<b>13,043,057</b>	<b>14,806,499</b>	<b>12,887,397</b>
Non-controlling interests	539,431	340,725	-	-
<b>Total equity</b>	<b>16,255,275</b>	<b>13,383,782</b>	<b>14,806,499</b>	<b>12,887,397</b>
<b>Total liabilities and equity</b>	<b>21,648,208</b>	<b>20,890,787</b>	<b>21,404,437</b>	<b>20,838,188</b>

<i>Statement of comprehensive income</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Year ended 31 December 2021	2020	Year ended 31 December 2021	2020
	<i>(in thousand Yen)</i>			
<b>Revenue</b>				
Revenue from sales of goods and rendering of services	23,437,924	13,818,747	23,296,574	13,503,368
Contract revenue	216,242	670,052	216,242	670,052
Other income	128,051	109,319	154,361	105,479
<b>Total revenue</b>	<b>23,782,217</b>	<b>14,598,118</b>	<b>23,667,177</b>	<b>14,278,899</b>
<b>Expenses</b>				
Cost of sales of goods and rendering of services	13,478,914	8,710,910	14,699,817	9,198,025
Contract costs	111,703	328,436	111,703	328,436
Distribution costs	3,040,007	702,663	3,040,007	702,663
Administrative expenses	1,438,698	889,036	1,182,387	626,395
Net foreign exchange loss	101,499	162,216	76,103	177,881
<b>Total expenses</b>	<b>18,170,821</b>	<b>10,793,261</b>	<b>19,110,017</b>	<b>11,033,400</b>
<b>Profit from operating activities</b>	<b>5,611,396</b>	<b>3,804,857</b>	<b>4,557,160</b>	<b>3,245,499</b>
Finance costs	58,831	88,376	60,036	92,230
<b>Profit before income tax expense</b>	<b>5,552,565</b>	<b>3,716,481</b>	<b>4,497,124</b>	<b>3,153,269</b>
Tax expense	562,914	365,596	379,429	267,705
<b>Profit for the year</b>	<b>4,989,651</b>	<b>3,350,885</b>	<b>4,117,695</b>	<b>2,885,564</b>
<b>Other comprehensive income</b>				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating financial statements	84,750	(125,112)	-	-
<b>Total item that will be reclassified subsequently to profit or loss</b>	<b>84,750</b>	<b>(125,112)</b>	<b>-</b>	<b>-</b>

*Items that will not be reclassified to profit or loss*



**M.C.S. Steel Public Company Limited and its Subsidiaries**  
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	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Year ended 31 December		Year ended 31 December	
	2021	2020	2021	2020
<i>Statement of comprehensive income</i>	<i>(in thousand Yen)</i>			
Loss on remeasurements of defined benefit plans	-	(1,452)	-	(1,452)
Income tax relating to item that will not be reclassified	-	170	-	170
<b>Total items that will be reclassified subsequently to profit or loss</b>	<b>-</b>	<b>(1,282)</b>	<b>-</b>	<b>(1,282)</b>
<b>Other comprehensive income (expense) for the year, net of tax</b>	<b>84,750</b>	<b>(126,394)</b>	<b>-</b>	<b>(1,282)</b>
<b>Total comprehensive income for the year</b>	<b>5,074,401</b>	<b>3,224,491</b>	<b>4,117,695</b>	<b>2,884,282</b>
<b>Profit attributable to:</b>				
Owners of parent	4,839,303	3,230,536	4,117,695	2,885,564
Non-controlling interests	150,348	120,349	-	-
<b>Profit for the year</b>	<b>4,989,651</b>	<b>3,350,885</b>	<b>4,117,695</b>	<b>2,885,564</b>
<b>Total comprehensive income attributable to:</b>				
Owners of parent	4,871,382	3,208,457	4,117,695	2,884,282
Non-controlling interests	203,019	116,034	-	-
<b>Total comprehensive income for the year</b>	<b>5,074,401</b>	<b>3,224,491</b>	<b>4,117,695</b>	<b>2,884,282</b>
<b>Basic earnings per share (in Yen)</b>	<b>10.15</b>	<b>6.77</b>	<b>8.63</b>	<b>6.05</b>

Profiles of Directors, Executives, Controlling Persons, Person Assigned the Highest Responsibility in Finance and Accounting, Person Assigned as the Person Supervising Accounting and Company Secretary As at 31 December 2021

**Dr.Naiyuan Chi**

Age 69

- The founder
- Chairman of Board Director  
Appointed Date : Since 2005
- Chief Executive Officer  
Recently appointed Date : January 1,2019
- The Authorized Director



1. Directorship	▪ Induction since 2005
2. Stock Holding at December 30,2021	▪ 6,500,000 Shares or 1.36 %
3. Share changed in 2021	▪ None
4. Relationship with Company's Executive (S) :	▪ None
5. Education / Training from Thai Institute of Directors (IOD)	▪ Ph.D. of Engineering Kyoto University ▪ Director Accreditation Program (DAP) Class 25th Year 2004
6. Work Experience in the last 5 Years	<b>MCS Group</b> <ul style="list-style-type: none"><li>▪ 2005 to Present Chief Executive Officer M.C.S. Steel Public Co., Ltd.</li><li>▪ 2010 to Present Director Tanaka Welding Center Co., Ltd.</li><li>▪ 2018 to Present Director M.C.S. – JAPAN Co., Ltd. , Japan</li></ul>

**Ms.Wanna Pholkaew**

Age 45

- Director
- Managing Director  
Appointed Date : August 13, 2021
- The Authorized Director



1. Directorship	▪ Induction since November 2018
2. Stock Holding at December 30,2021	▪ 10,500 Shares or 0.002%
3. Share changed in 2021	▪ None
4. Relationship with Company's Executive (S) :	▪ None
5. Education / Training from Thai Institute of Directors (IOD)	<ul style="list-style-type: none"><li>▪ Bachelor of Business Administration ( Computer ) Rangsit University</li><li>▪ ( Japanese course ) Futaba Collage of Foreign Languages : JAPAN</li><li>▪ Certificate of Director Accreditation Program (DAP) Class 156th Year 2019</li></ul>
6. Work Experience in the last 5 Years	<b>MCS Group</b> <ul style="list-style-type: none"><li>▪ 2021 to Present Managing Director M.C.S. Steel Public Co., Ltd.</li><li>▪ 2017 to 2018 Asst. to Vice President Foreigner Co-ordination Dept. M.C.S. Steel Public Co., Ltd.</li><li>▪ 2018 to Present Director M.C.S. – JAPAN Co., Ltd. , Japan</li></ul>

**Mr. Phairat Viwatborvornwong**

Age 54

- Director  
Appointed Date : April 3, 2018
- Deputy Managing Director of Estimate and Planning  
Appointed Date : August 20, 2021
- The Authorized Director



1. Directorship	▪ Induction since 2007
2. Stock Holding at December 30, 2021	▪ 10,000 shares or 0.002%
3. Share changed in 2021	▪ None
4. Relationship with Company's Executive (S) :	▪ None
5. Education / Training from Thai Institute of Directors (IOD)	▪ Bachelor of Civil Engineering Rajamangala Institute of Technology Tewes ▪ Certificate of Director Accreditation Program (DAP) Class 70th Year 2008
6. Work Experience in the last 5 Years	<b>MCS Group</b> <ul style="list-style-type: none"><li>▪ 2021 to Present Deputy Managing Director of Estimate and Planning M.C.S. Steel Public Co., Ltd.</li><li>▪ 2014 to 2018 President M.C.S. Steel Public Co., Ltd.</li><li>▪ 2010 to Present Director Tanaka Welding Center Co., Ltd.</li></ul>

**Mr.Pornchai Phisarnanukunkit**

Age 52

- Director  
Appointed Date : April 3,2018
- Deputy Managing Director of Factory & Production  
Appointed Date : August 20,2021
- The Authorized Director



1. Directorship	<ul style="list-style-type: none"> <li>▪ Most recently induction since 2005</li> </ul>
2. Stock Holding at December 30,2021	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
3. Share changed in 2021	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
4. Relationship with Company's Executive (S) :	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
5. Education / Training from Thai Institute of Directors (IOD)	<ul style="list-style-type: none"> <li>▪ Bachelor of Industrial Technology in Structures King Mongkuts Institute of Technology North Bangkok</li> <li>▪ Master of Business Administration ( Industrial Business Administration ) King Mongkuts Institute of Technology North Bangkok</li> <li>▪ Certificate of Director Accreditation Program (DAP) Class 42nd Year 2005</li> </ul>
6. Work Experience in the last 5 Years	<p><b>MCS Group</b></p> <ul style="list-style-type: none"> <li>▪ 2021 to Present Deputy Managing Director of Factory &amp; Production M.C.S. Steel Public Co., Ltd.</li> <li>▪ 2005 to 2018 Senior Vice President M.C.S. Steel Public Co., Ltd.</li> <li>▪ 2010 to Present Director Tanaka Welding Center Co., Ltd.</li> </ul>

**Gen.Titiwat Kamlang-Ek**

Age 64

- Chairman of Audit Committee  
Appointed Date : April 8,2019
- Independent Director  
Appointed Date : Since 2016



1. Directorship	▪ Induction since 2016
2. Stock Holding at December 30,2021	▪ None
3. Share changed in 2021	▪ None
4. Relationship with Company's Executive (S) :	▪ None
5. Education / Training from Thai Institute of Directors (IOD)	<ul style="list-style-type: none"><li>▪ Bachelor of Science Program Chulachomklao Royal Military Academy</li><li>▪ Certificate of Director Accreditation Program (DAP) Class 134th Year 2017</li></ul>

**Mr.Tinakorn Seedasomboon**

Age 61

- Member of Audit Committee  
Most recently appointed Date : April 8,2019
- Member of the Nomination and Remuneration Committee  
Appointed Date : February 26,2018



1. Directorship	▪ Induction since 2010
2. Stock Holding at December 30,2021	▪ None
3. Share changed in 2021	▪ None
4. Relationship with Company's Executive (S) :	▪ None
5. Education / Training from Thai Institute of Directors (IOD)	<ul style="list-style-type: none"> <li>▪ Bachelor of Accounting , Bangkok University</li> <li>▪ Master of Business Administration The University of the Thai Chamber of Commerce (UTCC)</li> <li>▪ Certificate of Director Accreditation Program (DAP) Class 61st Year 2006</li> <li>▪ Certificate of Director Certification Program (DCP) Class 92nd Year 2007</li> <li>▪ Certificate of Audit Committee Program (ACP) Class 19th Year 2007</li> <li>▪ Certificate of Role of the Chairman Program (RCP) Class 30th Year 2013</li> <li>▪ Certificate of Advanced Audit Committee Program (AACP) Class 27th Year 2017</li> <li>▪ Certificate of Board Nomination and Compensation Program (BNCP) Class 6th Year 2019</li> </ul>
6. Work Experience in the last 5 Years	<p><b>Other Listed Company</b></p> <ul style="list-style-type: none"> <li>▪ 2007 to Present Independent Director and Audit Committee Qualitech Public Co., Ltd.</li> </ul> <p><b>Other Companies</b></p> <ul style="list-style-type: none"> <li>▪ 2002 to Present President Praathid Accounting Co., Ltd.</li> <li>▪ 2009 to Present Independent Director DVMVS Co., Ltd.</li> </ul>

**Mr.Supoj Kaewmanee**

Age 62

- Member of Audit Committee  
Appointed Date : April 8,2019
- Nomination and Remuneration Committee  
Appointed Date : February 26,2018



1. Directorship	▪ Induction Since 2018
2. Stock Holding at December 30,2021	▪ None
3. Share changed in 2021	▪ None
4. Relationship with Company's Executive (S) :	▪ None
5. Education / Training from Thai Institute of Directors (IOD)	<ul style="list-style-type: none"> <li>▪ Bachelor of Laws ,Thammasat University</li> <li>▪ Master of Laws ,Ramkhamhaeng University</li> <li>▪ Certificate of Director Accreditation Program (DAP) Class 107th Year 2014</li> </ul>
6. Work Experience in the last 5 Years	<p><b>Other Listed Companies</b></p> <ul style="list-style-type: none"> <li>▪ 2013 to Present Chairman of Nomination and Remuneration Committee And Member of Audit Committee LDC Dental Public Co., Ltd.</li> <li>▪ 2014 to Present Chairman of Nomination and Remuneration Committee And Member of Audit Committee Salee Printing Public Co., Ltd.</li> <li>▪ 2017 to 2020 Chairman of Nomination and Remuneration Committee And Audit Committee Comanche International Public Co., Ltd.</li> <li>▪ 2019 to Present Independent Director and Audit Committee The Union Mosaic Industry Public Co., Ltd.</li> </ul> <p><b>Other Companies</b></p> <ul style="list-style-type: none"> <li>▪ 2019-Present Director Thai Investors Association</li> </ul>



**Ms. Penprapa Vongkovit**

Age 63

- Independent Director  
Most recently appointed Date : February 27,2021
- Chairman of Nomination and Remuneration Committee  
Appointed Date : February 27,2021

1. Directorship	▪ Since 2018
2. Stock Holding at December 30,2021	▪ None
3. Share changed in 2021	▪ Decrease 20,000 shares
4. Relationship with Company's Executive (S) :	▪ None
5. Education / Training from Thai Institute of Directors (IOD)	▪ Master Degree of Arts in Political Science Western Illinois University ▪ Certificate of Director Accreditation Program (DAP) Class 185th Year 2021
6. Work Experience in the last 5 Years	▪ Past of Ambassador ,Royal Thai Embassy, Tel Aviv, Israel

**Ms.Mattawan Srisakda**

Age : 47

- Deputy Managing Director of Accounting and Financial  
Appointed Date : August 20,2021
- Manager : Accounting and Financial Department
- The person taking the highest responsibility in finance and accounting



1. Stock Holding at December 30,2021	▪ 33,000 shares or 0.007%
2. Share changed in 2021	▪ None
3. Relationship with Company's Executive (S) :	▪ None
4. Education / Training	▪ Bachelor of Business Administration ( Accounting ) Rangsit University
5. Work Experience in the last 5 Years	<b>MCS Group</b> <ul style="list-style-type: none"><li>▪ 2021 to Present Deputy Managing Director of Accounting and Financial M.C.S. Steel Public Co., Ltd.</li><li>▪ 2009 to Present Manager : Accounting and Financial Department M.C.S. Steel Public Co., Ltd.</li><li>▪ 2018 to Present Director M.C.S. – JAPAN Co., Ltd. , Japan</li></ul>

**Ms.Kanchalika Sangparinya**

Age 44

- Company Secretary  
Appointed Date : since 2009



1. Stock Holding at December 30,2021	<ul style="list-style-type: none"><li>▪ 67,500 shares or 0.014%</li></ul>
2. Share changed in 2021	<ul style="list-style-type: none"><li>▪ None</li></ul>
3. Relationship with Company's Executive (S) :	<ul style="list-style-type: none"><li>▪ None</li></ul>
4. Education / Training from Thai Institute of Directors (IOD)	<ul style="list-style-type: none"><li>▪ Bachelor of Business Administrator ( Computer Information Management ) Saint John 's University</li><li>▪ Bachelor of Accounting The University of the Thai Chamber Commerce</li><li>▪ Master of Business Administration ( International Business Management ) Saint John University</li><li>▪ Japanese course Toyo Language school , Japan</li><li>▪ Certificate of Company Secretary Program Year 2010</li><li>▪ Certificate of IR Professional Program Class1/2012</li><li>▪ Certificate of IR Fundamental No.2 Year 2019 From SET</li></ul>
5. Work Experience in the last 5 Years	<p><b>MCS Group</b></p> <ul style="list-style-type: none"><li>▪ 2005-2008 Secretary to CEO M.C.S. Steel Public Co., Ltd.</li><li>▪ 2009 to Present Company Secretary M.C.S. Steel Public Co., Ltd.</li></ul>

**Miss Titinan Punlaising**

Age

- Assistant Manager : Accounting and Financial Department  
(The Person Assigned as the Person Supervising Accounting)  
Appointed Date : since 2021



1. Stock Holding at December 30,2021	▪ None
2. Share changed in 2021	▪ None
3. Relationship with Company's Executive (S) :	▪ None
4. Education	▪ Bachelor of Business Administration ( Accounting ) Sripatum University
5. Work Experience in the last 5 Years	<b>MCS Group</b> <ul style="list-style-type: none"><li>▪ 2012 to Present Assistant Manager : Accounting and Financial Department M.C.S. Steel Public Co., Ltd.</li></ul>

## Information of Directors, Executives who are the Management of its Subsidiaries.

( At December 31,2021 )

Name of Directors	MCS	Subsidiaries.		
		Tanaka Welding Center Co., Ltd.	M.C.S.- JAPAN Co., Ltd.	M.C.S. Steel-Xiamen Co., Ltd.
		Share holding		
		99.92%	98.00%	74.00%
1. Dr.Naiyuan Chi	X, //	//	/	
2. Ms.Wanna Pholkaew	/, //		/	
3. Mr.Phairat Viwatborvornwong	/, //	//		
4. Mr.Pornchai Phisarnanukunkit	/, //	/		
5. Gen.Titiwat Kamlang-Ek	/			
6. Mr.Tinakorn Seedasomboon	/			
7. Mr.Supoj Kaewmanee	/			
8. Ms.Penprapa Vongkovit	/			
9. Ms.Mattawan Srisakda	///		/	

หมายเหตุ :

/ = Director

// = Authorized Director

/// = Executive

X = Chairman of Director

## Profile of Head of Internal Audit

### 1. Head of Internal Audit

Name	Ms.Pornsiri Sukchai
Position	Internal Audit
Age	32 Years
Education	Bachelor Degree of Business Administration and Information Technology Rajamangala University of Technology Suvarnabhumi
Work Experience	<ul style="list-style-type: none"><li>2012 (October) - 2017 (May) Assistant Officer (Field Administrative Work) SINO-THAI ENGINEERING AND CONSTRUCTION PUBLIC CO.,LTD.</li><li>2017 (May) - 2021 Assistant to Secretary M.C.S. Steel Public Co., Ltd.</li><li>2019 - Present Head of Internal Audit M.C.S. Steel Public Co., Ltd.</li></ul>
Training	<ol style="list-style-type: none"><li>Fundamentals for New Auditor Year 2019 By The Institute of Internal Auditors of Thailand</li><li>Financial Auditing for Internal Auditor or Non Accountants Year 2019 By The Institute of Internal Auditors of Thailand</li></ol>
Duty	<ol style="list-style-type: none"><li>Set goals and plan the audit in accordance with the company's policy</li><li>Develop work systems to be efficient and effective</li><li>Supervise the operation to be in accordance with the specified work plan.</li><li>Review and assess the organization's Risk Management.</li><li>Advice and advice to strengthen the internal control system and good management</li><li>Review the operating procedures to be carried out in accordance with the rules and regulations of the company.</li></ol>
Relationship with Company's Executive (S)	-None-

## Report of the Audit Committee for Year 2021

To All shareholders and stakeholders

The Audit Committee of M.C.S. Steel Co, Ltd. (Public) consists of 3 company committee which is independent committee. The qualification of Audit Committee is in accordance with the criteria regulated in the Notification of SET Commission. The Audit Committee consists of ;

1. Gen.Titiwat	Kamlang-Ek	Chairman of Audit Committee
2. Mr. Tinakorn	Seedasomboon	Audit Committee
3. Mr.Supoj	Kaewmanee	Audit Committee

In 2021, the Audit Committee had arranged 4 conferences. The duties and responsibilities can be summarized as follows:

1. To verify the accuracy and reliability of quarterly financial statements for 2021 which have been prepared in accordance with generally accepted accounting principles with adequate revelation of financial data and are in conformity with the requirement and the Notice of the Securities and Exchange Commission and the Stock Exchange of Thailand.
2. On the aspect of supervision of the Company's operation according to the principle of good supervision, the Audit Committee, after consideration, has the opinion that the supervision of the business is in accordance with the standard and the requirements of the Stock Exchange of Thailand, the law concerning Securities and the Stock Exchange of Thailand, as well as laws related with the business of the Company.
3. To consider verification of risk assessment by following up to encourage the practices, to monitor the compliance, and to prevent the risk from occurrence, both from advice given by the auditors, and from work management of the Company in the situation of change in economy, sociality, both inside and outside of the country.
4. To consider verification of suitability of internal control system by submitting its advice for improvement of the internal control system to be effective with liquidity towards the Management to cope up with economic situation of the present world.
5. Regarding the supervision of the internal audit, the verification has been conducted on the audit plan for the year, work performance, report of audit result. The internal audit is suitable to cover the risk factors, and create efficiency of work management.
6. Assessment of work performance on the aspect of accounting audit, the Audit Committee has an opinion to submit it to the Board of Directors for approval of the Shareholders' Meeting to appoint , Mr.Banthit Tangpakorn (Registration number 8509) or Mr.Thanit Osathalert (Registration number 5155) or Mr.Ekkasit Chuthamsatid (Registration number 4195), all of Auditors from KPMG Phoomchai Audit Ltd. as the auditor of the company for 2022. The auditor fees will pay not to exceed 4,500,000 Baht which is the same fees of 2021.

## Report of the Audit Committee for Year 2021 ( Cont.)

Other than that, the Audit Committee performed their duties freely, having freedom to express their ideas, and advices to Management for the benefit of the Company, with good cooperation from all parties, for which I must thank you all on this occasion.

Yours Sincerely,

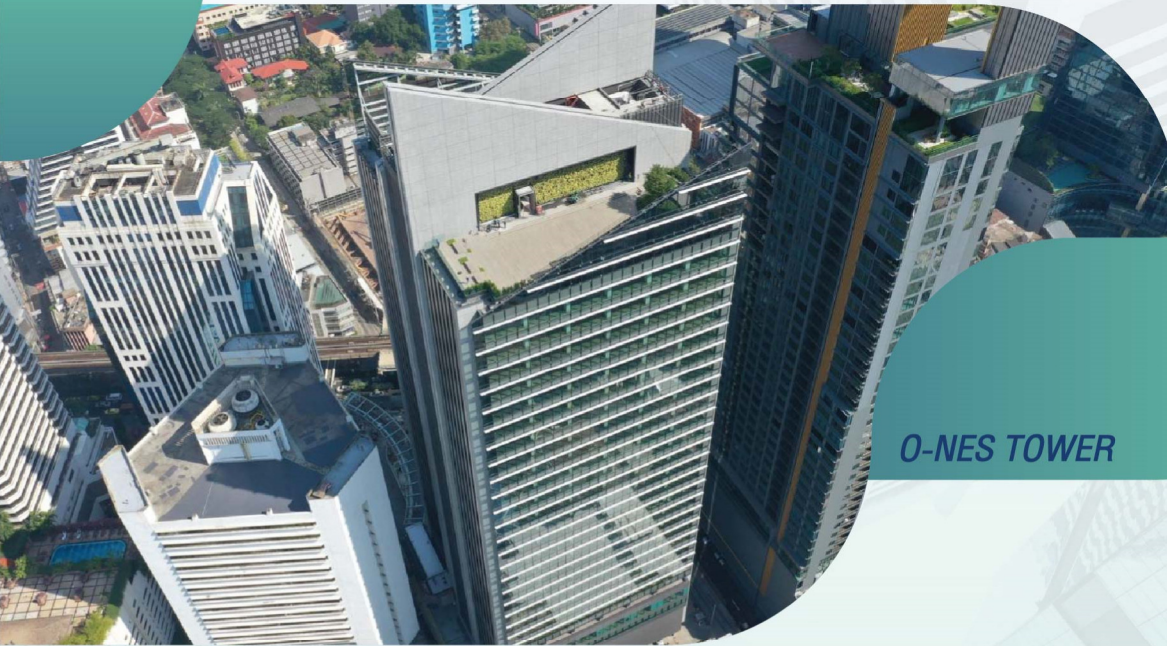


( Gen. Titiwat Kamlang-Ek )  
Chairman of Audit Committee  
March 24,2022



**MCS**

**M.C.S. STEEL**  
PUBLIC COMPANY LIMITED



O-NES TOWER

ทุกวันต้องก้าวหน้า  
กว่าเมื่อวาน  
**“ด้วยความเชื่อถือ”**

*Better than yesterday,  
everyday  
Trust*

**M.C.S. STEEL**  
**PUBLIC COMPANY LIMITED**

บริษัท เอ็ม.ซี.เอส.สตีล จำกัด (มหาชน)



Address : บริษัท เอ็ม.ซี.เอส.สตีล จำกัด (มหาชน) สำนักงานใหญ่  
เลขที่ 70 หมู่ 2 ตำบลช้างใหญ่ อำเภอบางไทร จังหวัดพระนครศรีอยุธยา 13290  
M.C.S. Steel Public Company Limited Head Office  
70 Moo 2 Chang-yai, Bang-sai Ayutthaya 13290



Website : [www.mcssteel.com](http://www.mcssteel.com)



Mail : [info@mcssteel.co.th](mailto:info@mcssteel.co.th)



Muromachi 3



Shibuya Sakuragaoka