

GJS

Annual Report 2020

G J Steel Public Company Limited

Contents

General Information.....	2
Message from the Chairman.....	4
Message from Chief Executive Officer.....	5
Name of Directors and Executives	6
Profile of the Directors and Executives.....	8
Policy and Business Overview	26
Nature of Business.....	32
Steel Industry situation	37
Risk Factors and Risk Management	43
Securities Details and Shareholding Structure	48
Management Structure.....	51
Good Corporate Governance	60
Corporate Social Responsibility	90
Internal Control and Audit System.....	101
Related Transactions.....	104
Management Discussion and Analysis	110
Audit Committee Report.....	122
Financial Statements 2020.....	123

General Information

The Company Name:	G J Steel Public Company Limited
Trading Symbol on the Stock Exchange of Thailand:	GJS for ordinary shares
Company Registration Number:	0107538000401
Type of Business:	Production and Distribution of Hot Rolled Coil
Headquarter Location:	88 PASO Tower, 24 th Floor, Silom Road, Suriyawong, Bangrak, Bangkok 10500
	Tel: (02) 267-8222 Fax: (02) 267-9048
Factory Location:	WHA Chonburi Industrial Estate 1, 358 Moo 6, Highway 331, Bowin, Sriracha, Chonburi 20230
	Tel: (038) 345-950 Fax: (038) 345-693
Website:	www.gjsteel.co.th
Date of Establishment:	5 January 1994
Date of Registration as A Public Company Limited:	9 August 1995
First Trade Date:	2 July 1996
Production Capacity:	1,500,000 tons per annum
Number of Employees:	680 persons
Registered Capital:	Baht 27,600,824,751.36
Paid-up Capital:	Baht 24,467,649,500.16
Paid-up Common Stock:	25,487,134,896 Ordinary shares, with per value of Baht 0.96 per shares
Fiscal Year:	1 January to 31 December

Reference

Share Registrar:

Ordinary Shares:

Thailand Securities Depository Company Limited

No. 93 Rachadabhisek Road, Dindaeng, Dindaeng, Bangkok 10400

Tel: (02) 009-9999 Fax: (02) 009-9991

External Auditor:

Baker Tilly Audit And Advisory Services (Thailand) Limited

Mr. Apichart Sayasit,

Certified Public Accountant License No. 4229, or

Miss Wimolsri Jongudomsombut,

Certified Public Accountant License No. 3899, or

Miss Waleerat Akkarasrisawad,

Certified Public Accountant License No. 4411

21/1 Floor, Sathorn City Tower,

175 South Sathorn Road, Sathorn, Bangkok 10120

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

Investor Relations:

Investor Relations Department

Tel: (02) 267-8222

E-mail: IR@gjsteel.co.th

Other Related Information:

- None -

Message from the Chairman



The Outbreak of the Global Pandemic of Covid 19 marked 2020 as one of the most difficult years in recent times. The Thai Government has taken several timely measures to contain the spread of the virus and contraction in the economy. The GDP contraction in 2020 is expected around 4.5% and has also severely impacted the HRC consumption which declined by 21% in 2020.

Another significant event of 2020 was the change in the management team with new CEO being inducted in May during the most challenging times. Leveraging his vast experience, especially in Commodities and Banking, he has since been guiding the management team to overcome the difficult situation. I am happy to see several Cost Optimization, Risk Management and Corporate Governance measures being undertaken which have not only helped to turnaround the business during 2nd Half of the year but will also go a long way in making the business more sustainable, valuable and flexible in years to come.

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

Mr. Stephen Karl Stewart
Chairman of the Board of Directors

Message from Chief Executive Officer



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

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

To overcome the difficult situation and declining profitability, the Company undertook several long term cost reduction measures which included optimization in metallic mix to reduce metallic cost, introduction of production linked incentive scheme to improve productivity, Voluntary Retirement Programme to reduce manpower costs etc. The Company also continued its focus on maintaining equipment health and spend on Capex for cost reduction and quality enhancement. These initiatives coupled with improving market conditions have helped the Company to embark on the recovery path since 3rd Quarter of 2020.

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

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

Kanit Sukonthaman

Chief Executive Officer

Name of Directors and Executives

As at 31 December 2020



**Dr. Somsak
Leeswadtrakul**
Honorary Chairman



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



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



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



**Mr. Yanyong
Kurovat**
Director
Authorized Director



**Mr. Somchai
Leeswadtrakul**
Director
Authorized Director



**Mr. Richard
Jim Yee**
Director



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



**Mr. Sudhir
Maheshwari**
Director
Authorized Director



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



**Ms. Arttaya
Sookto**
Company Secretary

The Executives



**Mr. Kanit
Sukonthaman**
Chief Executive Officer



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



**Mr. Sudchai
Visuddhidham**
Chief Production Officer



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



**Mr. Rajeev
Jhawar**
Chief Financial Officer

Executive Committee



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



**Mr. Warawut
Suwannasorn**
Member



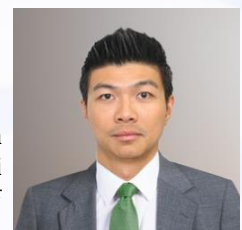
**Mr. Sudchai
Visuddhidham**
Member



**Mr. Sittisak
Leeswadtrakul**
Member



**Mr. Rajeev
Jhawar**
Member



**Mr. Yotsakorn
Srisuksawadi**
Member

Profile of the Directors and Executives

Mr. Stephen Karl Stewart

Age 70 years

Current position

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

Date of Appointment

30 August 2017

No. of years in position

3 years 4 months

Education / Training

Education

- MBA Pfeiffer University, North Carolina, USA
- Bachelor of Science, Wright State University, Dayton, Ohio, USA

Director Training

None

Positions in other listed companies

None

Positions in other non-listed companies

August 2018 to Present

- Founder & Director, SK Capital Management Co., Ltd., Chiang Mai
- Executive Adviser ,Shine Asset Improvement & Consulting Co., Ltd., Chiang Mai

2016 to Present

- Board of Director, Vorrawut Group, Chiang Mai

2006 to 2015

- Executive Chairman of Air International Thermal Systems a Private Equity held company

Since 1977

- Vice President, General Manager of Emerson Asia Pacific
- Formerly 10 year BOD Kirloskar Copeland Pune, India
- Formerly BOD TATA Toyo Radiator Pune, India
- Held personally: None
- Held by Spouse or Minor children: None

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

Family Relationship among Directors and Executives

None

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

None



Assoc. Prof. Niputh Jitprasonk

Age 77 years

Current position

- Independent Director
- Chairman of Audit Committee
- Chairman of Nomination and Remuneration Committee

Date of Appointment

2 June 2008

No. of years in position

12 years 6 months

Education / Training

Education

- Master Degree of MBA in International Trade and Finance, Gothenburg School of Economics and Business Administration, Sweden
- Bachelor of Arts (Hon., First Class) Faculty of Commerce and Accountancy, Thammasat University
- Certificate, Capital Market Academy Leadership Program, Class 2
- Thailand National Defence College (TNDC) 377
- Director Accreditation Program (DAP) (85/2007), Thai Institute of Directors (IOD)
- Audit Committee Program (ACP), Thai Institute of Directors (IOD)
- Risk Management Program, Thai Institute of Directors (IOD)
- Corporate Governance for Executives (CGE), Thai Institute of Directors (IOD)
- Financial Statements for Directors (FSD), Thai Institute of Directors (IOD)

Director Training

Positions in other listed companies

2011 to Present

- Director, AIRA Capital Public Company Limited

Positions in other non-listed companies

2008 to Present

- Consultant, Real Estate Business Program, Thammasat University

No. of share(s) in the Company

(as at 30 December 2020)

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

Family Relationship among Directors and Executives

None

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

None



Mr. Yingsak Jenratha

Age 73 years

Current position

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

Date of Appointment

26 June 2018

No. of years in position

2 year 6 months

Education / Training

Education

- Mini MBA, Kasetsart University, Thailand
- Bachelor of Art in Political Sciences, Chaingmai University, Thailand
- Operation Management Certificate from GIBA (Graduated Institute of Business Administration), Chulalongkorn University, Thailand
- Role of the Nomination and Governance Committee (RNG) 8/2016, Thai Institute of Directors (IOD)
- Anti-Corruption for Executive Program (ACEP) 9/2014, Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP) 11/2014, Thai Institute of Directors (IOD)

Director Training

Positions in other listed companies

2013 to Present

- Independent Director and Audit Committee Member, Hana Microelectronics Public Co., Ltd.

Positions in other non-listed companies

2010 to 2011

- Management Advisor, International Precision Product Co., Ltd.

2008 to 2009

- Vice President and General Manager, Hana Microelectronics Co., Ltd. (Jiaxing), China

No. of share(s) in the Company

(as at 30 December 2020)

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

Family Relationship among Directors and Executives

None

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

None



Mr. Yanyong Kurovat

Age 82 years

Current position

Authorized Director

Date of Appointment

13 May 2015

No. of years in position

5 years 7 months

Significant Designation in the past

6 January 2017 to August 2017

13 May 2015 to 6 January 2017

Education / Training

Education

Director Training

Positions in other listed companies

2017 to December 2019

2004 to 2017

Positions in other non-listed companies

2015 to Present

2007 to Present

2003 to Present

2009 to 2011

2003 to 2007

2000 to 2010



- Chairman of the Board of Directors and Authorized Director

- Authorized Director

- Class 5, National Defense Course for Joint Private and Public Sectors, National Defense College

- Graduate Diploma in Government, Chulalongkorn University

- B.A. in Political Science, Chulalongkorn University

- Boardroom Success through Financing and Investment (BFI 4/2018), Thai Institute of Directors (IOD)

- Role of the Chairman Program (RCP 41/2017), Thai Institute of Directors (IOD)

- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

- Corporate Social Responsibility (CSR), Thai Institute of Directors (IOD)

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

- Director, G Steel Public Company Limited

- Honorary President, The Association of Thai Hot Rolled Flat Steel

- Vice President, The Royal Automobile Association of Thailand Under Royal Patronage of HM the King

- Advisor, AAS Auto Service Co., Ltd.

- Town and Country Planning Board Member Ministry of Interior

- Chairman, General Election Committee, Pathumthani province

- Managing Director Operation Group Co., Ltd

1996 to 2000

- Director,
Bangkok Mass Transit Authority (BMTA)
- Held personally: None
- Held by Spouse or Minor children: None

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

Family Relationship among Directors and Executives None

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

Mr. Somchai Leeswadtrakul

Age 58 years

Current position

- Authorized Director
- Nomination and Remuneration Committee Member

Date of Appointment as a Director

9 July 2015

No. of years in position

5 years 5 months

Significant Designation in the past

December 2019 to August 2020

- Advisor - Government Liaison

2013 to December 2019

- Chief Government Liaison

Education / Training

Education

- M.A. in Political Science, Ramkhamhaeng University
- BAA., Northrop University, USA
- Business course, Columbus Business University, USA
- The Real Estate Executive Association of Chulalongkorn University
- Chief Executive of justice College of Justice Judicial training Institute Office of the Judiciary
- Director Certificate Program (DCP) (162/2012), Thai Institute of Directors (IOD)
- Bhumipalung Phandin Program Class 1, 2012, Chulalongkorn University

Director Training

Positions in other listed companies

December 2019 to August 2020

- Advisor - Government Liaison, G Steel Public Company Limited

2015 to December 2019

- Director, Nomination and Remuneration Member, G Steel Public Company Limited

2013 to December 2019

- Chief Government Liaison, G Steel Public Company Limited

Positions in other non-listed companies

None

No. of share(s) in the Company

- Held personally: None

(as at 30 December 2020)

- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

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

None



Mr. Richard Jim Yee

Age 51 years

Current position

- Director
- Corporate Governance and Risk Management Committee Member

Date of Appointment

30 August 2017

No. of years in position

3 years 4 months

Education / Training

Education

- Master of Laws (Taxation),
New York University School of Law, USA
- Juris Doctor, Loyola Law School, USA
- Bachelor of Arts in Economics,
University of California, Berkeley, USA
- Director Accreditation Program (DAP)
(146/2018), Thai Institute of Directors (IOD)

Director Training

Positions in other listed companies

None

Positions in other non-listed companies

2015 to 26 Nov 2020

2020 to Present

- Director, Jamestrong Investment Holding Limited
- Partner,
Ares SSG Capital Management (Hong Kong)
Limited

2014 to 2020

- General Counsel & Managing Director,
SSG Capital Management (Hong Kong) Limited

2009 to 2014

- Managing Director & Chief Operating Officer,
ABAX Global Capital

No. of share(s) in the Company

(as at 30 December 2020)

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

Family Relationship among Directors and Executives

None

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

None



Mr. Andreas Rizal Vourloumis

Age 46 years

Current position

Authorized Director

Date of Appointment as a Director

30 August 2017

No. of years in position

3 years 4 months

Education / Training

Education

- Master of Science (Economic History),
London School of Economics and Political Science
- Bachelor's degree in Economics, London School
of Economics and Political Science

Director Training

None

Positions in other listed companies

December 2019 to Present

- Nomination and Remuneration Committee Member,
G Steel Public Company Limited

December 2019 to Present

- Director,
G Steel Public Company Limited

December 2019 to February 2021

- Strategic Steering Committee Member,
G Steel Public Company Limited

Positions in other non-listed companies

January 2016 to Present

- Director,
Alpha Capital Asset Management Co, Ltd.

2020 to Present

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

2009 to 2020

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

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

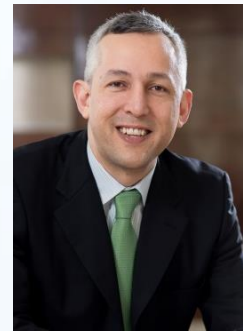
- Held personally: None
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

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

None



Mr. Sudhir Maheshwari

Age 57 years

Current position

- Authorized Director
- Nomination and Remuneration Committee Member

Date of Appointment as a Director

30 August 2017

No. of years in position

3 years 4 months

Education / Training

Education

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

Director Training

None

Positions in other listed companies

December 2019 to Present

- Director, G Steel Public Company Limited

December 2019 to February 2021

- Strategic Steering Committee Member, G Steel Public Company Limited

Positions in other non-listed companies

2015 to Present

- Founder & Managing Partner, Synergy Capital

2008 to 2015

- Managing Director, Mittal Investments

2006 to 2015

- Member of Group Management Board / Alternate Chairman of the Corporate Finance & Tax, ArcelorMittal Group

No. of share(s) in the Company

- Held personally: None

(as at 30 December 2020)

- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

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

None



Mr. Kanit Sukonthaman

Age 62 years

Current position

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

Date of Appointment

29 April 2020

No. of years in position

7 months

Education / Training

Education

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

Director Training

None

Positions in other listed companies

May 2020 to present

- Director, and Chief Executive Officer, G Steel Public Company Limited

July 2015 to December 2017

- Chairman of Audit and Corporate Governance Committee and Independent director, Globlex Holding Management Public Company Limited

Positions in other non-listed companies

2003 to present

- Director, Wall Street Tullet Prebon Securities Company Limited

1996 to present

- Director, Wall Street Tullet Prebon Company Limited

No. of share(s) in the Company

(as at 30 December 2020)

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

Family Relationship among Directors and Executives

None

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

None



Khunying Patama Leeswadtrakul

Age 55 years

Current position

Chief Corporate Social Responsibility Officer

Date of Appointment

1 March 2011

No. of years in position

9 years 9 months

Education / Training

Education



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

Director Training

Positions in other listed companies

2007 to Present

2002 to Present

Positions in other non-listed companies

Present

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

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

- Held personally: 29,206,943 Shares (0.11 %)
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

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

None

Mr. Sittisak Leeswadtrakul

Age 42 years

Current position

Deputy Chief Executive Officer

Date of Appointment

12 December 2019

No. of years in position

1 year

Significant Designation in the past

August 2019 to December 2019

- Deputy Chief Executive Officer - Production and Commercial

May 2017 to August 2019

- Chief Production Officer

2011 to May 2017

- Director

2014 to April 2017

- Chief Operation Officer and Executive Vice President - Marketing (Acting)

2011 to 2014

- Executive Vice President - Marketing

Education / Training

Education

- Master of Business, Administration Program in Business Modeling and Analysis (International Program), Mahidol University
- Bachelor of Science (General Engineering), Queen Mary University (London), United Kingdom
- Executive Certificate in Strategy - Building and Sustaining Competitive Advantage, Harvard University, USA
- Executive Certificate in Management and Leadership, Massachusetts Institute of Technology, Cambridge, USA
- Executive Certificate in Transforming Your Leadership Strategy, Massachusetts Institute of Technology, Cambridge, USA
- Executive Certificate in Developing a Leading Edge Operations Strategy, Massachusetts Institute of Technology, Cambridge, USA



	<ul style="list-style-type: none"> - Executive Certificate in Fundamental of finance for the Technical Executive, Massachusetts Institute of Technology, Cambridge, USA - Executive Certificate in Strategic Cost Analysis for Managers, Massachusetts Institute of Technology, Cambridge, USA - Certificate in Advanced Corporate, Banking and Financial Services Law Program (ABFL Program), Faculty of Law, Ramkhamhaeng University - Director Certification Program (DCP 163/2012), Thai Institute of Directors (IOD)
<u>Director Training</u>	
Positions in other listed companies	
December 2019 to present	<ul style="list-style-type: none"> - Deputy Chief Executive Officer, G Steel Public Company Limited
August 2019 to December 2019	<ul style="list-style-type: none"> - Deputy Chief Executive Officer - Production and Commercial, G Steel Public Company Limited
May 2017 to December 2017	<ul style="list-style-type: none"> - Chief Production Officer, G Steel Public Company Limited
2011 to May 2017	<ul style="list-style-type: none"> - Director, G Steel Public Company Limited
2014 to April 2017	<ul style="list-style-type: none"> - Chief Operation Officer, and Executive Vice President - Marketing (Acting), G Steel Public Company Limited
2011 to 2014	<ul style="list-style-type: none"> - Executive Vice President - Marketing, G Steel Public Company Limited
Positions in other non-listed companies	
2008 to 2011	<ul style="list-style-type: none"> - Senior officer, Steel Division, Mitsui & Co.,(Thailand) Ltd.
2006 to 2008	<ul style="list-style-type: none"> - Business Assistant, Steel Division, Mitsui & Co. Europe Plc.
No. of share(s) in the Company (as at 30 December 2020)	<ul style="list-style-type: none"> - Held personally: None - Held by Spouse or Minor children: None
Family Relationship among Directors and Executives	None
Director has direct & indirect in any contract entered into by company	None

Mr. Rajeev Jhawar

Age 48 years

Current position

Chief Financial Officer

Date of Appointment

1 March 2019

No. of years in position

1 Year 9 Months

Significant Designation in the past

2017 to March 2019

Education / Training

Education

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

Training

Positions in other listed companies

July 2019 to Present

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

2017 to July 2019

Positions in other non-listed companies

2014 to 2017

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

2011 to 2014

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

No. of share(s) in the Company

(as at 30 December 2020)

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

Family Relationship among Directors and Executives

None

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

None



Mr. Sudchai Visuddhidham

Age 51 years

Current position

Chief Production Officer

Date of Appointment

12 December 2019

No. of years in position

1 year

Significant Designation in the past

June 2004 to December 2019

Education / Training

Education

Positions in other listed companies

July 1996 to September 2000

Positions in other non-listed companies

March 2001 to June 2004

November 2000 to March 2001

No. of share(s) in the Company

(as at 30 December 2020)

Family Relationship among Directors and Executives None

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



- General Manager - Production Planning & Quality Development (Start Position: QC Manager)

- Bachelor's Degree in Engineering, Metallurgy Chulalongkorn University, Bangkok

- Caster Supervisor, Nakornthai Sirip Mill Public Company Limited (Former name of G J Steel Public Company Limited)

- Senior Manager of Operation Division, Siam Poongsan Metal Company Limited

- Production Manager, Siam Aviation Industries Company Limited

- Held personally: None

- Held by Spouse or Minor children: None

Mr. Yotsakorn Srisuksawadi

Age 36 years

Current position

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

Date of Appointment

12 December 2019

No. of years in position

1 year

Significant Designation in the past

March 2019 to December 2019

Education / Training

Education

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

Training

Positions in other listed companies

December 2019 to Present

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

Positions in other non-listed companies

2018 to Present

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

2016 to 2018

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

2013 to 2016

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

No. of share(s) in the Company

(as at 30 December 2020)

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

Family Relationship among Directors and Executives

None

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

None



Ms. Arttaya Sookto

Age 47 years

Current position

Company Secretary

Date of Appointment

9 November 2020

No. of years in position

1 month

Education / Training

Education

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

Training

Other positions

August 2019 to Present

Positions in other listed companies

November 2020 to Present

August 2019 to Present

March 2008 to July 2019

October 2002 to April 2005

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

Positions in other non-listed companies

August 2007 to February 2008

October 2006 to August 2007

May 2005 to September 2006

May 2002 to August 2002

August 2000 to April 2002

May 1999 to August 2000

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

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

Family Relationship among Directors and Executives

None

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

None



Policy and Business Overview

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

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

The Company's production process, in brief, begins from taking ferrous scraps and pig iron to melt in the EAF to make liquid steel at 1,600 degrees Celsius, then improving the quality of liquid steel with ferro-alloys and other substances to meet the requirements of the standard or customer's specification, and casting the improved liquid steel into the continuous casting machine to make steel slabs of 60 mm thickness, and hot-rolled to reduce the thickness down to the range of 1.2 - 25.0 mm as per the customer's order. The said production process is thoroughly continuous and takes just 3 hours and a half to finish.

The Company's hot rolling mill has a designed capacity of 3.0 million tons per year at maximum, currently has implemented capacity of 1.5 million tons per year, and currently has an effective capacity of 1.2 million tons per years that meets the various product mixes by customers' orders. Our hot-rolled coil products are made to comply with the Thai industrial standards (TIS), and also international and foreign standards, for instances, Japanese standards (JIS), American or the U.S. standards (ASTM and SAE), European standards (EN, DIN and BS), Malaysian standards (MS) etc., according to the local and foreign markets' needs.

Vision Mission Business Objectives

Vision

"To be a leading reputable Company in the country and ASEAN as a manufacturer of quality hot rolled coil with efficient production processes"

Mission

- Towards the global market with a wide range of steel products
- Aim for growth by expanding its production capacity and costs reduction
- Improve and develop products to meet the needs of customers
- Continuous development of human resources
- Environmental conservation and return to society
- Enhance value for stakeholders
- Anti-Corruption and Corruption

Business Objectives:

The overall global steel consumption during 2020 was estimated at 1725 million mt which decreased by 2.4% compared to 2019. However, this reduction was arrested by improving consumption trend towards the second half of 2020, mainly aided by spurt in demand from China. China on the other hand recorded an increase in steel consumption from 908 million mt in 2019 to 980 million mt in 2020 and increase of 8%. The Global steel consumption is estimated to grow at 4% in 2021 as per the World Steel Association. While China is expected to maintain its 2020 consumption levels.

Closer home, steel consumption in ASEAN declined by 6% from 78 million mt in 2019 to 73 million mt in 2020 but expected to grow by 6% in 2021 as per World Steel Association. Total Steel consumption of Thailand decreased by 12% from 18.6 million mt in 2019 to 16 million mt in 2020 but is expected to grow by 5% in 2021 as per Iron & Steel Institute of Thailand (ISIT). Demand for HRC also saw a steep decline by 21% from 6.8 million mt in 2019 to 5.4 million mt in 2020. While several factors such as trade war between China and US, general elections, strengthening of Thai Baht etc. reduced the demand in 2019, the outbreak of global pandemic with declaration of emergency and stringent travel restrictions severely affected the domestic economy and consequently the steel demand in 2020. With several steps taken and substantial stimulus money being pumped in the economy, the steel demand is expected to grow by 4.1% in 2021 as per ISIT.

Key Objectives of the Company are:

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

The significant change and development during the past 3 years**Key Event in 2020**

- The Company implemented a new incentive scheme with the objective to maximize production of prime quality products and EBITDA. The scheme has shown very encouraging results and has also enhanced teamwork and motivation across the company. As a result, the productivity of prime quality products has improved and several other cost saving measures have been made possible.
- To achieve long term cost reduction plan, the company announced a Voluntary Retirement Programme which enabled it to reduce several staff.

Key Event in 2019

- Right issue: The Company came up with Rights Offering during the year which helped in raising additional funds for working capital and capex. First quarter of the year had major breakdowns in EAF and mill area which resulted in shutdown of the mill. The company took quick action on repairing and arranging alternate equipment and production resumed in early March. The Company is now arranging critical Insurance spares in a phased manner to avoid such events in future.

- Production was stepped up in Q-2 but got affected in several months due to heavy imports arising out of expiry of Governmental Safe Guard Measures on Alloys in February. This was further impacted by Global slowdown in steel market in H2 affecting both pricing and volume.
- Health of equipment improved further by clearing backlog in maintenance, taking up capex schemes including long awaited infrastructure development. Product mix: AK grade production with the addition of gas cylinder grade, high tensile and others was higher in 2019 at 3.5% compared to previous year. MC grade at + 40% of total production was new yearly record.
- Thinner gauge production got severally affected due to heavy import of galvanized materials.
- Consumption of Oxygen and Yield improved but Natural gas, Carbon, Casting consumables etc. was adverse due to fluctuation in production volume.
- Local scrap usages was stepped up almost to half of total consumption. Pig iron usages were brought down below 20 %
- Capex implementation got momentum: Roll grinding machines upgradation, electrode spray cooling system, schemes for caster and mills got implemented. Major schemes are planned for implementation in 2020 for which orders are mostly released.
- New financiers were added for having flexibility in financing for procurement of raw materials. New customers were added during the year. Pricing policy was also streamlined to curb export through making domestic price competitive post expiry of the safe guard on Alloy Steel.

Key Event in 2018

- Health of equipment improved by clearing backlog in maintenance, taking up capex schemes including long awaited infrastructure development; expenses stepped up by about 50 % over previous year and similar thrust continues.
- Plant operated in combination of off peak and partial on-peak mode to prepare the units for enhanced level of production and sales.
- Product mix was improved with increase in production of thinner gauge to 19.1%, over 40,000 ton of higher grade apart from SS400 and SPHC. Initiatives taken to produce various grades of high tensile steel and gas cylinder.
- Consumption of Natural gas, Carbon, Oxygen, Casting consumables and others got improved over previous years.
- Export commenced by the company and established its products in international market after a long gap.
- New financiers were added for having flexibility in financing for procurement of raw materials.
- Customers and supplier base broadened.
- Energy conservation: Company achieved lowest ever natural gas consumption at 1.05 nm³/t during last 10 years. Oxygen consumption as well brought down to lowest ever level to 36.89 nm³/t since inception

February 2021

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

November 2020

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

August 2020

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

July 2020

The meeting of the 2020 Annual General Meeting of Shareholders on 27 July 2020 at 9.30 hrs. at the Mandarin AB, 1st Floor, Mandarin Hotel Bangkok, at No. 662 Rama IV Road, Bang Rak, Bangkok 10500, has approving the appointment of Mr. Apichart Sayasit, Certified Public Accountant License No. 4229, or Miss Wimolsri Jongudomsombut, Certified Public Accountant License No. 3899, or Miss Waleerat Akkarasrisawad, Certified Public Accountant License No. 4411 from Baker Tilly Audit And Advisory Services (Thailand) Limited to be the Company's auditor and to determine the auditor remuneration for the year 2020 ended 31 December 2020

April 2020

The Board of Directors' Meeting No. 3/2563 on 29 April 2020 has resolved to approve the appointment of Mr. Kanit Sukonthaman as a director and Chief Executive Officer with the effect from 5 May 2020 onwards.

December 2019

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

- Appoint Mrs. Kwanjai Kasemlonnappa as the Company Secretary with the effectiveness from 13 December 2019 onwards.
- Approve to set up the Strategic Steering Committee delegated by the Board of Directors in order to check, give advice and closely monitor the day-to-day operation of the Executive Committee, and to appoint members of the aforesaid Committee, with effect from 12 December 2019 onwards:
 - 1) Dr. Somsak Leeswadtrakul
 - 2) Miss Soontareeya Wongsirikul
 - 3) Miss Kannikar Yomchinda
 - 4) Mr. Andreas Rizal Vourloumis
 - 5) Mr. Sharad Bajpai
 - 6) Mr. Sudhir Maheshwari
 - 7) Mr. Davinder Chugh

June 2019

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

May 2019

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

April 2019

The Meeting of Board of Directors No. 3/2562 held on 29 April 2019 has resolved to approved the combination of the Risk Management Committee and the Corporate Governance Committee, including appointing members of the Corporate Governance and Risk Management Committee, with the effectiveness from 29 April 2019 onwards.

January 2019

The meeting of the Extraordinary General Meeting of Shareholders No. 1/2019 on 14 January 2019 at 9.30 hrs. at the Arnoma Grand Room, 3rd Floor, Arnoma Grand Bangkok, No. 99 Ratchadamri Road, Lumpini, Pathumwan, Bangkok, has passed the following key resolutions:

- Approved the transfer of appropriated legal reserve (according to the separate financial statement of the Company ended 30 September 2018) in the amount of THB 18,507,421.67. The Company thus utilizes such legal reserve to compensate the accumulated losses (according to the separate financial statement of the Company ended 30 September 2018) in the amount of THB 18,507,421.67.
- Approved the reduction of the Company's registered capital by reducing the par value of shares from THB 6.90 per share to THB 0.96 per share, which thereby decreases the Company's registered capital from THB 129,298,350,418.50 to THB 17,989,335,710.40 and the Company's paid up capital from THB 96,104,091,707.70 to THB 13,371,004,063.68. In this regard, the decreased paid up capital from the par value reduction will be used to wipe out the discount on capital stock in the amount of approximately THB 61,757,357,060.14 and accumulated losses in the amount of approximately THB 20,975,730,583.88, respectively as appeared in the separate financial statement of the Company ended 30 September 2018. Upon the wipe out of accumulated losses, the Company will still have losses amounting THB 23,023,481.28.
- Approved the reduction of the Company's registered capital by canceling the Company's authorized but unissued shares in the amount of 1,957,748,965 shares, with a par value of THB 0.96 per share, from the existing registered capital of THB 17,989,335,710.40 to THB 16,109,896,704
- Approved the increase of the Company's registered capital by the amount of THB 11,490,928,047.36 from the existing registered capital of THB 16,109,896,704 to THB 27,600,824,751.36 by issuing 11,969,716,716 newly issued ordinary shares with a par value of THB 0.96 per share to (1) existing shareholders of the Company in proportion to their respective shareholding (Right Offering) and (2) to accommodate the adjustment of right under GJS-W3 and GJS-W4.

November 2018

The meeting of Board of Directors Meeting No. 9/2018 on 19 November 2018, has considered and approved the material matters in order to propose to the Extraordinary General Meeting of Shareholders No. 1/2019 to be held on 14 January 2019, for its consideration and approval the following key matters:

- Approved the transfer of legal reserve (Separate financial statements of the Company ended 30 September 2018) in the amount of THB 18,507,421.67 to compensate the retained losses (Separate financial statements of the Company ended 30 September 2018) in the amount of THB 18,507,421.67.
- Approved the reduction of the Company's registered capital by reducing the par value from THB 6.90 to THB 0.96, which thereby decreases the Company's registered capital from THB 129,298,350,418.50 to THB 17,989,335,710.40 and the Company's paid up capital from THB 96,104,091,707.70 to THB 13,371,004,063.68. In this regard, the decreased paid up capital from the par value reduction will be used to write off the discount on share capital in the amount of approximately THB 61,757,357,060.14 and write down deficit in the amount of approximately THB 20,975,730,583.88, respectively as appeared in the separate financial statement of the Company ended 30 September 2018. After the writing down of deficit, the Company will have the remaining deficit of THB 23,023,481.28.
- Approved the reduction of the Company's registered capital by cancelling the authorized but unissued shares of the company in the amount of 1,957,748,965 shares, with a par value of THB 0.96 per share, from the existing registered capital of THB 17,989,335,710.40 to THB 16,109,896,704, prior to the increase of the Company's registered capital.
- Approved the increase of the Company's registered capital of THB 11,490,928,047.36 from the existing registered capital of THB 16,109,896,704.00 to THB 27,600,824,751.36 by issuing 11,969,716,716 newly issued ordinary shares with a par value of THB 0.96 per share (1) to existing shareholders of the Company in proportion to their respective shareholding (Rights Offering) and (2) to accommodate the right adjustment of GJS-W3 Warrant and GJS-W4 Warrant.

August 2018

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

June 2018

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

Nature of Business

Revenue Structure

	2020		2019		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from sales						
Hot-Rolled coil (HRC)	11,316	98.26%	12,905	97.27%	29,877	99.00%
Tempered Hot Rolled coil (RTM)	<u>63</u>	<u>0.55%</u>	<u>18</u>	<u>0.13%</u>	<u>33</u>	<u>0.11%</u>
Total revenues from sales	11,379	98.81%	12,923	97.40%	29,910	99.11%
Other Income						
Net Foreign exchange gain	38	0.33%	216	1.63%	105	0.35%
Gain on confirmed purchase orders for undelivered raw material	19	0.17%	21	0.16%	-	-
Sales of waste scrap from production	43	0.37%	57	0.43%	36	0.12%
Other income	35	0.31%	21	0.15%	7	0.02%
Interest income	2	0.01%	20	0.15%	3	0.01%
Net gain from write-off expired legal prescription	<u>-</u>	<u>-</u>	<u>10</u>	<u>0.08%</u>	<u>119</u>	<u>0.39%</u>
Total Revenue	<u>11,516</u>	<u>100.00%</u>	<u>13,268</u>	<u>100.00%</u>	<u>30,180</u>	<u>100.00%</u>

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

(Unit: Ton)

Sale Volume	2020	%	2019	%	2018	%
Domestic Sale Volume						
- Related Companies	-	-	16,555	2.33%	33,948	2.35%
- Other Groups	<u>704,433</u>	<u>99.32%</u>	<u>693,787</u>	<u>97.67%</u>	<u>1,351,556</u>	<u>93.37%</u>
Total Sale in Domestic	704,433	99.32%	710,342	100.00%	1,385,504	95.72%
Oversea Sale Volume	<u>4,801</u>	<u>0.68%</u>	<u>-</u>	<u>-</u>	<u>61,967</u>	<u>4.28%</u>
Total	<u>709,234</u>	<u>100.00%</u>	<u>710,342</u>	<u>100.00%</u>	<u>1,447,471</u>	<u>100.00%</u>

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

	2020		2019		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Domestic	11,302	99.32%	12,923	100.00%	28,887	96.58 %
Oversea	77	0.68%	-	-	1,023	3.42%
Total	<u>11,379</u>	<u>100.00%</u>	<u>12,923</u>	<u>100.00%</u>	<u>29,910</u>	<u>100.00%</u>

Product Characteristics

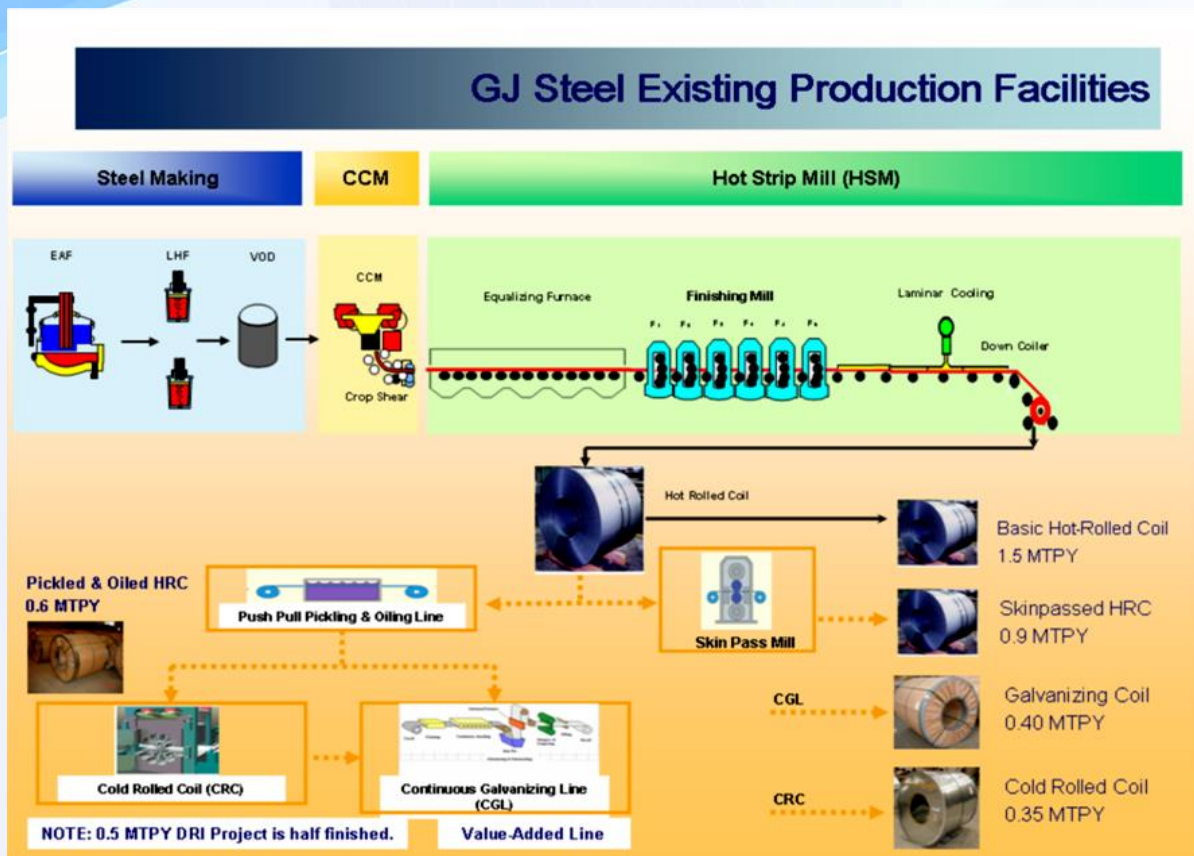
The Company has operated the business as the manufacturer of hot-rolled steel plate and related products, which can be divided into the product line as follows:

- 1) Hot Rolled Coil
- 2) Tempered Hot Rolled coil
- 3) Hot Rolled Pickled & Oiled Product

These products are used in the related industries as follows:

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

Production Process



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

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

1. The technology of continuous feeding steel scrap helps to reduce time and energy in the electric arc furnace (“EAF”), due to not opening the EAF roof to receive the steel scrap, so no loss of energy. While conveying the steel scrap to the furnace the steel scrap receives heat vapor from the EAF before being sent to the melting process, that it can maintain constant energy.

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

2. Development of the thin slab casting technique without too much investment can help to increase the ability on competition in the market of the hot-rolled steel producers. 3. Production of hot-rolled steel by the thin slab casting can reduce the cost significantly. The first is the cost of energy by reducing the loss of energy in the procedure of conveying the thin slab through the tunnel furnace to enter the hot-rolled process directly, while the steel slab still has the temperature at 900-1,000 °C. Another aspect is the size of the thickness that starts rolling from the reduction at the thickness of 50-

60 mm instead of starting at the 200-250 mm as in the old method. Also it can help to reduce the cost on the maintenance as well.

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

The production process of the Company after deriving of the hot-rolled steel can be produce continuously by 3 independent stages are:

- 1) Recoiled temper mill line.
- 2) Pickled and Oiled line.
- 3) Galvanizing line.

Marketing and Competitions

Expanding Products Range

The Company is continuously looking at opportunities to develop and improve its products range to have more diverse range in terms of thickness of steel such as expanding from maximum normal thickness at 12.70 mm up to thickness of 25 mm in form of coil. Also developing special quality grades that the market still has to depend on import, such as steel quality for Cold-Rolling, gas cylinder, welding and high-tensile steel.

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

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

Pricing Strategies

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

Target Customer Groups

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

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

Channels of Distribution

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

1. Direct Sales

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

2. Sales Through the Wholesalers

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

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

Marketing Strategies

1. The Company's customers are in various industries such as the pipe manufacturing, the domestic and foreign cold-rolled manufacturers, the steel service center, the auto industry, the large construction projects with the demand to use special quality steel.
2. The Company has developed and improved the quality of its products all the time by investing in the tools for modernization to increase potential and quality improvement and reduce cost of the production.
3. The Company has sent the working team with capability and expertise on using steel in the various applications and give support on the knowledge on the steel with the customers in the various industries for safety and optimization on the use of steel suitably.
4. The Company has succeeded very much in building confidence in the delivery of the goods to the customers punctually, so the customers can plan and manage the inventory suitably.
5. The Company has given prioritization on the improvement and development of the goods and service of the Company regularly with a survey and listening to the opinion of the customers periodically, so the Company knows of the correct and suitable demand of the customers clearly.

Steel Industry situation

Thailand's 2020 steel industry situation

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

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

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

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

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

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

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

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

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

Hot rolled steel flat product situation in Thailand in 2020

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

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

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

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

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

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

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

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

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

Outlook of steel industry in Thailand in 2021

The steel situation in the world market in the year 2020 has been quite volatile. By the beginning of the year from January to around March, the price level has dropped compared to the year 2019 due to COVID-19 outbreak in the beginning of the year, which began in December 2019, was first seen in Wuhan, China. The COVID-19 outbreak has led China, as the world's number one producer and consumer of steel, to disrupt economic activity in key industrialized cities and other cities. In addition, the outbreak has spread to many countries around the world. Therefore, lockdown measures are in place to reduce the spread of the virus. This causes the economic conditions and economic activity to slow down in many countries. And demand for steel products slowed in line with economic conditions and economic activity, resulting in a sharp drop in steel prices in early 2020. Until March 2020, a weaker virus outbreak, China began to relax the lockdown measures. As a result, the economic activity has started to come back again along with economic stimulus measures from the government sector especially in infrastructure making the demand for steel gradually increase in the real estate sector and the domestic infrastructure sector. When China can control the outbreak of COVID 19 along with stimulus measures from the government causing the trend of steel prices in Southeast Asia trend to recover in line with the improved demand from the economic stimulus from the second quarter of 2020 onwards. The overall in 2020, HRC and rebar prices have declined in line with lower demand in the first quarter of the year and began to recover in the second quarter, with the average HRC price at about 490 USD per ton decrease 1.3% compared to the average price of 2019 and the price of rebar has an average price of about 457 USD per ton, down 3.1% compared to the average price of the previous year. The global steel price volatility was caused by the impact of the COVID-19 outbreak, which resulted in the disruption and slowing down of both the supply and demand side of the steel industry, causing the price of raw materials to fluctuate as well, in particular scrap prices have been declining since the beginning of 2020 and began to rise in the second quarter of the year, with scrap prices averaging around US \$ 312 per ton decreased by approximately 0.5 percent compared to the average price of the previous year. The steel situation in Thailand in 2020 was also affected by the epidemic of COVID 19 as well. It is found that in the steel industry It has slowed down on all fronts whether in consumption, production, imports and exports. This is the lowest drop since 2014, partly due to the impact of the 2019 trade war and the main impact of the 2020 COVID 19 outbreak that affect to the overall economy. The disruption of economic activity from the lockdown measure to mitigate the COVID-19 epidemic linked to a slowdown in consumer demand and to a contraction in the supply side. The downstream industries of the Thai steel industry in 2020 were slowing, especially in the industries that are the main user of steel such as the construction industry, automotive industry and electrical appliance industry. As a result, the consumption and production of domestic steel products decreased as well.

On outlook of steel industry, World Steel Association (WSA) anticipates the global demand for finished steel products in 2021 is expected to grow 4.1 percent to 1,795 million tons, according to the forecast by the world steel demand for 2021 of various regions around the world are likely to increase compared to previous years. The European Union (28 countries) forecasting demand for finished steel in 2021 to grow at 11 percent. The Commonwealth of Independent States (CIS) predicts the demand for finished steel in 2021 to expand by 5.5 percent. ASEAN 5 countries including Indonesia, Malaysia, Philippines, Thailand and Vietnam in 2021, the demand for finished steel is expected to increase by 5.8% as a result of investment in infrastructure construction projects, expansion of investment to various countries in

ASEAN countries and measures to stimulate the economy from the government sector of various countries in this region. While WorldSteel predicts finished steel demand of China, the world's largest producer and consumer of steel, will be stable in 2021 due to 2 factors. First of all, the infrastructure and housing projects that started in 2020 will continue to be the driving force behind steel demand in 2021, and partly if the economy has fully recovered, the government is likely to cut its stimulus policy, slowing down the construction sector.

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

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

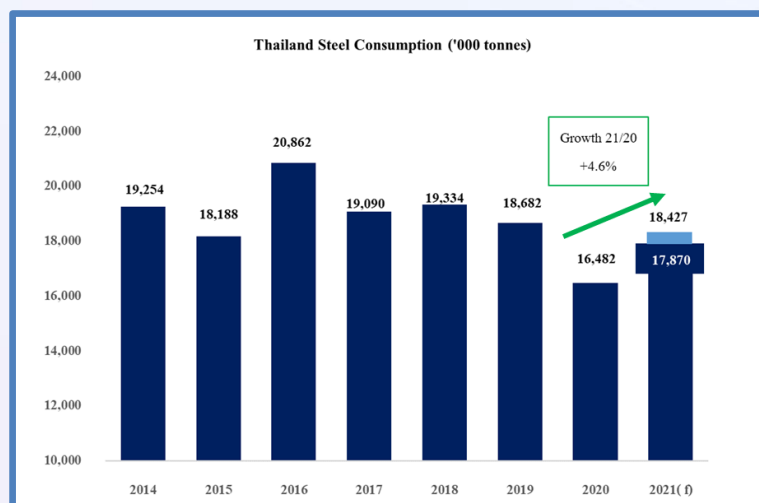
However, there are limitations and risks that may affect the economic recovery in 2021, consisting of:

1. The uncertainty of both domestic and foreign COVID-19 epidemic situations that may be more violent and prolonged than expected, leading to more stringent control measures.
2. Tendency of delay in the recovery of the tourism sector.
3. Conditions on the financial status of the household and business sectors amidst the labor market and business activities that have not fully recovered.
4. The risk of drought situation.
5. The volatility of the world economy and finance by there are the conditions in the world economy need to be closely monitored and assessed include:
 - Directions for change in US international policy under the leading of the new president.
 - International investment volatility under the uncertainty of the epidemic situation. This will affect exchange rate fluctuations and capital flows.
 - The implementation of the monetary policy of major central banks in the next phase. Especially the trend of rising inflationary pressures due to improvements in the world economy and commodity prices.

- The risk of economic stability problems in countries with weak economic structure and fundamentals still facing severe epidemics such as Spain, Italy, Brazil, Argentina, Peru, Turkey and South Africa.
- Geopolitical conflicts and political stability, such as the conflict between China and Taiwan, political situation in Hong Kong and Myanmar including the conflict in the Middle East.

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

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



Source : Iron and Steel Institute of Thailand

Planning on the Production in the Business Operations

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

1. Grade (quality class) according to the international standard and the tailor-made, which the plant of the Company and G Steel can produce hundreds of grade.
2. The widths produced by the plant of the Company and of G Steel ranging from 900 mm to 1,571 mm every 1 mm of different widths is the product that is the different altogether the total of 672 sizes.

3. The thicknesses or gauges produced by the Company from 1.20 mm to 25.00 mm, while G Steel from 1.20 mm to 13.00 mm, with each thickness of 0.05 mm is the unique product of the total thicknesses of 480 sizes. When the thickness and width of the product are multiplied shall derive of the product with altogether 268,800 different sizes. However, it does not consider the number of grades produced by hundreds of grades and not included the classification of the products as the basic or value-added products such as the skin-passed, pickled & oiled, etc. Thus, the actual production line has the different products that are not overlapped numerous numbers.

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

In the future, the Company has planned on the development of the products for the galvanized and cold-rolled steel applications, which are value-added and the segment that has growth and large import. The production line of the Company has been designed to produce such products. Thus, the overlap of the products may be reduced in future.

Raw Materials

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

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

Raw Materials for Production

Consisting of;

1. Pig Iron: This is pure and clean steel of raw material to be used in production process and is considered 10.71% of total raw material used in production process.
2. Import Scrap: 31.56% of total raw material used in production process.
3. Local Scrap: 54.06% of total raw material used in production process.
4. Return Scrap: The scrap which is returned from production process and is considered 3.67% of total raw material used in production process.

Raw Materials procurement

The local scrap supply is not enough compared to the high demand of local scrap. Therefore, imported raw material in year 2020 for Pig iron and Import scrap are considered about 42.27% while the local scrap and return scrap are considered about 57.73% of total raw material used in production process.

Other Raw Materials

Apart from Scrap, there are other raw materials to be used in HRC production process which are Fluxes (Burnt Lime, Light Burnt Magnesite and Ferroalloys).

Risk Factors and Risk Management

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

Risks arising from Production, Transportation and Scrap Purchasing

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

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

Risks arising from domestic scrap procurement

Domestic scrap is the main raw material for production. It accounts for 58% of all major raw materials used in production. The proportion of its use depends on the scrap procurement process and the amount of scrap available in the country. The company has planned to supply more good quality scrap by continuously expanding the domestic scrap distributors and procurement base. In addition, the company plans to adjust the proportion of domestic scrap to increase to 70-80% of the main raw materials in production so that there is a regular steel scrap used in production. Purchasing foreign scrap would take a longer time to process and there is a price uncertainty from foreign exchange rates causing the production cost to fluctuate. Therefore, the use of more domestic scrap increases the certainty in terms of quantity and price.

The risks of goods delivery to customers

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

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

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

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

Marketing and Distribution Risks

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

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

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

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

Financial Risks

Foreign exchange volatility risks

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

Risks in providing credit to customers

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

Financial liquidity risks

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

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

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

Environmental and personnel risks

Production risks that may cause pollution

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

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

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

Business operation risks that may cause insecurity to employees

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

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

Risks related to public policy and the relevant regulations.

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

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

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

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

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

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

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

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

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

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

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

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

Risks from price control by the government

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

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

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

General Risks

The risks of inability to operate due to uncontrollable factors

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

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

Corruption Risks

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

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

Securities Details and Shareholding Structure

Securities of the Company

As at 31 December 2020, the Company authorized capital was Baht 27,600,824,751.36, of which Baht 24,467,649,500.16 had been paid up. The paid up capital comprises of 25,487,134,896 ordinary shares with a par value of Baht 0.96 per share.

Name list of Shareholders

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

No.	Name of shareholders	Number Shares	% of paid-up capital
1.	Asia Credit Opportunities I (Mauritius) Limited	10,310,359,336	40.45
2.	G Steel Public Company Limited	2,122,427,209	8.33
3.	Nomura Singapore Limited-Customer Segregated Account	1,988,214,549	7.80
4.	Mrs. Jarunee Chinnawongvorakul	1,881,648,600	7.38
5.	China Tonghai Securities Limited - Account Client	1,275,806,659	5.01
6.	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch	454,111,692	1.78
7.	Superior Overseas (Thailand) Co., Ltd.	412,500,000	1.62
8.	Mr. Somchai Padpai	397,400,058	1.56
9.	Thai NVDR Company Limited	395,569,506	1.55
10.	Ms. Warunya Chatpiriyapun	330,000,100	1.29
11.	Minor shareholders	5,919,097,187	23.23
	<u>Total</u>	<u>25,487,134,896</u>	<u>100</u>

Other Securities

As of 31 December 2020, the Company had no remaining warrants because:

- On 7 February 2020, third warrants (GJS-W3) of 3,674 million units, there was only 3,000 warrants which were exercised and the remaining warrants were cancelled by the Stock Exchange of Thailand in the following day.
- On 11 February 2020 fourth warrants (GJS-W4) of 2,754 million units, there was no warrant holders exercise and it was cancelled in the following day.

The details are as follows;

1. Warrants to purchase ordinary share, series No. 3/2013 (“GJS-W3”)

Category of Warrants	Named and transferable Warrants to purchase the Company’s ordinary shares
Number of Warrants issued	3,674,429,663 units
Underlying ordinary shares	1,837,214,832 shares
Allocation to	The existing shareholders who subscribe newly issued ordinary shares allotted by way of rights offering at the ratio of 10 new ordinary shares to 1 unit of warrant. The list of company’s ordinary shareholders entitled to subscribe newly issued ordinary shares on 28 November 2012 and shareholders name list will be compiled in accordance with Article 225 of Securities and Stock Exchange Act by closing the register on 29 November 2012
Price per unit	Baht 0
Term of Warrants	7 years
Issue Date	8 February 2013
Expiration Date	7 February 2020
Exercise ratio	1 unit of warrant to 0.500 new ordinary shares
Exercise price	Baht 0.1668 per share
First Exercise Date	28 June 2013
The last exercise date	7 February 2020

2. Warrants to purchase ordinary share, series No. 4/2013 (“GJS-W4”)

Category of Warrants	Named and transferable Warrants to purchase the Company’s ordinary shares
Number of Warrants issued	2,754,167,306 units
Underlying ordinary shares	1,425,167,788 shares
Allocation to	G Steel Public Company Limited and/or its subsidiaries who subscribe for the Company’s newly issued ordinary shares by way of private placement who subscribe newly issued ordinary shares allotted by way of rights offering at the ratio of 10 new ordinary shares to 1 unit of warrant.
Price per unit	Baht 0
Term of Warrants	7 years
Issue Date	12 February 2013
Expiration Date	11 February 2020
Exercise ratio	1 unit of warrant to 0.500 new ordinary shares
Exercise price	Baht 0.1668 per share
First Exercise Date	28 June 2013
The last exercise date	11 February 2020

Dividend Policy

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

Management Structure

Board of Directors

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

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

No.	Name	Position
1.	Mr. Stephen Karl Stewart ⁽¹⁾	Chairman and Independent Director/ Audit Committee Member
2.	Assoc. Prof. Niputh Jitprasonk	Independent Director/ Chairman of the Audit Committee
3.	Mr. Yingsak Jenratha	Independent Director/ Audit Committee Member
4.	Mr. Yanyong Kurovat	Director/ Executive Director
5.	Mr. Somchai Leeswadtrakul	Director/ Executive Director
6.	Mr. Richard Jim Yee	Director/ Non-Executive Director
7.	Mr. Andreas Rizal Vourloumis	Director/ Executive Director
8.	Mr. Sudhir Maheshwari	Director/ Executive Director
9.	Mr. Kanit Sukonthaman ⁽²⁾	Director/ Executive Director

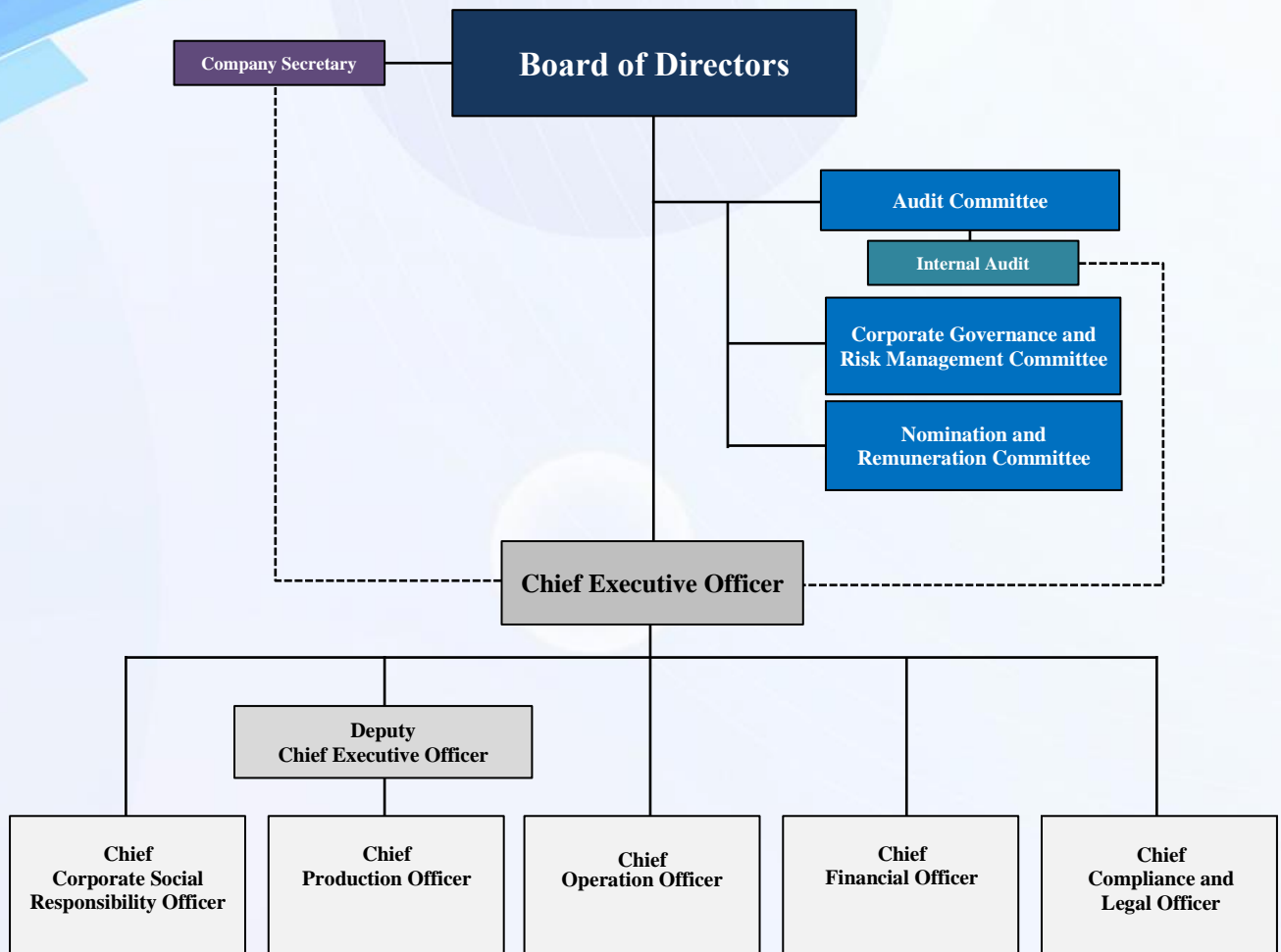
Remarks:

- 1) The Board of Directors' Meeting No. 8/2563 held on 10 August 2020 resolved to approve the appointment of Mr. Stephen Karl Stewart as Chairman of the Board of Director of the Company with effect from 10 August 2020 onwards.
- 2) The Board of Directors' Meeting No. 3/2563 held on 29 April 2020 resolved to approve the appointment of Mr. Kanit Sukonthaman as a director and Chief Executive Officer in replacement of vacant position of Mr. Amrendra Prasad Choudhary who has resigned from the director position and Chief Executive Officer position. Mr. Kanit Sukonthaman shall retain his office as only as Mr. Amrendra Prasad Choudhary was entitled to retain the same with the effect from 5 May 2020 onwards.
- 3) At the 2020 Annual General Meeting of Shareholders held on 27 July 2020, there were 2 directors who retired by rotation which were Dr. Chainarong Monthienvichienchai, Chairman of the Board of Director and Ms. Soontareeya Wongsirikul, Director

Authorized Directors are as follow;

“(1) either Mr. Yanyong Kurovat or Mr. Somchai Leeswadtrakul jointly signs with either Mr. Andreas Rizal Vourloumis or Mr. Sudhir Maheshwari or Mr. Kanit Sukonthaman, totaling 2 persons together with the Company's seal being affixed or (2) Mr. Andreas Rizal Vourloumis or Mr. Sudhir Maheshwari or Mr. Kanit Sukonthaman, 2 out of 3 directors jointly signs with the Company's seal being affixed.”

Organization Chart



Remark:

The Board of Directors' Meeting No. 1/2564 held on 23 February 2021 resolved to approve the termination of Strategic Steering Committee, with effect from 23 February 2021.

Definition

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

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

Position in Sub-Committees

No.	Name	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee and Risk Management Committee	Executive Committee
1.	Mr. Stephen Karl Stewart	✓	✓	✓	
2.	Assoc. Prof. Niputh Jitprasonk	✓	✓		
3.	Mr. Yingsak Jenratha	✓		✓	
4.	Mr. Yanyong Kurovat				
5.	Mr. Somchai Leeswadtrakul		✓		
6.	Mr. Richard Jim Yee			✓	
7.	Mr. Andreas Rizal Vourloumis				
8.	Mr. Sudhir Maheshwari		✓		
9.	Mr. Kanit Sukonthaman				✓

* = Chairman

Board of Directors' Meeting

In 2020, there were 12 the meetings of the Board of directors, in which held according to the Articles of Association of the Company and the Public Limited Companies Act B.E.2535 (1992). There were the agenda and meeting documents submitted for the directors' consideration as soon as possible prior to the meeting, and also the opportunities for directors to discuss on the significant matters with carefulness. In this connection, the Company Secretary and the legal advisor were attending the meeting in order to take minutes, respond the directors' inquiries and recommendations. Therefore, the directors or relevant persons can follow and monitor the matter properly.

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

No.	Name	Board of Directors Meeting/ Attendance	Audit Committee Meeting/ Attendance	Nomination and Remuneration Committee Meeting/ Attendance	Corporate Governance and Risk Management Committee Meeting/ Attendance	The 2020 Annual General Meeting of shareholders / Attendance
1.	Mr. Stephen Karl Stewart	12 / 12	10 / 10	4 / 4	4 / 4	✓
2.	Assoc. Prof. Niputh Jitprasonk	12 / 12	10 / 10	4 / 4	-	✓
3.	Mr. Yingsak Jenratha	12 / 12	10 / 10	-	4 / 4	✓
4.	Mr. Yanyong Kurovat	12 / 12	-	-	-	✓
5.	Mr. Somchai Leeswadtrakul	11 / 12	-	4 / 4	-	✓
6.	Mr. Richard Jim Yee	12 / 12	-	-	4 / 4	✓
7.	Mr. Andreas Rizal Vourloumis	12 / 12	-	-	-	✓
8.	Mr. Sudhir Maheshwari	12 / 12	-	2 / 4	-	✓
9.	Mr. Kanit ⁽¹⁾ Sukonthaman	9 / 9	-	-	-	✓

Remark:

- 1) The Board of Directors' Meeting No. 3/2563 held on 29 April 2020 resolved to approve the appointment of Mr. Kanit Sukonthaman as a director and Chief Executive Officer, with the effect from 5 May 2020 onwards.

Executives

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

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

Executive Committee

The Executives Committee comprises of 6 members as follows;

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

Responsibilities of the Chief Executive Officer

1. To formulate business plan, investment plan, and annual budget plan for approval by the Executive Committee and/or the Board of Directors.
2. To operate the Company's business in compliance with the law, the Company's objectives, Articles of Association, and Code of Conduct, including the Board of directors' resolutions with honest and for the Company's benefit.
3. To be responsible for the overall management and to deliberate all the Company's policies to achieve the preset objectives and within the policy, business plan and budget plan approved by the Board of Directors.
4. To approve an execution or payment according to the Company's authorization regulations or annual budget approved by the Board of Directors.
5. To recruit, hire, transfer, reshuffle, suspend or terminate employment of any executives or employees and to stipulate scope of roles and responsibilities as well as appropriate remuneration. For the positions equivalent to Senior Vice President or higher to report to the Board of Directors, while for the positions equivalent to the Internal Audit Department executives, the proceeding shall be made with the Audit Committee's consideration.
6. To appoint respective authorized persons to sign the Company's document in the areas of accounting, finance, purchase, production, sales and general management, as well as other important document.
7. To set, change, revise or cancel any rules, regulations, order, announcement, punishment measures and internal control systems for use as guideline for all employees and to enable the internal management to be executed as per the Company's policies.

8. To appoint advisors in various aspects significant to the operations for the best benefits of the Company. The CEO is empowered to appoint attorney(s) to file lawsuit or defend case related to the Company.
9. To assign person(s) to perform task on his/her behalf as deemed appropriate. Such authorization can be terminated, changed or modified.
10. To report the Company's performance, progress of any projects and financial status to the Board of Directors.
11. To perform other works assigned by the Board of Directors.

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

The Nomination of Chief Executive Officer

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

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

Company Secretary

The Board of Directors Meeting No. 11/2563 held on Monday, 9 November 2020 appointed Ms. Arttaya Sookto as the Company Secretary, with effect from 9 November 2020 onwards, to perform the duties of Company Secretary on giving the advices regarding laws and regulations which the Board of Directors shall be aware, to monitor the Board of Directors' conduct as well as to coordinate and follow up the execution to be according to the Board of Directors' resolution.

Responsibilities of the Company Secretary

- 1) To give basic advice to the Board of Directors on related laws, regulations and provisions of the Company in accordance with the good corporate governance practices, as well as follow up and monitor the compliance to be accurate and consistent.
- 2) To arrange meetings of the Board of Directors, committees and shareholders in accordance with the applicable laws, the Company's regulations and practices, as well as complying with the good corporate governance policy of the Company and the SET.
- 3) To monitor the disclosing of data and information to the responsible government agencies according to the regulations and requirements of related organizations, including communicating with shareholders and take care of them appropriately.

- 4) To provide and keep the following documents
 - a) Directors' Record
 - b) Invitation letters and minutes of the Board of Directors meetings, as well as the Company's annual report.
 - c) Invitation letters to shareholders for the meeting and the minutes.
- 5) To keep the conflict of interest report provided by directors or executives.
- 6) To support the Board of Directors' task as assigned.
- 7) To operate other tasks as specified by the SET's Capital Market Supervisory Board.

A Person who supervising accounting (Account Controller)

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

Remuneration for the Board of Directors and the Management

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

Remuneration for the Board of Directors for year 2020

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

Remark:

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

Remuneration for individual Directors for year 2020

	Name of Directors	Remuneration for Director (Baht)	Meeting Allowance (Baht)				Total (Baht)
			Board of Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance and Risk Management Committee	
1.	Mr. Stephen ⁽¹⁾ Karl Stewart	440,000	66,250	50,000	20,000	25,000	601,250
2.	Assoc. Prof. Niputh Jitprasonk	720,000	60,000	62,500	25,000	-	867,500
3.	Mr. Yingsak Jenratha	240,000	60,000	50,000	-	20,000	370,000
4.	Mr. Yanyong Kurovat	240,000	60,000	-	-	-	300,000
5.	Mr. Somchai ⁽⁵⁾ Leeswadtrakul	80,000	15,000	-	5,000	-	100,000
6.	Mr. Richard ⁽³⁾ Jim Yee	-	-	-	-	-	-
7.	Mr. Andreas ⁽³⁾ Rizal Vourloumis	-	-	-	-	-	-
8.	Mr. Sudhir ⁽³⁾ Maheshwari	-	-	-	-	-	-
9.	Mr. Kanit ⁽²⁾⁽⁴⁾ Sukonthaman	-	-	-	-	-	-
	Total	1,720,000	261,250	162,500	50,000	45,000	2,238,750

Remarks:

- 1) The Board of Directors' Meeting No. 8/2563 held on 10 August 2020 resolved to approve the appointment of Mr. Stephen Karl Stewart as Chairman of the Board of Director of the Company with effect from 10 August 2020 onwards.
- 2) The Board of Directors' Meeting No. 3/2563 held on 29 April 2020 resolved to approve the appointment of Mr. Kanit Sukonthaman as a director and Chief Executive Officer with the effect from 5 May 2020 onwards.
- 3) The director(s) has tendered his intention not to receive position remuneration, monthly remuneration and meeting allowance.
- 4) The directors holding executive position or employee of the Company and receive the remuneration in a form of salary, shall not receive any of the remuneration and meeting allowance.
- 5) Mr. Somchai Leeswadtrakul does not hold an executive position of the Company from September 2020
- 6) Details of resigned directors' remunerations for year 2020 are as follows;

No.	Name of Resigned Directors	Directors' Remuneration Amount (Baht)
1.	Dr. Chainarong Monthienvichienchai	175,000
2.	Ms. Soontareeya Wongsirikul	457,500
3.	Mr. Amrendra* Prasad Choudhary	-
	Total	632,500

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

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

Unit: Million Baht	2020 (31 December 2020)	2019 (31 December 2019)
Salary	24	27
Employee Benefits	2	1
Provident Fund	1	1
Total	27	31

Remark: The remuneration of the Executives comprises of the remuneration for 5 executives.

Employees

Number of employees

As of 31 December 2020, the Company has a total of 680 employees, which are separated under the following functions:

Functions	Number of Employees
Corporate	40
Production	640
<u>Total</u>	<u>680</u>

Remuneration for Employees (million Baht)	Total (million Baht)
Total (Comprises of salary, provident fund and others)	571

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

Gender	Number of Employees	Proportion by Gender (%)
Male	562	82.65
Female	118	17.35
<u>Total</u>	<u>680</u>	<u>100.00</u>

Age	Number of Employees	Proportion by Age (%)
Under 30 years old	117	17.21
Between 30-50 years old	509	74.85
Above 50 years old	54	7.94
<u>Total</u>	<u>680</u>	<u>100.00</u>

Level	Number of Employees	Proportion by Level (%)
Staff-Senior Supervisor	650	95.59
Section Manager-Department Manager	18	2.65
General Manager up	12	1.76
<u>Total</u>	<u>680</u>	<u>100.00</u>

Employee Training and Development Policy

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

In the year 2020, the Company has organized trainings for employees thoroughly as targeted, divided into 49 internal seminars and 38 external seminars. The seminars held were varies by concerning about the suitability and consistency with the employee's job description as well as employee development to prepare for individual career growth and path in response to the Company's goals and sustainable growth.

Good Corporate Governance

Corporate Governance Policy

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

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

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

In this connection, the Board of Directors has acknowledged the Corporate Governance Code for Listed Companies 2017 ("CG Code") and was well awarded of the governing body to create value for sustainable business including reviewing, policy assessing and the implementation in relation to the Company's corporate governance and each CG Code. The Board of Directors has assigned the Corporate Governance and Risk Management Committee or Company secretary to amend CG policy and Ethics of the Company as well as the directions in compliance with CG Code and adaptable to the rapid change of CG development. In 2020, the Company's CG practices were divided into 5 parts, as follows:

Part 1 Shareholders' Rights

1.1 CG on Shareholders' Right Protection Policy

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

Policy on shareholders' right protection

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

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

The Board of Directors and the Management have implemented the policy relating to shareholders' right that covers more the rights than those required by law, especially the right to general and significant information. At the 2020 Annual General Meeting of the Shareholders, the Company provided the shareholders with sufficient opportunity to study the information to the meeting date via the Company's website. Such information was also published in both Thai and English similar to the hard copy the Company submitted to shareholders.

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

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

At the Meeting, the Company facilitated shareholders to exercise their rights to attend the meeting by implementing a barcode system for registration and vote counting, as well as providing the revenue stamps for proxy authorization. The label of registered shareholder was provided for access convenience while meeting, without time loss to recheck their documents.

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

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

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

In this regards, the Company provided upon requested the video of meeting atmosphere in soft file for publishing on the Company's website for shareholders who could not attend the meeting, apart from the minutes publicized in the channel of SET and the Company's website.

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

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

1.5 Facilitating shareholders to exercise rights

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

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

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

1.6 Providing time and opportunity for shareholders to express their opinions

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

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

1.7 Directors to attend the shareholders' meeting

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

Part 2 Equitable treatment towards shareholders

2.1 Policy on facilitating the minor shareholders

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

Policy on facilitating the minor shareholders

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

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

The Company allowed and assisted any shareholders to propose in advance an issue in the meeting agenda by providing the consideration criteria published via the data system of SET and the Company's website prior to the 2020 Annual General Meeting of Shareholders. The Board of Directors' Secretary was assigned to compile the meeting agenda and submitted to the independent directors for consideration. Basically, if the independent directors viewed such issue as proper, they shall propose to the Board of Directors. The criteria of proposing the agenda of the 2020 Annual General Meeting of Shareholders were the followings:

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

- 4) Matters under the Company's management authority except ones causing material impacts on shareholders in general.
- 5) Matters that shareholders already proposed in AGM within the past 12 months, and those under support by less than 10% of total voting shares, given that the factual events have not changed significantly.
- 6) Matters unlikely to benefit the Company and matters previously submitted for consideration by other shareholders.
- 7) Matters that violate applicable laws, rules, regulations of the government agencies or regulatory or involved agencies, or actions not in compliance with the objectives, Articles of Association and Statement of Business Conducts of the Company.
- 8) Matters that are beyond the authority of the Company.

The Company's independent directors considered and screened the issues proposed by shareholders prior to submit to the Board of Directors. The Company would notify the consideration result after the meeting of the Board of Directors. The approved issues would be included in the agenda attached to the invitation to the 2020 Annual General Meeting of Shareholders

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

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

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

The Company allowed and assisted any shareholders to nominate in advance qualified person for director position by providing the consideration criteria published via the data system of SET and the Company's website prior to the 2020 Annual General Meeting of Shareholders. The Board of Directors' Secretary was assigned to compile the accompanied information of the nominee's qualifications as well as his/her consent, and then submitted to the Nomination Committee to consider the qualifications of person nominated by the minor shareholders in accordance with the Company's nomination procedure. Generally, if the Nomination Committee viewed such person nominated as proper, it shall propose to the Board of Directors to consider and propose to the Annual General Meeting of Shareholders. The Criteria for the Nomination of Candidate for Directorship in the Annual General Meeting of Shareholders (AGM) Agenda are as follows:

1. Qualification of shareholder who has the right to nominate a qualified person as a candidate for the Company's directorship election must be the Company's shareholder holding continuously minimum of five percent of the total shares issued by the Company by one shareholder or several shareholders combined and shareholders must have held those shares continuously for at least 12 months by the date the shareholder nominates a qualified candidate.
2. Nomination of a qualified person as candidate for directorship, shareholder must fill out the following forms:
 - 1) Form Nominated Qualified Candidate for Directorship in 2020 AGM
 - 2) Form Personal Data on Qualified Candidate for Directorship in 2020 AGM
 - 3) Letter of Consent from the Nominated Candidate for Directorship in 2020 AGM

Together with other completed supplementary documents as required.

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

2.5 Encouraging the shareholders to use the Proxy Form

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

2.6 Encouraging the shareholders to vote

The Board of Directors provided convenience for shareholders who could not attend the meeting but wish to exercise their voting rights by allowing them to assign proxy. The Company arranged 2 independent directors to attend the meeting and vote on behalf of the shareholders. An independent director is Dr. Chainarong Monthienvichienchai (Chairman of the Board of Directors and independent director) and Assoc. Prof. Niputh Jitprasonk (Chairman of the Audit Committee and independent director). Shareholders can appoint one of the two independent directors as their proxy

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

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

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

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

Part 3 Roles of stakeholders

3.1 Good Corporate Governance policy related to stakeholders

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

1. Employees and their families
2. Customers and creditors

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

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

3.1.1) Employees and their families

Employees and their families Treatment Policy

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

3.1.2) Customers and Creditors

Customers Treatment Policy

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

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

Customer Relations

G J Steel Public Company Limited

88 PASO Tower, 24th Floor, Silom Road, Suriyawong, Bangrak, Bangkok 10500

Tel: +66(0) 2267-8222 ext. 5417

e-mail: allbangkokmarketing@gjsteel.co.th

Creditors Treatment Policy

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

3.1.3) Shareholders

Shareholders Treatment Policy

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

Compliance Department

G J Steel Public Company Limited

88 PASO Tower, 24th Floor, Silom Road, Suriyawong, Bangrak, Bangkok 10500

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

e-mail : compliance@gjsteel.co.th

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

3.1.4) Surrounding Community

Surrounding Community Treatment Policy

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

3.1.5) Government Authorities

Government Authorities Treatment Policy

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

3.1.6) Suppliers and Contractors

Suppliers and Contractors Treatment Policy

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

3.1.7) Analysts, Investors and Financial Institutions

Analysts, Investors and Financial Institutions Treatment Policy

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

Investor Relations - IR
G J Steel Public Company Limited

88 PASO Tower, 24th Floor, Silom Road, Suriyawong, Bangrak, Bangkok 10500

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

e-mail : IR@gjsteel.co.th

3.1.8) Academics

Academics Treatment Policy

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

3.1.9) Educational Institutions

Educational Institutions Treatment Policy

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

3.1.10) Mass Media

Mass Media Treatment Policy

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

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

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

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

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

3.3 Preventive Measures for Conflicts of Interest for Executives and Employees

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

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

3.4 Preventive Measures for violations against Stakeholder

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

1. Employees and their families

Preventive Measures for violations against Employees and their families

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

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

2. Customers and Creditors

Preventive Measures for violations against Customers and Creditors

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

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

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

3. Shareholders

Preventive Measures for violations against Shareholders

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

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

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

4. Surrounding Community

Preventive Measures for violations against Surrounding Community

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

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

5. Government Authorities

Preventive Measures for violations against Government Authorities

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

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

6. Suppliers and Contractors

Preventive Measures for violations against Suppliers and Contractors

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

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

7. Analysts, Investors and Financial Institutions

Preventive Measures for violations against Analysts, Investors and Financial Institutions

The Company provides the opportunity for analysts, investors and financial institutions to receive information on the Company's operations and future trends in performance. In addition, the Company also provides investment advice through channels. Inquiries can be sent both via Investor Relations Tel. 02-267-222 ext. 5954 and via the Company's website.

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

8. Academics

Preventive Measures for violations against Academics

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

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

9. Educational Institutions

Preventive Measures for violations against Educational Institutions

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

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

10. Mass Media

Preventive Measures for violations against Mass Media

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

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

3.5 Stakeholder Engagement Mechanism

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

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

3.6 Whistleblower Protection Mechanisms

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

- **Internal Complaint**

Chanel 1

Internal Audit Department
 Call. 02-267-8222 # 5610,5611
 e-mail : IA@gjsteel.co.th or Send mail to :
Internal Audit Department
G J Steel Public Company Limited
 88 PASO Tower, 24 th Floor, Silom Road, Suriyawong,
 Bangrak, Bangkok 10500

Chanel 2

Human Resource and Administration Department
 Call. 038-345-950 # 1320
 e-mail : HRA@gjsteel.co.th or Send mail to :
 Corruption Reporting Box at the front of Factory's entrance
 and the front entrance door of Head-Office.

- **External Complaint**

Compliance Department
G J Steel Public Company Limited
 88 PASO Tower, 24th Floor, Silom Road, Suriyawong,
 Bangrak, Bangkok 10500
 Tel. 02-267-8222 ext. 5151, 1559
 e-mail : compliance@gjsteel.co.th

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

Part 4 Information disclosure and transparency

4.1 Results of the execution of good corporate governance policy

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

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

4.2 Remuneration for the directors and the management

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

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

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

The Nomination and Remuneration Committee proposed to the Board of Directors, and the Annual General Meeting of the Shareholders to approve the remunerations for the non-executive and non-employee directors as shown in Remuneration for Directors and the Management Chapter.

4.3 Board of Directors' Report

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

4.4 Relationship with investors

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

Part 5 The Board of Directors' Responsibilities

5.1 Policy on Good Corporate Governance

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

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

5.2 Structure of the Board of Directors

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

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

The Board of Directors disclosed the list of the directors and committee members in terms of names, positions, age, education, shareholdings, work experience and relationship with the Company's executives in various channels, including the annual report and the Company's website. There is no director holding directorships more than 5 listed companies. At a meeting of the Board of Directors, there must not be less than one half of the total number of directors present to form a quorum. In addition, the meeting schedule for year was provided to directors in advance annually in order for the directors' attendance availability.

5.3 Leadership and vision

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

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

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

5.4 Conflict of interest

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

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

5.5 Business ethics

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

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

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

5.6 Power balance of non-executive directors

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

5.7 Combining or separating positions for a Balance of Management Power

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

5.8 Roles and responsibilities of the Board of Directors

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

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

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

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

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

The Roles and Responsibilities of the Board of Directors

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

1. Supervise and manage the operations of the Company in accordance with the law, regulations, policies against corruption and Articles of Association as well as a resolution of the shareholders' meeting, protect the interests of the Company and its shareholders on the basis of the principles of corporate governance and disclose sufficiently accurate, standardized and transparent to shareholders and related parties.
2. Define vision, mission and strategic direction of the company, including review vision, mission and strategy regularly to ensure compliance with the company's business plan
3. To consider and approve the budget and operations of the company, including the use of company resources.
4. The Board of Directors has the power to sell or mortgage any immovable property of the company or any of the real estate rental companies over 3 years old, give or compromise, or filed in any court, arbitrator, or both, under the enforcement of the public limited company law.
5. Arrange a meeting of shareholders at the Annual General Meeting not later than 4 months after the year-end closing of the company and arrange Extraordinary General Meeting of Shareholders when it is needed.

6. Ensure that the communication with shareholders and stakeholders of each company is appropriate.
7. Provide accounting system, financial reporting and auditing as well as ensure that the system of internal control and internal audit is efficient and effective.
8. Provide the statement of financial position, Cash Flow Statement and the income statement at the end of the accounting year of the Company, offer to the shareholders in the Annual General Meeting to consider and approve the Balance Sheet, Cash Flow Statement, and profit and loss statement. The Board of Directors shall arrange for the audit to be completed prior to submission to the Shareholders' Meeting.
9. Provide financial reports and other information important to shareholders with accurate, complete and adequate with verification and monitoring data reports.
10. Oversee and manage conflicts of interest that may arise in related party transaction.
11. Establish a committee such as the Risk Management Committee, the Nomination and Remuneration Committee, Corporate Governance Committee, with monitoring and supervision.
12. Provide guidelines for comprehensive risk management and the management systems or an effective process for managing risk to control and audit the preparation of financial controls, operational and regulatory performance including control and risk management.
13. Ensure the Nomination and Remuneration Committee to be transparency and independence in performing their duties, taking into account the specifications as defined by the Company and according to the principles of good governance set by the Stock Exchange of Thailand.
14. Provide supporting policy and promote the implementation of good corporate governance principles in the management and operation of the Board of Directors, the management and staff substantially to ensure the organization will be managed in a transparent and fair to all stakeholders supporting by anti-corruption policy in accordance with the principles of corporate governance to build confidence among shareholders, investors and stakeholders.
15. The Board of Directors has the authority to appoint members of the board of directors to be Executive Committee to control the management of the company. The Executive Committee shall report to the Board of Directors.
16. The Board of Directors has the authority to appoint any person as a Chief Executive Officer to manage the affairs of the company under the control of the Board which can be withdrawn by the Board of Directors.
17. The Board of Directors must inform the Company without delay if there is an interest in a contract made by the Company, directly or indirectly, shares or debentures, increase or decrease in the Company or its affiliates.

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

5.9 The Board of Directors' meeting

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

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

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

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

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

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

5.10 Remuneration for directors and executives

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

5.11 Self-Assessment of the Board of Directors

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

5.12 Directors and executives development

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

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

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

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

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

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

Sub-committee

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

1. Audit Committee

Audit Committee Member means persons appointed by The Board of Directors or the Company's Shareholders. The Audit Committee members must be independent directors and not to be directors assigned by the Board of Directors to make decision on business operations of the Company, parent companies, subsidiaries, joint venture, similar subsidiaries, or any juristic persons that may have conflict of interest. They must be neither the director of parent companies, subsidiaries, joint venture, or similar subsidiaries. They must have qualifications and responsibilities as announced by the SEC and as per the SET's regulations on the qualifications and work scope of audit committee. They must also have sufficient knowledge and experience to review the reliability of the financial statements and perform other duties in the capacity as Audit Committee members.

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

For the year 2020, the Audit Committee held a total of 10 meetings, the details of the meeting attendance of Members are as follows:

No.	Name	Number of Attendance
1.	Assoc. Prof. Niputh * Jitprasonk	10 / 10
2.	Mr. Stephen* Karl Stewart	10 / 10
3.	Mr. Yingsak* Jenratha	10 / 10

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

Responsibilities of the Audit Committee

1.1 Internal Control And Internal Audit

- 1) Review the Company's internal control system and internal audit system to ensure that it is suitable and effective.
- 2) Review the independence of the Internal Audit Department.
- 3) Consider and approve the annual audit plan of the Company together with the Internal Audit Department, including the budget used in the audit process taking into account the risks involved.
- 4) Supervise the management to correct any defects found any follow up and correct the deficiencies to make the operation more efficient.
- 5) Review evidence if there is any doubt about the operation that may have significant impact on the organization or defective or there are conflicts of interest that may affect the operation or internal control system, and propose to the Board of Directors for further consideration.
- 6) Review the measures taken by the Company for countering the anti-corruption and bribe as part of good corporate governance.
- 7) Consider and approve the appointment, transfer, terminate of the chief internal audit.
- 8) Evaluate performance and approve wages bonus or other compensation of internal auditors.
- 9) Promote understanding among the Audit Committee, the Management, the Internal Audit Department and the Auditor in order to ensure a unified direction.
- 10) Review the scope of the audit with the Company's auditor to ensure consistency and mutual contribution.

1.2 Financial Statements and Disclosure

- 1) Review the Company's financial reporting process to ensure that it is accurate and adequate.
- 2) Review the connected transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the regulations of the SET, and are reasonable and for the highest benefit of the Company.

- 3) Review the evidence if there is any doubt about the operation that may have a significant impact on the company's performance or conflicts of interest that may affect the operation of the Company.

1.3 External Auditor

- 1) Consider, evaluate, select and propose the appointment of an independent person to appoint as the Company's auditor based on creditability, resource adequacy, workload of the audit firm and experience of auditor. In addition, in order to ensure the independence of the external auditor, the audit committee shall consider factors such as non-audit services that may conflict with the auditor's independence, efficiency and professionalism.
- 2) Recommend the removal of the auditor due to lack of ability dereliction or malpractice.
- 3) Attend the meeting with the auditor without the management attends the meeting at least once a year.
- 4) Suggest that the auditor review or exam the items deemed necessary and it is important during the audit of the Company.
- 5) Review the work of accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audits, review or attest services for the Company (including resolution of disagreements between management and the auditor regarding financial reporting).

1.4 Compliance and Law

- 1) Verify that the company has complied with the applicable laws, securities and the SET regulations or government regulations.
- 2) Review evidence in case there are any suspected transactions or acts that may violate the law or the regulations of the SEC, the SET or government regulations which has or may have an impact to the financial position and performance of the company significantly.

1.5 Risk Management

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

1.6 Other Responsibilities

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

1.7 Expertise

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

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

2. Nomination and Remuneration Committee

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

For the year 2020, the Nomination and Remuneration Committee held a total of 4 meetings, the details of the meeting attendance of Members are as follows:

No.	Name	Number of Attendance
1.	Assoc. Prof. Niputh Jitprasonk	4 / 4
2.	Mr. Stephen Karl Stewart	4 / 4
3.	Mr. Somchai Leeswadtrakul	4 / 4
4.	Mr. Sudhir Maheshwari	2 / 4

Responsibilities of the Nomination and Remuneration Committee

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

3. Corporate Governance and Risk Management Committee

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

The Corporate Governance and Risk Management Committee has performed the duties in reviewing the system and assessing the effectiveness of risk management, reporting on the progress of the nature of the risk with guidelines for risk management to the Audit Committee within the prescribed period, proposing good corporate governance practices to the Board of Directors, including reviewing

and amending such practices to be constantly in accordance with the changing regulations and related laws in order to achieve good governance according to international standards and gain the most benefits to the Company.

For the year 2020, the Corporate Governance and Risk Management Committee held a total of 4 meetings, the details of the meeting attendance of Members are as follows:

No.	Name	Number of Attendance
1.	Mr. Stephen Karl Stewart	4 / 4
2.	Mr. Yingsak Jenratha	4 / 4
3.	Mr. Richard Jim Yee	4 / 4

Responsibilities of the Corporate Governance and Risk Management Committee

1. To set a risk management policy that can be applied to all the organization.
2. To review and assess the effectiveness of the risk management at least two (2) times a year and every period that the risk level changes, including paying attention and monitor risk warning signs as well as irregular items, including Anti-Corruption risk.
3. To report to the Internal Audit Committee any risk progress and risk management measures within the provided period for the best benefits of the Company.
4. To propose and review the policy on the good corporate governance, and Anti-Corruption Policy of the company to the board of directors.
5. To develop and review the process or guidelines on good corporate governance to present or recommend to the board of directors.
6. To follow up and monitor the operations of the management to comply with the policies and guidelines on good corporate governance of the company approved by the board.
7. To perform other duties as the board assigns related to the good corporate governance.
8. To report on the operations about the supervision of the company to the board.

4. Executive Committee

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

5. Strategic Steering Committee

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

The Strategic Steering Committee comprises of 6 members as follows:

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

Nomination and Appointment of Directors

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

Independent Director

Qualifications of Independent Directors

1. Hold not exceeding 0.5% of the total voting shares of the Company, its subsidiaries, nor being a major shareholder, affiliates or other juristic persons with possible conflict of interest, including the shares held by their related persons (under Section 258 of Securities and Exchange Act).
2. Neither involving in management, non-controlling, nor being the Company's executive/employees, salaried consultant, competent authorized person to control the Company, its subsidiaries, affiliates or other juristic person with possible conflict of interest at present and in the last 3 years before appointment.
3. Not being a person related by blood or legal registration such as father, mother, spouse, sibling, and child, including spouse of the child, to executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the Company or its subsidiary, and be independent from major shareholders, executives and controlling persons.
4. Not being person who has, or used to have, business relationship with the Company, subsidiaries, affiliate companies, major shareholder, or authorized controller, by offering professional and trade service, according to the SET's requirement on connected transaction, except that he has no longer had such relation for at least 3 years.
5. Not be or used to be auditor of the Company, subsidiaries, affiliate companies, major shareholder, or authorized controller, and not being shareholder.
6. Not being a person who has been appointed as a representative of the Company's Director, major shareholders or shareholders who are related to the major shareholders.
7. Not having any characteristics which make him/her incapable in expressing independent opinions.
8. Be capable in protecting all shareholders' benefits equally and supervising in order to prohibit any conflict of interest between the Company and related persons, and able to attend the meetings of the Board of Directors in order to make a decision on significant issues.

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

Criteria in selecting independent director

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

The Nomination of Directors

Criteria in nominating directors

(1) Nomination of Directors

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

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

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

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

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

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

are persons with the highest votes more than the number of directors required, the meeting chairman shall have the right to make decision.

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

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

The Nomination of the Executives

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

Supervision of Subsidiaries

The company has no subsidiaries.

Internal Information Inspection

Internal Audit Department of the Company performs audits on finance, operation and compliance to rules, regulations and related laws in order to ensure that the Company's operations and key activities are carried out in accordance with the established guidelines efficiently. In order to let the Internal Audit Department be independent to be able to fully check and balance, the Company therefore let the Internal Audit Department report the audit results directly to the Audit Committee and the Board of Directors.

In 2020, the Audit Committee held 10 meetings to consider the rationale of related transactions, the sufficiency of the internal control systems, including, the meetings held with auditors to review financial statements and to consider financial disclosure reports in financial statements as well as to review the annual audit plan and follow up on internal audit reports.

Internal Information Protection

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

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

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

Audit Fee

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

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

Audit fee

In the year 2020, the Company paid the audit fee to the Company's auditors in the amount of 3,600,000 baht.

Non-Audit Fee

-None-

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

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

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

Other corporate governance practices

Arranging to have independent auditors for vote counting in shareholders' meetings

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

Changes in shareholding of directors and executives in the year 2020

As of 31 December 2020

No.	name	position	No. of ordinary share(s) (Ratio (Percentage))		Change Increase/ (Decrease) in 2020
			31 December 2020*	31 December 2019**	
1.	Mr. Stephen Karl Stewart	Chairman of the Board of Directors and Independent Director /Audit Committee member	-	-	-
	Spouse or Minor children		-	-	-
2.	Assoc. Prof. Niputh Jitprasonk	Chairman of the Audit Committee and Independent Director	-	-	-
	Spouse or Minor children		-	-	-
3.	Mr. Yingsak Jenratha	Independent Director and Audit Committee member	-	-	-
	Spouse or Minor children		-	-	-
4.	Mr. Yanyong Kurovat	Director	-	-	-
	Spouse or Minor children		-	-	-
5.	Mr. Somchai Leeswadtrakul	Director	-	-	-
	Spouse or Minor children		-	-	-
6.	Mr. Richard Jim Yee	Director	-	-	-
	Spouse or Minor children		-	-	-
7.	Mr. Andreas Rizal Vourloumis	Director	-	-	-
	Spouse or Minor children		-	-	-
8.	Mr. Sudhir Maheshwari	Director	-	-	-
	Spouse or Minor children		-	-	-
9.	Mr. Kanit Sukonthaman ⁽¹⁾	Director and Chief Executive Officer	-	-	-
	Spouse or Minor children		-	-	-
10.	Khunying Patama Leeswadtrakul	Chief Corporate Social Responsibility Officer	29,206,943 (0.11%)	28,256,943 (0.11%)	950,000
	Spouse or Minor children		-	-	-
11.	Mr. Sittisak Leeswadtrakul	Deputy Chief Executive Officer	-	-	-
	Spouse or Minor children		-	-	-
12.	Mr. Rajeev Jhavar	Chief Financial Officer	-	-	-
	Spouse or Minor children		-	-	-
13.	Mr. Sudchai Visuddhidham	Chief Production Officer	-	-	-
	Spouse or Minor children		-	-	-
14.	Mr. Yotsakorn Srisuksawadi	Deputy Chief Financial Officer and Deputy Chief Compliance and Legal Officer	-	-	-
	Spouse or Minor children		-	-	-
15.	Ms. Arttaya Sookto ⁽²⁾	Company Secretary	-	-	-
	Spouse or Minor children		-	-	-

Remarks:

- 1) The Board of Directors' Meeting No. 3/2563 held on 29 April 2020 resolved to approve the appointment of Mr. Kanit Sukonthaman as a director and Chief Executive Officer, with the effect from 5 May 2020 onwards.
- 2) The Board of Directors' Meeting No. 11/2563 held on 9 November 2020 resolved to approve the appointment of Ms. Arttaya Sookto as a Company Secretary, with the effect from 9 November 2020 onwards.

Corporate Social Responsibility

Overall Policy

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

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

Policy on the CSR and the Environment

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

Implementation

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

1. Supervision of the organization

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

2. Human Rights

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

3. Fair Competition

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

4. Relationship with its Employees

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

In this regard, the Company's target for employee skills development training is in an average of 20 hours per person per year. For year 2020, due to the COVID-19 situation, the Company has arranged for employees' training in an average of 10.97 hours per person per year.

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

5. Relationship with the Customers

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

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

6. Relationship with the Trade Partners

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

from taking a bribe or any commissions from the trade partners, as well as disclosing or offering information of one or multiple trade partners to another trade partners directly and indirectly.

7. Relationship with the Local Community

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

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

8. Responsibility for the Environment

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

9. A Conflict of Interest

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

10. Use of Insider Information for securities trading

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

11. Anti-Corruption and Bribery

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

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

In the year 2020, the Company has provided training to all new employees, including all current employees in which is 100 percent, so that employees are aware of various regulations, related to the Company's Anti-Corruption policy, penalties and guidelines for corrective action.

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

Business operation impact to Social Responsibility

- None -

Activities for Social Responsibility and Environment

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

In-house activities

1. The participation in social development

Blood donation campaign to the Thai Red Cross Society to help patients by executives and employees of G J Steel Public Company Limited to donate to the Thai Red Cross Society. In 2020, the company arranged in March and August 2020 with total 145 units or 58,000 ml. and the activity will continue in the following years because of the interests from executives and employees.



2. Environment Preservation and Development Activities

Tree planting activities to promote health, to increase the number of factory green areas. The Company organized tree planting in the factory area. The green area of the factory provides a continuous supply of fertilizer and reduces dust. This is a long-term plan in the factory and the community. The company aims that everyone are able to take part in protecting trees, and caring for the trees that planted in a concrete way. In 2020 total of 1,289 trees have been planted in an area of 39,519 square meters. Such as Asoka, Copper pod, Yellow Silk Cotton, Padauk tree, Mahogany, Purple Orchid, and Yellow trumpet, etc.



3. Promoting culture and preserving cultural heritage

His Majesty The Late King Bhumibol Adulyadej The Great Memorial Day and the Wreath Laying Ceremony on King Chulalongkorn Memorial Day

The company organized Merit-Making Ceremony, Alms - Giving Ceremony in Remembrance on the occasion of H.M. King Bhumibol Adulyadej (King Rama 9th) The Great Memorial Day held on 13 October 2020. The Wreath Laying Ceremony in commemoration of the King Chulalongkorn The Great Memorial Day (King Rama 5th) held on 23 October 2020 by the executives and employees.



4. Promoting health Occupational and Safety

GJS cares about COVID, The Company distributes alcohol gel and cloth mask to the management and to campaign to keep employees safe from infectious diseases of the respiratory system Coronavirus (Covid-19).



Employee health promotion projects the annual physical check up, Health checking according to work risk factors, Pap Smear in women staffs, Vaccination services against new strains of influenza, etc. to promote the physical health of employees, strengthen the immunity and reduce the rate of illness.





Safe driving activities of employees during New Year Holiday The campaign for safe driving for the year 2020 "Not fast, no risk, avoid accidents" to promote the employees the awareness of driving and accident prevention in New Year Holidays.



Activity with social

1. National Children's Day and Academic Activities

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



2. GJS Vocational Training Project for Youth

The Industrial Welder Department of the company provides training for Mathayom Suksa 3 students at Ban Bo Win School. (Likit Rat Bamrung), Bo Win Sub-district, Si Racha District, Chonburi. In order to provide basic knowledge of electric welding to promote the professional knowledge for the student's future career. In addition, the company supports electric welding machines, welding table, and electrical equipment for welding work for the school as well.



3. GJS Project Sharing Knowledge with Youth

The Company, in collaboration with volunteers from Siltham Banung Chonburi Rescue, organized a project sharing knowledge to youth. The training provided first aid knowledge and first aid CPR to 60 students at the secondary school attended the training at the Dome Building, Ban Bo Win School (Likit Rat Bamrung), Bo Win Sub-district, Si Racha District, Chonburi. To provide young people with knowledge and the abilities to provide first aid and to help people during emergency situations.



4. The Buddhist Lent Day Ceremony

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



5. Kathin Ceremony and Almshouse

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



6. Her Majesty Queen Sirikit, The Queen Mother's Birthday Anniversary

The company participated in activities to celebrate the auspicious occasion of Her Majesty Queen Sirikit, The Queen Mother's Birthday Anniversary. The company representatives participate in Merit-Making Ceremony, Alms - Ceremony to give blessings on Mother's Day at the Multi-Purpose building Ban Khao Hin School (Nikornrat Bamrung), participated in activities by planting trees, building awareness conservation of forests and resources at the school's community forest area.



7. Open House Activities Year 2020

In order to build relationships and open vision to students as a guideline for further study and career opportunities in the future, as well as building good relations with the communities surrounding the factory, the company opened houses to welcome various interested parties to visit as follows;

1. Students : To welcome a group of students from Baan Khai Technical College, Rayong, Faculty of Logistics students Baan Khai Technical College, Rayong, totally 30 people visited the company's production process, guiding the professional practice and experience in hot rolled coil steel production as well as steel business (14 January 2020)



2. Customers and partners: The Company welcoming T-Rex Steel Company Limited, customers of TMT Steel Public Company to visit the Company's hot-rolled coil manufacturing process. To build networks and commercial partners in the future (16 January 2020)



3. Community leaders and related agencies: In the “2020 Open House Community Development Project”, the nearby community leaders and representatives from the WHA Chonburi 1 Industrial Estate, visited the manufacture process, social responsibility, and environmental management, Occupational Health and Safety (Class 1 on January 24 2020 and Class 2, January 29, 2020)



8. Visit activities to encourage the activities of patients and the elderly at home

The Company in collaboration with Health Promoting Hospital at Ban Khao Hin, and Bo win Sub-district, Si Racha District, Chonburi To visit and encourage the sick and the elderly stick to bed and stick to the house living around the community once a month, the company supports the essentials for patients such as diapers patient supplements, wound dressings, etc. To promote good health and life of people in the community, especially the elderly



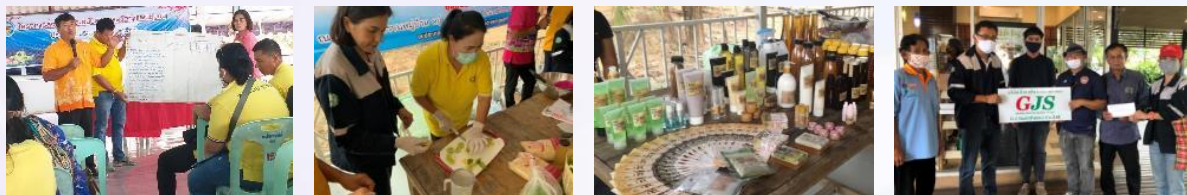
9. Activities with Village Health Volunteers in the project "Pracharath to fight Aedes, Dengue Fever"

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



10. Activities to promote and support the development plan and community vocational training

The Company be a sponsored to development a community development plan (community) of Bo Win Sub-district at Santikhiri Temple, Bo Win Sub-district, Si Racha District, Chonburi. Organized by Chao Phraya Surasak Municipality Vocational training activities in fruit juice making training, alcohol gel, liquid soap of the community at the Damrongdhama Center, Moo 8, Bo Win Sub-district, Si Racha District, Chonburi, the company also support the budget for the construction of toilets, electrical systems, Agricultural Park at WHA Chonburi Industrial Estate at Damrongdhama Center Office, Village No. 6, Bo Win Sub-district, Si Racha District, Chonburi.



11. Medical equipment and supplies supporting activities to prevent the outbreak of the coronavirus (Covid -19)

The company supports medical supplies including 200 cloth masks and 500 ml of alcohol gel to WHA Chonburi 1 Industrial Estate to be passed on to communities and local authorities in the prevention of outbreaks of respiratory Corona Virus (COVID-19). It also provides drinking water to people affected by COVID-19 at the Peawyeantai Buddhist Association, Si Racha Bo Win Point and Public Screening Intercept (COVID-19) in Si Racha District



12. Study table activity for COVID-19

The company's employees together with teachers of Ban Khao Hin School (Nikornratbunrung), Bo Win Sub-district, Sriracha District, Chonburi, jointly created a table to prevent the transmission of the new coronavirus (COVID-19). In line with the COVID prevention measures of the Office of the Basic Education Commission (OBEC) In addition, it has also provided cloth masks to schools around WHA Chonburi Industrial Estate 1.



13. Sustainable waste and waste management activities in schools

For the second consecutive year, company created a series of sorting bin from waste materials headed over to the Borwin school, Sriracha district amount 5 sets. After that found that the school lacked a place to store sorted waste especially plastic bottles. Then this year a little storage grid was created 4 sets of messengers for storing rubbish in order before being sold to generate income back and still be promoting environmental among youths in managing waste and waste materials institutions for sustainable manner.



14. GJS Sharing Activities

The company donated supplies to children at Baan Khruja Child Protection Foundation (Pataya), Bang Lamung District, Chonburi, which was created for the third consecutive year by the management team and staff by gathered the books, stationery, clothing and other consumables to be provided to underprivileged children who were not supported by insufficient fundamentals. In addition, the GJS team of volunteers installed solar lighting systems to ensure the safety of children according to the foundation's needs.



15. GJS repair-build, developing community

The project from participating in dialogue communities to jointly plan develop and improve the nearby communities by settle staffs from the skilled department to join this project, to system improvement, lead and repair of equipment that used in the toilets and lighting systems at the child development Center Chao Phraya Surasak city municipality, To improving electricity funeral prayer roof and the electrical system at Santikhiri temple, Bo win district, to be used effectively and encourage employees to have volunteer spirit jointly develop the community and surrounding society to live together happily.



16. Follow up on corrective measures and reduce the impact on the environment and community

By Chonburi industrial estate 1, the management of the Company, community leaders, the village headman and community representatives(nearby) attended the meeting to monitor the implementation of the improvement measures to prevent and reduce the impact on the environment and community. Also attention to solving problems as a result corrective measures to reduce the impact, along with the suggestions how to continuous surveillance.



Internal Control and Audit System

Internal Control

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

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

The Corporate Governance and Risk Management Committee has considered the internal control sufficiency evaluation form for year 2020 to be in line with the Company's management. And has been reviewed by the Audit Committee.

Assessment of Adequacy of Internal Control System

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

Section 1 **Control Environment**

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

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

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

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

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

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

To lay out the policy and action plans, the Company has taken fair treatment to the business partners into consideration, by stating the policy and practical principles in the Company's Business

Code of Conduct for the management and employees to keep good relationship with all business partners, as well as a measure on treating the business partners honestly, equally, keep confidentiality, and prohibited to receive gifts from the business partners.

Section 2 Risk Assessment

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

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

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

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

Section 3 Control Activities

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

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

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

Section 4 Information and Communication

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

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

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

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

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

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

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

Section 5 Monitoring Activities

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

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

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

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

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

Related Transactions

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

Name of Company and Person who may have Conflict of Interest	Nature of Relationships
G Steel PCL (“G Steel”)	Parent company
Oriental Access Co., Ltd. (“OAC”)	Indirect subsidiary of G Steel (The Central Bankruptcy Court ordered such company to be bankruptcy on August 31, 2020)
Siam Professional Holdings Co., Ltd. (“SPH”)	Subsidiary of G Steel
GS Securities Holdings Co., Ltd. (“GS Securities”)	Subsidiary of G Steel
Asia Credit Opportunities I (Mauritius) Limited (“ACO I”)	Major shareholders which is a wholly-owned subsidiary of Ares SSG Capital Partners III, L.P. (“Ares SSG III”)
Link Capital I (Mauritius) Limited (“Link Capital I”)	Related party which is a wholly-owned subsidiary of Ares SSG Capital Partners III, L.P. (“Ares SSG III”)
Synergy Strategic Solutions Management DMCC (“Synergy”)	Common director
SSP Place Co., Ltd.	Common director (common director resigned from the Company in 2 nd quarter of 2019)
Asia Metal PCL	Common shareholder of G Steel
Panichsawad Co., Ltd.	Connected person with the Company and G Steel
Arnoma Hotel Bangkok Co., Ltd.	Common director with G Steel
Felix River Kwai Resort (Kanchanaburi) Co., Ltd.	Common shareholder with the Company
Mahachai Steel Center Co., Ltd.	Related party of the shareholder of G Steel
Metal Inter Co., Ltd.	Related party of the shareholder of G Steel (registered the dissolution of the Company on May 23, 2019)
The Steel PLC.	Related party of the shareholder of G Steel
Liberty Steel Siam Co., Ltd.	Subsidiary of related party of the shareholder of G Steel
Wallstreet Tullet Prebon Co., Ltd.	Common director
Wallstreet Tullet Prebon Securities Ltd.	Common director
Anda Development Co., Ltd.	Common director
Great Siam Steel Works Co., Ltd.	Common director (common director resigned from the Company in 2 nd quarter of 2019)

Related transactions in 2019 and 2018 as detail below:**1. Transaction with G Steel PCL**

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2020	As of 31 Dec 2019	As of 31 Dec 2018	
- Sales of raw materials and finished goods	144.31	308.66	273.20	The management is of the opinion that such transactions is under a normal business conditions in its operations, especially tolling service transaction is approved by the Company board of director's meeting No. 10/2017 on 6 November 2017
- Interest income	-	17.24	-	
- Other income	0.07	1.03	-	
- Purchase of raw materials	37.40	36.43	668.28	
- Tolling service	-	274.24	3,872.87	
- Short-term loan	-	-	94.00	
- Interest receivable	-	-	5.54	
- Trade accounts payable	-	-	5.85	

2. Transaction with Oriental Access Co., Ltd

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2020	As of 31 Dec 2019	As of 31 Dec 2018	
- Financial costs	-	1.01	1.01	The management is of the opinion that such transactions is under a normal business conditions in its operations.
-Others payable	-	13.45	13.45	
- Accrued interest expenses	-	4.62	3.61	

3. Transaction with GS Security Holding Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2020	As of 31 Dec 2019	As of 31 Dec 2018	
- Stock borrowing fee	-	-	0.22	The management is of the opinion that such transactions is under a normal business conditions in its operations.

4. Transaction with Link Capital I (Mauritius) Limited

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2020	As of 31 Dec 2019	As of 31 Dec 2018	
- Financial costs	207.93	293.91	439.22	The management is of the opinion that such transactions are necessary and justified, including approved by the Company board of director's meeting under the approval of the Company board of audit committee and announcement through SET on 13 November 2017 whereby its purpose is for repayment its debts and for the Company's working capital, purchase of raw materials and increasing the production capacity.
- Commitment fee	13.37	13.53	1.54	
- Short-term loan	311.39	-	1,239.36	
- Long-term loan - net	739.06	1,049.02	1,117.52	
- Interest payable	77.93	29.29	33.80	

5. Transaction with Synergy Strategic Solutions Management DMCC

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2020	As of 31 Dec 2019	As of 31 Dec 2018	
- Business advisory services	2.08	13.61	-	The management is of the opinion that such transactions is under the terms and conditions of the loan agreement with Link Capital I.
- Others payable	-	1.49	-	

6. Transaction with SSP Place Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2020	As of 31 Dec 2019	As of 31 Dec 2018	
- Rental and service expenses	-	4.04	3.80	The management is of the opinion that the Company leases the office space for use in its operations in which the rate of office rental charged by SSP Place Ltd. is the same rental rate to the other lessees.
- Deposits	-	0.63	0.63	
- Other payable	-	0.35	0.34	

7. Transaction with Asia Metal PCL

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2020	As of 31 Dec 2019	As of 31 Dec 2018	
- Sales of finished goods	2.01	-	298.01	The management is of the opinion that such transactions is under a normal business conditions in its operations.

8. Transaction with Panichsawad Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2020	As of 31 Dec 2019	As of 31 Dec 2018	
- Sales of finished goods	-	-	102.22	The management is of the opinion that such transactions is under a normal business conditions in its operations.
- Purchases of raw materials	6.76	-	-	

9. Transaction with Arnoma Hotel Bangkok Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2020	As of 31 Dec 2019	As of 31 Dec 2018	
- Other expenses	0.03	0.71	0.34	The management is of the opinion that such transactions is under a normal business conditions in its operations.

10. Transaction with Mahachai Steel Center Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2020	As of 31 Dec 2019	As of 31 Dec 2018	
- Purchase of raw materials	-	-	15.49	The management is of the opinion that such transactions is under a normal business conditions in its operations.
- Advance payment for purchase of raw materials	-	7.95	7.95	

11. Transaction with the Steel Plc.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2020	As of 31 Dec 2019	As of 31 Dec 2018	
- Sales of finished goods	-	139.96	271.03	The management is of the opinion that such transactions is under a normal business conditions in its operations.
- Advance received from customers	-	0.43	-	

12. Transaction with Liberty Steel Siam Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2020	As of 31 Dec 2019	As of 31 Dec 2018	
- Sales of finished goods	-	146.53	305.94	The management is of the opinion that such transactions is under a normal business conditions in its operations.

Measures or Procedures for Approval of the Related Transactions

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

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

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

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

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

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

3. Lending

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

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

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

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

2) Independence of the Board of Directors and the management

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

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

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

Management Discussion and Analysis

Management Discussion and Analysis for year 2020

1. Highlights

	Unit: million Baht	Year 2020	Year 2019	Year 2018
Performance	Revenues	11,379	12,923	29,910
	Gross Profit (Loss)	171	(632)	282
	Net Profit (Loss)	(605)	(1,353)	(836)
HRC	HRC Sales (k tons)	709	710	1,447
	HRC Production Volume (k tons)	718	683	1,436
	HRC Average Selling Price (THB/ton)	16,044	18,192	20,663
	Unit: million Baht	31 Dec 2020	31 Dec 2019	31 Dec 2018
Financial Status	Total Liabilities	2,197	2,194	5,607
	Total Asset	14,857	15,488	18,824
	Total Equity	12,661	13,294	13,217

2. Changes in Accounting Estimates

In the 2nd Quarter 2020, the Company has reviewed and changed the estimated useful lives of buildings, machinery and equipment in accordance with their conditions and the proper estimation of useful lives with reference to the Health Study Report from an independent engineering expert and the repair and maintenance of buildings, machinery and equipment. This is considered the Change in Accounting Estimate which must follow the TAS 8: Accounting Policies, Changes in Accounting Estimates and Errors. Such change in estimated useful lives was approved in principal by the Audit Committee's meeting and the Board of Directors' meeting held on June 17th, 2020 as disclosed through the SET. The details of the estimated useful lives of assets in financial statements are as below:

Type of Assets	Estimated useful lives of assets (Years)	
	From 2011 until 2019	From 2020 onwards
Buildings	20 – 50 years	40 -50 years (remaining useful lives not over 15 – 25 years from 2020)
Machinery and Equipment	15 – 30 years	21 - 41 years (remaining useful lives not over 20 years from 2020)

The revised expected useful life of Buildings, Plant Machinery and equipment is according to the Company's consideration and review of depreciation in the past by collecting and analyzing information related to the usage of machineries in the past 5 years during 2015-2019 where it was found that during such period the Company had not fully utilized the production capacity. The Company has produced only the off-peak period (during the low electricity tariffs) and the average capacity utilization

was only 61%, thus, the current estimated useful lives under straight-line depreciation method caused the Company to record high depreciation cost in full which did not correspond to such low utilization of production and machinery. The Company engaged independent engineering expert to inspect and appraise the assets and conduct a Health Study Report in February 2020 where the conclusion of the report showed that the useful lives of buildings should be less than the current estimates according to the condition of buildings and the past maintenance while the overall of machinery and equipment are still in good condition and with the proper and appropriate repair and maintenance, the estimated useful lives of machinery and equipment can be extended by not more than 20 years starting from year 2020 onwards.

The net book value of fixed asset for which the estimated useful lives has been revised accounts for THB 6,685 million or 52.84% of the Company's total assets of THB 12,651 million according to the financial statements as of December 31, 2020.

The Company recorded the change of depreciation in 2020 accounting period with effect from January 1, 2020 onwards. The Company has not revised the past financial statements which incurred high depreciation expense causing the new depreciation value to be lower. The effect from changing the estimated useful lives towards the financial statements for the year ending December 31, 2020 is shown as below:

Unit: Million Baht

Period of Separated Financial Statements	Depreciation according to the previous estimated useful lives	Depreciation according to current estimated useful lives
December 31 st , 2020	763	359

In this regard, the auditor of the Company has audited the change in estimated useful lives of such assets that has been recorded in the financial statements for the year ending December 31, 2020 and issued an unqualified conclusion on such financial statements.

3. Business Outlook

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

Total Hot Roll (Unit: Tons)	Year 2020	Year 2019	% Var 20 vs. 19	Year 2018	% Var 20 vs. 18
Production	2.60	2.76	-6%	3.20	-19%
Import	2.79	4.04	-31%	3.96	-30%
Export	0.02	0.01	136%	0.07	-75%
Consumption	5.37	6.79	-21%	7.09	-24%

Following the global cues and the several steps taken by the Thai Government, the conditions have been improving over the last few months and as per ISIT projections the steel consumption is expected to increase by 4.6% in 2021.

4. Performance of the Company

	31-Dec-20		31-Dec-19		31-Dec-18	
	M THB	%	M THB	%	M THB	%
Income						
Revenue from sale	11,379	99%	12,923	97%	29,910	99%
Net gain from write-off the expired legal prescription of liabilities	0	0%	10	0%	119	0%
Net foreign exchange gain	38	0%	216	2%	105	0%
Gain from debt restructuring	0	0%	0	0%	1	0%
Reversal of loss on confirmed purchase orders for undelivered raw material	19	0%	21	0%	0	0%
Other income	80	1%	97	1%	45	0%
Total income	<u>11,517</u>	100%	<u>13,268</u>	100%	<u>30,180</u>	100%
Expenses						
Cost of sale						
- Cost of goods sold	11,223	97%	13,386	101%	29,342	97%
- Idle cost	69	1%	242	2%	125	0%
- Loss on devaluation of inventories	(84)	-1%	(73)	-1%	160	1%
Total cost of sale	11,208	97%	13,555	102%	29,628	98%
Selling expenses	170	1%	174	1%	362	1%
Administrative expenses	492	4%	543	4%	500	2%
Bad and doubtful debts expenses	0	0%	0	0%	10	0%
Loss on confirmed purchase orders for undelivered raw material	0	0%	0	0%	41	0%
Finance costs	251	2%	348	3%	475	2%
Total expenses	<u>12,122</u>	105%	<u>14,621</u>	110%	<u>31,016</u>	103%
Profit (loss) for the year	(605)	-5%	(1,353)	-10%	(836)	-3%
Other Comprehensive Loss:						
Item that will not be reclassified subsequently to profit or loss:						
Actuarial losses	(28)	0%	0	0%	0	0%
Total Comprehensive loss for the year	<u>(633)</u>	-6%	<u>(1,353)</u>	-10%	<u>(836)</u>	-3%

- Revenue from sales and cost of goods sold**

The Company reported revenue from sales at THB 11,379 Million which is lower than last year mainly due to reduction in average selling price by 12%. Several cost saving initiatives coupled with improving market conditions have helped the Company to post a gradual recovery in the second half of the year with a positive Gross profit for the period of 4th Quarter 2020 of THB 183 Million and Net Profit for the period of 4th Quarter 2020 of THB 80 Million.

- Net gain from exchange rate**

The Company has recorded net gain from exchange rate for year 2020 and 2019 amounting to THB 38 million and THB 216 million in respectively due to the strengthening of the Thai Baht against the US Dollar.

- Other income**

Other income for year 2020 and 2019 amounted to THB 80 Million and THB 97 Million respectively. The decrease of other income is mainly due to the reduction in interest income.

- **Administrative expenses**

Administrative expenses for year 2020 and 2019 amounted to THB 492 million and THB 543 million respectively. The decrease of administrative expense of THB 51 Million is mainly due to reduction in manpower costs, consultancy fees & termination of Business Advisory Agreement in 2020.

- **Financial costs**

The financial costs for year 2020 and 2019 amounted to THB 251 million and THB 348 million, respectively. The decrease in financial costs of THB 96 million mainly resulted from reduction in working capital requirement and repayment of short-term loan USD 20 million last year.

- **Other comprehensive loss**

The Company has actuarial losses for year 2020 amounted to THB 28 million due to the company undertook the required a three-year period review of the actuarial estimates. The provision for additional liability is presented as loss in other comprehensive losses.

5. Statement of financial positions

	31-Dec-20		31-Dec-19		31-Dec-18	
	M THB	%	M THB	%	M THB	%
Assets						
Current assets						
Cash and cash equivalents	107	1%	424	3%	201	1%
Trade accounts receivables	28	0%	6	0%	14	0%
Inventories	1,361	9%	1,367	9%	3,861	21%
Short-term loan to related party	0	0%	0	0%	94	0%
Other current assets	<u>152</u>	1%	<u>85</u>	1%	<u>268</u>	1%
Total current assets	<u>1,647</u>	11%	<u>1,882</u>	12%	<u>4,438</u>	24%
Non-current assets						
Advance payment for purchase of land and building	210	1%	210	1%	210	1%
Property, plant and equipment	12,651	85%	13,049	84%	13,839	74%
Intangible assets	5	0%	6	0%	7	0%
Other non-current assets	<u>344</u>	3%	<u>340</u>	3%	<u>330</u>	1%
Total non-current assets	<u>13,210</u>	89%	<u>13,606</u>	88%	<u>14,386</u>	76%
Total assets	<u>14,857</u>	100%	<u>15,488</u>	100%	<u>18,824</u>	100%

Total assets

As of 31 December 2020, the Company had total assets amounting to THB 14,857 Million which decreased from the year ended 2019 by THB 631 Million. The current assets amounted to THB 1,647 million, decreased by 12% from the year ended 2019 and the non-current assets amounted to THB 13,210 million, decreased by 3% from last year ended 2019.

- **Cash and cash equivalent**

As of year ended 2020, the Company had the cash and cash equivalent amounting to THB 107 million which decreased from last year by 75%, mainly due to the cash flow provided from the operating activities was lower than last year. This is resulted from the reduction of HRC market price which was

continuously sliding downwards since the beginning of year 2019 till towards the 1st half of the year ended 2020. In addition, the Company had capital expenditure for repair & maintenance machinery and the financial cost from borrowings.

- **Trade account receivables**

As of year ended 2020 and 2019, the Company had the trade account receivables amounting to THB 28 million and THB 6 million in respectively, which increased from last year by THB 22 million mainly due to the HRC market was in an upside trend during the year ended 2020 therefore there was an increase in demand from the customers which resulted in increased trade account receivables balance at the end of the year.

- **Other current assets**

As of year ended 2020 and 2019, the Company had the other current assets amounting to THB 152 million and THB 85 million in respectively, which reduced from last year by THB 67 million mainly due to increase in advance payment to suppliers from last year by THB 51 million.

- **Property, plant and equipment**

As of year ended 2020 and 2019, the Company had the property, plant and equipment amounting to THB 12,651 million and THB 13,049 million in respectively, which is 3% lower than last year mainly due to the depreciation for the year.

	31-Dec-20		31-Dec-19		31-Dec-18	
	M THB	%	M THB	%	M THB	%
Liabilities and equity						
Current liabilities						
Trade accounts payable	328	2%	333	2%	2,033	11%
Other payables and accrued expenses	289	2%	340	2%	661	4%
Advance from customers	11	0%	20	0%	33	0%
Short-term borrowing from related party	0	0%	0	0%	1,239	7%
Accrued interest expenses	199	1%	137	1%	132	1%
Liabilities from terminated rehabilitation plan	169	1%	170	1%	180	1%
Current portion of long-term borrowings from related party	311	2%	0	0%	0	0%
Current portion of lease liabilities	6	0%	0	0%	0	0%
Current provision	0	0%	19	0%	41	0%
Other current liabilities	15	0%	18	0%	31	0%
Total current liabilities	1,327	9%	1,038	7%	4,350	23%
Non-current liabilities						
Other payables and accrued expenses	0	0%	0	0%	58	0%
Long-term borrowings from related party	739	5%	1,049	7%	1,118	6%
Lease liabilities - net	2	0%	1	0%	1	0%
Non-current provision employee retirement benefit	128	1%	106	1%	80	0%
Total non-current liabilities	870	6%	1,156	7%	1,257	7%
Total liabilities	2,197	15%	2,194	14%	5,607	30%

Total Liabilities

As of December 31, 2020, the Company had total liability amounting to THB 2,197 million which increased from year ended 2019 by THB 3 million. This consisted of total current liabilities amounting to THB 1,327 million which is 28% higher than year ended 2019, and total non-current liabilities amounted to THB 870 million which 25% lower than year ended 2019.

- **Other payables and accrued expenses**

As of year ended 2020 and 2019, the Company had other payables and accrued expenses amounting to THB 289 million and THB 340 million in respectively, which decreased by THB 51 million due to the payment of liabilities.

- **Advance received from customers**

As of year ended 2020 and 2019, the Company had the advance received from customers amounting to THB 11 million and THB 20 million respectively, which decreased by THB 9 million due high credit sale to the customers during year ending 2020.

- **Accrued interest expense**

As of year ended 2020 and 2019, the Company had the accrued interest expense amounting to THB 199 million and THB 137 million in respectively, which increased by THB 62 million due to the losses during the first nine months of year 2020 leading to liquidity issues. As a result, in the 3rd and 4th quarter of 2020, the Company postponed the schedule of interest payment therefore causing the accrued interest expenses to be higher than the previous year.

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

As of year ended 2020 the Company had the current portion of long-term borrowings from related party amounting to THB 311 million (USD 10.5 million) which will be due within one year.

- **Current portion of lease liabilities**

As of year ended 2020 the Company had the current portion of lease liabilities amounting to THB 6 million in accordance with the Financial Reporting Standard No. 16 regarding lease agreements, which the lessee is required to recognize the assets and liabilities for all operating leases that are more than 12 months in length unless the underlying asset is of low value.

- **Current provision**

The Company has reversed the current provision for loss on confirmed purchase orders for undelivered scraps that it had set up in year 2019 and recorded it as revenue in year 2020 due to as of December 31, 2020, the market price of HRC products has increased compared to the previous year.

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

As of December 31, 2020, the Company had the net long-term borrowings from related party amounting to THB 739 million (USD 24.5 million).

- **Non-current provision for employee retirement benefit**

As of December 31, 2020, and 2019 the Company had the non-current provision for employee retirement benefit amounting to THB 128 million and THB 106 million in respectively, which increased by THB 22 million mainly caused from the Company's review of actuarial estimates as explained above.

	31-Dec-20		31-Dec-19		31-Dec-18	
	M THB	%	M THB	%	M THB	%
Equity						
Authorised share capital	<u>27,601</u>		<u>27,601</u>		<u>129,298</u>	
Issued and paid-up share capital	24,468	165%	24,468	158%	96,104	511%
Premium (discount) on ordinary shares	(9,667)	-65%	(9,667)	-62%	(61,757)	-328%
Legal reserve	0	0%	0	0%	19	0%
Deficit	(2,449)	-16%	(1,816)	-12%	(21,457)	-114%
Other components of equity	<u>310</u>	2%	<u>310</u>	2%	<u>310</u>	2%
Total equity	<u>12,661</u>	85%	<u>13,294</u>	86%	<u>13,218</u>	70%
Total liabilities and equity	<u>14,857</u>	100%	<u>15,488</u>	100%	<u>18,824</u>	100%

Total Shareholders' equity

As of December 31, 2020, the Company has total equity of THB 12,661 million which decreased by THB 633 million or 5% from year ended 2019 mainly due to loss for the year of THB 605 million and from the other comprehensive expense for the actuarial loss of provision for employee retirement benefit of THB 28 million.

6. Significant financial ratios

	As of December 31,		
	2020	2019	2018
Liquidity Ratio			
Current Ratio	1.24	1.81	1.02
Quick Ratio	0.10	0.41	0.05
Operating Cash Flow Ratio	(0.01)	0.14	0.21
Operating Efficiency Ratio			
Accounts Receivable Turnover	667	1,287	1,277
Days of Receivables	0.55	0.28	0.29
Inventory Turnover	8	5	8
Days of Inventory on Hand	44	70	44
Accounts Payable Turnover	34	9	21
Days of Payables	11	39	18
Cash Conversion Cycle	34	32	27
Profitability Ratio			
Gross Profit Margin	2%	-5%	1%
Operating Profit Margin	-3%	-8%	-1%
EBITDA Margin	2%	-1%	2%
Net Profit Margin	-5%	-10%	-3%
Return on Equity	-5%	-10%	-6%
Return on Assets	-4%	-8%	-4%
Total Assets Turnover	0.76	0.77	1.57
Debt leverage ratio			
Debt to Equity Ratio	0.17	0.17	0.42
Interest Coverage Ratio	(0.10)	1.10	1.57
Dividend Payout Ratio	-	-	-

Liquidity Ratio

In year 2020, the Company has the liquidity ratio which reduced from last year due to severe affect of the coronavirus (“COVID-19) outbreak situation. This caused significant economic uncertainty in Thailand and markets in which the Company operates. However, the Company still has a sales policy on cash basis and follow-up collection of debts from trade account receivables regularly, monitoring the production and selling plan that serves the needs of the customer and ordering raw materials with the suppliers who can provide credit terms

- Current Ratio achieves greater than 1 (the Company has the current assets greater than current liabilities)

- Quick Ratio achieved is less than last year (the Company has the assets which can turn into cash slower than last year)
- Operating Cash Flow Ratio is negative in this year since the Company has used higher cash than provided by operational activities mainly due to increase in inventories during the end of the year.

Operating Efficiency Ratio

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

- Account Receivable Turnover in this year is lower than last year and Days of Receivable is higher than last year due to increased credit sales during the year end. For the full year the Company has increased credit sale by 3.93% compared to the previous year.
- Inventory Turnover in this year is higher than last year and Days of Inventory on Hand is lower than last year as the Company has planned production in accordance with the market demand in order to keep the stock in the appropriate level.
- Account Payable Turnover Ratio is higher than last year and Days of Payable is lower than last year due to the Company has managed cash to settle liability payment more frequently.
- Cash Conversion Cycle has a same level to last year indicating that the Company is still planning financial management with care.

Profitability Ratio

In year 2020, overall the Company has better profitability ratio than last year, although the market price of HRC products declined from the 1st quarter of 2019 until the end 2nd quarter of 2020, the markets improved during the second half of 2020 thereby improving the operating results of the Company. Further, the Company had implemented several cost reduction initiatives. This resulted from all profitability ratios improving compared to last year such as Gross Profit Margin, Operating Profit Margin, EBITA Margin, Net Profit Margin, Return on Equity, and Return on Assets and Total Assets.

Debt Leverage Ratio

In 2020, the Debt Leverage Ratio can be analyzed as follows:

- Debt to Equity Ratio unchanged from the previous year.
- Interest Coverage Ratio is less than last year due impact of the coronavirus (“COVID-19”) outbreak resulting from the Company has to use more cash than it receives from operations. Therefore, it reflects that the ability to pay interest is lower than the previous year.

7. Statement of cash flows

	31-Dec-20	31-Dec-19	31-Dec-18
	M THB	M THB	M THB
<i>Cash flows from operating activities</i>			
Profit (loss) for the year	(605)	(1,353)	(836)
<i>Adjustments for</i>			
Depreciation and amortization	526	900	882
Work roll amortization	78	74	112
Interest income	(2)	(20)	(3)
Finance costs	251	348	475
Gain from debt restructuring	0	0	(1)
Net gain from write-off the expired legal prescription of liabilities	0	(10)	(119)
Gain from write-back advance received from customer	(10)	0	0
Unrealised loss (gain) on exchange rate - net	(8)	(87)	(30)
Debts and doubtful debts	0	0	10
(Reversal of) loss on devaluation of inventories	(84)	(73)	160
Loss on confirmed purchase orders for undelivered raw material	(19)	(21)	41
Employee benefit expenses	10	29	8
Loss on write-off of assets	2	4	0
Insurance compensation income - net	(2)	0	0
Provision loss for court case claim	2	0	0
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable	(22)	8	19
Inventories	89	2,568	(743)
Other current assets	(66)	177	112
Other non-current assets	(81)	(85)	(146)
Trade accounts payable	(5)	(1,683)	1,186
Advances received from customers	1	(13)	(160)
Other payables and accrued expenses	(60)	(385)	(144)
Other current liabilities	(3)	(12)	10
Paid employee benefits obligations	(10)	(4)	(0)
Interest received	<u>0</u>	<u>3</u>	<u>3</u>
Net cash from (used in) operating activities	(17)	365	838

	31-Dec-20	31-Dec-19	31-Dec-18
	M THB	M THB	M THB
<i>Cash flows from investing activities</i>			
Cash receive from short-term loan to related company	0	94	0
Purchase of property, plant and equipment	(128)	(112)	(81)
Purchase of intangible assets	(2)	(2)	(3)
Proceeds from insurance claim	16	0	0
Interest received	<u>2</u>	<u>23</u>	<u>0</u>
Net cash from (used in) investing activities	(113)	3	(84)
<i>Cash flows from financing activities</i>			
Cash received from short-term borrowings from related party	0	624	0
Repayment of liabilities from terminated rehabilitation plan	(2)	(3)	(7)
Repayment of short-term borrowings from related party	0	(1,864)	(230)
Repayment of long-term borrowings from related party	0	0	(361)
Payment for lease liabilities	(5)	(1)	(1)
Cash received from issuance of new ordinary shares	0	1,503	0
Pay the cost of issuing new shares	0	(74)	0
Finance cost paid	<u>(180)</u>	<u>(331)</u>	<u>(533)</u>
Net cash from (used in) financing activities	<u>(188)</u>	<u>(144)</u>	<u>(1,131)</u>
Net increase (decrease) in cash and cash equivalents	(317)	224	(377)
Cash and cash equivalent at beginning period	424	201	578
Effect of exchange rate changes on balances held in foreign currencies	<u>(0)</u>	<u>(1)</u>	<u>(0)</u>
Cash and cash equivalent at ending period	<u>107</u>	<u>424</u>	<u>201</u>

In the year 2020 and 2019, the Company had a net loss of THB 605 million and THB 1,353 million, respectively. While net cash flow from operations in 2020, the company had net cash used in operating activities of THB 17 million and in 2019 the Company had net cash provided from operating activities of THB 365 million.

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

For financing activities, the Company had net cash used in year 2020 and 2019 amounting to THB 188 million and THB 144 million, respectively, this mainly due to the finance cost paid for borrowings from related party for year 2020 and during 2019 part of the cash received from issuance of new ordinary shares and liquidation of Inventory were used to repay the debts to related party.

8. Commitments as of December 31, 2020 can summarize in below:

Unit: Million Baht

Commitments	Total	Payment in period			
		within 1st year	in year 2nd and 3rd	in year 4th and 5th	in year 6th onwards
Operating lease liabilities	5.85	5.10	0.75	-	-
Purchase contracts liabilities	1,227.35	1,027.18	141.30	58.87	-
Other commitment liabilities	159.26	159.26	-	-	-
Total	1,392.46	1,191.54	142.05	58.87	-

9. Factor effect to the future operation

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

Audit Committee Report

Audit Committee Report

To the Shareholders of G J Steel Public Company Limited

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

	Name	Position	Number of Attendance
1	Assoc. Prof. Niputh Jitprasonk	Chairman of the Audit Committee	10 / 10
2	Mr. Stephen Karl Stewart	Member of the Audit Committee	10 / 10
3	Mr. Yingsak Jenratha	Member of the Audit Committee	10 / 10

The duties of the Audit Committee have independence in performance of duties as assigned by the Board of Directors. The scope of duties includes review of financial statements, review the internal audit report, approve the report or disclose information, consideration of the transactions that may pose conflict of interest, present matters to the Board of Directors for acknowledgement, consent or approval, coordinate with the accounting department in case of trouble or hindrance, coordinate with the certified public accountant for acknowledgement of the audit results, observation and recommendations of such certified public accountant, then present to the Board of Directors for rectification and improvement of the business, as well as proposing the shareholders to appoint a certified public accountant and determine audit fees.

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

The Audit Committee will be compliance with the requirements of the regulatory bodies to ensure the company's transparent operation in order to enhancement of the good corporate governance principles.

(Assoc. Prof. Niputh Jitprasonk)
Chairman of the Audit Committee

Financial Statements 2020

G J STEEL PUBLIC COMPANY LIMITED

Financial Statements

For the Year Ended December 31, 2020

and Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of G J Steel Public Company Limited

Opinion

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

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

Basis for Opinion

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

Emphases of Matter

I draw attention as follows:

- a) Note 4 to the financial statements, the management has reviewed and changed the estimated useful lives of buildings, machinery and equipment in accordance with their conditions and proper estimated useful lives. Such change in estimated useful lives was approved by the Audit Committee's meeting and the Board of Directors' meeting held on June 17, 2020.
- b) Note 1 to the financial statements, starting early 2020, the COVID-19 pandemic has significantly negative affected to both local and global economies, which, in consequence, may have significantly negative affected to the Company's future financial position and financial performance. However, the ultimate outcome of this matter cannot presently be determined and the negative effect to the Company cannot reasonably be estimated at this stage.

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

Other Matter

The financial statements of G J Steel Public Company Limited for the year ended December 31, 2019 were audited by another auditor whose report dated February 25, 2020 expressed an unqualified opinion on those statements.

Key Audit Matter

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

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

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit 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.

(Ms. Wimolsri Jongudomsombut)
Certified Public Accountant, Registration No. 3899
Baker Tilly Audit and Advisory Services (Thailand) Ltd.
Bangkok
February 23, 2021

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

A S S E T S

		In Baht	
	Notes	2020	2019
CURRENT ASSETS			
Cash and cash equivalents	6	106,593,691	424,062,101
Trade account receivables - net	7	27,922,175	6,196,512
Inventories - net	4, 8, 16, 33	1,361,359,108	1,366,609,957
Other current assets - net	5, 9	151,578,570	85,084,093
Total Current Assets		1,647,453,544	1,881,952,663
NON-CURRENT ASSETS			
Advance payment for purchase of land and building	10	210,000,000	210,000,000
Property, plant and equipment - net	4, 11, 15, 21, 33, 35	12,651,015,945	13,049,272,540
Other intangible assets - net	12	5,215,597	6,494,070
Other non-current assets - net	5, 14	343,721,902	340,185,345
Total Non-Current Assets		13,209,953,444	13,605,951,955
Total Assets		14,857,406,988	15,487,904,618

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY

		In Baht	
	Notes	2020	2019
CURRENT LIABILITIES			
Trade account payables	8, 16	328,134,141	333,324,560
Other payables and accrued expenses	5, 17	289,209,148	340,170,757
Advances received from customers		10,506,608	19,799,767
Accrued interest expense	5, 18	198,592,331	137,094,718
Liabilities from terminated rehabilitation plan	19	168,530,256	170,123,670
Current portion of long-term borrowings from related party	5, 20	311,389,181	-
Current portion of lease liabilities	11, 21	5,740,013	438,781
Current provision	4, 22	-	19,175,314
Other current liabilities	23	15,240,652	17,871,920
Total Current Liabilities		1,327,342,330	1,037,999,487
NON-CURRENT LIABILITIES			
Long-term borrowings from related party - net	5, 20	739,059,084	1,049,023,546
Lease liabilities - net	11, 21	2,311,604	950,062
Non-current provision for employee retirement benefit	24	128,175,780	105,685,887
Total Non-Current Liabilities		869,546,468	1,155,659,495
TOTAL LIABILITIES		2,196,888,798	2,193,658,982
SHAREHOLDERS' EQUITY			
Share capital	25		
- Authorized share capital		27,600,824,751	27,600,824,751
- Issued and paid-up share capital		24,467,649,500	24,467,648,060
Warrants	26	-	-
Discount on ordinary shares	25	(9,667,487,640)	(9,667,486,450)
Deficit		(2,449,324,888)	(1,815,597,192)
Other components of equity	27	309,681,218	309,681,218
Shareholders' Equity - Net		12,660,518,190	13,294,245,636
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		14,857,406,988	15,487,904,618

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

		In Baht	
	Notes	2020	2019
REVENUES			
Revenue from sales	5	11,379,228,023	12,922,809,092
Gain on foreign exchange - net		38,126,372	215,925,699
Reversal of loss on confirmed purchase orders for undelivered raw materia	4, 22	19,175,314	21,389,840
Other income	5	80,132,366	107,843,709
Total Revenues		11,516,662,075	13,267,968,340
EXPENSES			
Cost of sales	4, 29		
- Cost of goods sold	5	11,222,681,539	13,385,969,008
- Idle cost		69,225,314	241,851,797
- Reversal of loss on decline in value of inventories		(83,585,796)	(72,802,730)
Total Cost of Sales		11,208,321,057	13,555,018,075
Selling expenses	29	170,162,523	174,375,018
Administrative expenses	4, 5, 29	492,162,333	543,453,591
Finance costs	5, 15	251,275,182	347,691,068
Total Expenses		12,121,921,095	14,620,537,752
LOSS FOR THE YEAR		(605,259,020)	(1,352,569,412)
Other Comprehensive Loss:			
Item that will not be reclassified subsequently to profit or loss:			
Actuarial losses	24	(28,468,676)	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(633,727,696)	(1,352,569,412)
Basic Loss per Share (In Baht)	30	(0.024)	(0.063)

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

		In Baht					
		Issued		Retained Earnings (Deficit)			
		and Paid-up	Discount on	Appropriated for		Other Components	
Notes		Share Capital	Ordinary Shares	Legal Reserve	Deficit	of Equity	Net
Balance as at January 1, 2019		96,104,091,707	(61,757,357,060)	18,507,422	(21,457,265,785)	309,681,218	13,217,657,502
Par value reduction to compensate the deficit	25	(82,733,087,643)	61,757,357,060	-	20,975,730,583	-	-
Transfer of legal reserve to compensate the deficit	25	-	-	(18,507,422)	18,507,422	-	-
Issuance of new ordinary shares	25	11,096,643,996	(9,667,486,450)	-	-	-	1,429,157,546
Total comprehensive loss for the year		-	-	-	(1,352,569,412)	-	(1,352,569,412)
Balance as at December 31, 2019		24,467,648,060	(9,667,486,450)	-	(1,815,597,192)	309,681,218	13,294,245,636
Issuance of new ordinary shares	25, 26	1,440	(1,190)	-	-	-	250
Total comprehensive loss for the year		-	-	-	(633,727,696)	-	(633,727,696)
Balance as at December 31, 2020		24,467,649,500	(9,667,487,640)	-	(2,449,324,888)	309,681,218	12,660,518,190

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

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	In Baht	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the year	(605,259,020)	(1,352,569,412)
Adjustments to reconcile loss for the year to net cash provided by (used in) operating activities:		
Depreciation and amortization	525,845,828	900,055,978
Work roll amortization	77,886,845	74,413,022
Interest income	(1,618,424)	(19,793,710)
Finance costs	251,275,182	347,691,068
Gain from write-off the expired legal prescription of liabilities - net	-	(10,387,557)
Gain from write-back advance received from customer	(10,000,657)	-
Unrealized gain on foreign exchange - net	(8,303,048)	(87,438,095)
Reversal of allowance for decline in value of inventories	(83,759,722)	(72,802,730)
Reversal of loss on confirmed purchase orders for undelivered raw materials	(19,175,314)	(21,389,840)
Provision for employee retirement benefit	10,338,684	29,051,262
Loss on write-off of fixed assets	1,962,476	4,105,007
Insurance compensation income - net	(1,835,675)	-
Provision loss for court case claim	2,400,000	-
Decrease (Increase) in Operating Assets:		
Trade account receivables	(21,725,663)	7,695,936
Inventories	89,010,571	2,567,581,631
Other current assets	(66,494,477)	177,449,381
Other non-current assets	(81,423,402)	(84,533,129)
Increase (Decrease) in Operating Liabilities:		
Trade account payables	(4,750,382)	(1,682,896,330)
Advances received from customers	707,499	(12,882,734)
Other payables and accrued expenses	(59,725,106)	(384,752,467)
Other current liabilities	(2,736,718)	(12,361,335)
Employee retirement benefit paid	(9,839,624)	(3,506,000)
Interest received	-	2,554,223
Net Cash Provided by (Used in) Operating Activities	(17,220,147)	365,284,169

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2020

	In Baht	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash received from short-term loans to related party	-	94,000,000
Purchases of property, plant and equipment	(128,457,826)	(112,468,238)
Purchases of other intangible assets	(1,682,762)	(1,501,000)
Proceeds from insurance claim	15,985,622	-
Interest received	1,618,424	22,779,213
Net Cash Provided by (Used in) Investing Activities	(112,536,542)	2,809,975
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash receipts from short-term borrowings from related party	-	624,380,000
Repayment of liabilities under rehabilitation plan	(2,008,429)	(2,604,146)
Repayment of short-term borrowings from related party	-	(1,863,742,400)
Repayment of lease liabilities	(5,426,532)	(501,600)
Cash received from issuance of new ordinary shares	250	1,502,670,541
Payment of expenses relating to issuance of new shares	-	(73,512,995)
Finance costs paid	(180,271,695)	(330,828,307)
Net Cash Used in Financing Activities	(187,706,406)	(144,138,907)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(317,463,095)	223,955,237
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	424,062,101	201,031,915
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	(5,315)	(925,051)
CASH AND CASH EQUIVALENTS, AT END OF YEAR	106,593,691	424,062,101
Additional cash flow information :		
1) Property, plant and equipment increased by means of :		
- Lease liabilities	12,229,520	-
- Other account payables - net	193,288	-
- Cash payments	128,457,826	112,468,238
Total	140,880,634	112,468,238
2) Write-off trade account receivable	351,818,433	-

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements
December 31, 2020

Note	Contents
1	General information, the shareholding structure and going concern
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Change in estimated from prior year
5	Transactions with related parties
6	Cash and cash equivalents
7	Trade account receivables - net
8	Inventories - net
9	Other current assets - net
10	Advance payment for purchase of land and building
11	Property, plant and equipment - net
12	Other intangible assets - net
13	Deferred tax
14	Other non-current assets - net
15	Interest-bearing liabilities
16	Trade account payables
17	Other payables and accrued expenses
18	Accrued interest expense
19	Liabilities from terminated rehabilitation plan
20	Long-term borrowings from related party - net
21	Lease liabilities - net
22	Current provision
23	Other current liabilities
24	Non-current provision for employee retirement benefit
25	Share capital and share discount
26	Warrants
27	Other components of equity
28	Registered provident fund
29	Expenses by nature
30	Basic loss per share
31	Disclosure of financial instruments
32	Operating segments
33	Commitments and contingent liabilities with non-related parties
34	Litigations
35	Credit facilities for operation

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

The financial statements were approved and authorized for issue by the Board of Directors on February 23, 2021.

1. GENERAL INFORMATION, THE SHAREHOLDING STRUCTURE AND GOING CONCERN

1.1 General information

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

Head office	: 88 Paso Tower, 24th Floor, Silom Road, Suriyawong, Bangrak, Bangkok
Factory	: 358 Moo 6, Hemaraj Industrial Estate (Bowin) Highway 331, Tambol Bowin, Amphur Sriracha, Chonburi

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

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

1.2 The shareholding structure

As at December 31, 2020 and 2019, the Company’s major shareholders as follows:-

Shareholders’ Name	Proportionate of share (%)	
	2020	2019
Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) - incorporated in the Republic of Mauritius	40.45	40.45
G Steel Public Company Limited (“G Steel”)	8.24	8.24
Mrs. Jarunee Chinvongvorakul	7.38	7.38
Superior Overseas (Thailand) Company Limited	1.62	1.62
GS Securities Holdings Co., Ltd. (“GS Securities”) GS Securities is 99.99% owned by G Steel	1.21	1.21

1.3 Going concern

As at December 31, 2020 and 2019, part of financial position of the Company are as follows:

Risk effected to the going concern	In Million Baht	
	2020	2019
(1) Loss for the year	(605)	(1,353)
(2) Deficit	(2,449)	(1,816)

As at December 31, 2020 and 2019, there were no factors that may cause significant doubt on going concern since the Company has accomplished its plan by negotiating debt restructuring with major creditors by repaying partial debt and conversion of debts-to-equity successfully in year 2017 and obtained credit facility for additional working capital as discussed in Note 35. Furthermore, the capital restructuring plan was approved by the Extraordinary Shareholders’ Meeting No. 1/2019 on January 14, 2019 combined with increase in additional paid-up capital registered with the Ministry of Commerce on May 3, 2019 from the allocation of new ordinary shares to the existing shareholders of the Company in the proportion to their respective shareholdings (Rights Offering) as discussed in Note 25. In addition, the Company still has various plans to increase the profitability in future as followings:

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

a) The production

The Company has the production strategy to utilize the off-peak period (which has lower demand for electricity and lower tariff rate) and the Company has adjustment plan in respect of various projects aiming to reduce production cost in order to be competitive with the competitors and the importers. Various projects in the form of energy reduction, increase efficiency as well as minimize loss in the production process, etc., are under progress.

b) The Governmental support

The Company have cooperated with the other hot-rolled flat steel producers (collectively called “the domestic industry”), filed the petitions for trade remedies to the Thai Government, led by Ministry of Commerce, as consequences to serious injuries caused by unfair trade practice in the forms of dumping import hot-rolled steel flat products and import surges to Thailand that also have dampened the stability of Thailand’s economy. Up to the present, Ministry of Commerce has made several determinations and notifications of anti-dumping measures and safeguard measures in order to help the domestic industry to stand and compete with the import goods on a fair trade basis and to adjust themselves to further stand for increasing competition with the import goods in the domestic market as follows:

Anti-Dumping Measures (5-year term)

	Import Goods	Origin	Anti-Dumping Duty Rate	Effective
1	Hot-rolled steel flat products in coil and not in coil	14 countries	Various rate from 0% up to 128.11% of C.I.F. value	May 20, 2020 to May 19, 2021*
2	Hot-rolled steel flat products in coil and not in coil	China and Malaysia	China at 30.91% of C.I.F. value, Malaysia at 23.57% - 42.51% of C.I.F. value	Jun 23, 2017 to Jun 22, 2022
3	Hot-rolled steel flat products in coil and not in coil	Brazil, Iran and Turkey	Brazil at 34.40% of C.I.F. value, Iran at 7.25% - 38.27% of C.I.F. value, Turkey at 6.88% - 38.23% of C.I.F. value	May 16, 2017 to May 15, 2022
4	Boron-added steel hot rolled flat products in coil and not in coil	China	at 14.28% - 19.47% of C.I.F. value	Dec 13, 2018 to Dec 12, 2023

* The domestic industry filed petition to Department of Foreign Trade along with the evident information concerned requesting for continuation review of the imposition of antidumping measure for the next 5 years. The Department later issued on May 5, 2020 (published on the royal gazette on May 20, 2020) the “Notification for Initiation of Expiry Review for Continuation of the Anti-dumping Measure on Hot-Rolled Steel Flat Products in coils and not in coils Originated from Japan, Republic of South Africa, Russian Federation, Republic of Kazakhstan, Republic of India, Republic of Korea, Taiwan, Republic of Venezuela, Argentina, Ukraine, Algeria, Republic of Indonesia, Slovak Republic and Romania”, as the start of the anti-dumping measure continuation review procedure, in which several interested parties were participating. And during Expiry review process, the collateral for paying the anti-dumping duty on the said goods have to be collected in the same anti-dumping rate for a period not exceeding 1 year, after the previous measure expiry on May 22, 2020.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Safeguard Measures (3-year term)

	Import Goods	Origin	Safeguard Duty Rate	Effective
1	Non-alloy steel hot-rolled flat products in coil and not in coil	any countries (except the developing countries that account for less than 3% of share in total import volume to Thailand)	- Imported Jun 7, 2017 - Jun 6, 2018 at 21.00% of C.I.F. value - Imported Jun 7, 2018 - Jun 6, 2019 at 20.87% of C.I.F. value - Imported Jun 7, 2019 - Jun 6, 2020 at 20.74% of C.I.F. value	Jun 7, 2017 to Jun 6, 2020*

* The Safeguard Measure on Non-Alloy Steel Hot-Rolled Flat Products has ended on June 6, 2020.

c) Domestic demand of Hot-Rolled Steel Flat Products (Source: Iron and Steel Institute of Thailand)

Hot Rolled Steel (million metric tonnes)	Year 2020	Year 2019	Increase / (decrease)
Production	2.60	2.76	(0.16)
Import	2.79	4.04	(1.25)
Export	0.019	0.008	0.011
Consumption	5.38	6.79	(1.41)

Coronavirus Outbreak Situation

On March 11, 2020, the World Health Organization declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. The COVID-19 pandemic also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 pandemic since early 2020 has brought significant economic uncertainties in Thailand and markets in which the Company operates. Currently, Thai Government announced the curfew and lockdown the country probably until the end of March 2021.

The Company is unable to reasonably estimate the financial negative impact of the COVID-19 on the financial statements for the year ended December 31, 2020 to be disclosed in the Notes to financial statements. It is, however, certain that Thailand and worldwide measures against spread of the COVID-19 will have adverse effects on the Company’s future revenues and operations. The Company will continuously monitor the negative impact of COVID-19 on its future financial position and financial performance. The Company will also be taking appropriate and timely measures to minimize the negative impact of the COVID-19 pandemic on the Company’s future operations.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

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

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements, which are issued solely for domestic financial reporting purposes.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Accounting standards that became effective in the current accounting period

The Company disclosed the accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after January 1, 2020, in the Note 3.

The major changes are:

(a) TFRS - Financial instruments standards

TFRS	Topic
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TAS 32	Financial Instruments: Presentation
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

The Company's management has assessed the effects of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations those relating to the financial instruments, and considers that they do not have a significant impact to the financial statements for the year ended December 31, 2020.

(b) TFRS 16 - Lease

TFRS 16 supersedes TAS 17 "Leases" together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all operating leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessor under TFRS 16 is substantially unchanged from TAS 17. Lessor will continue to classify lease as either operating or finance lease using similar principles to those used under TAS 17.

The Company (as the lessee) has recognized the cumulative effect of initial applying TFRS 16 and the comparative information was not restated. The Company elects to apply TFRS 16 to lease previously classified as an operating lease by recognizing lease liabilities as of January 1, 2020 at the present value of lease payments to be made over the remaining lease term which is discounted by the incremental borrowing rate of the Company as of the initial application date and recognized right-of-use assets at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position before the date of initial application.

The adjustments of right-of-use asset and lease liabilities due to the adoption of TFRS 16 as at January 1, 2020 (weighted average incremental borrowing rate at the rate of 12% per annum) are as below:

	Increase (In Million Baht)
Right-of use assets - lease building and vehicles (included in property, plant and equipment)	10
Lease liabilities - net	
- Current	5
- Non-current	5
Total	10

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash on hand is kept for general use within the Company. Cash equivalents are savings deposits and current accounts, highly liquid investment that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at invoice amount net of allowance for expected credit losses (2019: allowance for doubtful accounts).

In 2020, the Company applies a simplified approach in calculating ECL for trade receivables. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

In 2019, the Company provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience coupled with a review of the current status of existing receivables.

Inventory Valuation

The Company values its inventories at the lower of cost (average cost method) and net realizable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-process, cost includes an appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated production cost to complete and selling expenses.

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

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

Property, Plant and Equipment and Depreciation

Land is stated at cost less allowance for impairment losses. Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment losses. When assets are sold or retired, their cost and accumulated depreciations are eliminated from the accounts and any gain or loss resulting from their disposal is included in profit or loss.

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

	Years	
	2020	2019
Land improvements	5 - 20	5 - 20
Buildings and building improvements	20 - 50	20 - 50
Machinery and equipment	20 - 41	15 - 30
Furniture, fixtures and office equipment	5 - 10	5 - 10
Vehicles	5	5

The Company does not depreciate on freehold land or assets under construction.

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

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Right-of-Use Assets and Depreciation

Right-of-use assets are recognized at the commencement date of the leases. Right-of-use assets are stated at cost, less accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets include the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The costs of right-of-use assets also include an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets, restoring the site on which they are located or restoring the underlying assets to the condition required by the terms and conditions of the lease.

Depreciation of right-of-use assets are calculated by reference to their costs on a straight-line basis over the shorter of the remaining lease term and the estimated useful lives:

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

Other Intangible Assets and Amortization

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortization and allowance for impairment losses.

Amortization is charged to profit or loss on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets, unless such lives are indefinite. The estimated useful lives are as follows:

	<u>Years</u>
Software licenses	10
Production licenses	25

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

Deferred Costs of Rolls

Deferred costs of rolls are stated at cost less accumulated amortization. Amortization is based on consumption.

Deferred Loan Arrangement Fee

The Company amortizes deferred loan arrangement fee as finance cost in profit or loss over the term of the loan agreement.

Impairment of Assets

The Company reviews the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount (the higher of asset's selling price or value in use) of assets is below the carrying amount. The review is made for individual assets or for the cash-generating unit.

If the carrying value of an asset exceeds its recoverable amount, the Company recognizes the impairment losses by reducing the carrying value of the asset to its recoverable amount and recording the devaluation in statement of comprehensive income or reducing revaluation increment in assets in case that those assets were previously revalued. The reversal of impairment losses recognized in prior years is recorded as part of other income or as a revaluation increment in assets when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased. Such a reversal should not exceed the carrying amount that would have been determined (net of the associated depreciation or amortization).

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Interest-bearing liabilities

Interest-bearing liabilities are recognized at fair value net of transaction costs and classified as financial liabilities to be subsequently measured at amortized cost using the effective interest rate (“EIR”) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. In determining amortized cost, the Company takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in profit or loss.

Provision

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. A provision is reviewed at the statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provision for Employee Retirement Benefit

Provision for employee retirement benefit is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods by the projected unit credit method determined by a professionally qualified independent actuary. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs. Actuarial gains or losses are recognized immediately to the statement of comprehensive income. The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the government bonds.

Use of Judgements and Estimates

In order to prepare financial statements in conformity with Thai Financial Reporting Standards in Thailand, the management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows.

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in material adjustments to the amounts recognized in the financial statements consists of the following:

- Current and deferred taxation
- Utilization of tax losses
- Key assumptions used in discounted cash flow projections
- Measurement of provision for employee retirement benefit
- Provisions and contingencies
- Valuation of financial instruments
- Determination of impairment of assets

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Revenue Recognition

To determine whether to recognize revenue, the Company follows a 5-step process:

- 1) Identifying the contract with a customer
- 2) Identifying the performance obligations
- 3) Determining the transaction price
- 4) Allocating the transaction price to the performance obligations
- 5) Recognizing revenue when/as performance obligations are satisfied.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company recognizes revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Company expects to be entitled, excluding those amounts collected on behalf of third parties, relevant tax and after deduction of any trade discounts and volume rebates.

Sale of goods and services

Revenue from sales of goods is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data. Revenue from rendering of services is recognized over time as services are provided.

Interest income

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

Other income

Other income is recognized as income on an accrual basis.

Repair and Maintenance

Expenditures on repair and maintenance are charged to expense at the expenditures are incurred. Expenditures of a capital nature are added to the related plant and equipment.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Leases - Since January 1, 2020

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company (as a lessee) assesses the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases at the date of initial application (January 1, 2020) together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

Leases are recognized as assets (right-of-use assets) and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

The Company applies the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option). The Company also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense in profit or loss on a straight-line basis over the lease term.

Lease Liabilities

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities are increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying assets.

Leases - Before January 1, 2020

Finance Lease

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Assets acquired by way of finance leases are capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating Lease

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense in profit or loss on a straight-line basis over the lease term.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Finance Costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognized in the profit or loss using the effective interest rate method.

Foreign Currency Transactions

Foreign currency transactions during the year are translated into Baht at the rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Baht at the prevailing bank rates at that date. Gains or losses on translation are credited or charged to current operations in profit or loss.

Income Tax

The income tax charge is based on profit for the year and considers deferred taxation. Deferred taxes reflect the net tax effects of temporary differences between the tax basis of an asset or liability and its carrying amount in the statement of financial position. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the statement of financial position date, to recover or settle the carrying amount of their assets and liabilities.

Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. At each statement of financial position date, the Company re-assesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of these deferred tax assets to be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Basic Loss per Share

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

Segment Reporting

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

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Financial Instruments

Since January 1, 2020, the Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

- ***Classification and measurement of financial assets***

Financial assets are classified, at initial recognition, as financial assets subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition is driven by the Company’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortized cost

The Company measures financial assets at amortized cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment assessment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis. Gains and losses recognized in other comprehensive income on these financial assets are never subsequently recycled to profit or loss.

Dividends on these investments are recognized as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognized in other comprehensive income.

Equity investments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Company has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on market securities are recognized as other income in profit or loss.

- ***Classification and measurement of financial liabilities***

Except for derivative liabilities, at initial recognition, the Company’s financial liabilities are recognized at fair value net of transaction costs and classified as financial liabilities to be subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. In determining amortized cost, the Company takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in profit or loss.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

- ***Derecognition of financial instruments***

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

- ***Impairment of financial assets***

The Company recognizes an allowance for expected credit losses (“ECL”) for all debt instruments not held at FVTPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the financial instruments (a lifetime ECL).

For trade account receivables, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

- ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Fair Value Measurement

The Company uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or a quoted market price is not available.

The different levels have been defined as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs for such assets or liabilities, such as uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets, liabilities, or a group of assets and liabilities, or estimates of future cash flows.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

4. CHANGE IN ESTIMATED FROM PRIOR YEAR

In preparing the financial statements for the year ended December 31, 2020, the management has reviewed and changed the estimated useful lives of buildings, machinery and equipment in accordance with their condition and proper estimated useful lives assessed by the independent engineering consultant's report in February 2020. Such change in estimated useful lives was approved by the Audit Committee's meeting and the Board of Directors' meeting held on June 17, 2020. Depreciation is calculated by using the straight-line method as used previously. The change in estimated useful lives were applied for the financial statements starting January 1, 2020 as below:

Type of fixed assets	Estimated useful lives of fixed assets (Years)	
	From 2011 until 2019	From 2020 onwards
Buildings	20 - 50	40 - 50 (remaining useful lives not over 15 - 25 years from 2020)
Machinery and equipment	15 - 30	21 - 41 (remaining useful lives not over 20 years from 2020)

The Company recorded such change from January 1, 2020. The effect of the change to the financial statements for the year-ended December 31, 2020 are as follows:

	In Million Baht		
	Previous estimated useful lives	Current estimated useful lives	Change
<i>Statement of financial position as at December 31, 2020</i>			
Buildings - At cost	3,954	3,954	-
Less : Accumulated depreciation	(2,637)	(2,665)	(28)
Less : Allowance for impairment losses	(48)	(48)	-
Net	1,269	1,241	(28)
Machinery and equipment - At cost	15,700	15,700	-
Less : Accumulated depreciation	(10,346)	(9,914)	432
Less : Allowance for impairment losses	(342)	(342)	-
Net	5,012	5,444	432
Total net book value	6,281	6,685	404
Inventories	1,403	1,396	(7)
Less: Allowance for decline in value of inventories	(35)	(35)	-
Net	1,368	1,361	(7)

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

	In Million Baht		
	Previous estimated useful lives	Current estimated useful lives	Change
<i>Statement of comprehensive income for the year ended December 31, 2020</i>			
Depreciation of buildings, machinery and equipment	763	359	(404)
Less : Allocation to ending finished goods			7
Depreciation charged to (profit) loss			(397)
Consisted of:			
- Cost of goods sold			(381)
- Idle cost			(20)
- Administrative expenses			4
Total			(397)
Loss on decline in value of inventories (reversal)	(84)	(84)	-
Loss on confirmed purchase orders for undelivered raw materials (reversal)	(19)	(19)	-
Grand total			(397)

5. TRANSACTIONS WITH RELATED PARTIES

For the purposes of these financial statements, connected persons or related parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Connected persons or related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ Nationality	Type of business	Nature of relationships
G Steel Public Company Limited ("G Steel")	Thailand	Manufacture and sale of steel	Parent company
Oriental Access Co., Ltd. ("OAC")	Thailand	Business consulting services	Indirect subsidiary of G Steel (The Central Bankruptcy Court ordered such company to be bankruptcy on August 31, 2020)
Siam Professional Holding Co., Ltd. ("SPH")	Thailand	Holding company	Subsidiary of G Steel
GS Securities Holding Co., Ltd. ("GS Securities")	Thailand	Special-purpose restructuring entity	Subsidiary of G Steel
Asia Credit Opportunities I (Mauritius) Limited ("ACO I")	Republic of Mauritius	Special-purpose for investment	Major shareholder which is a wholly-owned subsidiary of Ares SSG Capital Partners III, L.P. ("Ares SSG III")
Link Capital I (Mauritius) Limited ("Link Capital I")	Republic of Mauritius	Special-purpose for investment	Related party which is a wholly- owned subsidiary of Ares SSG Capital Partners III, L.P. ("Ares SSG III")
Synergy Strategic Solutions Management DMCC ("Synergy")	United Arab Emirates	Business advisory	Common director

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Name of entities	Country of incorporation/ Nationality	Type of business	Nature of relationships
SSP Place Co., Ltd.	Thailand	Office rental	Common director (common director resigned from the Company in 2 nd quarter of 2019)
Asia Metal Public Company Limited	Thailand	Manufacture and sale of steel	Common shareholder of G Steel
Panichsawad Co., Ltd.	Thailand	Sale of Steel	Connected person with the Company and G Steel
Arnoma Hotel Bangkok Co., Ltd.	Thailand	Hotel, food and beverage	Common director with G Steel
Felix River Kwai Resort (Kanchanaburi) Co., Ltd.	Thailand	Hotel, food and beverage	Common shareholder with the Company
Mahachai Steel Center Co., Ltd. *	Thailand	Sale of steel	Related party of the shareholder of G Steel
Metal Inter Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of G Steel (registered the dissolution of the Company on May 23, 2019)
The Steel Public Company Limited *	Thailand	Manufacture and sale of steel	Related party of the shareholder of G Steel
Liberty Steel Siam Co., Ltd. *	Thailand	Sale of Steel	Subsidiary of related party of the shareholder of G Steel
Wallstreet Tullet Prebon Co., Ltd.	Thailand	Brokerage financial instruments	Common director
Wallstreet Tullet Prebon Securities Ltd.	Thailand	Brokerage trading securities	Common director
Anda Development Co., Ltd.	Thailand	Residential real estate trading	Common director
Great Siam Steel Works Co., Ltd.	Thailand	Trading of rolled steel	Common director (common director resigned from the Company in 2 nd quarter of 2019)
Key management personnel	Thai	-	Persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company

* These companies were not determined as related parties since the first quarter of 2020 because the shareholders of such companies had ownership interests in G Steel not exceeding 10%.

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

Transactions	Pricing policies
Sale of raw materials	Cost plus margin and agreed prices
Sale of finished goods	Agreed prices with reference to market prices
Interest income	Contractual rate
Purchase of raw materials	Cost plus margin and agreed prices
Purchase of finished goods	Agreed prices with reference to market prices
Cost of production services	Contractual prices
Rental and service expenses	Contractual prices
Business advisory services	Contractual prices
Finance costs	Contractual rates

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Significant transactions for each of years ended December 31, 2020 and 2019 with related parties were as follows:

	In Million Baht	
	2020	2019
Parent (G Steel)		
Sales of raw materials and finished goods	144	309
Interest income	-	17
Other income	-	1
Purchases of raw materials	37	36
Cost of production services	-	274
Other related parties		
Sales of raw materials and finished goods	2	286
Purchases of raw materials	7	-
Rental and service expenses	-	5
Business advisory services	2	14
Finance costs	221	305
Key management personnel		
Key management personnel compensation		
Short-term benefits	30	31
Long-term benefits	0.6	1.9

Balances as at December 31, 2020 and 2019 with related parties were as follows:

		In Million Baht	
	Notes	2020	2019
Advances to supplier	9		
Other related party			
Mahachai Steel Center Co., Ltd.		-	8
Less: Allowance for impairment losses		-	(8)
Net		-	-
Refundable deposits	14		
Other related party			
SSP Place		-	1
Other payables and accrued expenses	17		
Other related parties			
OAC		-	13
SSP Place		-	1
Synergy		-	1
Total		-	15
Long-term loan from related party - net	20		
Other related party			
Link Capital I		1,050	1,049
Accrued interest expense	18		
Other related parties			
OAC		-	5
Link Capital I		78	29
Total		78	34

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Short-term loan to related party

During 2019, the Company received short-term loan from related party with interest receivable until April 30, 2019 in full totalling Baht 116.5 million.

Significant agreement with related parties

Tolling Agreement

On November 14, 2017 the Company entered into Tolling Agreement with G Steel whereby the Company (the metallic owner) shall supply the primary metallic and delivery to the plant and G Steel (the operator) shall process and convert metallic to Hot Roll Coils (HRC) extend to deliver such HRC to the Company's customers according to the Company's sale orders. Tolling agreement was valid for one year from the contract date and automatically renewable for another year if there was no notice of termination prior to expiration of 90 days. The service fee shall be charged based on contractual prices. Subsequently on December 17, 2018 the Company made a written notice of termination in advance to terminate the Agreement effective January 31, 2019.

Business Advisory Agreement

On January 20, 2017, the Company entered into agreement for business advisory and review with the foreign company for consultancy service in aspect of the capacity utilization efficiency, EBITDA and maximized the cash flow with a monthly service fee of USD 41,667. Subsequently on March 18, 2020, the Company made an agreement of termination to the lender and business advisory company which was effective on January 1, 2020 onwards.

Other Agreements

In the past during year 2013, the Company entered into a memorandum with OAC to accept the liabilities from the compromised debt agreement totalling Baht 25.08 million, and the Company has already paid to OAC an amount of Baht 11.63 million, and outstanding debts remained at Baht 13.45 million as at December 31, 2020 and 2019. Subsequently on August 31, 2020, the Central Bankruptcy Court had ordered OAC bankrupt. However, the bankruptcy proceeding is under the official receiver who will take further action regarding the balance amount due. Therefore, the Company did not reverse such debts to be gain from write-off the expired legal prescription of liabilities as at December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	In Million Baht	
	2020	2019
Cash at banks - savings account	107	424

The currency denomination of cash and cash equivalents as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Thai Baht	105	411
United States Dollars	2	13
Total	107	424

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

7. TRADE ACCOUNT RECEIVABLES - Net

	In Million Baht	
	2020	2019
Other parties	28	358
Less: Allowance for expected credit losses/Allowance for doubtful accounts	-	(352)
Net	<u>28</u>	<u>6</u>
Reversal of allowance for doubtful accounts during the year	<u>(352)</u>	<u>-</u>
Write-off bad debts during the year	<u>352</u>	<u>-</u>

Aging analyses for trade account receivables were as follows:

	In Million Baht	
	2020	2019
Within credit-term	2	-
Overdue		
- Not over 3 months	26	6
- Over 12 months	-	352
Total	28	358
Less: Allowance for expected credit losses/Allowance for doubtful accounts	-	(352)
Net	<u>28</u>	<u>6</u>

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

The gross and net balance due from the Non-performing Domestic Customer as at December 31, 2020 and 2019 are shown in the table below:

	In Million Baht	
	2020	2019
Trade account receivables - Customer 1	-	352
Less: Allowance for doubtful accounts	-	(352)
Net	<u>-</u>	<u>-</u>

The Company had no sales transactions for each of years ended December 31, 2020 and 2019 with the Non-Performing Domestic Customers.

In July 2013, the Company filed complaints against the Non-performing Customer 1 with Civil Court for breach of sale and purchase agreements. Subsequently on March 24, 2020, the Central Bankruptcy Court ordered bankruptcy to Customer 1 and completed hearing with director of such customer on June 29, 2020. Subsequently on November 5, 2020, the Official Receiver made a summary report on the closure of the case to the Judge of Central Bankruptcy Court and the Court ordered the case to be closed on November 18, 2020. Therefore, the Company considered to write-off such account receivable which was approved by the Board of Directors' Meeting No. 12/2563 held on December 16, 2020.

The currency denomination of trade accounts receivable, gross amount as at December 31, 2020 and 2019 was as follows:

	In Million Baht	
	2020	2019
Thai Baht	<u>28</u>	<u>358</u>

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

8. INVENTORIES - Net

	In Million Baht	
	2020	2019
Finished goods	361	346
Raw materials	445	418
Consumables	85	127
Spare parts	415	336
Goods in transit	90	259
Total	1,396	1,486
Less: Allowance for decline in value of inventories	(35)	(119)
Net	1,361	1,367
Reversal of allowance for decline in value of inventories during the year	84	73
Carrying value of inventories pledged to secure trade account payable (Note 16)	61	-

9. OTHER CURRENT ASSETS - Net

	In Million Baht	
	2020	2019
Advances to suppliers		
Related party	-	8
Other parties	120	61
	120	69
Less: Allowance for impairment losses	(11)	(11)
	109	58
Suspense input tax	9	9
Prepaid expenses and others	34	18
Net	152	85

On September 13, 2019 the Company filed a lawsuit against a local company representative to the Southern Bangkok Criminal Court due to the defendant counterfeited the bank account in such sale and purchase documents of a foreign company which is a manufacturer of electrode for an amount of Baht 2.3 million together with the interest 7.5% p.a. from the date the defendant had committed the offense. The Court made an appointment for reconciliation session on November 13, 2019, but the parties could not reach an agreement. Subsequently, on August 17, 2020 and August 31, 2020, the Court made an inquiry with the plaintiff, which has not yet been completed. The Court, therefore, ordered an additional hearings on May 25, 2021 and May 27, 2021.

10. ADVANCE PAYMENT FOR PURCHASE OF LAND AND BUILDING

On September 29, 2015, the Company and the land seller agreed to mortgage 5 land title deeds which are presented as part of advances for purchase of land and building amounting to Baht 210 million as collateral to the Revenue Department, as security of tax installment for both of the Company and G Steel totalling Baht 330 million (For the Company amounting to Baht 206 million) as discussed in Note 17. In April 2020, the Company already paid remaining balances of such tax installment payable in full amount and released one mortgaged land title deed in August 2020. Presently, the Company is in the process of transferring the ownership of such land.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

11. PROPERTY, PLANT AND EQUIPMENT - Net

	In Million Baht						
	Land and land improvements	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Construction in progress	Total
Cost							
As at January 1, 2019	866	6,247	17,933	179	5	6,816	32,046
Additions	-	-	11	9	-	92	112
Disposals and write-off	-	-	(18)	(4)	-	-	(22)
Transfers in (out)	-	-	27	1	-	(28)	-
As at December 31, 2019	866	6,247	17,953	185	5	6,880	32,136
Additions	10	7	26	12	2	73	130
Effects of the adoption of TFRS 16 as at January 1, 2020	-	5	-	-	5	-	10
Disposals and write-off	-	-	(146)	(4)	(1)	-	(151)
Transferred in (out)	1	-	93	1	-	(95)	-
As at December 31, 2020	877	6,259	17,926	194	11	6,858	32,125
Accumulated Depreciation							
As at January 1, 2019	42	4,270	10,132	150	2	-	14,596
Depreciation charge for the year	5	92	791	9	1	-	898
Disposals and write-off	-	-	(14)	(4)	-	-	(18)
As at December 31, 2019	47	4,362	10,909	155	3	-	15,476
Depreciation charge for the year	5	124	382	9	3	-	523
Disposals and write-off	-	-	(129)	(3)	(1)	-	(133)
As at December 31, 2020	52	4,486	11,162	161	5	-	15,866
Allowance for Impairment							
Losses							
As at January 1, 2019 and December 31, 2019	23	76	390	-	-	3,122	3,611
Reversal	-	-	(3)	-	-	-	(3)
As at December 31, 2020	23	76	387	-	-	3,122	3,608
Net Book Value							
Owned assets	796	1,809	6,654	30	-	3,758	13,047
Asset under finance lease	-	-	-	-	2	-	2
As at December 31, 2019	796	1,809	6,654	30	2	3,758	13,049
Owned assets	802	1,694	6,377	33	-	3,736	12,642
Right-of-use assets	-	3	-	-	6	-	9
As at December 31, 2020	802	1,697	6,377	33	6	3,736	12,651

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Details of construction in progress as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Galvanizing line	5,038	5,038
Reversing Mill line	1,525	1,525
Others	295	317
Total	6,858	6,880
Less: Allowance for impairment losses	(3,122)	(3,122)
Net	3,736	3,758

The gross carrying amounts of the Company's certain building and equipment totalling approximately Baht 709 million and Baht 742 million were fully depreciated as at December 31, 2020 and 2019, respectively, but these items are still in active use.

Impairment testing for carrying amount of property, plant and equipment

The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount of 2020 were as follows:

Valuation methodology	: Discounted cash flow method
Period	: 5 years financial projection was based on historical financial information and expectations of future outcomes taking into the past experience, adjusted for the anticipated revenue growth.
Growth rate of sale quantity	: At the rate of 1% per annum in 1 st year and 3% per annum in 2 nd - 5 th year.
Growth rate of selling price	: At the rate of 21% per annum in 1 st year and 3% per annum in 2 nd - 5 th year.
Terminal value	: Determined based on terminal value growth rate of 0% per annum from net cash flows of the 5 th year.
Discount rate	: At the rate of 10.61% per annum which was based on weighted average cost of capital, with average cost of debt, risk free rate, market risk premium and the Company's beta.
Others	: Other assumptions relevant to estimated revenues and expenses were based on historical financial information and expectations of future outcomes taking into the past experience, adjusted for the anticipated market growth rate.

Based on the above impairment testing by the management, there was no additional impairment in the book value of property, plant and equipment as at December 31, 2020.

In December 2019, the management of the Company engaged an independent appraiser to evaluate the value of the land, buildings and equipment as at December 30, 2019 with the reports dated January 31, 2020 together with the assessing value in use of the assets by the Company's management (the discount rate at 8.22% per annum). It concluded that as at December 31, 2019 there is no additional impairment in the book value of property plant and equipment.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Sensitivity analysis of impairment test of property, plant and equipment

Sensitivity analysis is performed to analyse the risk that valuation of recoverable amount of property, plant and equipment will increase or decrease as a result of changes in fair value assumptions.

Reasonably possible changes at the valuation date (dated December 31, 2020) to one of the relevant fair value assumptions, holding other assumptions constant, would have affected the fair value of recoverable amount by the amounts shown below:

	Impact to increase (decrease) fair value of recoverable amount of property, plant and equipment (in Million Baht)	
	Increase in change in assumption	Decrease in change in assumption
Discount rate		
- Change of 0.5%	(768)	843
- Change of 1%	(1,469)	1,774
Growth rate of sale quantity		
- Change of 5%	77	(76)
- Change of 10%	154	(153)
Growth rate of selling price		
- Change of 5%	734	(731)
- Change of 10%	1,471	(1,460)

Although the analysis does not take into account of the full distribution of cash flows expected under the financial projection, it does provide an approximation of the sensitivity of the assumptions shown.

Mortgaged property, plant and equipment

The Company filed a lawsuit to Southern Bangkok Civil Court against three defendants, in their capacities of bondholder trustee and security agent, to release the lien and security interests on the Company's property, plant and equipment which the Company has completely settled debt under rehabilitation plan to such creditors. On October 28, 2013, the Southern Bangkok Civil Court ruled in favour of the Company ordering the defendants to release the mortgaged assets. Currently, two defendants have released the mortgaged assets and the Company is in the process of release of the collateral from the third defendant.

The Company's property, plant and equipment, which have net book values as at December 31, 2020 and 2019 totalling Baht 7,571 million and Baht 7,695 million, respectively, are mortgaged first ranking security against the bondholders as mentioned above, and are mortgaged second ranking security against credit facilities from a foreign related party (at mortgage amount of Baht 6,619 million) as discussed in Notes 15, 20 and 35.

Mortgaged as security for tax liabilities

On May 14, 2013, the Company's Board of Directors approved to mortgage its machinery (Pickle and oil line), with a net book value of Baht 616 million and Baht 659 million as at December 31, 2020 and 2019, respectively, as security in the facilities amount of Baht 1,043 million with the Revenue Department for its tax liabilities and the Company registered this mortgage transaction with the Central Office for Machinery Registration, Department of Industrial Works on October 10, 2013. In April 2020, the Company already paid remaining balances of such tax installment payable in full amount and has already released the mortgage on November 30, 2020.

On July 9, 2015, the Company's Board of Directors had approved to place 5 pieces of land title deed to be additional security to the Revenue Department. On September 29, 2015, the land had been mortgaged as discussed in Note 10. In April 2020, the Company already paid remaining balances of such tax installment payable in full amount and released one mortgaged land title deed in August 2020.

Right-of-use assets are acquired by lease liabilities as discussed in Note 21.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

12. OTHER INTANGIBLE ASSETS - Net

	In Million Baht		
	Software licenses	Production licenses	Total
Cost			
As at January 1, 2019	206	40	246
Additions	1	-	1
As at December 31, 2019	207	40	247
Additions	2	-	2
As at December 31, 2020	209	40	249
Accumulated Amortization			
As at January 1, 2019	199	29	228
Amortization charge for the year	2	-	2
As at December 31, 2019	201	29	230
Amortization charge for the year	3	-	3
As at December 31, 2020	204	29	233
Allowance for Impairment Losses			
As at January 1, 2019 and December 31, 2019 and 2020	-	11	11
Net Book Value			
As at December 31, 2019	6	-	6
As at December 31, 2020	5	-	5

The gross carrying amounts of the Company's certain other intangible assets totalling approximately Baht 203 million and Baht 184 million were fully amortized as at December 31, 2020 and 2019, respectively, but these items are still in active use.

13. DEFERRED TAX

Deferred tax assets arising from temporary differences and unused tax losses that have not been recognized in the financial statements as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Temporary differences		
- Allowance for doubtful accounts - trade accounts receivable	-	70
- Allowance for decline in value of inventories	7	24
- Allowance for impairment on advances to suppliers	2	2
- Allowance for impairment losses on property, plant and equipment	722	722
- Allowance for impairment loss on other intangible assets	2	2
- Depreciation gap	538	523
- Allowance for impairment loss on other non-current assets	411	411
- Provision for loss on confirmed purchase orders for undelivered raw materials	-	4
- Non-current provision for employee retirement benefit	26	21
- Other payables and accrued expenses	3	-
	1,711	1,779
Tax loss carried forwards	449	480
Total	2,160	2,259

Tax loss carried forwards will expire in 2021 to 2025. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in the financial statements of the Company in respect of these items because it is not certain that future taxable profit will be generated against which the Company can utilize the benefits there from.

Valuation of deferred tax assets as at December 31, 2020 and 2019 calculated by tax rate 20%.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

14. OTHER NON-CURRENT ASSETS - Net

	In Million Baht	
	2020	2019
Suspended construction in progress	2,086	2,086
Less: Allowance for impairment losses	(2,053)	(2,053)
	33	33
Restricted deposits at financial institutions		
for purchase of natural gas and fleet card usage	46	46
Deferred cost of roll - net	261	231
Refundable deposits		
Related party	-	1
Other parties	1	1
Others	3	28
Net	344	340

Suspended construction in progress

Suspended construction in progress represented the Direct Reduced Iron plant (“DRI Facility”). The management of the Company decided to suspend this project since 1999. On July 29, 2014, the Board of investment (“BOI”) had ordered the revocation of privilege in the production of Direct Reduced Iron. However, there is no burden of import duty on machinery and raw materials.

The carrying value of this investment was written down to based on the market price of steel scrap of Baht 33 million. Based on the impairment testing by the management, there was no additional impairment in the book value of suspended construction in progress as at December 31, 2020 and 2019.

15. INTEREST-BEARING LIABILITIES

		In Million Baht	
	Notes	2020	2019
Current			
Trade account payables - Unsecured	16	47	-
Other payables and accrued expenses - Unsecured	17	21	13
Liabilities from terminated rehabilitation plan - Unsecured	19	169	170
Current portion of long-term borrowings from related party - Secured	5, 20	311	-
Current portion of lease liabilities - Secured	21	6	-
Total current		554	183
Non-Current			
long-term borrowings from related party - net - Secured	5, 20	739	1,049
Lease liabilities - net - Secured	21	2	1
Total non-current		741	1,050
Total		1,295	1,233

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

The periods to maturity of interest-bearing liabilities as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Not later than 1 year	554	183
Later than 1 year but not later than 5 years	741	1,050
Total	1,295	1,233

Secured interest-bearing liabilities as at December 31, 2020 and 2019 were secured on the following assets:

	Note	In Million Baht	
		2020	2019
Property, plant and equipment - net	11	7,571	7,695

The currency denomination of interest-bearing liabilities as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Thai Baht	103	260
United States Dollars	1,181	962
Euro	8	8
Singapore Dollars	3	3
Total	1,295	1,233

16. TRADE ACCOUNT PAYABLES

	In Million Baht	
	2020	2019
Other parties	328	333

The currency denomination of trade accounts payable as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Thai Baht	207	92
United States Dollars	121	227
Euro	-	14
Total	328	333

As at December 31, 2020, the Company has agreements to purchase raw materials from various suppliers. The Company withdrew raw materials and had not paid for the raw materials withdrawn under consignment agreements totaling Baht 44 million (2019: No outstanding account payable).

As at December 31, 2020, one trade account payable guaranteed by inventories totalling Baht 61 million as discussed in Note 8 (2019: Nil).

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

17. OTHER PAYABLES AND ACCREUD EXPENSES

	In Million Baht	
	2020	2019
Related parties	-	15
Electricity payable	99	96
Tax installment payable	-	58
Others	190	171
Total	289	340

Tax installment payable - Revenue Department

As at December 31, 2019, the Company had outstanding balance of tax installment payable to Revenue Department amounting to Baht 58 million (2020: Nil).

Under this repayment schedule, the Company mortgaged its 1 plot of land and construction, pickle and oil line as collateral together with the guarantee provided for another company.

In April 2020, the Company already paid remaining balances of such tax installment payable in full amount and released such mortgaged land title deed and machines in August 2020 and November 2020, respectively.

The currency denomination of other payables and accrued expenses as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Thai Baht	255	317
United States Dollars	20	20
Euro	14	3
Total	289	340

18. ACCRUED INTEREST EXPENSE

	In Million Baht	
	2020	2019
Trade account payables	1	2
Other payables and accrued expenses from related party	13	5
Other payables and accrued expenses from other parties	6	-
Liabilities from terminated rehabilitation plan	114	101
Borrowings from related party	65	29
Total	199	137

The currency denomination of accrued interest expense as at December 31, 2020 and 2019 was as follows:

	In Million Baht	
	2020	2019
Thai Baht	58	51
United States Dollars	133	79
Euro	6	5
Singapore Dollars	2	2
Total	199	137

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

19. LIABILITIES FROM TERMINATED REHABILITATION PLAN

In 1998, the Company faced the financial problems from financial crisis causing the Company to be unable to repay the existing debt. And in April 2000, the Company entered into the business rehabilitation process administered by the Central Bankruptcy Court. In 2002, the Central Bankruptcy Court approved the business rehabilitation plan. Later on November 28, 2008, the Company filed a petition to terminate the business rehabilitation with the Central Bankruptcy Court and on March 2, 2009, the Central Bankruptcy Court issued an order to terminate the rehabilitation proceeding of the Company.

The movement of liabilities from terminated rehabilitation plan for each of years ended December 31, 2020 and 2019 was as follows:

	In Million Baht	
	2020	2019
At January 1	170	180
Repayments during the year	(2)	(3)
Exchange rate adjustments during the year	1	(7)
At December 31	169	170

Liabilities from terminated rehabilitation plan as at December 31, 2020 and 2019 were included in the financial statements as follows:

			In Million Baht	
			2020	2019
Creditor	Due date			
Class 4	Employees	July 2015	4	4
Class 5	Equipment Claims	October 2011	8	8
Class 13	Other Creditors	October 2011	157	158
Total			169	170

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

The Company's liabilities from terminated rehabilitation plan were due on October 31, 2011 but fell into default. The Company entered into negotiations with the creditors to extend the payment period. Accordingly, the Company presented the outstanding liabilities from terminated rehabilitation plan as at December 31, 2020 and December 31, 2019 as current liabilities in the Company's statements of financial position. As a consequence of this default, the outstanding balances are payable on demand and accrued interest at a rate of 7.5% per annum from the date of default.

During the first quarter of 2020, the Company already paid liabilities from terminated rehabilitation plan of Baht 0.6 million plus interest at the rate of 7.5% per annum from the default date according to the judgment of the Court of Appeal as discussed in Note 34.

The currency denomination of liabilities from terminated rehabilitation plan as at December 31, 2020 and 2019 was as follows:

	In Million Baht	
	2020	2019
Thai Baht	74	75
United States Dollars	84	84
Euro	8	8
Singapore Dollars	3	3
Total	169	170

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

20. LONG-TERM BORROWINGS FROM RELATED PARTY - Net

Credit facilities	Amount (In Million USD)	In Million Baht	
		2020	2019
First loan facility - Cash loan	30	906	910
Second loan facility - Cash loan and Standby letter of credit	5	151	152
Total		<u>1,057</u>	<u>1,062</u>
Long-term borrowings from related party		1,057	1,062
Less: Deferred loan arrangement fee		(7)	(13)
		<u>1,050</u>	<u>1,049</u>
Less: Portion due within one year		(311)	-
Net		<u>739</u>	<u>1,049</u>

The movements of long-term borrowings from related party for each of years ended December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
At January 1	1,049	2,381
Addition during the year	-	624
Repayment during the year	-	(1,864)
Amortization of deferred loan arrangement fee during the year	(6)	(13)
Exchange rate adjustments during the year	7	(79)
At December 31	<u>1,050</u>	<u>1,049</u>

Long-term borrowings from related party had interest rates and repayment periods as discussed in Note 35 and were guaranteed by the mortgaged property, plant and equipment of the Company as discussed in Note 11.

The currency denomination of loan from related party as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
United States Dollars	<u>1,057</u>	<u>1,062</u>

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

21. LEASE LIABILITIES - Net

	In Million Baht	
	2020	2019
Minimum lease payments of lease liabilities	8.82	1.50
Less: Deferred interest	(0.77)	(0.11)
	8.05	1.39
Less: Portion due within one year - net deferred interest	(5.74)	(0.44)
Net	2.31	0.95

As at December 31, 2020 and 2019, the Company has lease liabilities with the period of payment as follows:

	In Million Baht					
	2020			2019		
	Principal	Deferred interest	Total	Principal	Deferred interest	Total
Not later than 1 year	5.74	0.60	6.34	0.44	0.06	0.50
Later than 1 year but not later than 5 years	2.31	0.17	2.48	0.95	0.05	1.00
Total	8.05	0.77	8.82	1.39	0.11	1.50

The Company entered into various lease contracts with various local leasing and private companies for purchase of certain assets at the expiry date of the lease contracts and for obtaining the right to control and use right-of-use assets as discussed in Note 11. The Company shall have to comply with certain restriction as specified in the lease contracts.

22. CURRENT PROVISION

The movements of current provision for loss in obligation on raw materials purchase orders which have not yet received, for each year ended December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
At January 1	19	41
Decrease during the year	(19)	(22)
At December 31	-	19

23. OTHER CURRENT LIABILITIES

	In Million Baht	
	2020	2019
Construction payables	11	11
Liabilities related to taxes	3	6
Others	1	1
Total	15	18

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

The currency denomination of other current liabilities as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Thai Baht	4	7
United States Dollars	9	9
Euro	2	2
Total	15	18

24. NON-CURRENT PROVISION FOR EMPLOYEE RETIREMENT BENEFIT

	In Million Baht	
	2020	2019
Non-current provision for employee retirement benefit as at January 1	106	80
Current service cost and interest cost	10	10
Past service cost from change in define benefit plan	-	20
Employee retirement benefit paid	(10)	(4)
Transferred to other payables and accrued expenses	(6)	-
Actuarial losses	28	-
Non-current provision for employee retirement benefit as at December 31	128	106

Expenses recognized in the statements of comprehensive income for each of years ended December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
In loss for the year:		
- Current service cost and interest cost	10	10
- Past service cost from change in define benefit plan	-	20
In other comprehensive loss for the year:		
- Actuarial losses	28	-
Total	38	30

Actuarial assumptions:

	2020	2019
Discount rate	1.79% per annum	2.8% per annum
Future salary increase	5.00% per annum	5% - 7% per annum
Employee turnover rate	3.82% - 11.46% per annum	5% - 10% per annum
Mortality rate	100% of Thai Mortality Table Year 2017	100% of Thai Mortality Table Year 2017

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provision for defined benefit plans by the amounts shown below.

	In Million Baht	
	2020	2019
Effect on the non-current provision for employee benefit at 31 December		
Discount rate		
1% increase	(15)	(11)
1% decrease	18	13
Salary increase rate		
1% increase	17	12
1% decrease	(15)	(11)
Employee turnover rate		
10% increase	(7)	(6)
10% decrease	7	7

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Labour Protection Act was announced in the Government Gazette on April 5, 2019, which was effective dated May 5, 2019. The main point is increasing the rate of benefit of employees who have served more than 20 years or more from 300 days to 400 days. The provisions for employee benefits of the Company which were calculated up to December 31, 2019 were increased by approximately Baht 20 million. The Company had recorded the whole amount as expense in profit or loss for the year ended December 31, 2019.

25. SHARE CAPITAL AND SHARE DISCOUNT

The movements of share capital for each of years ended December 31, 2020 and 2019 were as follows:

	2020			2019		
	Par value per share (In Baht)	Number of share (Million shares)	Amount (In Million Baht)	Par value per share (In Baht)	Number of share (Million shares)	Amount (In Million Baht)
Authorized share capital						
At January 1	0.96	28,751	27,601	6.90	18,738	129,298
Par value reduction	-	-	-	(5.94)	-	(111,309)
Reduction in the register capital	-	-	-	(0.96)	(1,957)	(1,879)
Increase in the register capital	-	-	-	0.96	11,970	11,491
At December 31	0.96	28,751	27,601	0.96	28,751	27,601
Issued and paid-up share capital						
At January 1	0.96	25,487	24,468	6.90	13,928	96,104
Par value reduction	-	-	-	(5.94)	-	(82,733)
Issuance of new shares	-	-	-	0.96	11,559	11,097
At December 31	0.96	25,487	24,468	0.96	25,487	24,468

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Share discount

The movement of share discount for each of years ended December 31, 2020 and 2019 are shown in the table below:

	In Million Baht	
	2020	2019
At January 1	(9,667)	(61,757)
Par value reduction	-	61,757
Issuance of new shares	-	(9,667)
At December 31	(9,667)	(9,667)

At the extraordinary shareholders' meeting of the Company held on January 14, 2019, the shareholders passed the following resolutions to:

- a) transfer of legal reserve totalling Baht 18.5 million to compensate the deficit. The Company already transferred the legal reserve to compensate the deficit.
- b) the reduction of the Company's registered capital from Baht 6.90 to Baht 0.96 to compensate the Company's deficit resulting from the Company's registered capital decreasing from Baht 129,298.4 million to Baht 17,989.3 million and the Company's paid-up capital reducing from Baht 96,104.1 million to Baht 13,371.0 million which the Company reduced paid-up capital to deduct the discount on ordinary shares of Baht 61,757.4 million and the deficit of Baht 20,975.7, respectively. The Company registered the decrease in authorized share capital with the Ministry of Commerce on March 18, 2019.
- c) the reduction of the Company's registered capital from Baht 17,989.3 million (divided into 18,738.89 million ordinary shares at Baht 0.96 par value) to Baht 16,109.9 million (divided into 16,781.14 million ordinary shares at Baht 0.96 par value) by cancelling the Company's authorized but unissued shares 1,957.75 million ordinary shares. The Company registered the decrease in authorized share capital with the Ministry of Commerce on March 19, 2019.
- d) the increase of the Company's registered capital from Baht 16,109.9 million (divided into 16,781.14 million ordinary shares at Baht 0.96 par value) to Baht 27,600.8 million (divided into 28,750.86 million ordinary shares at Baht 0.96 par value). The Company registered the increase in authorized share capital with the Ministry of Commerce on March 20, 2019.
- e) the allocation of the Company's newly-issued shares in the amount of not exceeding 11,969.72 million shares at Baht 0.96 par value as follows:
 - The allocation of the newly-issued ordinary shares of the Company in the amount of not exceeding 11,560.35 million shares at Baht 0.96 par value to the existing shareholders of the company in proportion to their respective shareholding (Right Offering) with the price of Baht 0.13 per share, in the allocation ratio of 1 existing shares per 0.83 new shares where the fraction of shares shall be discarded.
 - The allocation of newly-issued shares from capital increase to accommodate the rights adjustment of GJS-W3 Warrant in the amount of 230.54 million shares at Baht 0.96 par value and accommodate the rights adjustment of GJS-W4 Warrant in the amount of 178.83 million shares at Baht 0.96 par value.
 - The Company registered the increase in authorized share capital with the Ministry of Commerce on May 3, 2019 from the allocation of new ordinary shares to the existing shareholders of the Company in the proportion to their respective shareholdings (Rights Offering) of 11,559.0 million shares combine with the existing paid-up capital of 25,487.1 million shares, at the par value of Baht 0.96 per share. In this regard, such capital increase resulted in the Company having an increase in discount on ordinary shares in amount of Baht 9,594 million with the expenses relating to issuance of new shares amounting to Baht 73.5 million which was recorded under discount on ordinary shares.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

26. WARRANTS

The movements of warrants for each of years ended December 31, 2020 and 2019 were as follows:

	Offering price per unit (in Baht)	2020		2019	
		Unit (Million shares)	Amount (In Million Baht)	Unit (Million shares)	Amount (In Million Baht)
At 1 January					
- Third Warrants (GJS-W3)	0.00	3,674	-	3,674	-
- Fourth Warrants (GJS-W4)	0.00	2,754	-	2,754	-
Movement during the year:					
- Expiration		(6,428)	-	-	-
At December 31					
- Third Warrants (GJS-W3)	0.00	-	-	3,674	-
- Fourth Warrants (GJS-W4)	0.00	-	-	2,754	-

The Extraordinary Shareholders' Meeting No. 1/2019, which was held on 14 January 2019 approved the adjustment of exercise price and exercise ratio of the warrant to purchase an ordinary share GJS-W3 and GJS-W4. Details of the rate and price of rights adjustment are as follows:

26.1 Adjustment of rights in case there is a change in the par value of the Company's ordinary shares.

	Before adjustment	Adjustment from capital reduction
<i>GJS-W3 Warrants</i>		
- Exercise Ratio	1 Unit: 0.437 Share	1 Unit: 0.437 Share
- Exercise Price	1.3722 Baht/Share	0.1909 Baht/Share
<i>GJS-W4 Warrants</i>		
- Exercise Ratio	1 Unit: 0.437 Share	1 Unit: 0.437 Share
- Exercise Price	1.3722 Baht/Share	0.1909 Baht/Share

26.2 Adjustment of rights in case the Company allocates the newly-issued ordinary shares of the Company to the existing shareholders of the Company in proportion to their respective shareholding (Right Offering) at the calculated net price for newly issued stock below 90 percent of the Market Price of the Company's ordinary share.

	Adjustment from capital reduction	Adjustment from issued newly shares to existing shareholders
<i>GJS-W3 Warrants</i>		
- Exercise Ratio	1 Unit: 0.437 Share	1 Unit: 0.500 Share
- Exercise Price	0.1909 Baht/Share	0.1668 Baht/Share
<i>GJS-W4 Warrants</i>		
- Exercise Ratio	1 Unit: 0.437 Share	1 Unit: 0.500 Share
- Exercise Price	0.1909 Baht/Share	0.1668 Baht/Share

Detail of warrants as at December 31, 2019 is as follow:

	GJS-W3 (a)	GJS-W4 (b)
Exercise ratio (Unit: Share)	1: 0.500	1: 0.500
Price of exercise to one Ordinary Share (Baht)	0.1668	0.1668
The first day of exercise	June 28, 2013	June 28, 2013
The last day of exercise	February 7, 2020	February 11, 2020

(a) Listed in The Stock Exchange of Thailand

(b) Non-listed in The Stock Exchange of Thailand

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

As at December 31, 2020, the Company had no remaining warrants because:

- On February 7, 2020, third warrants (GJS-W3) of 3,674 million units, there was only 3,000 warrants which were exercised and the remaining warrants were cancelled by the Stock Exchange of Thailand in the following day.
- On February 11, 2020 fourth warrants (GJS-W4) of 2,754 million units, there was no warrant holders exercise and it was cancelled in the following day.

27. OTHER COMPONENTS OF EQUITY

The detail of other components of equity as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Cash received from expired warrants		
- First Warrants (a)	162	162
- Second Warrants (b)	148	148
At December 31	310	310

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

28. REGISTERED PROVIDENT FUND

The Company has established a contributory registered provident fund under the plan, members contribute to the fund at 2% to 15% of the employees' basic salaries. The Company contributes to the fund at 3% to 10% of the employees' monthly salaries, depending on the length of employment. Such provident fund was register with the terms and conditions prescribed in the Ministry of Finance and an approval fund manager to manage the fund.

The Company's contribution for each of the years 2020 and 2019, which were charged to profit or loss, amounted to Baht 23 million and Baht 24 million, respectively.

29. EXPENSES BY NATURE

Significant expenses by nature for each of years ended December 31, 2020 and 2019 are as follows:

	In Thousand Baht	
	2020	2019
Raw materials and consumable used	8,564	9,573
Change in finished goods	(15)	786
Cost of production service	-	274
Depreciation and amortization	604	975
Employee benefit expenses	571	615
Utility expenses	1,292	1,245
Natural gas expense	280	299
Other expenses	575	506
Total expenses	11,871	14,273

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

30. BASIC LOSS PER SHARE

The calculations of basic loss per share for each of the years ended December 31, 2020 and 2019 were based on the loss for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	In Million Baht / Million shares	
	2020	2019
Loss for the year attributable to equity holders of the Company	(605)	(1,353)
Number of ordinary shares outstanding at January 1	25,487	13,928
Effect of issuance of new shares	-	7,695
Weighted average number of ordinary shares outstanding	25,487	21,623
Basic loss per share (in Baht)	(0.024)	(0.063)

The Company did not present the diluted loss per share for the year ended December 31, 2019 because the exercise price of the Company's warrants was higher than the market price of the Company's ordinary shares and these potential shares would decrease the loss per share.

31. DISCLOSURE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, trade account receivables, trade account payables, other payables and accrued expenses, accrued interest expense, long-term borrowings from related party, liabilities from terminated rehabilitation plan and lease liabilities. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 3.

Financial Risk Management Policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Capital Management

The Board's intention is to return to a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business and preserves the ability to continue its business as a going concern.

Foreign Currency Risk

The Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies and has financial assets and liabilities denominated in foreign currencies. However the Company does not have a hedge agreement.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

At the reporting date there were no significant concentrations of credit risk because The Company canceled the policy to grant credit limits to customers (Refer to the financial statements in Note 7). The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Interest Rate Risk

Interest rate risk arises from the fluctuation of market interest rates, which may have an impact to current and future operations of the Company. The Company's exposure to interest rate risk relates primarily to its deposits at financial institutions, trade account payables, other payables and accrued expenses, liabilities from terminated rehabilitation plan, long-term borrowings from related party and lease liabilities, which bear interest rate. The Company has no hedging agreement to protect against such risk.

Significant financial assets and liabilities as at December 31, 2020 and 2019 classified by type of interest rates are summarized in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	2020 (In Million Baht)						
	Fixed interest rates						Effective interest rate
	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	(% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	107	-	107	0.05 - 0.25
Trade account receivables - net	-	-	-	-	28	28	-
Restricted deposits at financial institutions	46	-	-	-	-	46	0.25 - 1.05
Total	46	-	-	107	28	181	
Financial liabilities							
Trade account payables	47	-	-	-	281	328	2.00 - 3.50
Other payables and accrued expenses	21	-	-	-	268	289	2.00 - 7.50
Accrued interest expense	-	-	-	-	199	199	-
Liabilities from terminated rehabilitation plan	169	-	-	-	-	169	7.50
Long-term borrowings from related party	317	740	-	-	-	1,057	14.12
Lease liabilities	6	2	-	-	-	8	5.28 - 12.00
Total	560	742	-	-	748	2,050	
	2019 (In Million Baht)						
	Fixed interest rates						Effective interest rate
	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	(% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	424	-	424	0.22 - 0.50
Trade account receivables - net	-	-	-	-	6	6	-
Restricted deposits at financial institutions	46	-	-	-	-	46	1.375 - 1.65
Total	46	-	-	424	6	476	
Financial liabilities							
Trade account payables	-	-	-	-	333	333	-
Other payables and accrued expenses	13	-	-	-	327	340	7.50
Accrued interest expense	-	-	-	-	137	137	-
Liabilities from terminated rehabilitation plan	170	-	-	-	-	170	7.50
Long-term borrowings from related party	-	1,062	-	-	-	1,062	14.12
Lease liabilities	-	1	-	-	-	1	5.28
Total	183	1,063	-	-	797	2,043	

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Fair Value of Financial Instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Cash and cash equivalents and restricted deposits at financial institutions - the aggregate carrying values are insignificantly different from their aggregate fair value because these financial assets have floating interest rate or fix interest rate, which approximately market rate.

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

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

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

32. OPERATING SEGMENTS

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

Business segments

Management considers that the Company operates in a single line of business, namely manufacturing of flat-rolled steel products, and has, therefore, only one major business segment.

Geographic segments

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers.

Revenue and gross profit (loss) based on geographic segment, for the years ended December 31, 2020 and 2019 were as follows:

	In Million Baht					
	Domestic		Export		Total	
	2020	2019	2020	2019	2020	2019
Revenue from sales	11,302	12,923	77	-	11,379	12,923
Cost of sales	(11,132)	(13,555)	(76)	-	(11,208)	(13,555)
Gross margin (loss)	170	(632)	1	-	171	(632)
Other income					137	345
Selling expenses					(170)	(174)
Administrative expenses					(492)	(544)
Finance costs					(251)	(348)
Loss for the year					(605)	(1,353)

Non-current assets are located in Thailand only.

Information about major customers

For the year ended December 31, 2020, the Company had revenues from the domestic sales to 2 customers for the total amount of Baht 6,081 million (2019: 4 customers of Baht 8,192 million).

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

33. COMMITMENTS AND CONTINGENT LIABILITIES WITH NON-RELATED PARTIES

As at December 31, 2020 and 2019, the Company had commitments and contingent liabilities with non-related parties as below:

	In Million Baht	
	2020	2019
<i>Commitments under lease and service agreements</i>		
Not later than 1 year	5	7
Later than 1 year but not later than 5 years	1	5
Total	6	12
<i>Capital commitments</i>		
Purchases of assets	136	109
<i>Commitments for purchases of raw materials and supplies</i>		
Purchases of raw materials	821	819
Purchases of natural gas	271	342
Total	1,092	1,161
<i>Contingent liabilities</i>		
Bank guarantees	159	170
Standby letter of credit	-	399
Total	159	569

Significant agreements

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

Service fee from such agreements for each of the years ended December 31, 2020 and 2019 amounted to Baht 166 million and Baht 152 million, respectively.

- (d) On August 1, 2018, the Company entered into agreement for slag waste management service, which results from steelmaking and casting to recover ferrous scrap, with the local company with term of agreement for 7 years commencing from August 2018 and shall be automatically renewed for further periods of one year unless written notice is given of its intention not to renew this agreement at least 6 months prior to the expiry of this agreement during such notice period, the Company must pay the waste management service fee as specified in the contract.

Slag waste management services from such agreement for each of the years ended December 31, 2020 and 2019 amounted to Baht 74 million and Baht 73 million, respectively.

- (e) As at December 31, 2020, the Company had agreements to purchase raw materials with various suppliers under consignment agreements, under which the ownership of unreleased raw material belongs to the suppliers. The Company has to pay interest at the rate of 3.5% per annum on the unreleased raw materials (2019: 3% - 6% per annum).

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

34. LITIGATIONS

- (a) One supplier filed a complaint against the Company for breach of the rehabilitation plan, with the litigation amount of Baht 0.6 million plus interest at the rate of 7.5% per annum from the date of default until the settlement date. Subsequently on September 23, 2019, the Court of Appeal determined the Company to pay such debts. The Company already paid such debts according to the judgment of the Court of Appeal in the first quarter of 2020.
- (b) A former employee filed a complaint to the Central Labour Court against the Company for the unfair lay-off effective from December 10, 2019 and requested the Company to pay him Baht 23 million. Subsequently on September 29, 2020, the Court of First Instance determined the Company to pay the compensation to such employee totaling Baht 2.4 million plus interest at the rate of 7.5% per annum until settlement date. The Company had recorded provision loss for court case claim totalling Baht 2.4 million and interest charge of approximately Baht 0.2 million as a part of "Other payables and accrued expenses" and "Accrued interest expense", respectively, in the statement of financial position as at December 31, 2020. However, the Company's management filed a petition to the Appeal Court on November 11, 2020 and the Court, therefore, ordered an additional hearing on March 8, 2021.

35. CREDIT FACILITIES FOR OPERATION

As at December 31, 2020 and 2019, the Company obtained credit facilities from Link Capital I (Mauritius) Limited as follows:

Credit Facilities	Credit Line (in Million USD)		Interest Rate *	Repayment Term
	2020	2019		
The first loan facility - Cash loan	30	30	12% per annum	1) 30% of the aggregate principal amount is repayable at the 4 th anniversary of the first utilization date (due on January 29, 2021 **). On February 23, 2021, the Company entered into the Sixth Amendment Agreement to extend the payment period of 30% of principal amounting to USD 9 million to be due at the final maturity date (January 31, 2022). Such amendment agreement was effective dated January 29, 2021. 2) Remaining principal amount is repayable at the final maturity date (at the 5 th anniversary of the first utilization date due on January 31, 2022).
The second loan facility - Cash loan and Standby letter of credit	45	45	- Cash loan at 12% per annum - Standby letter of credit at the rate of 2% per annum on unutilized amount; 5% per annum for the utilization period not over 180 days and 8% per annum for the utilization period which exceed 180 days	1) 30% of the aggregate principal amount is repayable at the 4 th anniversary of the first utilization date (due on October 11, 2021 **). 2) Remaining principal amount is repayable at the final maturity date (at the 5 th anniversary of the first utilization date on October 10, 2022).
Total	<u>75</u>	<u>75</u>		

* The Company is responsible for withholding income tax. The Company must pay to the Lender a front-end fee of 2% of each utilization of a cash loan.

** Business day as specified in the agreement.

These facilities from related party were guaranteed by the mortgaged property, plant and equipment of the Company as discussed in Note 11.



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