

Annual Report 2019

Sahaviriya Steel Industries Public Company Limited

Contents

001

Vision, Mission
and Values

002

Financial
Highlights

004

Message from
the Chairman of
the Board of Directors

008

Business's Strategy
and Overview

010

Significant Changes
and Development
in 2019

012

SSI Group
Structure

014

Relationship with
Major Shareholder's
Group of Business

015

Business
Description

019

Revenue Structure

020

Steel Industry
and Market Overview

021

Report of
the Audit Committee
for 2019

024

Report of
the Risk Management
Committee for 2019

026

Risk Factors

030

General Information
and Other Key
Information

033

Major Shareholders

034

Dividend Policy

035

The Board
of Directors

049

The Management

061

Shareholding
of Directors
and Management

062

Report of
the Nomination
and Remuneration
Committee for 2019

066

Remuneration
of Directors
and Management

070

Organisation Chart

072

Good Corporate
Governance
Committee's Report
for 2019

074

Good Corporate
Governance

103

Sustainable
Development

108

Internal Control
and Risk Management

110

Related Party
Transactions

113

Key Financial
Information

128

Report on the
Responsibility of the
Board of Directors for
2019 Financial Report

129

Management
Discussion
and Analysis

139

Independent
Auditor's Report

144

Financial Statements

154

Notes to
the Financial
Statements

Vision

Leading Innovative and Reliable Steel Company

Mission

Innovate premium value steel product,
service and market for customers and consumers;
create sustainable shared value and trust for stakeholders

Values

Fighting spirit

Never give up

can change

Be the leader of change

service-mind

Deliver more than expected



iFacts

integrity

We do what we say

aim for excellence

Anything is possible

teamwork

One for all, all for one

Financial Highlights

Financial Highlights

| | | 2019 | 2018 (Restated) | 2017 (Restated) |
|---|--------------|----------|--------------------|--------------------|
| Sales and Service Revenues | Million Baht | 25,199 | 31,428 | 25,332 |
| Total Revenue | Million Baht | 25,491 | 31,585 | 28,452 |
| Cost of Sales and Services | Million Baht | 25,103 | 29,290 | 21,841 |
| Gross Profit (Loss) | Million Baht | 97 | 2,139 | 3,491 |
| Profit (Loss) Attributable to Owners of the Company | Million Baht | (1,803) | 867 | 4,535 |
| Total Assets | Million Baht | 21,888 | 25,909 | 25,538 |
| Total Liabilities | Million Baht | 63,146 | 65,267 | 66,205 |
| Total Equity | Million Baht | (41,258) | (39,358) | (40,667) |
| Equity Attributable to Owners of the Company | Million Baht | (41,803) | (39,921) | (41,285) |
| Net Profit (Loss) Margin | % | (7.31) | 2.81 | 17.90 |
| Return on Equity | % | N.A. | N.A. | N.A. |
| Return on Asset | % | (7.40) | 3.55 | 22.30 |
| Interest Bearing Debt to Equity Ratio | Times | N.A. | N.A. | N.A. |
| Earning (Loss) per Share | Baht | (0.16) | 0.10 | 4.07 |
| Book Value per Share | Baht | (3.76) | (3.59) | (35.54) |



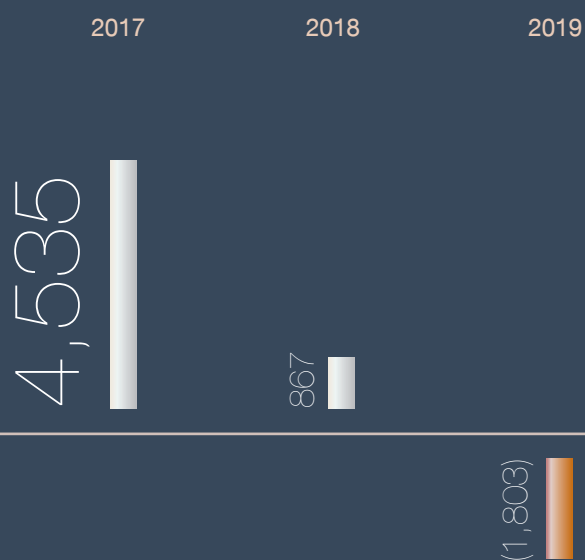
Sales and Service Revenues

Unit: Million Baht



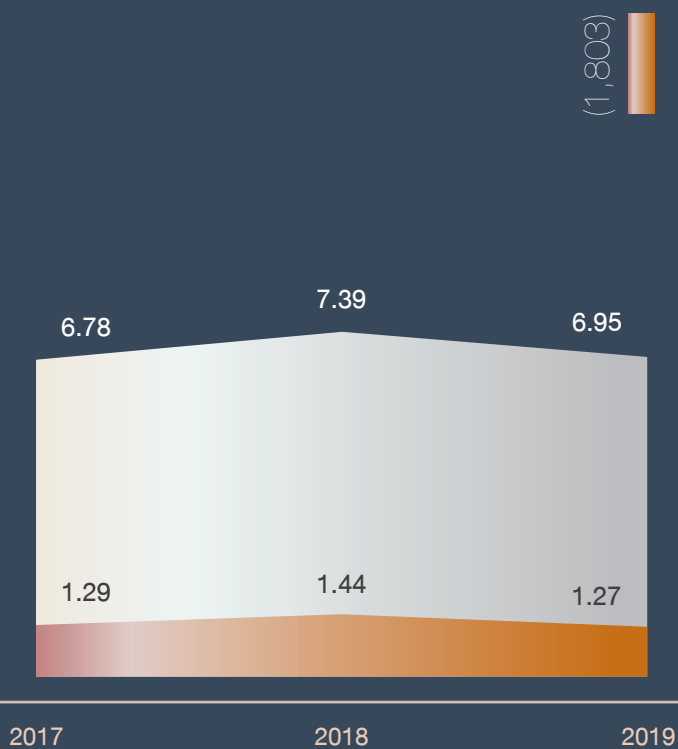
Net Profit (Loss)

Unit: Million Baht

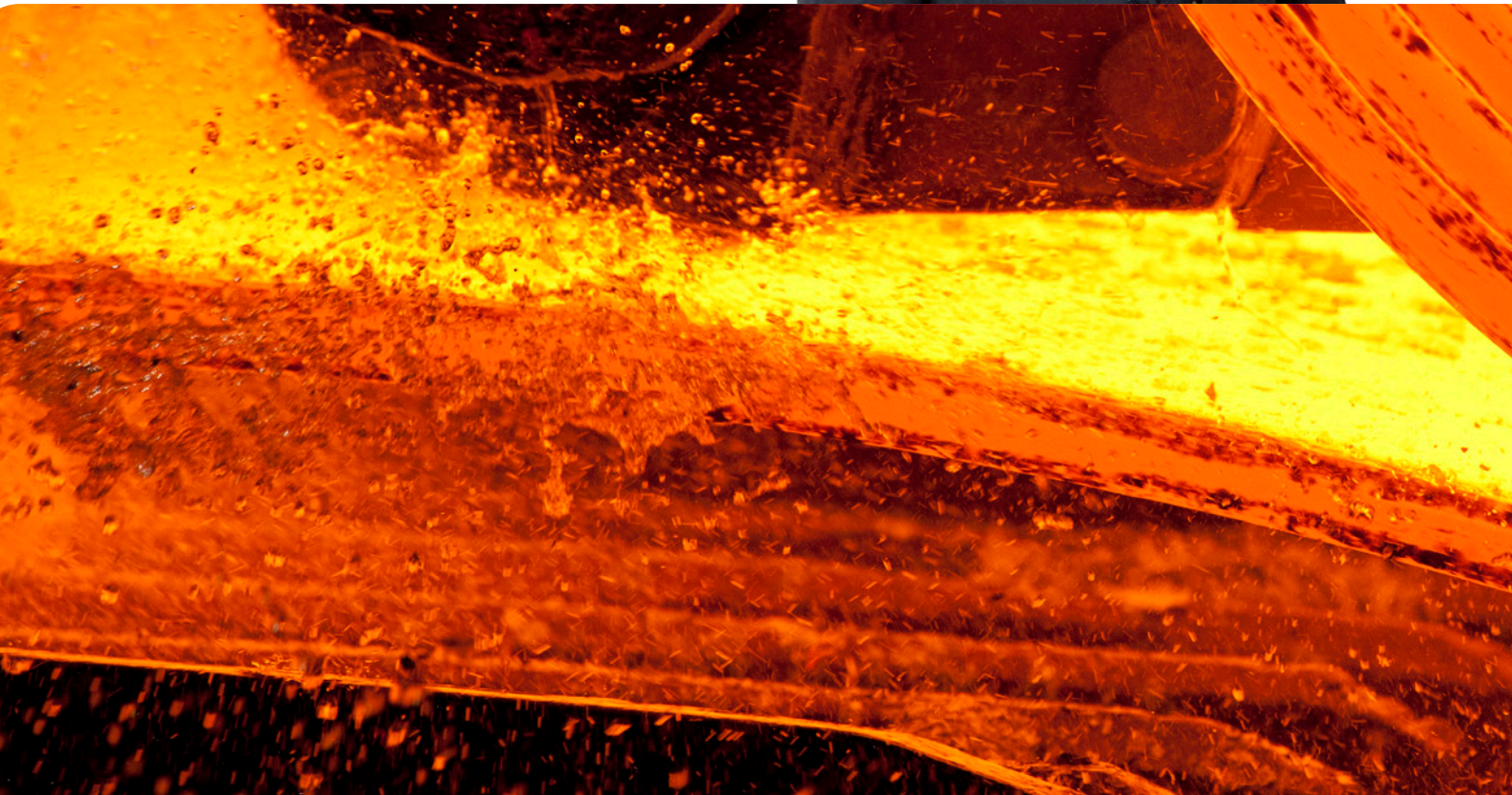


Thailand HRC Consumption and SSI's HRC Sales Volume

Unit: Million Tons



Message from the Chairman of the Board of Directors



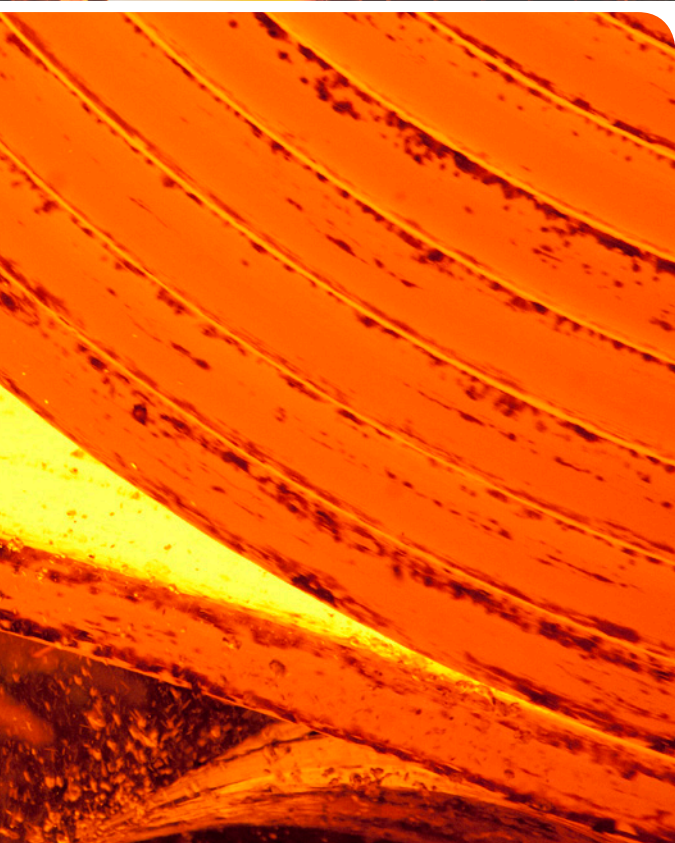
Dear shareholders,

The Board of Directors of the Sahaviriya Steel Industries Public Company Limited (SSI), as the Business Rehabilitation Plan Administrator, would like to report to all shareholders that the Company's operations and the progress of the implementation on the Business Rehabilitation Plan in 2019 has achieved the following results as set forth in the plan:

1. Business Performance

The Company and its subsidiaries reported sales and service revenues in the amount of Baht 25.199 billion, a 20% contraction from the previous year due to the decline in pricing of hot rolled steel which was in line with the world market. The total sales volume shrank by 12% from the earlier year to 1.27 million tons. Following the decline in sales volume, the total cost of sales and services dropped by 14% to Baht 25.103 billion, including the provision for loss on decline in value of inventories Baht 39 million. SG&A was Baht 2.166 billion, up 68% from Baht 1.286 billion, due to an additional allowance for doubtful accounts on the overdue debts of related parties Baht 843 million and an allowance for prepaid for goods of a related party Baht 46 million which were not shown in the previous year.

The Company and its subsidiaries recorded gross profit Baht 97 million, decreased from Baht 2.139 billion or 95% down as the lesser decline in cost of sales than the decline in revenues. EBITDA decreased by 187% from Baht 1.441 billion to negative Baht 1.254 billion. Net loss was Baht 1.803 billion, dropped by 308% from net profit Baht 867 million as a result of the decline in gross profit and the additional allowance for doubtful accounts, as well as loss on impairment investments in a joint venture Baht 531 million.





2. Progress of the implementation on the Business Rehabilitation Plan

As of 31 December 2019, the Company and its subsidiaries had total liabilities of Baht 63.146 billion, improved from Baht 65.267 billion as of 31 December 2018 (restated) due to the decrease in liabilities under rehabilitation plan. Throughout year 2019, the Company had made debt repayments to creditors a total of Baht 1.690 billion, consisting of principal Baht 1.618 billion and interest Baht 72 million.

Accordingly, the Company has made totally Baht 6.681 billion debt repayment since the beginning of the Plan, with Baht 6.433 billion in principal and interest Baht 248 million. When including the debt to equity conversion of Baht 500 million, the Company has reduced debt by a total of Baht 7.181 billion. At the end of the year, the short-term debt under the Plan which is due within 1 year was Baht 1.766 billion and long-term debt under the Plan was Baht 55.227 billion.

Regarding the eliminating the grounds of possible delisting from being a listed security in the case of the negative shareholders' equity and the auditor's disclaimer opinions for 3 consecutive years, the Company cooperated with major shareholders has pushed highly effort to seek several resolutions to resolve the negative shareholders' equity as quick as possible with minimum impact to stakeholders. Moreover, the auditor expressed an opinion on the company's financial statement for the year ended 31 December 2019 which would eliminate the ground for delisting from disclaimer opinions on the Company's financial statements. However, it is presently under consideration of The Stock Exchange of Thailand.

Concerning the Good Corporate Governance and Sustainable Development, the Board of Directors commits to overseeing the implementation of the anti-corruption policy. On 21 May 2019, the Thailand's Private Sector Collective Action Coalition Against Corruption Council has renewed the Company's membership as a certified company of the Private Sector Collective Action Coalition Against Corruption, for another 3 years. In addition,

the Company has amended the Anti-Corruption guidelines for the Board of Directors regarding accepting or giving gifts, entertainment and hospitality activities and related expenses to comply with the Notification of the National Anti-Corruption Commission (NACC) on the “Guidelines on Appropriate Internal Control Measures for Juristic Persons to Prevent the Grant of Property or Other Benefits to State Officials, Foreign Public Officials or Agents of Public International Organisations” in accordance with Article 123/5 of the Organic Act on Counter Corruption B.E. 2542 (1999).

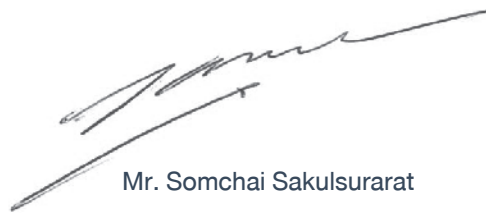
The anti-corruption working committee has communicated policy and regulations as well as practices related to anti-corruption to the stakeholders including suppliers and employees. There were also activities such as participating in the 2019 Anti-Corruption Day, and slogan and logo design competitions on the topic of “Anti-Corruption”. In addition, the internal control measures for the Anti-Corruption had been reviewed in order to monitor effective implementation.

Besides the strengthen with stakeholders in the dimensions of society, economy, and environment, the Company has driven its sustainable development tasks in response to the “Sustainable Development” agenda of the United Nations and its Sustainable Development Goals (SDGs) that builds positive values and impacts. Throughout the year, the company had implemented 41 social and community development projects with total benefitted 16,102 stakeholders.

The Company has proudly received several awards including the Bronze Medal Level Award of Zero Accident Campaign 2019, the National Outstanding Industrial Establishment Award in Labour Welfare/Relations Category in 15 consecutive year type (2005 - 2019), the certificate of Prevention and Solution on Drugs Problems in an Establishment Standard under the White Factory Project.

Shareholders can follow the Company's operating results, progress of the implementation on the Business Rehabilitation Plan, online publication of the Annual Report and CSR Report, as well as updated information of the Company's reports publicly announced through SET's channel or the Company's website at <http://ssi-steel.com>. Additionally, you can reach out to the company's Investor Relations via phone at 0-2238-3063-82 or e-mail at ir@ssi-steel.com.

On behalf of the Board of Directors as the Plan Administrator, I would like to thank the shareholders, investors, customers, suppliers, business partners, financial institutions, government agencies, communities, as well as the Company's management and employees for their valuable support of the Company throughout year 2019. The Board of Directors remains committed to strongly enhance SSI operations to achieving the results as planned.



Mr. Somchai Sakulsurarat
Chairman of the Board of Directors

Business's Strategy and Overview

Sahaviriya Steel Industries Public Company Limited (“the Company” or “SSI”) is Thailand’s first manufacturer of hot-rolled steel sheet in coils (“HRC”) and the largest fully-integrated flat steel producer in Southeast Asia. The SSI Bangsaphan Steelworks is a mid-stream steel manufacturer plant, with a capacity of 4 million tons per year for HRC and 1 million tons per year for HRC pickled and oiled to serve the growing demand of the region in various sectors such as automobile, energy, electrical appliances, packaging, transportation, and construction.

SSI has joint-venture investments in key downstream projects – namely Thai Cold Rolled Steel Sheet Public Company Limited (“TCRSS”), Thailand’s first and largest cold-rolled steel mill with a capacity of 1.2 million tons per year, and an equity investment in Thai Coated Steel Sheet Company Limited (“TCS”), Southeast Asia’s first and largest electro-galvanising steel mill with its capacity of 240,000 tons per year.

All plants of SSI Group in Thailand are located on the western coast of the Gulf of Thailand in Bangsaphan District, Prachuap Khiri Khan Province, 400 kilometers from Bangkok,

which is considered the best strategic place to operate the fully-integrated steel business in Thailand. For the further integration, SSI has also invested in Prachuap Port Company Limited (“PPC”) to operate the private deepest commercial sea port in Thailand, which allows import and export of raw materials and finished products on a large scale. SSI extends its engineering capabilities by investing 99.99% in West Coast Engineering Company Limited (“WCE”), which provides the engineering services including the industrial maintenance management, design and production of machinery and spare parts, steel structure and fabrication. WCE also provides the Integrated EPC (Engineering Procurement and Construction) services including engineering design, procurement of machinery and equipment, construction of turn-key projects for industrial and process plants.

As of 31 December 2019, SSI Group employed 2,814 employees. As SSI Group has continued its policy to recruit locally, the ratio of local employee at the end of 2019 was 75% of the total 2,134 employees at Bangsaphan Steelworks of SSI Group.

The business of SSI Group are divided by business as follows:

As SSI Group has continued its policy to recruit locally, the ratio of local employee at the end of 2019 was

75%

of the total employees at Bangsaphan Steelworks of SSI Group.





Steel Business

HR Business

operated by SSI, supplying to clients in automobile and automotive parts industries, electrical appliances, gas cylinder, steel pipes, and construction, as well as the raw materials for downstream industries.

Downstream Business

of the Group consists of Cold Rolled Coil Business operated by TCRSS, using SSI's high-grade HRC as a raw material for its production, and Coated Steel Sheet Business operated by TCS, using cold rolled steel sheet as a raw material for its production.



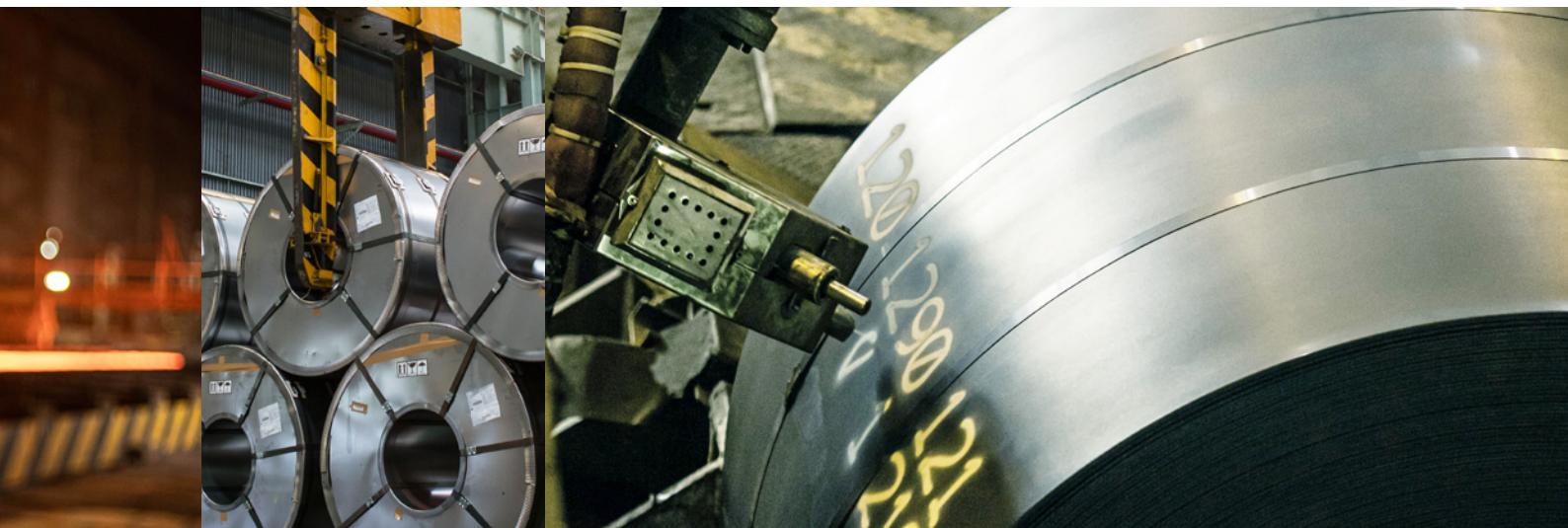
Marine Business

SSI has jointly invested in PPC, which operates 4 berths with its capability to accommodate two vessels up to 100,000 dead-weight tons ("DWT") at the same time. In 2012, PPC has commercialized the PPC Shore Crane project of two mobile harbor cranes with the maximum lift weight of 100 tons in order to reduce cost of transportation and increase efficiency of the steel products handling process.



Engineering Business

This business is operated by WCE, originally to provide services to SSI Group. WCE has now extended its services to other customers, both domestic and overseas, in various industries such as steel, paper, cement, energy, petrochemicals, transportation, and machine and technology.



Significant Changes and Development in 2019



30 January 2019

Department of Foreign Trade (DFT) announced a resolution to terminate the Anti-dumping investigation on hot-rolled flat steel in coils and not in coils whose origins are from Australia and Egypt.

14 February 2019

Department of Foreign Trade (DFT) announced a resolution to terminate the Safeguard Measure on Alloy steel, effective on 27 February 2019.

11 March 2019

The Stock Exchange of Thailand announced an extension period for elimination the ground for delisting until 25 February 2020.

4 July 2019

The Company received Bronze Medal Level Award of Zero Accident Campaign 2019 held by Thailand Institute of Occupational Safety and Health (Public Organization), Ministry of Labour.

19 December 2019

The Company received the National Outstanding Industrial Establishment Award in Labour Welfare/Relations Category in 15 consecutive year type (2005 - 2019) held by the Department of Labour Protection and Welfare, Prachuap Khiri Khan Province.

The Company obtained the certificate of Prevention and Solution to Drugs Problems in an Establishment Standard under the White Factory Project from the Department of Labor Protection and Welfare, Prachuap Khiri Khan Province.

24 February 2020

Sahaviriya Steel Industries UK Limited ("SSI UK") in liquidation, a subsidiary of the Company, had exercised its rights to purchase 50% of shares in Redcar Bulk Terminal Limited ("RBT") in the amount of GBP 11,356,500. The transaction had been made by Cork Gully LLP as a receiver acting on behalf of the syndicate of lenders to SSI UK to oversee the existing 50% stake on RBT. After the acquisition, SSI UK's shareholding in RBT has been increased to 100%.

SSI Group Structure

35.19%



Hot Rolled Business

Sahaviriya Steel Industries
Public Company Limited

- Manufacturer of hot-rolled coil
- Manufacturer of hot-rolled coil pickled and oiled

Core business



Downstream Business

Thai Cold Rolled Steel Sheet
Public Company Limited

- Manufacturer of cold-rolled steel sheet

Increase revenues
and enhance sustainable growth



3.7%

5.1%

66.6%



Downstream Business

Thai Coated Steel Sheet
Company Limited

- Manufacturer of electro-galvanised steel sheet

Increase revenues
and enhance sustainable growth



Port Business

Prachuap Port Company Limited

- Provider of the private commercial sea port

Reduce costs
and increase revenues

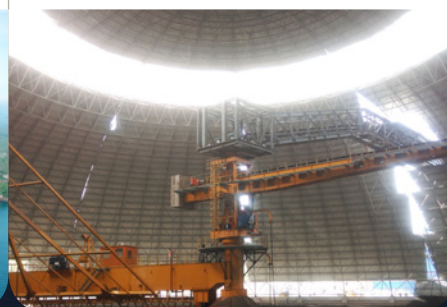


Engineering Business

West Coast Engineering
Company Limited

- Provider of engineering services

Reduce costs
and increase revenues



Relationship with Major Shareholder's Group of Business

As the company is obliged to conduct business rehabilitation in accordance with the Company's Business Rehabilitation Plan with respect to capital restructuring. Clause 7.3(3) of the Plan provides that the Company is required to register the increase in its paid-up registered capital by Baht 10,000,000,000 by issuing an additional 10,000,000,000 newly-issued ordinary shares to accommodate the conversion of debt into equity in favor of the second group of creditors, and/or the third group of creditors, and/or the fourth group of creditor and the Company had completed the registration on 28 March 2018. The conversion of debt into equity in favor of the group of creditors mentioned earlier resulted in a change of major shareholding structure of the Company, as shown in section "Major Shareholders". The Company's main business is not directly related to the business of the current major shareholders who are also creditors of the Company. Nevertheless, the major shareholders are commercial banks which might provide regular financial products offered by banks such as working capital, long term loan, FX hedging, etc.

In addition, the Company and its subsidiaries are part of a business group of Sahaviriya Group, a former major shareholder of the Company. Sahaviriya Group is engaged in manufacturing and distributing of steel products. The details of related transactions have been disclosed in the Related Party Transactions. The Company has a mechanism to protect the rights of shareholders to ensure that they are treated fairly. The Company, as a hot rolled coil manufacturer, has applied the same pricing policies which depend on ordering quantity and frequency to both related and non-related parties. For related party transactions, the Company usually discloses the pricing policies in the notes to the financial statements.

Business Description



SSI has been one of a few mills which could produce commercial hot-rolled steel sheet in coil at 0.90 mm in thickness and achieved production at

0.80 mm

in thickness presently.

Hot-rolled pickled and oiled steel or “CleanStrip”, high-grade product, are delivered to the automotive industry or for use in electrical appliances. The width is between

750 mm
and 1,550 mm

Product Description

Hot rolled steel sheet in coil, which is a raw material for several industries such as heavy construction, steel pipe, gas cylinder, automotive parts, electric appliance, steel furniture, container, cold re-rolling, pressure vessel, shipbuilding and coil service centre, etc.

Hot-rolled steel sheet in coil includes:

- Hot-rolled steel sheet in coil for domestic use according to TIS standard and international standards including Japanese, American, DIN and British with width between 750 and 1,565 mm and thickness between 9.90 and 20.00 mm. The hot-rolled coil capacity expansion project, to expand production capacity to 4 million tons per annum, was completed in February 2005. The production capability has been improved to produce hot-rolled coils with thickness ranging from 0.90 mm to 20.00 mm with continuous improvement and reduced cost. SSI has been one of a few mills which could produce commercial hot-rolled steel sheet in coil at 0.90 mm in thickness and achieved production at 0.80 mm in thickness presently.

- Hot-rolled pickled and oiled steel or “CleanStrip”, high-grade product, are delivered to the automotive industry or for use in electrical appliances. The width is between 750 and 1,550 mm and thickness between 1.2 and 7.00 mm. This production has been under way since May 2004.

SSI adheres to product development to improve quality to meet customer demand and to take our place as a leader in the high quality hot-rolled coil market. We focus on innovation of Premium Value Product to the market with specific characteristic as follows:

1. High Grade Products, for use of high quality hot-rolled coil for re-rolling mill, automotive parts and electric appliances.
2. Unique Products, oligopoly products or specific products of SSI such as thin gauge hot-rolled coil product or checkered plate.
3. Innovated Value Products which can increase customer's profit in various ways, to be used in production or as a finished good.

Marketing and Competition

A marketing plan was produced by SSI for effective sales management, focusing on the key areas: raw material procurement; continuous quality improvement; maintaining market share; customer requirement responsiveness; along with on-time delivery and efficient customer service.

Marketing Strategy

SSI mainly focuses on the domestic market covering all market segments that could enhance competitiveness over imported steel product. SSI also maximizes its market share by developing competitive pricing and customer service strategies. In addition, SSI expands the high-end market into new customers by producing a premium quality of hot-rolled steel. The Company also exports when it has sufficient capacity, and the market situation is favorable.

Target Customers

SSI specifically targets hot-rolled steel sheet users in downstream industries, for example cold-rolled steel producers, cars and automotive parts maker, electrical appliances and furniture producers, gas cylinder and container producers, steel pipe producers and construction industries. Customers also include service centers and trading firms.

Types of Customer

SSI clients are divided into 9 groups as follows:

1. Domestic Market Sales group 1 (S1) includes hot-rolled steel sheet pickled and oiled coils and the high grade hot-rolled steel market. End users are automotive and parts maker manufacturers. Sales/purchase agreements are on a quarterly basis in Thai Baht.
2. Domestic Market Sales group 2 (S2) includes gas cylinders manufacturers, Container manufacturers and cold-rolled steel manufacturers. There are 5 cold-rolled steel manufacturers in Thailand whose cold-rolled steels are used as raw materials for the coated steel industry. This customer group requires an emphasis on surface quality, on-time delivery and price stability. Sales/purchase agreements are on a monthly or forward basis in Thai Baht depending on the agreement.
3. Domestic Market Sales group 3 (S3) is Customers who buy through service centers and trading firms. This group includes construction industries, automotive and parts maker manufacturers, cut sheet manufacturers and pipe steel manufacturers. Sales/purchase agreements are on a monthly, quarterly or spot basis in Thai Baht depending on the agreement.
4. Domestic Market Sales group 4 (S4) includes construction industries, cut sheet manufacturers and pipe steel manufacturers. Sales/purchase agreements are on a monthly or spot basis in Thai Baht depending on the agreement.
5. Domestic Market Sales group 5 (S5) includes construction industries, cut sheet manufacturers, pipe steel manufacturers and Checker manufacturers. Sales/purchase agreements are on a monthly basis in Thai Baht.
6. Domestic Market Sales group 6 (S6) includes electric appliance producers and furniture manufacturers. Sales/purchase agreements are on a quarterly basis in Thai Baht.
7. Domestic Market Sales group 7 (S7) includes construction industries, automotive and parts maker manufacturers that require finished goods. Sales/purchase agreements are on a spot basis in Thai Baht.
8. Domestic Market Sales group 8 (S8) includes finished goods of steel for specific projects.
9. Export Market includes External customer in finish steel product. Sales/purchase agreements are on a spot basis.

Sales Policy

1. Sales on Quarterly Basis are the sales which prices depend on seaborne market mechanism for supporting customers who desire to make quarterly agreements such as domestic market sales group 1, domestic market sales group 3 and domestic market sales group 6.

2. Sales on Monthly Basis are the sales which prices depend on domestic market mechanism, quantity, and payment terms. This sales support customers who are able to provide 3-month advance purchase plan such as domestic market sales group 2, domestic market sales group 3, domestic market sales group 4 and domestic market sales group.

3. Sales on Spot are the sales which prices depend on domestic market mechanism and urgency of delivery. This sales support the customers who need to purchase without 3-month advance purchase plan such as domestic market sales group 2, domestic market sales group 3, domestic market sales group 4 and export market.

4. Forward Sales are the sales which prices depends on material cost structure for supporting the customers who need to purchase goods for their “import for export” project such as domestic market sales group 2.

Premium Value Products sales

The PVPs sales volume in 2019 was 785,362 tons, an increase of 6% compared with 2018 resulting from the business alliance called “Gold Partnership”, as well as the improvement of the premium value products. The proportion of PVPs to total HRC Sales Volume was approximately 61%.

The Proportion of Premium Value Products to Total Sales Volume (%)

| Product Type | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------|------|------|------|------|------|
| Premium Value Products | 38 | 41 | 51 | 51 | 61 |
| Commercial Products | 62 | 59 | 49 | 49 | 39 |

Hot-rolled Steel Industry in Thailand

Historically, hot-rolled steel had to be imported from abroad until SSI opened the first hot strip mill in Thailand in 1994. Currently, there are 6 hot-rolled steel manufacturers in Thailand as follows:

Hot-rolled Steel Manufacturers in Thailand

| Hot-rolled Steel Manufacturers | Maximum Capacity (Tons/year) | Production Began | Product |
|-------------------------------------|---------------------------------|------------------------------|------------------------|
| 1. Sahaviriya Steel Industries Plc. | 4,000,000 | February 1994 | Hot-rolled Steel Coil |
| 2. G Steel Plc. | 1,800,000 | End of 1999 | Hot-rolled Steel Coil |
| 3. G J Steel Plc. | 1,500,000 | 4 th Quarter 1997 | Hot-rolled Steel Coil |
| 4. Primes Steel Ltd. | 840,000 | 1996 | Hot-rolled Steel Coil |
| 5. Sahaviriya Plate Mill Plc. | 1,000,000 | 1996 | Hot-rolled Steel Plate |
| 6. LPN Plate Mill Plc. | 500,000 | 1996 | Hot-rolled Steel Plate |

In 2019, SSI had 20% market share in hot-rolled steel market, not change from year 2018. Imports had 62% market share, increasing from 58% in a year earlier. The other domestic manufacturers had 19% in total, a decrease from 23% in a year earlier. If focusing on the hot-rolled steel coil market, SSI's share was 20% while import market share was 61%, increasing from 57% in the former year.

Product Procedure

Production

The Company has 1 Hot Strip Mill to produce Hot-rolled steel sheet in coil and 1 Pickling and Oiling (P/O) Line to produce Hot-rolled pickled and oiled steel or "CleanStrip", located in the same area in Bangsaphan District of Prachuap Khiri Khan Province.

Capacity and Production Policy

Hot Strip Mill has maximum capacity of 4.0 million tons per annum and effective capacity at 3.2 million tons per annum.

The Company's policy is to produce according to customer orders (Made to Order) as well as manufacturing in order to have an inventory of approximately one month (Made to Stock) from which products selected by considering market demand and appropriate technical production. There is a monthly advance production plan which provides 3 production shifts per day, 8 hours per shift. There is also a 10 day maintenance break annually.

Raw Material

The Company uses slab as an only raw material for the rolling process. As there was no slab production in Thailand, all slabs are imported from abroad.

Slab is a flat steel semi-finished product produced from the iron and steel making process. After the casting process, slab will come out with thickness of 160 - 250 mm, width 800 - 1,550 mm, length from 4,300 to 10,800 mm and weight 15.5 to 32.0 tons.

There are many kinds of slabs in the global market; depending on type of steel used such as low carbon, medium carbon, high carbon, or stainless, and each type has several grades. At present, low carbon is the primary production of SSI. The grade of slab used for rolling is dependent on the type of hot-roll sheet to meet the customer's requirement.

Sources and Suppliers

The Company imports all of slabs from abroad. Recently there are many slab suppliers located around the globe such as Asia (China, Korea, and Japan), Europe (CIS country), South America and Australia. In 2019, the Company purchase slabs from 13 slab manufacturers in 9 countries including Japan, Indonesia, Taiwan, South Korea, Vietnam, Russia, Ukraine, Brazil and Australia. The Company purchases slab on monthly basis through the third party distributors and directly purchases without obligation from any specific slab suppliers. However, the Company will make agreement with the suppliers in advance to notify the demand for raw materials annually or quarterly. The advance notice agreement enables the Company to reduce the risk of raw material shortage and to ensure an adequate supply for company's production and customer requirement.

Revenue Structure

| Product / Business Unit | Operated by | Share- holding by SSI (%) | 2019 | | 2018 (Restated) | | 2017 | |
|----------------------------|----------------------------------|------------------------------------|--|---------------|--|---------------|--|---------------|
| | | | Revenue ²⁾ (Million Baht) | % | Revenue ²⁾ (Million Baht) | % | Revenue ²⁾ (Million Baht) | % |
| HRC Business | Sahaviriya Steel Industries Plc. | - | 24,663 ¹⁾ | 94.93 | 30,864 ¹⁾ | 96.04 | 24,976 ¹⁾ | 86.27 |
| Engineering Business | West Coast Engineering Co., Ltd. | 99.99 | 699 | 2.69 | 699 | 2.18 | 548 | 1.89 |
| Port Business | Prachuap Port Co., Ltd. | 51.00 | 261 | 1.00 | 280 | 0.87 | 238 | 0.82 |
| Other Revenues | Sahaviriya Steel Industries Plc. | | 340 | 1.31 | 288 | 0.89 | 3,129 | 10.81 |
| | Prachaup Port Co., Ltd. | | 4 | 0.01 | 3 | 0.01 | 5 | 0.02 |
| | West Coast Engineering Co., Ltd. | | 14 | 0.06 | 3 | 0.01 | 56 | 0.19 |
| | | | 25,981 | 100.00 | 32,137 | 100.00 | 28,952 | 100.00 |

¹⁾ Including sales to Thai Cold Rolled Steel Sheet Plc. amounting to Baht 590 million, Baht 2,126 million, and Baht 2,251 million in 2019, 2018, and 2017 respectively.

²⁾ From Consolidated Financial Statements

Steel Industry and Market Overview

World Steel Industry in 2019

World Steel Association (“WSA”) reported an estimated figure of Crude Steel Production in 2019 at 1,838 million tons, increased 2.76% from 2018. China maintained its position as the production leader, accounting for 54.07% of total crude steel production with 994 million tons of crude steel, an increase of 7.10% from 2018.

In term of steel prices in 2019, Hot Rolled Coil prices (FOB China) had increased from the range of 480 - 536 USD/MT in Q1/2019 to the range of 483 - 531 USD/MT in Q2/2019. However, it had consecutively decreased to the range of 452 - 510 USD/MT and 430 - 483 USD/MT in Q3/2019 and Q4/2019 respectively. Likewise, slab prices (CFR East Asia Import) had risen from 459 USD/MT in Q1/2019 to the 470 USD/MT in Q2/2019. In contrast, it had continuously decreased to 427 USD/MT and 386 USD/MT in Q3/2019 and Q4/2019 respectively. Another point is that, Iron ore price (CFR China) had shown an upward trend in the first 3-consecutive-quarter which was 82 USD/MT, 101 USD/MT and 102 USD/MT. On the other hand, it had decreased to 89 USD/MT in Q4/2019.

Thailand Steel Industry in 2019

Thailand steel industry in 2019 reported Total Apparent Steel Supply of 18.40 million tons, decreased 4.50% from 2018 (Source: Iron and steel Institute of Thailand, ISIT). Considering steel consumption by products, the most risen steel consumption was long steel product, decreased by 7.30% YoY while flat steel consumption was reported increased by 2.70% YoY.

In 2019, domestic steel production was approximately 7.60 million tons, decreased by 15.5% YoY.

Report of the Audit Committee for 2019

The Audit Committee of Sahaviriya Steel Industries consists of three knowledgeable and experience independent directors. Its members were as follows:

- | | |
|-------------------------------|----------|
| 1. Mr. Somchai Sakulsurarat | Chairman |
| 2. Mr. Permpoon Krairiksh | Member |
| 3. Mr. Yarnsak Manomaiphiboon | Member |

In 2019, the Committee held 5 meetings, each of which was met by presence of all members, including the meetings with the management and/or the external auditors to consider and discuss the relevant important matters and meeting with the external auditors on one occasion in the absence of the management, and reported its performance to the Board of Directors twice a year.

The Committee performed its duties as follows:

1. Review of financial statements

1.1 Reviewed the Company's 2019 interim financial statement together with its interim consolidated financial statements rendered by the Finance and Accounting Division.

1.2 Reviewed the first half and the annual financial statements as well as its consolidated financial statements with the external auditors and the management, and submitted them to the Board of Directors for approval before disclosure to The Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

1.3 Acknowledged the auditor's report on the Company's financial statement for the year ended 31 December 2019 in which the auditor expressed a qualified audit opinion due to the auditor's inability to obtain sufficient audit evidence regarding the debt obligations under rehabilitation plan. Moreover, the auditor stated the existence of the material uncertainty that may cast significant doubt on the Group and the Company's ability to continue as a going concern.

2. Approved Group Internal Audit Office's three year master plan and the annual audit plan as well as acknowledged the internal audit reports regarding internal control.
3. Reviewed the adequacy of internal control system of the Company against self-evaluation forms issued by the SEC and by the external auditors. Acknowledged the report of the internal control system of the Company's subsidiaries.
4. Acknowledged reports from Group Legal Office on corporate compliance with laws pertaining to the Securities and Exchange Act as well as other laws concerning the Company's businesses, and quarterly monitored progress in litigations involving the Company.
5. Acknowledged reports from the auditors that there was no issue to be presented to the Audit Committee according to section 89/25 of the Securities and Exchange Act.
6. Reviewed the quarterly Major Risk Management Report prepared by the Risk Management Committee as well as acknowledged the annual anti-corruption risk assessment.
7. Reviewed the annual Risk Management System and its guidelines provided by the Risk Management Committee.
8. Considered, selected, and proposed the appointment of Mrs. Suvimol Chrityakierne, License No. 2982 or Miss Somjintana Pholhirunrat, License No. 5599 or Mr. Nopparoeek Pissanu Wong, License No. 7746 of DIA International Auditing Company Limited as the auditor(s) of the Company for the fiscal year 2020 for another term, together with their fees.
9. Ensured that the transactions between the Company and its related companies complied with the Securities and Exchange laws and laws concerning the Company's businesses and followed up on accounts receivable/accounts payable report of related companies.
10. Acknowledged reports on interest of Directors and Executives from the Company Secretary to ensure compliance with the Company's policies and procedures on conflicts of interests, as requested by the SEC.
11. Considered the delegation of responsibility to senior management for managing and monitoring of overdue debt collection from related companies.
12. Reviewed and updated the Company's Audit Committee charter (5th edition).
13. Carried out the Audit Committee's self-assessment for 2019 and submitted it to the Board of Directors.
14. Reviewed the information disclosed to the SET and the SEC in the 2019 Company annual report (Form 56-2) and the annual information disclosure form ended 31 December 2019 (Form 56-1).
15. Reported the Audit Committee's activities for the year 2019 to the Board of Directors.
16. Reviewed the qualifications of the Company's Chief Financial Officer (CFO) and Head of Accounting Department in accordance with the SET and the SEC's new rules on qualifications requirement for CFO and Chief Accountant.

The Audit Committee has independently carried out its duties and responsibilities delegated by the Board of Directors and taken into account the transparency of its view, the Audit Committee was of the opinion that:

1. The annual financial statements of the Company in 2019 are presented fairly, in all material respects, in accordance with generally accepted accounting principles.
2. The Company has suitable and efficient internal control and internal audit systems. The Head of the Internal Audit Office has sufficient knowledge and competence needed to perform her duties.
3. The Company has complied with relevant laws and regulations. The Company has disclosed accurate and complete information in a timely manner to its shareholders and investors via the SET and the SEC.
4. The Audit Committee concurred with reports provided by the Risk Management Committee and made some additional recommendations. The Company has an appropriate Risk Management System in place.



Mr. Somchai Sakulsurat

Chairperson of the Audit Committee

26 February 2020

Report of the Risk Management Committee for 2019

1. The Risk Management Committee (the “Committee”) was established by the Board of Directors (the “Board”) on 3 December 2007 for the purpose of assisting the Board in oversight of the Company’s risk management. The Committee shall comprise of at least three Board members appointed by the Board, and the Vice President in charge of finance and accounting shall act as the secretary to the Committee.

1.1 During 2019, members of the Committee who have served a term of three years from 4 December 2016 to 3 December 2019 are now listed as follows:

- | | |
|-------------------------------|---|
| 1. Dr. Tongchat Hongladaromp | Chairman of the Risk Management Committee |
| 2. Mr. Somchai Pipitvijitkorn | Risk Management Committee Member |
| 3. Mr. Permpoon Krairiksh | Risk Management Committee Member |

1.2 The Board of Directors meeting No. 4/2019, dated 14 March 2019, acknowledged the resignation from the position of the Chairman of the Risk Management Committee of Dr. Tongchat Hongladaromp but retaining the position of Risk Management Committee member, and resolved unanimously appointing Mr. Permpoon Krairiksh as the Chairman of the Risk Management Committee.

1.3 The Board of Directors meeting No. 12/2019, dated 14 November 2019, had resolution reappointing the Committee whose terms would expire, to serve a term of three years from 4 December 2019 to 3 December 2022. Members of the Committee are now listed as follows:

- | | |
|-------------------------------|---|
| 1. Mr. Permpoon Krairiksh | Chairman of the Risk Management Committee |
| 2. Dr. Tongchat Hongladaromp | Risk Management Committee Member |
| 3. Mr. Somchai Pipitvijitkorn | Risk Management Committee Member |

2. “The Committee” is responsible for overseeing the Company’s management of key risks. To perform its duties, the Committee regularly reviewed risk management reports in order to monitor the effectiveness of the management of the Company’s key risk exposures and provided additional suggestion for risk mitigations. The Committee also advised the Board on risk management policy and strategy as well as expressing its thought on the problems and obstacles encountered in the development of the Company’s risk management system to assist the Board in oversight of the Company’s enterprise risk management. During the year 2019, the Committee had performed its duties as follows:

2.1 Reviewed and provided recommendation to management in the quarterly Risk Management Committee meeting, concerning risk factors, risk management plans and the appropriate magnitude of the risk to ensure the systematic implementation of risk management process in order to be prepared for any contingency that might occur and have impacts on the Company. The Risk Management Committee meetings were held total 4 times, in February, April, July and November 2019.

2.2 Considered risks related to the implementation on the Business Rehabilitation Plan, and the Company's measurement in order to achieve the success of the Plan set a forth, in the quarterly Risk Management Committee meeting.

2.3 Reviewed the significant risks of the Company's subsidiaries including West Coast Engineering Company Limited ("WCE") and Prachuap Port Company Limited ("PPC") as well as the progress of the liquidation process of Sahaviriya Steel Industries UK Limited ("SSI UK"), which the impacts of those risks might have effect to the Company's performance, in the quarterly Risk Management Committee meeting. In addition, the Committee acknowledged half-year risk management report of Thai Cold Rolled Steel Public Company Limited which is the Company's joint venture.

2.4 Considered Fraud Risk assessment for year 2019, in the Risk Management Committee meeting No. 1/2019 dated 1 February 2019, as the Company is a participant in the Thailand's Private Sector Collective Action Coalition Against Corruption Project (CAC) to express its intention to be opposed to corruption.

2.5 Reviewed the Company's Risk Management System and guideline report, in the Risk Management Committee meeting No. 1/2019 dated 1 February 2019, and proposed to the Audit Committee in order to consider and provide its comment for the adequacy of the Company's risk management system.

2.6 Reviewed the Company's Risk Factors report and report of the Risk Management Committee for disclosure in the Annual Information Disclosure Form (Form 56-1) as at 31 December 2018 and Annual Report 2018 of the Company, in the Risk Management Committee meeting No. 1/2019 dated 1 February 2019.

2.7 Reviewed risk management and internal control policy, in the Risk Management Committee Meeting No. 3/2019 on 26 July 2019.

2.8 Considered the Risk Management Committee's self-assessment for 2019 based on the "Self-Assessment Forms of Sub-Committees" and "Self-Assessment Forms of the Sub-committees by individual" of The Stock Exchange of Thailand, in the Risk Management Committee Meeting No. 4/2019 on 1 November 2019.



Mr. Permpoon Krairiksh

Chairman of the Risk Management Committee

24 February 2020

Risk Factors

The Company has entered the Business Rehabilitation since the Central Bankruptcy Court (the “Court”) issued an order for the Company’s Business Rehabilitation and appointed the Company as a Plan Preparer (the “Plan Preparer”) on 10 March 2016. After that, the Court approved the Company’s Business Rehabilitation Plan (the “Plan”) which determined Sahaviriya Steel Industries Public Company Limited as the Plan Administrator (the “Plan Administrator”) on 15 December 2016. During year 2019, though the Company as the Plan Administrator could operate its main business as usual under the Business Rehabilitation, it’s aware of the risks and risk factors that might affect its business. Regarding this, Risk Management Committee (RMC), established to help the Board of Directors who’s serving as a Plan Administrator, has overseen risk management tasks by monitoring and evaluating key risks while Audit Committee (AC) has reviewed the adequacy of risk management system. Throughout 2019, the Company had reviewed and assessed risk factors as well as setting control measures to mitigate risks on a quarterly basis. The major risks and key risk management measures of the Company in 2019 can be summarized as follows:

1. Market Risk

- **Risk from Fluctuation of Prices, Steel Product Demand, and Metal Spread**

Risk from fluctuation of prices, steel product demand, Metal Spread may have impact to the Company’s performance and may cause the Company’s inability to achieve its objectives. The risks are results of direct and indirect changes in economic, social, and competition factors, as well as other changes occurring domestically and overseas.

In 2019, as an unfavorable consumer goods market and measures to boost the economy has not yet yielded positive result in the fundamental industries, demand for hot-rolled steel products is, consequently affected. In addition, there were imports of steel products and dumping of certain types of steel products while preventive measures came into effect at the end of the year. Concerning prices of hot rolled steel, high competition causes decline in selling prices while the prices of raw materials have been increased continuously, resulting in narrow spread between selling prices and the raw material prices.

In response to the fluctuation of prices, steel demand, and Metal Spread of the Company as mentioned above, the Company implemented measures to mitigate the risks as the followings: 1) Carefully manage procurement of raw material with prices that allow the company with satisfied spread between the selling price and the raw material price at given sales volume to mitigate the risk from price volatility and carrying cost. 2) Establish a “Gold Partnership” Program to reduce the risk in a sluggish market and using proper sales policy for each customer in order to maintain spread between selling prices and raw material prices as planned 3) Closely monitor domestic and overseas markets in order to analyse and consider product sales to be in line with the order and import of slabs from foreign countries as well as seeking new sources of raw material to obtain high quality, low cost, adequate quantity with short delivery time. 4) Ensure that the production plan meets the sales plan and shorten delivery time of finished products. 5) Closely monitor on dumping situation of imported products in order to take proper and timely actions, and 6) Emphasize on the Innovated Premium Value Products for particular applications such as construction, machine parts, etc.

2. Financial Risk

- **Liquidity Risk**

Liquidity risk is incurred when the Company is unable to satisfy the obligations upon due date due to its inability to turn assets into cash or to manage sufficient cash as required within a given period at a reasonable cost. This may lead to an unfavorable result for the Company. The significant risk factors that have direct impact to the Company are unexpected sales volume that was below the target and debt default from customers who are not able to pay trading debt to the Company, which affected cash inflow, cash outflow, and working capital of the Company.

Besides quantity and price volatility and debt default from customers that are risk factors of the liquidity risk, the Company has debt liabilities to be paid under the Plan after the Court issued an order approving the Company's Rehabilitation Plan on 15 December 2016. Throughout year 2019 and may continue until 2020, the effects of the world trade war and unfavorable trade measures have affected the sales volume, revenues as well as the liquidity of the Company. However, the Company has closely monitored its working capital through regular projection on cash inflow and cash outflow in order to be aware of future liquidity requirements and have sufficient preparation time for liquidity solving. The Company continues to manage and prioritize on sales and product innovation for premium value, conducts cost reduction in production and reduces other expenses. Moreover, monthly meetings are held regularly with the creditor committee to monitor the implementation of the Plan while cash monitoring agent monitors the Company's cash flow to ensure proper cash management of the Company.

- **Exchange Rate Risk**

As all of the main raw materials for production (Slab), are imported from overseas, the Company has outstanding foreign currency expenses while its revenues are from domestic sales dominated in Thai Baht. Moreover, the Company has some debt obligation under the Plan in foreign currency. Therefore, the Company has exposed to foreign exchange rate risk as a result of fluctuation in foreign currency exchange and may have impact to the Company's performance. To mitigate the risk, management has managed the exchange rate risk under the approved policy by the Board of Directors using matching method. The method has conducted by matching the income received from one trading partner to expenses, with the same currency, owed to another trading partner. The rest of the unmatched expenses are covered by forward contracts without any speculation.

However, the Company has received insufficient approval of the forward contract limit to cover the risk from fluctuations in foreign exchange rates for normal business operations and the US dollar debt under the rehabilitation plan due to the suspension of the forward contract after entering the rehabilitation process. In order to mitigate the risk, the Company is currently requesting for approval of additional credit lines for forward contract and opens a Foreign Currency Deposit (FCD) account. Nonetheless, the fluctuation in foreign exchange rates in 2019 has favorable impact for the company in holding foreign currency.

- **Trade Credit Risk**

Trade credit risk is the risk incurred from inability of counterparties of the Company to satisfy the terms and conditions stated in the sale and purchase agreement, thus the payment is not made on the due date. This may result in a negative impact on the Company.

The Company has concentrated on the quality of trade credit by conducting efficient control of credit collection, implementing suitable internal control, having a strict credit policy and reviewing credit allowance and credit granted authority. This is to ensure that the trade credit standard has been followed consistently and to limit level of risk from non-generated income trading credit to be at the level that has not affected the Company's performance. In addition, the Company has closely monitored outstanding overdue debt by joint planning payment schedule and establishing a credit policy in repaying overdue debt (if any) before delivering new products to customers. However, the company has overdue amounts from 2 affiliated companies which payment from sales to them has been controlled and product deliveries have been in accordance with the conditions specified in the Plan. Nonetheless, the Company has already recorded full allowance for doubtful accounts.

3. Production Risk

- **Production Process and Technology Risk**

In production of hot-rolled coils, the Company is exposed to the risk of production incurred from machinery, production process and production technology. Key risks related to the production process and technology include risks of major machinery damage from normal use, risks related to raw material quality control, improper production process resulting in the products that are unable to meet the customer requirements or inability to produce some grade of products, significant yield loss in production, unusable machinery due to obsolete part, and explosion risks. These may affect hot-rolled coil production or may cause production suspension which will further impact product delivery to customers.

To prevent the production risks, the Company has determined the procedures to improve the production process for problem solving and risk management, conducted the inventory management plan to maintain spare parts to be ready for use at all times and acquired new technologies for production to enhance the quality control efficiency and accuracy by installing the Surface Inspection System. The Surface Inspection System facilitates real-time decision making which will enable a prompt reaction on unqualified products leading to significant reduction of inferior goods. The Company has also obtained an automatic system to be used in product quality management to accommodate the ability to meet the customer requirements, reduce human errors and improve product quality consistency. Moreover, the Company has encouraged setting up a working group for the development of production process aiming to figure out solutions for particular problems. The working group is responsible for analysis, improvement planning and implementation of existing and new projects to increase efficiency and reduce production cost as well as improve product quality. The projects are as follows: 1) Zero Scrap Project, 2) Furnace Temperature Reduction Project, 3) Reduction in Work-roll Consumption of Finishing Mill Stands project, 4) In-house maintenance of Edge Induction Heater project, 5) Pinch roll Force & Position Hybrid control project, 6) Self Revamping and Migration Alpha Server to Itanium Server for Process control project, and 7) Increase productivity of pickling and oiling process project 8) Total Productive Maintenance (TPM) project and 9) Zero Accident Project 10) Project of safety and environment culture in organisation with BBS.

- **Risk from Natural Disaster, Fire and other Emergency Incidents Natural Disaster**

Regarding risk from the event of windstorm, flood and fire that may cause an opportunity loss in production and delivery of goods, the Company has managed to mitigate the risk by establishing a working group and prepare its personnel and equipment to be ready for the emergency incidents. Moreover, The Company has insurance covering property damage, damage on goods and products caused by such incidents as well as loss from business interruption in case of fire or natural disaster.

In 2019, the Company had practiced emergency plan in all area for 1 time for flood emergency and totally 18 times for fire case to ensure readiness of personnel to control the incident in the future.

- **Risk from Impacts of Production on Environment, Society and Community**

The Company has evaluated risk from impacts of production on environment, society and community in all aspects to cover the risk possibly incurred in the area of environment, resource utilization, living and society, safety and economy of the community.

In order to reduce impacts possibly occurred from the Company's production to the external community, the Company has operated under the Environmental Standard ISO14001:2015 and continually monitored changes in environmental laws. In addition, the Company has utilised fuel oil with not over 2% sulfur, controlled and inspected the fuel system to ensure the complete combustion, controlled and inspected the water and air treatment equipment to be always ready for use, reused treated water without releasing wastewater to outside area, ensured the result of water and air quality complying with the standard imposed by the government agencies, evaluated the waste management companies and used the service of the waste management companies approved by the Department of Industrial Works, and monitored throughout the waste management process. Moreover, practices of emergency response plan have also been implemented to relieve impacts from possible emergency situations.

In terms of potential impact on communities from transportation of goods, the Company has controlled the transportation vehicles of Sahaviriya Group and monitored via the Community Leadership Council and several activities including Driver training courses, CCTV installation to monitor driving behavior while driving through the community area, set up GPS system to all vehicles with 24-hours controlled, and having checkpoints and rest areas for drivers along the route to Bangkok, etc.

4. Risk from the Unsuccessful Business Rehabilitation or the Delayed Rehabilitation Process Causing Damage to the Business

Since the Central Bankruptcy Court (The Court) issued an order for the Company to enter the Business Rehabilitation process on 10 March 2016 and appointed the Company as the Plan Preparer, and, later on 15 December 2016, approved the business rehabilitation Plan as well as appointed the Company as the Plan Administrator, the Business Rehabilitation under the Bankruptcy Act ordered by the Court may be objected by creditors or denied by the Court at any stage. If occurs, it may cause a delayed or unsuccessful rehabilitation and the Company's creditors are eligible to file bankruptcy against the Company as the Court protection under Section 90/12 regarding Automatic Stay of the Bankruptcy Act would no longer exist if the Court revokes the rehabilitation order.

The Company is aware of the risk from the unsuccessful Business Rehabilitation or the delayed rehabilitation process that may cause damage to its business. Implementation on the Business Rehabilitation Plan has been conducted carefully and continuously and its progress has been reported to The Stock Exchange of Thailand (SET) on quarterly basis or when there is significant event. The Company has regularly held meetings with creditors and also worked closely with the Company's legal counsel and Cash Monitoring Agent, Stock Monitoring Agent and Security Agent to assist the Company to implement the Plan toward the success as indicated in the Plan.

5. Risk from Investment in SSI Securities

As the Company had submitted a petition for Business Rehabilitation to the Court on 1 October 2015, and subsequently, on 10 March 2016, the Court issued an order for the Company's Business Rehabilitation, the statutory rights of shareholders are suspended except the right to receive dividends. For SSI securities, The Stock Exchange of Thailand has posted SP, NP, and NC signs on SSI securities to suspend trading of SSI from 27 April 2016 until its financial status and operations are solved in accordance with SET requirements since the Company's financial statements for the year ended 31 December 2015, audited by an independent auditor, showed negative shareholders' equity. The Company is then subject to possible delisting unless the Company is able to solve its financial status and operations within time provided, in compliance with SET regulations. SET later announced the additional ground for possible delisting due to the auditor issued disclaimer opinions on the Company's financial statements for 3 consecutive years. The closing price on 26 April 2016 when was the last trading date of SSI securities, was Baht 0.05 per share.

In 2019, the Company submitted an explanation and a request for an extension period for eliminating the grounds for delisting which SET had later extended until 25 February 2020. During the extension period, the Company has continually disclosed progress of the implementation on the Rehabilitation Plan as well as financial information revealing improvement of its financial position.

The Company has made the best effort in eliminating the grounds for delisting. As seen from the financial statements for the year ended 31 December 2019, the auditor expressed an opinion on the Company's financial statement which would eliminate the ground for delisting from disclaimer opinions on the Company's financial statements. For the negative equity, the Company has attempted the resolve as quick as possible with minimal impact to the stakeholders.

General Information and Other Key Information

| | |
|---------------------------------|---|
| Name | : SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED |
| Abbreviation | : SSI |
| Company Registration No. | : 0107537000688 |
| Website | : http://www.ssi-steel.com |
| Type of Business | : The Company manufactures and distributes hot-rolled coils with a maximum production capacity of 4 million tons per annum and hot-rolled coils pickled and oiled with maximum production capacity of 1 million tons per annum. The Company endeavors to supply premium-grade steel sheets to cater to the region's growing demand in automobile, energy, transportation, and construction sector. In the downstream industry, the Company has investments in Cold Rolled Coil Business under operation of Thai Cold Rolled Steel Sheet Public Company Limited (TCRSS) and Coated Steel Sheet Business under operation of Thai Coated Steel Sheet Company Limited (TCS). In addition, the Company also has investments in related businesses including Engineering Business under operation of West Coast Engineering Company Limited (WCE) and Port Business under operation of Prachuap Port Company Limited (PPC). |

Location

| | |
|---------------------|--|
| Head Office | : 28/1 Prapawit Building, 2 nd - 3 rd Floor, Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2238-3063-82 Fax 0-2236-8890, 0-2236-8892 |
| Plant Office | : 9 Moo 7, Ban Klang Na - Yai Ploy Road, Mae Ramphueng, Bangsaphan, Prachuap Khiri Khan 77140 Tel. 0-3269-1403, 0-3269-1411, 0-3269-1413-14, 0-3269-1419-20 Fax 0-3269-1416, 0-3269-1421 |

Type and Number of Shares (As of 31 December 2019)

| | | |
|---------------------------|----------------|----------------|
| Registered Capital | 11,113,018,280 | Baht |
| Ordinary Shares | 11,113,018,280 | Shares |
| Par Value | 1 | Baht per share |
| Paid-up Capital | 11,113,018,280 | Baht |
| Ordinary Shares | 11,113,018,280 | Shares |
| Par Value | 1 | Baht per share |

Name, Head Office Location, Type of Business, and Number of Paid-up Shares of Companies in which Shareholding by the Company is More Than 10% of Paid-up Shares as at 31 December 2019

| Name and Head Office Location | Type of Business | Registered Capital (Baht) | Par Value (Baht) | Number of Paid-up Ordinary Shares (Shares) | Shareholding (%) |
|--|-------------------------|----------------------------------|-------------------------|---|-------------------------|
| West Coast Engineering Company Limited 5 th Floor, K & Y Building, 16 Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2234-9889 Fax 0-2233-6669 | Engineering Business | 75,000,000 | 10 | 7,500,000 | 99.99 |
| Prachuap Port Company Limited 6 th Floor, Prapawit Building, 28/1 Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2630-0323-32 Fax 0-2236-7057 | Marine Business | 400,000,000 | 10 | 40,000,000 | 51 |
| Thai Cold Rolled Steel Sheet Public Company Limited 5 th Floor, Prapawit Building, 28/1 Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2630-0300 Fax 0-2630-0320-2 | Downstream Business | 4,816,350,000 | 4.50 | 1,070,300,000 | 35.19 |

Name and Location of Other References

Share Registrar

Ordinary Shares : Thailand Securities Depository Company Limited
93, Ratchadapisek Road, Din Daeng, Bangkok 10400
Tel. 0-2009-9000
Fax 0-2009-9991
TSD Call Center 0-2009-9999

Auditors : Mrs. Suvimol Chrityakierne C.P.A. Registration No. 2982
Miss Somjintana Pholhirunrat C.P.A. Registration No. 5599
Mr. Joompoth Priratanakorn C.P.A. Registration No. 7645
Mr. Nopparoeck Pissanuwong C.P.A. Registration No. 7764
Miss Suphaphorn Mangjit C.P.A. Registration No. 8125
D I A International Audit Company Limited
316/32 Soi Sukhumvit 22, Sukhumvit Road, Klongtoey, Bangkok 10110
Tel. 0-2259-5300
Fax 0-2260-1553

The person taking the highest responsibility in finance and accounting : Mr. Veerawit Tulalamba
Chief Financial Officer
Tel. 0-2238-3063-82
Fax 0-2236-8892
E-mail veerawitt@ssi-steel.com
Chief Financial Officers (CFO)
(Start Date
1 June 2017)

The person supervising accounting : Mr. Thanapatr Phongpipattana
Senior Manager - Finance and Management Accounting
Tel. 0-2238-3063-82
Fax 0-2236-8892
E-mail thanapatrp@ssi-steel.com
Chief Accountant
(Start Date
14 August 2018)

Corporate Secretary : Mr. Surasak Ngamsidhiphongsak
Assistant Vice President - Head of Corporate Secretariat Office
Tel. 0-2238-3063-82
Fax 0-2236-8892
E-mail surasakn@ssi-steel.com

Major Shareholders

List of Major Shareholders

Listed are the names and shareholdings of the largest shareholders as of 26 March 2018. The Company used the document for the registration of increase in paid-up capital with the registrar of Public Limited Company, Ministry of Commerce, and the registration was completed on 28 March 2018.

| Names | As of 26 March 2018 | |
|--|------------------------|----------------------------|
| | Number of Shares | Percentage of Shareholding |
| 1. Krung Thai Bank Public Company Limited | 4,499,394,589 | 40.488 |
| 2. The Siam Commercial Bank Public Company Limited | 4,469,534,816 | 40.219 |
| 3. TISCO Bank Public Company Limited | 874,888,641 | 7.873 |
| 4. Thailand Securities Depository Company Limited for Depositors | 590,833,147 | 5.317 |
| 5. Thailand Securities Depository Company Limited for Depositors (foreign) | 264,164,474 | 2.377 |
| 6. CIMB Thai Bank Public Company Limited | 156,181,954 | 1.405 |
| 7. Sahaviriya Group Corporation Limited | 146,739,141 | 1.320 |
| Distribution of shareholding by nationality | As of 30 December 2019 | |
| | Total Number of Shares | Percentage of Shareholding |
| THAI SHAREHOLDERS | 10,800,912,069 | 97.19 |
| FOREIGN SHAREHOLDERS | 312,106,211 | 2.81 |

Foreign Limit

The Company's foreign shareholding was limited at 49% of the paid-up capital. As of 30 December 2019, the Company's foreign shareholding was 2.81% of the paid-up capital.

Dividend Policy

The Company has a policy to pay dividend at a rate of not less than 25% of net profit after income tax, legal reserve, and other reserves, from the Company's separated financial statements in each year. Dividend payment; nonetheless, depends on economic conditions, operating profit, investment plans, covenant in various contracts, and other appropriated factors, both at present and in the future.

According to the Board of Directors' resolution on the dividend payment, the shareholders' meeting shall approve dividend payment unless there is an interim dividend payment in which the Board of Directors is authorised to approve interim dividend payment. In this case, such payment should be submitted to the next meeting of shareholders for acknowledgement.

As for the dividend policy of the Company's subsidiaries, the Company does not fix any particular rates of dividend payment. It depends on the operational results of each subsidiary, and the Board of Directors of that subsidiary will make the decision concerning dividends on a case-by-case basis.

On 18 April 2019, the Board of Directors' meeting No. 5/2019 of Sahaviriya Steel Industries Public Company Limited as the Plan Administration by the Central Bankruptcy Court's order on 15 December 2016, as the red case No. For. 8/2016, had resolution that no dividend payment shall be made for the operating results of the year 2018, as the Company had retained deficit as at 31 December 2018. Therefore, the Company was unable to allocate dividend payment to shareholders.

The Board of Directors

1. Mr. Somchai Sakulsurarat Chairman of the Board of Directors, Independent Director and Chairman of the Audit Committee Age 71 years

Appointment Date:

- 26 February 2010

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- Master of Management, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Bachelor of Economics (English Program), Thammasat University
- The Joint State-Private Sectors Regular Course, National Defense College
- Certificate of Financial and Banking, Associateship Diploma of the Institute of Bankers, London
- Advance Certificate Course in Public Administration and Law for Executives, King Prajadhipok's Institute
- Director Certification Program (DCP 80/2006), Thai Institute of Directors Association

Work Experience in the Last 5 Years

(as of 31 December 2019):

- Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee, Chumporn Palm Oil Industry Public Company Limited
- Chairman of the Board of Directors, S. Khonkaen Food Public Company Limited
- Director, Lenso Corporation Public Company Limited
- Director and Chairman of Audit Committee, Globlex Holding Management Public Company Limited
- Chairman of the Board of Directors, Thai Agro Exchange Company Limited
- Advisor of Deputy Minister of Finance (Mr. Pradit Phattharaprasit)
- Member of the National Legislative Assembly of Thailand
- President, Thai Military Bank Public Company Limited
- President, Bangkok Metropolitan Bank Public Company Limited
- President, Bank of Ayudhya Public Company Limited

Current Position in Other Organisation:

In listed companies:

- -None-

In non-listed companies:

- Chairman of the Board of Directors, Prachuap Port Company Limited
- Director, West Coast Engineering Company Limited
- Chairman of the Board of Directors, SCJ & Associates Company Limited

In other organisations that may cause any conflict of interest to the Company:

- -None-

Meeting Attendance in Year 2019:

- | | |
|--|-------------|
| 1. The Board of Directors Meeting as the Plan Administrator | 13/13 times |
| 2. The Independent Directors Meeting | 2/2 times |
| 3. The Audit Committee Meeting | 5/5 times |

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

Additional Information on Holding Independent Directors Status:

1. Not being related to management, major shareholder of the Company or its subsidiaries
2. Not being related to the Company, its subsidiaries, its associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years
 - Not being director in roles of management, employees, or advisor who receives full time salary
 - Not providing professional service (i.e. auditor or legal counsel)
 - Not having significant business relationship with the Company in the manner that may interfere with the independent judgment

2. Mr. Tongchat Hongladaromp
 Director, Independent Director
 and Risk Management Committee
 Member
 Age 81 years

Appointment Date:

- 1 March 1994

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- Ph.D. Eng. (Civil), Northwestern University, U.S.A.
- M. Eng. (Civil), Asian Institute of Technology
- B. Eng. (Civil), Chulalongkorn University
- The National Defense Regular Course (Class 32), National Defense College
- Director Accreditation Program (DAP 36/2005), Thai Institute of Directors Association
- Finance for Non-Finance Director 24/2005 (FND 24/2005), Thai Institute of Directors Association

Work Experience in the Last 5 Years**(as of 31 December 2019):**

- 2005 - 2012 • Director, Asian Institute of Technology
- 2004 - 2010 • Independent Director,
Bangkok Polyethylene Public Company
Limited
- 2006 - 2008 • Director,
PTT Exploration and Production
Public Company Limited
- 2003 - 2008 • Director,
PTT Chemical Public Company Limited
- 1997 - 2008 • Chairman of the Board of Directors,
TMB Asset Management Company Limited
- 2001 - 2003 • President,
Thai Petrochemical Industry
Public Company Limited
- 1996 - 2001 • President,
Thai Telephone & Telecommunication
Public Company Limited
- 1987 - 1991 • President,
PTT Exploration and Production
Public Company Limited
- 1979 - 1987 • Governor, Petroleum Authority of Thailand
- 1976 - 1979 • Governor,
Expressway and Rapid Transit Authority
of Thailand

Current Position in Other Organisation:**In listed companies:**

- Chairman of the Board of Directors,
Samart Corporation Public Company Limited

In non-listed companies:

- Director, West Coast Engineering Company Limited
- Chairman of the Board of Directors,
Linde (Thailand) Public Company Limited
- Chairman of the Board of Directors,
C.T. Land Company Limited
- Chairman of the Board of Directors,
Chuchawal-Royal Haskoning Company Limited
- Director, Thai Light Block & Panel Company Limited
- President of the University Council,
King Mongkut's University of Technology Thonburi

In other organisations that may cause any conflict of interest to the Company:

- -None-

Meeting Attendance in Year 2019:

- | | |
|--|-------------|
| 1. The Board of Directors Meeting as the Plan Administrator | 11/13 times |
| 2. The Independent Directors Meeting | 0/2 times |
| 3. The Risk Management Committee Meeting | 4/4 times |

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

Additional Information on Holding Independent Directors Status:

1. Not being related to management, major shareholder of the Company or its subsidiaries
2. Not being related to the Company, its subsidiaries, its associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years
 - Not being director in roles of management, employees, or advisor who receives full time salary
 - Not providing professional service (i.e. auditor or legal counsel)
 - Not having significant business relationship with the Company in the manner that may interfere with the independent judgment

3. Mr. Siripol Yodmuangcharoen

**Director, Independent Director,
Good Corporate Governance Committee
Member and Chairman of the Nomination
and Remuneration Committee**
Age 71 years

Appointment Date:

- 30 April 2010

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- D.B.A., University of South Australia, Australia
- M.B.A., Thammasat University
- B.A. Economics, Thammasat University
- The National Defense Regular Course, National Defense College
- Top Executive Program in Commerce and Trade (TEPCoT 1)
- Certificate, The Civil Service Commission (CSC 17)
- Director Certification Program (DCP 131/2010), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 7), Capital Market Academy

Work Experience in the Last 5 Years

(as of 31 December 2019):

- | | |
|-------------|---|
| 2008 - 2017 | • Chairman of the Board of Executive Directors, The Gem and Jewelry Institute of Thailand (Public Organization) |
| 2011 - 2016 | • Public Sector Development Commission OPDC, Office of the Public Sector Development Commission |
| 2010 - 2016 | • Independent Director, Thai President Foods Public Company Limited |
| 2012 - 2013 | • Director, CAT Telecom Public Company Limited |
| | • Director, Thailand Institute of Scientific and Technological Research |

- | | |
|-------------|---|
| 2011 - 2013 | • Director and Chairman of the Board of Executive Directors/ Chairman of the Audit Committee and Chairman of the Board of Directors, Thai Credit Guarantee Corporation (TCG) |
| 2010 - 2011 | • Director and Chairman of the Risk Management Committee, Government Housing Bank |
| 2009 - 2010 | • Director, Siam City Bank Public Company Limited |
| 2007 - 2009 | • Permanent Secretary, Ministry of Commerce • Commission Member, Securities and Exchange Commission • Director, Office of Insurance Commission • Commission Members, The Office of the Agricultural Futures Trading Commission |
| 2003 - 2009 | • Chairman of the Executive Board, The Office of the Agricultural Futures Trading Commission |
| 2005 - 2008 | • Director, Government Savings Bank |
| 2001 - 2007 | • Director General Department of Internal Trade, Ministry of Commerce |

Current Position in Other Organisation:

In listed companies:

- Director and Chairman of the Risk Management Committee, Siam Food Products Public Company Limited

In non-listed companies:

- Vice Chairman of the Board of Directors, TCC Intertrade Company Limited

In other organisations that may cause any conflict of interest to the Company:

- -None-

Meeting Attendance in Year 2019:

- | | |
|---|-------------|
| 1. The Board of Directors Meeting as the Plan Administrator | 10/13 times |
| 2. The Independent Directors Meeting | 1/2 times |
| 3. The Good Corporate Governance Committee Meeting | 2/2 times |
| 4. The Nomination and Remuneration Committee Meeting | 4/4 times |

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

Additional Information on Holding Independent Directors Status:

1. Not being related to management, major shareholder of the Company or its subsidiaries
2. Not being related to the Company, its subsidiaries, its associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years
 - Not being director in roles of management, employees, or advisor who receives full time salary
 - Not providing professional service (i.e. auditor or legal counsel)
 - Not having significant business relationship with the Company in the manner that may interfere with the independent judgment

4. Mr. Permpoon Krairiksh
Director, Independent Director,
Audit Committee Member
and Chairman of the Risk Management Committee
Age 68 years

Appointment Date:

- 8 December 1999

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- B.A., Boston University, U.S.A.
- The Joint State-Private Sectors Regular Course
National Defense College
- Director Accreditation Program (DAP 3/2003),
Thai Institute of Directors Association
- Understanding the Fundamental of Financial Statements (UFS 12/2007),
Thai Institute of Directors Association
- The Role of The Chairman Program (RCP 37/2015),
Thai Institute of Directors Association

Work Experience in the Last 5 Years**(as of 31 December 2019):**

- 1999 - 2011 • Executive Vice President, Division Head,
Retail Credit and Business Support Division,
The Siam Commercial Bank
Public Company Limited
- 2007 - 2009 • Chairman of the Board of Directors,
SCB Asset Management Company Limited

Current Position in Other Organisation:**In listed companies:**

- Chairman of the Board of Directors and Independent Director Boutique Corporation Public Company Limited

In non-listed companies:

- Director, Boon Rawd Brewery Company Limited
- Independent Director and Audit Committee Member, Chubb Samaggi Insurance Public Company Limited
- Independent Director and Chairman of the Risk Management Committee, The Cambodian Commercial Bank

In other organisations that may cause any conflict of interest to the Company:

- -None-

Meeting Attendance in Year 2019:

- | | |
|---|------------|
| 1. The Board of Directors Meeting as the Plan Administrator | 7/13 times |
| 2. The Independent Directors Meeting | 1/2 times |
| 3. The Audit Committee Meeting | 5/5 times |
| 4. The Risk Management Committee Meeting | 4/4 times |

Criminal Record During the Past 10 Years:

- Being sentenced in Criminal Offence
 - -None-
- Being sentenced for an Absolute Receivership
 - -None-
- Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

- Act in bad faith or with gross negligence.
 - -None-
- Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
- Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

Additional Information on Holding Independent Directors**Status:**

- Not being related to management, major shareholder of the Company or its subsidiaries
- Not being related to the Company, its subsidiaries, its associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years
 - Not being director in roles of management, employees, or advisor who receives full time salary
 - Not providing professional service (i.e. auditor or legal counsel)
 - Not having significant business relationship with the Company in the manner that may interfere with the independent judgment

5. Mr. Yarnsak Manomaiphiboon
Director, Independent Director,
Audit Committee Member
and Good Corporate Governance
Committee Member
Age 56 years

Appointment Date:

- 27 February 2012

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- M.B.A., Indiana University, Bloomington, U.S.A.
- Bachelor Degree in Engineering (2nd Class Hons.), Chulalongkorn University
- Director Accreditation Program (DAP 23/2004), Thai Institute of Directors Association
- Director Certification Program (DCP 60/2005), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 5), Capital Market Academy
- Public Director Certification Program (PDI 3), Public Director Institute

Work Experience in the Last 5 Years**(as of 31 December 2019):**

| | |
|-------------|---|
| 2014 - 2016 | <ul style="list-style-type: none"> Chairman of the Board of Directors, Thai Credit Guarantee Corporation (TCG) Director and Executive Director, The Krungthep Thanakom Company Limited |
| 2011 | <ul style="list-style-type: none"> Independent Director, Audit Committee Member and Risk Management Committee Member Krung Thai Bank Public Company Limited Chairman of the Board of Directors, KTB Leasing Company Limited |
| 2010 - 2011 | <ul style="list-style-type: none"> Director, Federation of Thai Capital Market Organizations |
| 2009 - 2011 | <ul style="list-style-type: none"> Director and Chairman of the Audit Committee, MCOT Public Company Limited Chairman of the Risk Management Committee and Executive Director, Bualuang Securities Public Company Limited Director, The Thai Bond Market Association |
| 2008 | <ul style="list-style-type: none"> Director, Settrade Dot Com Company Limited |
| 2007 - 2011 | <ul style="list-style-type: none"> Executive Director, Association of Thai Securities Companies |
| 2007 - 2008 | <ul style="list-style-type: none"> IT Steering Committee, The Stock Exchange of Thailand |
| 2005 - 2009 | <ul style="list-style-type: none"> President and Executive Director, Bualuang Securities Public Company Limited |

Current Position in Other Organisation:**In listed companies:**

- Independent Director and Audit Committee Member, Chememan Public Company Limited
- Independent Director and Chairman of Audit Committee, Principle Capital Public Company Limited

In non-listed companies:

- Director, ASCO Business Promotion Company Limited
- Director, National Digital ID Company Limited
- President, Association of Thai Securities Companies
- Advisor, Federation of Thai Capital Market Organizations

In other organisations that may cause any conflict of interest to the Company:

- None-

Meeting Attendance in Year 2019:

| | |
|---|------------|
| 1. The Board of Directors Meeting as the Plan Administrator | 9/13 times |
| 2. The Independent Directors Meeting | 1/2 times |
| 3. The Audit Committee Meeting | 5/5 times |
| 4. The Good Corporate Governance Committee Meeting | 4/4 times |

Criminal Record During the Past 10 Years:

- Being sentenced in Criminal Offence
 - None-
- Being sentenced for an Absolute Receivership
 - None-
- Being sentenced to be Bankrupt
 - None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

- Act in bad faith or with gross negligence.
 - None-
- Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - None-
- Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - None-

Additional Information on Holding Independent Directors Status:

- Not being related to management, major shareholder of the Company or its subsidiaries
- Not being related to the Company, its subsidiaries, its associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years
 - Not being director in roles of management, employees, or advisor who receives full time salary
 - Not providing professional service (i.e. auditor or legal counsel)
 - Not having significant business relationship with the Company in the manner that may interfere with the independent judgment

6. Mr. Somchai Pipitvijitkorn

Director,
Risk Management Committee Member
and Nomination and Remuneration
Committee Member
Age 80 years

Appointment Date:

- 29 April 2003

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- M.B.A., Michigan State University, U.S.A.
- Bachelor's Degree (Second-Class Honors),
Faculty of Accounting, Chulalongkorn University
- Seminar on Directors' Compensation of Thai Companies 2004
held on 22 February 2005

Work Experience in the Last 5 Years

(as of 31 December 2019):

- | | |
|-------------|--|
| 2010 - 2014 | • Chairman of the Board of Directors, Bangsaphan Barmill Public Company Limited |
| 2004 - 2014 | • Director, Bangsaphan Barmill Public Company Limited |
| 2009 - 2012 | • Director, Thai Cold Rolled Steel Sheet Public Company Limited |
| 1990 - 1999 | • Director, Sahaviriya Steel Industries Public Company Limited |
| | • Director, Thai Cold Rolled Steel Sheet Public Company Limited |
| 1986 - 1998 | • Director, Siam City Cement Public Company Limited |
| 1984 - 1999 | • Director, Bank of Ayudhya Public Company Limited |
| 1983 - 1999 | • Director, Ayudhya Life Assurance Public Company Limited |

Current Position in Other Organisation:

In listed companies:

- Director, MK Restaurant Group Public Company Limited

In non-listed companies:

- -None-

In other organisations that may cause any conflict of interest to the Company:

- Director, Sahaviriya Plate Mill Public Company Limited

Meeting Attendance in Year 2019:

- | | |
|--|------------|
| 1. The Board of Directors Meeting as the Plan Administrator | 7/13 times |
| 2. The Risk Management Committee Meeting | 4/4 times |
| 3. The Nomination and Remuneration Committee Meeting | 3/4 times |

Criminal Record During the Past 10 Years:

- Being sentenced in Criminal Offence
 - -None-
- Being sentenced for an Absolute Receivership
 - -None-
- Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

- Act in bad faith or with gross negligence.
 - -None-
- Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
- Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

7. Mr. Kamol Juntima

Director and Chairman of
the Good Corporate Governance
Committee Member
Age 81 years

Appointment Date:

- 28 April 1998

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- 0.0003% (44,429 shares)

Education and Training:

- M.P.A., National Institute of Development Administration (NIDA)
- Bachelor of Commerce, Thammasat University
- Bachelor of Accountancy, Thammasat University
- The National Defense Regular Course (Class 33), National Defense College
- Director Certification Program (DCP 3/2000), Thai Institute of Directors Association
- The Role of The Chairman Program (RCP 4/2001), Thai Institute of Directors Association
- Board & CEO 1/2003, Thai Institute of Directors Association
- DCP Refresher Course 4/2007, Thai Institute of Directors Association

Work Experience in the Last 5 Years

(as of 31 December 2019):

- 2016 - 2018 • Chairman of The Audit Quality Oversight Subcommittee,
Federation of Accounting Professions
- 2008 - 2013 • Chairman of Ethics Committee,
Federation of Accounting Professions
- 2003 - 2013 • Directors and Chairman of
the Audit Committee,
Electronic Industry Public Company Limited
- 2007 - 2012 • Chairman of Audit and Evaluation Committee,
Ministry of Education
- 2000 - 2002 • Chairman of the Board Financial Sector
Restructuring Authority (FRA)
- 1998 - 2000 • Audit Committee Chairman,
Provincial Electricity Authority
- 1998 • Comptroller General, Ministry of Finance
- 1996 - 1998 • Chairman of the Board Government
Lottery Office
- 1995 - 1999 • Director and Chairman of Executive Board,
Government Housing Bank
- 1993 - 1998 • Deputy Permanent Secretary for Finance,
Ministry of Finance

Current Position in Other Organisation:

In listed companies:

- Chairman of the Board of Directors,
IT CITY Public Company Limited

In non-listed companies:

- Chairman of the Board of Directors,
West Coast Engineering Company Limited
- Director, Prachuap Port Company Limited
- Chairman of the Board of Directors,
TRIS Corporation Limited

In other organisations that may cause any conflict of interest to the Company:

- -None-

Meeting Attendance in Year 2019:

- | | |
|--|-------------|
| 1. The Board of Directors Meeting as the Plan Administrator | 11/13 times |
| 2. The Good Corporate Governance Committee Meeting | 4/4 times |

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

**Punishment Record During the Past 5 Years Related to
the Commission of Offences under the Provisions of
the Securities and Exchange Act B.E. 2535
or Derivatives Act B.E. 2546 in the Following Cases:**

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement
which may be misled, or concealing facts which should
have been stated in materiality that may affect on the
decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors
in the trading of securities or derivatives, or being
or having been participated in or supported such act.
 - -None-

8. Mr. Win Viriyaprapaikit
 Director,
 Group Chief Executive Officer,
 President,
 Head of Upstream Business Unit,
 Head of Hot Rolled Business Unit,
 Head of HBU Business Stewardship
 and Business Partners Office
 Age 49 years

Appointment Date:

- 30 June 1999

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- M.B.A., Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Bachelor's Degree in Industrial Engineering, Keio University, Tokyo, Japan
- Directors Certification Program (DCP 100/2008), Thai Institute of Directors Association
- The Role of The Chairman Program (RCP 20/2008), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 5), Capital Market Academy

Work Experience in the Last 5 Years**(as of 31 December 2019):**

- 2010 - 2015 • Director and President,
Sahaviriya Steel Industries UK Limited
- 2008 - 2014 • Director and Management Committee Member,
Thai Cold Rolled Steel Sheet
Public Company Limited
- 2012 - 2013 • Chairman of the Board of Directors
and Chairman of the Management Committee,
Thai Cold Rolled Steel Sheet
Public Company Limited
- 1996 - 2012 • Director,
Thai Coated Steel Sheet Company Limited
- 1999 - 2003 • Director,
Thai Cold Rolled Steel Sheet
Public Company Limited

Current Position in Other Organisation:**In listed companies:**

- Director, Bangsaphan Barmill Public Company Limited

In non-listed companies:

- Director and Chairman of the Board of Executive Directors,
West Coast Engineering Company Limited
- Director and Chairman of the Board of Executive Directors,
Prachuap Port Company Limited
- Director, Sahaviriya Group Corporation Limited
- Director, Sahaviriya Inter Steel Holdings Company Limited
- Director, Sahaviriya Steel Corporation Limited

In other organisations that may cause any conflict of interest to the Company:

- Director, Sahaviriya Plate Mill Public Company Limited
- Director, Sahaviriya Management Company Limited
- Chairman of the Board of Directors,
Thai Steel Sales Company Limited
- Director, Prapawit Building Property Company Limited

Meeting Attendance in Year 2019:

- The Board of Directors Meeting
as the Plan Administrator 12/13 times

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

9. Mr. Nava Chantanasurakon
Director,
the Nomination and Remuneration
Committee Member
and Senior Vice President,
Supervision
- Group Government Affairs Office
Management
- Commercial Division
Age 54 years

Appointment Date:

- 18 June 2015

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- Master of Public Administration
(Public Policy & Project Management),
National Institute of Development Administration (NIDA)
- Bachelor of Arts (Politics and Government) 1st Class Honor,
Thammasat University
- Director Certification Program (DCP 104/2008),
Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 19),
Capital Market Academy
- National Defense Program (NDC 57),
National Defense College
- Top Executive Program in Commerce and Trade (TEPCoT 12),
Commerce Academy

Work Experience in the Last 5 Years**(as of 31 December 2019):**

- | | |
|-------------|---|
| 2012 - 2018 | • Director and Executive Director, Thai Coated Steel Sheet Company Limited |
| 2014 - 2015 | • Chairman of the Board of Directors, Thai Cold Rolled Steel Sheet Public Company Limited |
| 2012 - 2015 | • Chairman of the Management Committee, Thai Cold Rolled Steel Sheet Public Company Limited |
| 2012 - 2014 | • President, Thai Cold Rolled Steel Sheet Public Company Limited |
| 2003 - 2007 | • Director, Corporate Affairs Division, Pikul-thong Lum-sum Group of Companies |
| 1991 - 2003 | • Deputy General Manager, Human Resources Department, Toyota Motor Thailand Company Limited |

Current Position in Other Organisation:**In listed companies:**

- -None-

In non-listed companies:

- Director and Management Committee Member,
Thai Cold Rolled Steel Sheet Public Company Limited

In other organisations that may cause any conflict of interest to the Company:

- Director, Sahaviriya Plate Mill Public Company Limited
- Director, Thai Steel Sales Company Limited

Meeting Attendance in Year 2019:

- | | |
|--|-------------|
| 1. The Board of Directors Meeting as the Plan Administrator | 12/13 times |
| 2. The Nomination and Remuneration Committee Meeting | 4/4 times |

Criminal Record During the Past 10 Years:

- Being sentenced in Criminal Offence
 - -None-
- Being sentenced for an Absolute Receivership
 - -None-
- Being sentenced to be Bankrupt
 - -None-

**Punishment Record During the Past 5 Years Related to
the Commission of Offences under the Provisions of
the Securities and Exchange Act B.E. 2535
or Derivatives Act B.E. 2546 in the Following Cases:**

- Act in bad faith or with gross negligence.
 - -None-
- Disclosure or providing the information or a false statement
which may be misled, or concealing facts which should
have been stated in materiality that may affect on the
decision-making to shareholders, investors, or related persons.
 - -None-
- Unfair practices or taking advantage of investors
in the trading of securities or derivatives, or being
or having been participated in or supported such act.
 - -None-

10. Mr. Kittisak Mapanao

Director,
Senior Vice President,
Chief Technology Officer,
Head of Engineering Business Unit,
Head of Steel Construction Business Office,
Head of Dream Maker Business Office
Age 53 years

Appointment Date:

- 15 February 2018

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- 0.0005% (65,467 shares)

Education and Training:

- M.B.A., Chulalongkorn University
- B. Eng. (Industrial Engineering), Khonkaen University
- Directors Certification Program (DCP 104/2009), Thai Institute of Directors Association

Work Experience in the Last 5 Years

(as of 31 December 2019):

- | | |
|-------------|---|
| 2012 - 2018 | • Director and Executive Director, Prachuap Port Company Limited |
| 2013 - 2015 | • Director, Sahaviriya Steel Industries UK Limited |
| 2010 - 2012 | • Director and Management Committee Member, Thai Cold Rolled Steel Sheet Public Company Limited |
| 1991 - 1992 | • Industrial Engineer, Hana Coil Company Limited |

Current Position in Other Organisation:

In listed companies:

- -None-

In non-listed companies:

- President, West Coast Engineering Company Limited
- Director and Executive Director,
West Coast Engineering Company Limited

In other organisations that may cause any conflict of interest to the Company:

- -None-

Meeting Attendance in Year 2019:

- The Board of Directors Meeting
as the Plan Administrator 13/13 times

Criminal Record During the Past 10 Years:

- Being sentenced in Criminal Offence
 - -None-
- Being sentenced for an Absolute Receivership
 - -None-
- Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

- Act in bad faith or with gross negligence.
 - -None-
- Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
- Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

11. Mr. Narongrit Chotnuchittrakul

Director

Senior Vice President,

Supervision

– Group Information Technology Office

– Head of DBU Business Stewardship
and Business Partners Office

Age 50 years

Appointment Date:

- 18 July 2019

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- M.B.A., Dhurakijpundit University
- Bachelor of Business Administration, Bangkok University
- Bachelor of Accounting, Siam University

Work Experience in the Last 5 Years

(as of 31 December 2019):

- | | |
|-------------|--|
| 2011 - 2018 | • Director and Executive Director, West Coast Engineering Company Limited |
| 2013 - 2017 | • Vice President - Finance and Accounting Division, Sahaviriya Steel Industries Public Company Limited |
| 2012 - 2015 | • President, West Coast Engineering Company Limited |
| 2009 - 2011 | • Vice President - Finance and Accounting Division, Thai Cold Rolled Steel Sheet Public Company Limited |

Current Position in Other Organisation:

In listed companies:

- -None-

In non-listed companies:

- Director, Management Committee Member and President,
Thai Cold Rolled Steel Sheet Public Company Limited
- Director, Thai Coated Steel Sheet Company Limited

In other organisations that may cause any conflict of interest to the Company:

- -None-

Meeting Attendance in Year 2019:

- The Board of Directors Meeting
as the Plan Administrator 5/5 times

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

The Management

1. Mr. Win Viriyaprapaikit
 Group Chief Executive Officer,
 President,
 Head of Upstream Business Unit,
 Head of Hot Rolled Business Unit,
 Head of HBU Business Stewardship
 and Business Partners Office
 Age 49 years

Appointment Date:

- 1 January 2004

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- M.B.A., Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Bachelor's Degree in Industrial Engineering, Keio University, Tokyo, Japan
- Director Certification Program (DCP 100/2008), Thai Institute of Directors Association
- The Role of The Chairman Program (RCP 20/2008), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 5), Capital Market Academy

Work Experience in the Last 5 Years

(as of 31 December 2019):

- 2010 - 2015 • Director and President, Sahaviriya Steel Industries UK Limited
- 2008 - 2014 • Director and Management Committee Member, Thai Cold Rolled Steel Sheet Public Company Limited
- 2012 - 2013 • Chairman of the Board of Directors and Chairman of the Management Committee, Thai Cold Rolled Steel Sheet Public Company Limited
- 1996 - 2012 • Director, Thai Coated Steel Sheet Company Limited
- 1999 - 2003 • Director, Thai Cold Rolled Steel Sheet Public Company Limited

Current Position in Other Organisation:

In listed companies:

- Director, Bangsaphan Barmill Public Company Limited

In non-listed companies:

- Director and Chairman of the Board of Executive Directors, West Coast Engineering Company Limited
- Director and Chairman of the Board of Executive Directors, Prachuap Port Company Limited
- Director, Sahaviriya Group Corporation Limited
- Director, Sahaviriya Inter Steel Holdings Company Limited
- Director, Sahaviriya Steel Corporation Limited

In other organisations that may cause any conflict of interest to the Company:

- Director, Sahaviriya Plate Mill Public Company Limited
- Director, Sahaviriya Management Company Limited
- Chairman of the Board of Directors, Thai Steel Sales Company Limited
- Director, Prapawit Building Property Company Limited

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

2. Mr. Nava Chantanasurakon
Senior Vice President,
Supervision
– Group Government Affairs Office
Management
– Commercial Division
Age 54 years

Appointment Date:

- 1 April 2008

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- Master of Public Administration (Public Policy & Project Management), National Institute of Development Administration (NIDA)
- Bachelor of Arts (Politics and Government) 1st Class Honor, Thammasat University
- Director Certification Program (DCP 104/2008), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 19), Capital Market Academy
- National Defense Program (NDC 57), National Defense College
- Top Executive Program in Commerce and Trade (TEPCoT 12), Commerce Academy

Work Experience in the Last 5 Years**(as of 31 December 2019):**

- | | |
|-------------|---|
| 2012 - 2018 | • Director and Executive Director, Thai Coated Steel Sheet Company Limited |
| 2014 - 2015 | • Chairman of the Board of Directors, Thai Cold Rolled Steel Sheet Public Company Limited |
| 2012 - 2015 | • Chairman of the Management Committee, Thai Cold Rolled Steel Sheet Public Company Limited |
| 2012 - 2014 | • President, Thai Cold Rolled Steel Sheet Public Company Limited |
| 2003 - 2007 | • Director, Corporate Affairs Division, Pikul-thong Lum-sum Group of Companies |
| 1991 - 2003 | • Deputy General Manager, Human Resources Department, Toyota Motor Thailand Company Limited |

Current Position in Other Organisation:**In listed companies:**

- -None-

In non-listed companies:

- Director and Management Committee Member, Thai Cold Rolled Steel Sheet Public Company Limited

In other organisations that may cause any conflict of interest to the Company:

- Director, Sahaviriya Plate Mill Public Company Limited
- Director, Thai Steel Sales Company Limited

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

3. Mr. Kittisak Mapanao
 Senior Vice President,
 Chief Technology Officer,
 Head of Engineering Business Unit,
 Head of Steel Construction
 Business Office,
 Head of Dream Maker Business Office
 Age 53 years

Appointment Date:

- 1 May 2008

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- 0.0005% (65,467 shares)

Education and Training:

- M.B.A., Chulalongkorn University
- B. Eng. (Industrial Engineering), Khonkaen University
- Directors Certification Program (DCP 104/2009), Thai Institute of Directors Association

Work Experience in the Last 5 Years**(as of 31 December 2019):**

- | | |
|-------------|---|
| 2012 - 2018 | • Director and Executive Director, Prachuap Port Company Limited |
| 2013 - 2015 | • Director, Sahaviriya Steel Industries UK Limited |
| 2010 - 2012 | • Director and Management Committee Member, Thai Cold Rolled Steel Sheet Public Company Limited |
| 1991 - 1992 | • Industrial Engineer, Hana Coil Company Limited |

Current Position in Other Organisation:**In listed companies:**

- -None-

In non-listed companies:

- President, West Coast Engineering Company Limited
- Director and Executive Director, West Coast Engineering Company Limited

In other organisations that may cause any conflict of interest to the Company:

- -None-

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

4. Mr. Narongrit Chotnuchittrakul
Senior Vice President,
Supervision
– Group Information Technology Office,
Head of DBU Business Stewardship
and Business Partners Office
Age 50 years

Appointment Date:

- 1 January 2010

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- M.B.A., Dhurakijpundit University
- Bachelor of Business Administration, Bangkok University
- Bachelor of Accounting, Siam University

Work Experience in the Last 5 Years

(as of 31 December 2019):

- 2011 - 2018 • Director and Executive Director,
West Coast Engineering Company Limited
- 2013 - 2017 • Vice President - Finance
and Accounting Division,
Sahaviriya Steel Industries
Public Company Limited
- 2012 - 2015 • President,
West Coast Engineering Company Limited
- 2009 - 2011 • Vice President - Finance
and Accounting Division,
Thai Cold Rolled Steel Sheet
Public Company Limited

Current Position in Other Organisation:

In listed companies:

- -None-

In non-listed companies:

- Director, Management Committee Member and President
Thai Cold Rolled Steel Sheet Public Company Limited
- Director, Thai Coated Steel Sheet Company Limited

In other organisations that may cause any conflict of interest to the Company:

- -None-

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

5. Mr. Somsak Sivapaiboon
Senior Vice President,
Head of Downstream Business Unit,
Head of Marine Business Unit,
Head of Partnership Management Center,
Head of Marine Business Development Office,
Head of Ship Building & Recycling Business Office,
Head of Offshore Business Office,
Head of MBU Business Stewardship and Business Partners Office
Age 57 years

Appointment Date:

- 1 March 2013

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- 0.0003% (34,602 shares)

Education and Training:

- M.S. (Logistics and Supply Chain Management), Sripatum University
- M.B.A., Sukhothai Thammathirat Open University
- Bachelor of Management Science, Sukhothai Thammathirat Open University
- Directors Accreditation Program (DAP 60/2006), Thai Institute of Directors Association
- Directors Certification Program (DCP 84/2007), Thai Institute of Directors Association
- Finance for Non-Finance Director (FND 34/2007), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 9), Capital Market Academy
- Top Executive Program in Commerce and Trade (TEPCoT 12), Commerce Academy

Work Experience in the Last 5 Years

(as of 31 December 2019):

- | | |
|-------------|--|
| 2013 - 2019 | • Director and Executive Director, West Coast Engineering Company Limited |
| 2015 - 2017 | • Chairman of the Board of Directors and Chairman of the Management Committee, Thai Cold Rolled Steel Sheet Public Company Limited |
| 2013 - 2015 | • Director, Sahaviriya Steel Industries UK Limited |
| 2010 - 2014 | • Chairman of the Board of Directors, Pornpiyacharn Transport Company Limited |
| 2010 - 2012 | • President, Thai Cold Rolled Steel Sheet Public Company Limited |
| | • Director, Thai Coated Steel Sheet Company Limited |
| 2006 - 2012 | • Deputy Chairman of the Board of Directors, Chu Kai Public Company Limited |
| 2004 - 2012 | • Director and Executive Director, Thai Cold Rolled Steel Sheet Public Company Limited |
| 2001 - 2012 | • Director, Prachuap Port Company Limited |
| 2005 - 2010 | • President, Line Transport Company Limited |
| 2001 - 2010 | • President, Prachuap Port Company Limited |
| 2000 - 2005 | • President, Bangsaphan Transport Company Limited |
| 1997 - 2000 | • General Manager - Sales & Marketing, Thai Steel Sales Company Limited |

Current Position in Other Organisation:**In listed companies:**

- -None-

In non-listed companies:

- Director and Management Committee Member, Thai Cold Rolled Steel Sheet Public Company Limited
- Director and Executive Director, Thai Coated Steel Sheet Company Limited
- President, Prachuap Port Company Limited
- Director and Executive Director, Prachuap Port Company Limited

In other organisations that may cause any conflict of interest to the Company:

- Director, Thai Steel Sales Company Limited

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

6. Mr. Jira Chotinuchit

Senior Vice President,
Supervision

- Group Legal Office
 - Group Sustainable Development and Communication Office
 - Group Sustainable Infrastructure Office
 - Group Local Government Affairs Office, Head of Energy Business Unit, Head of Group Procurement Office, Head of Group Compliance and Corporate Governance Office and Secretary to the Good Corporate Governance Committee
- Age 52 years

Appointment Date:

- 1 September 2018

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- Master of Comparative and International Law, University of IOWA, U.S.A.
- Bachelor of Law, Chulalongkorn University

Work Experience in the Last 5 Years**(as of 31 December 2019):**

- 2012 - 2018 • Managing Director, Lockton Wattana Insurance Company Limited
- 2007 - 2012 • Vice President, Office of the President Sahaviriya Steel Industries Public Company Limited

Current Position in Other Organisation:**In listed companies:**

- -None-

In non-listed companies:

- Director and Executive Director, Prachuap Port Company Limited
- Director and Executive Director, West Coast Engineering Company Limited

In other organisations that may cause any conflict of interest to the Company:

- -None-

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

7. Mr. Thinnakorn Phadungwong
Vice President,
Head of Steel Solution Center
Age 52 years

Appointment Date:

- 1 May 2013

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- The Doctor of Engineering (Mechanical Engineering) The Sirindhorn International Thai-German Graduate School of Engineering (TGGS), King Mongkut's University of Technology North Bangkok
- Master's Degree of Metallurgical Engineering, Chulalongkorn University
- Bachelor's Degree of Industrial Engineering, Kasetsart University

Work Experience in the Last 5 Years**(as of 31 December 2019):**

- 2013 - 2015 • Vice President - Manufacturing Division, Sahaviriya Steel Industries Public Company Limited
- 2000 - 2012 • Assistant Vice President - Manufacturing Division (Operation), Sahaviriya Steel Industries Public Company Limited

Current Position in Other Organisation:**In listed companies:**

- -None-

In non-listed companies:

- -None-

In other organisations that may cause any conflict of interest to the Company:

- -None-

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

8. Mr. Manin Inprom
Vice President
Management
– Manufacturing Division
Age 49 years

Appointment Date:

- 19 May 2016

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- M.B.A., Burapha University
- Bachelor's Degree of Industrial Engineering, Kasetsart University

Work Experience in the Last 5 Years

(as of 31 December 2019):

- | | |
|-------------|--|
| 2014 - 2015 | <ul style="list-style-type: none"> • Assistant Vice President - Manufacturing Division (Operation), Sahaviriya Steel Industries Public Company Limited |
| 2012 - 2014 | <ul style="list-style-type: none"> • Assistant Vice President - Group Purchasing Office, Office of the President Sahaviriya Steel Industries Public Company Limited |

Current Position in Other Organisation:

In listed companies:

- -None-

In non-listed companies:

- Director, Thai Coated Steel Sheet Company Limited

In other organisations that may cause any conflict of interest to the Company:

- -None-

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

9. Mr. Peter Rowson

Vice President
Business Unit
– Upstream Business Unit
Age 56 years

Appointment Date:

- 1 November 2014

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- The Fellowship of Chartered Accountants, Chartered Accountant (ICAEW), Institute of Chartered Accountants of England and Wales Manchester Metropolitan University

Work Experience in the Last 5 Years

(as of 31 December 2019):

- | | |
|-------------|---|
| 2013 - 2015 | • Finance Director, Sahaviriya Steel Industries UK Limited |
| 2009 - 2011 | • Finance Director, V2O Management Company Limited |
| 2004 - 2008 | • CFO, Focus Energy Company Limited |

Current Position in Other Organisation:

In listed companies:

- -None-

In non-listed companies:

- -None-

In other organisations that may cause any conflict of interest to the Company:

- -None-

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

10. Mr. Veerawit Tulalamba

Vice President, Chief Financial Officer,
Group Chief Financial Officer,
Head of Group Risk Management Office,
Acting Head of Accounting Sub-Division,
Head of Group Finance and Accounting Excellence Office,
Head of Group F&A Business Partners and Secondees Office,
The Person Taking the Highest Responsibility in Finance and Accounting (CFO)
and Secretary to the Risk Management Committee
Age 49 years

Appointment Date:

- 1 June 2017

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- Master of Business Administration, National Institute of Development Administration (NIDA)
- B.A. Economics, Thammasat University

Work Experience in the Last 5 Years**(as of 31 December 2019):**

- 2014 - 2017 • Assistant Vice President - Group Finance and Accounting Office,
Sahaviriya Steel Industries Public Company Limited
- 2004 - 2014 • Deputy Managing Director and Company Secretary,
Bangsaphan Barmill Public Company Limited

Current Position in Other Organisation:**In listed companies:**

- -None-

In non-listed companies:

- Director and Executive Directors,
West Coast Engineering Company Limited
- Director and Executive Directors,
Prachuap Port Company Limited

In other organisations that may cause any conflict of interest to the Company:

- Director, Sahaviriya Plate Mill Public Company Limited

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

11. Mr. Yongyuth Malithong

**Vice President,
Head of Group Human Resources Office
and Secretary to the Nomination
and Remuneration Committee
Age 49 years**

Appointment Date:

- 1 January 2016

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- Master of Public Administration
(Human Resources Management),
National Institute of Development Administration (NIDA)
- Bachelor of Art (Political Science), Chiang Mai University

Work Experience in the Last 5 Years**(as of 31 December 2019):**

- 2008 - 2010 • HR & GA Director,
New International School of Thailand
- 2007 - 2008 • Operation Director,
Master Car Rental Company Limited
(Millennium Auto Group)
- 2006 - 2007 • Operation Manager,
Master Car Rental Company Limited
(Millennium Auto Group)

Current Position in Other Organisation:**In listed companies:**

- -None-

In non-listed companies:

- -None-

In other organisations that may cause any conflict of interest to the Company:

- Director and Acting President,
Sahaviriya Plate Mill Public Company Limited

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

12. Mr. Surasak Ngamsidhipongsa

Company Secretary
Age 61 years

Appointment Date:

- 21 January 1994

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- M.B.A., Thammasat University
- M.A. (Economic Law), Chulalongkorn University
- LL.M. (Business Law), Ramkhamhaeng University
- M.P.P.M., National Institute of Development Administration (NIDA)
- Barrister-at-law,
Institute of Legal Education Thai Bar Association
- Bachelor of Law, Ramkhamhaeng University
- Director Certification Program (DCP 15/2002),
Thai Institute of Directors Association
- Company Secretary Program (CSP 5/2004),
Thai Institute of Directors Association
- TCLA Executive Development Program (EDP 8),
Thai Listed Companies Association

Work Experience in the Last 5 Years**(as of 31 December 2019):**

- 1988 - 1993 • Deputy Secretary to the Board of Directors,
Siam Realty and Services Company Limited
- 1985 - 1993 • Senior Analyst,
Bank of Ayudhya Public Company Limited

Current Position in Other Organisation:**In listed companies:**

- -None-

In non-listed companies:

- -None-

In other organisations that may cause any conflict of interest to the Company:

- -None-

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

13. Miss Pattamawan Boontang
Secretary to the Audit Committee
Age 44 years

Appointment Date:

- 6 January 2016

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- M.B.A., Southeastern University (London Campus)
- B. Sc. in Computer Science,
The University of the Thai Chamber of Commerce

Work Experience in the Last 5 Years (as of 31 December 2019):

- 2011 - 2015 • Audit Manager IT,
Sahaviriya Steel Industries
Public Company Limited
- 2005 - 2011 • Assistant Audit Manager IT,
Sahaviriya Steel Industries
Public Company Limited

Current Position in Other Organisation:

In listed companies:

- -None-

In non-listed companies:

- -None-

In other organisations that may cause any conflict of interest to the Company:

- -None-

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

1. Act in bad faith or with gross negligence.
 - -None-
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - -None-
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - -None-

Shareholding of Directors and Management

| No. | Directors and Management Name | 31 December 2018 (Par value of Baht 1 per share) | 31 December 2019 (Par value of Baht 1 per share) | Increase (Decrease) in No. of Shares During 2019 (Par value of Baht 1 per share) |
|-----|--------------------------------|---|---|---|
| 1. | Mr. Somchai Sakulsurat | - | - | - |
| 2. | Mr. Tongchat Hongladaromp | - | - | - |
| 3. | Mr. Siripol Yodmuangcharoen | - | - | - |
| 4. | Mr. Permpoon Krairiksh | - | - | - |
| 5. | Mr. Yarnsak Manomaiphiboon | - | - | - |
| 6. | Mr. Somchai Pipitvijitkorn | - | - | - |
| 7. | Mr. Kamol Juntima | 44,429 shares | 44,429 shares | - |
| 8. | Mr. Win Viriyaprapaikit | - | - | - |
| 9. | Mr. Nava Chantanasurakon | - | - | - |
| 10. | Mr. Kittisak Mapanao | 65,467 shares | 65,467 shares | - |
| 11. | Mr. Narongrit Chotnuchittrakul | - | - | - |
| 12. | Mr. Somsak Sivapaiboon | 34,602 shares | 34,602 shares | - |
| 13. | Mr. Jira Chotinuchit | - | - | - |
| 14. | Mr. Thinnakorn Phadungwong | - | - | - |
| 15. | Mr. Manin Inprom | - | - | - |
| 16. | Mr. Peter Rowson | - | - | - |
| 17. | Mr. Veerawit Tulalamba | - | - | - |
| 18. | Mr. Yongyuth Malithong | - | - | - |

Report of the Nomination and Remuneration Committee for 2019

The Nomination and Remuneration Committee (the “Committee”) hereby reports the assignments performed by the Nomination and Remuneration Committee as follows:

The meeting of the Board of Directors of Sahaviriya Steel Industries Public Company Limited No. 5/2011 held on 11 August 2011 resolved to approve the combination of the Nomination Committee and the Remuneration Committee to become the Nomination and Remuneration Committee. The Committee comprises at least 3 directors of the Company as members which at least 1 member has to be an independent director with the Vice President of Human Resources and Administration Division as the Secretary to the Committee. The term of office is from 1 September 2017 to 31 August 2020.

The Committee has the duty to select qualified candidates for the nomination of the directors or the President of the Company which is to be further proposed to the Board of Directors’ meeting or the shareholders’ meeting as the case may be. Moreover, the Committee has the duty to consider the guidelines for determining the remuneration of the Board of Directors, committees appointed by the Board of Directors, the President as well as the compensation structure of senior executives of the Company based on fair and reasonable criteria or procedure and remuneration structure.

Existing members of the Nomination and Remuneration Committee are as follows:

- | | |
|--------------------------------|--|
| 1. Mr. Siripol Yodmuangchareon | Chairman of the Nomination and Remuneration Committee |
| 2. Mr. Somchai Pipitvijitkorn | Nomination and Remuneration Committee Member |
| 3. Mr. Nava Chantanasurakon | Nomination and Remuneration Committee Member |
| 4. Mr. Yongyuth Malithong | Secretary to the Nomination and Remuneration Committee |

The duties performed as assigned by the Board of Directors consist of:

1. The Nomination and Remuneration Committee held 3 meetings in 2019 to consider the following matters:

1.1 The meeting of the Nomination and Remuneration Committee was held on 9 April 2019 to consider an adjustment of the President’s salary.

The Committee considered an adjustment of the President’s salary based on the performance of the President for the previous year that was linked to the Company’s performance and other factors. In considering the remuneration of the President for the year 2019, it’s shown that the President has dedicated his knowledge and abilities as well as his best effort to perform his duties. As a result, the Company could record net profit although it is lower than target set forth due to the unrecovered domestic steel market’s condition. The Committee, consequently, unanimously resolved to adjust the President’s annual salary at the rate of 7.25% of based salary in March 2019, for his dedication with full capacity and knowledge.

1.2 The meeting of the Nomination and Remuneration Committee was held on 18 July 2019 to acknowledge the issues as follows:

1.2.1 Acknowledging that Mr. Pichai Eursirisub has statutory vacated his position as director, independence director, and member of the Good Corporate Governance Committee.

1.2.2 Considering qualified candidates for director position from the list of independent directors of The Stock Exchange of Thailand (SET) and the Company's managements, as proposed by the Company's secretary. Upon consideration, the Committee appointed Mr. Narongrit Chotnuchittrakul, Senior Vice President as a director to strengthen the Board of Directors in respects of finance and accountings, The Committee resolved to propose to the Board of Directors, as the Plan Administrator, for consideration.

1.3 The meeting of the Nomination and Remuneration Committee was held on 16 December 2019 to acknowledge the issues as follows:

Considering special allowance (Bonus) for the President for 2019 period: The Committee considered that the trade war between China and America has impacts to the global steel market and affecting to the Company as its financial performance was lower than the business rehabilitation plan. However, the President have dedicated his knowledge and capabilities until the company have better operating results than competitors, with Baht 498 million profit before interest and depreciation in accordance with the Plan in 2019. Therefore, the Committee unanimously resolved to approve a special allowance (Bonus) to the President at a rate of 1.8 times of his salary to be a morale figure in the work of the President in his dedication to work in full knowledge. The Committee will propose to the Board of Directors, as the Plan Administrator of rehabilitation, for further approval.

2. The Nomination and Remuneration Committee held 1 meeting in 2020 to consider the following matters:

The meeting of the Nomination and Remuneration Committee was held on 13 February 2020 considered the issue as follows:

2.1 Recruiting qualified candidates to replace directors retired by rotation.

The Committee has considered that the Company is unable to hold the Annual General Meeting of Shareholders and recruited qualified candidates to replace the directors retired by rotation. Therefore, the recruitment has been suspended. If a meeting of shareholders be held, the Committee will consider recruitment for qualified candidates to replace the directors retired in period 2016. Currently, there are 11 directors including:

1. Mr. Somchai Sakulsurarat
2. Mr. Tongchat Hongladaromp
3. Mr. Kamol Juntima
4. Mr. Somchai Pipitvijitkorn
5. Mr. Siripol Yodmuangchareon
6. Mr. Permpoon Krairiksh
7. Mr. Yanasak Manomaiphiboon
8. Mr. Win Viriyaprapaikit
9. Mr. Nava Chantanasurakon
10. Mr. Kittisak Mapanao
11. Mr. Narongrit Chotnuchittrakul

The consideration to recruit qualified candidates to replace directors retired by rotation could not get a resolution because the Company has entered the rehabilitation process and the Central Bankruptcy Court ordered the rehabilitation on 10 March 2016 before approving the rehabilitation plan which determined the Company as the Plan Administrator on 15 December 2016. As a result, the Company has to operate in accordance with the Bankruptcy Act B.E. 2483 (1940) regarding rehabilitation, the consideration for candidates to replace the directors retired by rotation, thus, has been suspended.

Pursuant to Bankruptcy Act B.E. 2483 (1940), “all legal rights of the debtor’s shareholders shall be suspended except the right to receive dividend” and the said rights shall be vested in the interim executives, the Receiver, the Plan Preparer, or the Plan Administrator (in accordance with the procedures of the Business Rehabilitation process). Details are as follows:

Section 90/21.

“Subject to Section 90/42 and Section 90/64, in the case of the Court ordering a business rehabilitation but not yet appointing a Plan Preparer, **all legal rights of the debtor’s shareholders shall be suspended except the right to receive dividend** and the said rights shall be vested in the interim executives or the Receiver, as the case may be, until a Plan Preparer is appointed.”

Section 90/24.

“If an order on appointment of a Plan Preparer is issued by the Court, it shall notify the Plan Preparer, the Receiver, the debtor’s executives and the interim executive of the said order without delay. The power and duties of the Plan Preparer shall commence as of the day on which the Court gives such order and the power and duties of the Receiver, the debtor’s executives or the interim executive shall cease.”

Section 90/25.

“Subject to section 90/42 and section 90/64, upon an appointment of the Plan Preparer is made by the Court, the power and duties in managing the business and asset of the debtor and all rights of the debtor’s shareholders, except the right to receive dividend, shall be vested in the Plan Preparer, and the provisions of Section 90/12 (9) shall apply to the plan preparer, mutatis mutandis.”

Section 90/42.

“Section 1117, Section 1119, Section 1145, Section 1220 through Section 1228, Section 1238 through Section 1243 of the Civil and Commercial Code; and Section 31, Section 33, Section 50, Section 51, Section 52, Section 54, Section 84, Section 102, Section 107, Section 116, Section 119, Section 136, Section 137, Section 139, Section 140, Section 141, Section 146 through Section 148 of the Public Limited Companies Act, B.E. 2535 (1992) and Section 39 of the Securities and Exchange Act, B.E. 2535 (1992) shall not apply to the Plan under this Section.”

Section 90/59.

“Subject to Section 90/42 and Section 90/64, once the Court has issued an order approving the Plan, the Court shall so notify the Plan Administrator and the Plan Preparer as soon as possible. Once the Plan Administrator learns of the Court’s order, the right and duties of the Plan Preparer shall immediately pass to the Plan Administrator.”

2.2 Stipulation of the directors’ remuneration

Financial Remuneration

The determination of remuneration as approved by the shareholders’ meeting:

2.2.1 The meeting allowances paid to directors and committees appointed by the Board of Directors and approved by the shareholders’ meeting can be summarised as follows:

(1) Remuneration

| | | |
|---|--------|--------------|
| (1.1) Directors | 25,000 | Baht/month |
| (1.2) Chairman of the Audit Committee | 18,750 | Baht/meeting |
| Audit Committee Members | 15,000 | Baht/meeting |
| (1.3) Chairman of the Good Corporate Governance Committee | 12,500 | Baht/meeting |
| Good Corporate Governance Committee Members | 10,000 | Baht/meeting |
| (1.4) Chairman of the Risk Management Committee | 12,500 | Baht/meeting |
| Risk Management Committee Members | 10,000 | Baht/meeting |
| (1.5) Chairman of the Nomination and Remuneration Committee | 12,500 | Baht/meeting |
| Nomination and Remuneration Committee Members | 10,000 | Baht/meeting |

(2) Additional Remuneration

Any director of the Company appointed as a member of any committees by the Board of Directors is entitled to receive additional remuneration being such a committee member according to more duties and time dedicated.

2.2.2 The Chairman and the Deputy Chairman of the Board of Directors are entitled to monthly remuneration for full-time duties of Baht 300,000 per month and Baht 200,000 per month, respectively. However, they are not entitled to receive meeting allowances from the meeting of Board of Directors and the meeting of committees appointed by the Board of Directors.

2.2.3 The Chairman of Audit Committee is entitled to receive extra remuneration of Baht 10,000 per month from the duty to advise the particular audit in detail apart from the regular audit as an audit committee member.

2.2.4 The director who is also an employee of the Company is only entitled to receive the remuneration as an employee; no director's remuneration is to be paid.

2.2.5 The premium for health insurance, accident insurance and life insurance of not over Baht 20,000 per person is to be paid to each director. For any director the insurance company refuses to cover, in whole or in part, and/or refuses to cover some specific diseases by any reason in case of health insurance, the Company will be directly responsible for covering all such directors refused by the insurance company in the coverage amount equal to the insurance coverage and/or the benefits which the life, health and accident insurance company covers the directors in accordance with the premium rate approved by the shareholders' meeting.

2.2.6 The director's remuneration in the form of annual payment or bonus

(1) Director's annual payment is to be paid when dividend is distributed to the shareholders. In any year the Company does not pay dividend to the shareholders, directors will not receive the annual payment in that year.

(2) The rate of annual payment, as approved by the meeting of shareholders, is in range of 0.25% to 0.50% of dividend paid to the shareholders. The annual payment for the Chairman and the Deputy Chairman of the Board of Directors are 10% and 5% higher than the rate paid to directors, respectively.

(3) In case any director is in the position for less than 1 year, the annual payment will be proportionately paid according to the period of the position taken.

The Committee considered that the existing rate of the directors' remuneration was appropriate under the Business Rehabilitation. The Committee therefore resolved to maintain the remuneration payment determination from point 2.2.1 to 2.2.6 until the shareholders' meeting has approved to change.

2.3 Adjustment of Nomination and Remuneration Charter regarding secretary to the Committee

According to the Company's re-organisation, the Committee has resolution to change the position of secretary to the Committee from Head of the Human Resources and Administration Division to Head of Group Human Resources Office and will propose to the Board of Directors, as the Plan Administrator of rehabilitation, for further approval.



Mr. Siripol Yodmuangchareon

Chairman of the Nomination and Remuneration Committee

13 February 2020

Remuneration of Directors and Management

1. Total Monetary Remuneration

The directors' remuneration, approved by the Annual General Meeting of Shareholders, was as follows:

- 1.1 The remuneration of Meeting Allowance for directors and the members of committees appointed by the Board of Directors, approved by the Meeting of Shareholders, was as follows:

| | | |
|---|--------|--------------|
| (1) (1.1) Directors | 25,000 | Baht/month |
| (1.2) Chairperson of the Audit Committee | 18,750 | Baht/meeting |
| Audit Committee Members | 15,000 | Baht/meeting |
| (1.3) Chairman of the Good Corporate Governance Committee | 12,500 | Baht/meeting |
| Good Corporate Governance Committee Members | 10,000 | Baht/meeting |
| (1.4) Chairman of the Risk Management Committee | 12,500 | Baht/meeting |
| Risk Management Committee Members | 10,000 | Baht/meeting |
| (1.5) Chairman of the Nomination and Remuneration Committee | 12,500 | Baht/meeting |
| Nomination and Remuneration Committee Members | 10,000 | Baht/meeting |

- (2) The Company's directors who were appointed as a member of each committee by the Board of Directors should receive the additional remuneration according to additional job responsibilities and working hours.

- 1.2 The Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors shall be entitled to monthly remuneration for full-time performance of Baht 300,000 and Baht 200,000 respectively. However, they shall not be entitled to any other meeting allowances, both to be paid for the Board of Directors and other committee appointed by the Board of Directors.

- 1.3 The Chairman of the Audit Committee shall receive extra remuneration for the provision of suggestion regarding the details of special audit other than normal audit serviced as an audit committee in an amount of Baht 10,000 per month.
- 1.4 Directors who are also an employee of the Company shall be entitled to compensation as an employee only, and shall not receive any other remuneration as a director.
- 1.5 Health, accident, and life insurance premiums shall not exceed Baht 20,000 per person. For any directors whom insurance companies decline to offer any or all insurance coverage and/or exclude coverage of certain types of illness in the case of health insurance for whatever reason, the Company shall be directly responsible for disbursement to such directors for amount up to the claim or sum insured available from the health, accident and life insurance policies had the director been insured for the same insurance premium approved by shareholders.
- 1.6 The directors' remuneration or annual bonuses
 - (1) The directors' bonuses shall be paid only if there is a dividend payment to the shareholders. If the Company has no dividend payment in any year, the directors shall not receive the directors' bonuses on such year.
 - (2) The directors' bonuses rates should account for 0.25% to 0.50% of the dividend payment to the shareholders. The Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors should receive the directors' bonuses at 10% and 5% higher than those of the directors respectively.
 - (3) The directors whose working period is less than one year shall receive the directors' bonuses in proportion to their actual working period.

Remunerations shall be paid according to principles 1.1 to 1.6 mentioned above unless the shareholders' meeting resolves otherwise.

The Nomination and Remuneration Committee considered, in the meeting No. 1/2020 dated 13 February 2020, that the existing rate of the directors' remuneration was appropriate under the Business Rehabilitation and resolved to maintain the remuneration payment determination from point 1.1 to 1.6 above until the shareholders' meeting has approved to change.

On 18 April 2019, the Board of Directors' meeting No. 5/2019 of Sahaviriya Steel Industries Public Company Limited the Plan Administration by the Central Bankruptcy Court's order on 15 December 2016, as the red case No. For. 8/2016, acknowledged the remunerations paid for the year of 2018 to each director and each committee appointed by the Board of Directors. The meeting also acknowledged the directors' annual bonuses for the year of 2018 to be omitted in accordance with criteria as approved by the shareholders' meeting.

Summary of 2019 Monetary Remuneration for the Directors of the Company and the Members of the Committees Appointed by the Board of Directors

| Name and Position | Meeting Allowance from the Company (Baht) | | | | | Meeting Allowance from Subsidiaries (Baht) | Total (Baht) |
|--|---|-----------------|---------------------------------------|-------------------------------------|---------------------------|--|------------------|
| | Board of Directors | Audit Committee | Nomination and Remuneration Committee | Good Corporate Governance Committee | Risk Management Committee | | |
| 1. Mr. Somchai Sakulsurat ^{1) 2)} | - | - | - | - | - | 510,000* | 510,000 |
| 2. Mr. Tongchat Hongladaromp ^{3) 4)} | 300,000 | - | - | - | 42,500 | 150,000* | 492,500 |
| 3. Mr. Siripol Yodmuangcharoen ^{5) 6)} | 300,000 | - | 50,000 | 20,000 | - | - | 370,000 |
| 4. Mr. Permpoon Krairiksh ⁷⁾ | 300,000 | 75,000 | - | - | 47,500 | - | 422,500 |
| 5. Mr. Yarnsak Manomaiphiboon | 300,000 | 75,000 | - | 40,000 | - | - | 415,000 |
| 6. Mr. Somchai Pipitvijitkorn | 300,000 | - | 30,000 | - | 40,000 | - | 370,000 |
| 7. Mr. Kamol Juntima ⁸⁾ | 300,000 | - | - | 50,000 | - | 2,190,000* | 2,540,000 |
| 8. Mr. Win Viriyaprapaikit ⁹⁾ | - | - | - | - | - | - | - |
| 9. Mr. Nava Chantanasurakon ¹⁰⁾ | - | - | - | - | - | - | - |
| 10. Mr. Kittisak Mapanao ¹¹⁾ | - | - | - | - | - | - | - |
| 11. Mr. Narongrit Chotnuchitrakul ¹²⁾ | - | - | - | - | - | - | - |
| 12. Mr. Pichai Eursirisub ¹³⁾ | 175,000 | - | - | 20,000 | - | - | 195,000 |
| Total | 1,975,000 | 150,000 | 80,000 | 130,000 | 130,000 | 2,850,000* | 5,315,000 |

Remarks:

¹⁾ Chairman of the Board of Directors, who were already entitled remuneration for their full-time performance, shall not receive the meeting allowance.

²⁾ Chairman of the Audit Committee

³⁾ Chairman of the Risk Management Committee

⁴⁾ Mr. Tongchat Hongladaromp has resigned from the position of chairman of the Risk Management Committee since 13 March 2019 but retaining the position of Risk Management Committee Member.

⁵⁾ Chairman of the Nomination and Remuneration Committee

⁶⁾ Mr. Siripol Yodmuangcharoen was appointed as the Good Corporate Governance Committee on 18 July 2019.

⁷⁾ Mr. Permpoon Krairiksh was appointed as chairman of the Risk Management Committee on 14 March 2019.

⁸⁾ Chairman of the Good Corporate Governance Committee

⁹⁾ Mr. Win Viriyaprapaikit, Director, Group Chief Executive Officer, President, Head of Upstream Business Unit, Head of Hot Rolled Business Unit, Head of HBU Business Stewardship and Business Partners Office, considered as an employee of the Company, shall not receive the meeting allowance or a director's remuneration.

¹⁰⁾ Mr. Nava Chantanasurakon, Director and Senior Vice President, Supervision Group Government Affairs Office, Management Commercial Division, considered as an employee of the Company, shall not receive the meeting allowance or a director's remuneration.

¹¹⁾ Mr. Kittisak Mapanao, Director, Senior Vice President, Chief Technology Officer, Head of Engineering Business Unit, Head of Steel Construction Business Office, Head of Dream Maker Business Office, considered as an employee of the Company, shall not receive the meeting allowance or a director's remuneration.

¹²⁾ Mr. Narongrit Chotnuchitrakul, Director, Senior Vice President, Supervision Group Information Technology Office, Head of DBU Business Stewardship and Business Partners Office, considered as an employee of the Company, shall not receive the meeting allowance or a director's remuneration.

¹³⁾ Mr. Pichai Eursirisub has left his directorship since 17 July 2019.

* The directors' meeting allowance from subsidiaries includes the allowance of the Company's independence directors who held directorship in subsidiaries during 2019.

Remunerations for Full-time Performance of Chairman of the Board of Directors and Deputy Chairman of the Board of Directors in 2019

| Name and Position of Director | | Remuneration for Full-time Performance (Baht) |
|-------------------------------|------------------------------------|---|
| Mr. Somchai Sakulsurat | Chairman of the Board of Directors | 3,600,000 |

Remuneration of Independent Directors of the Company Who Hold Directorship in the Company's Subsidiary in 2019

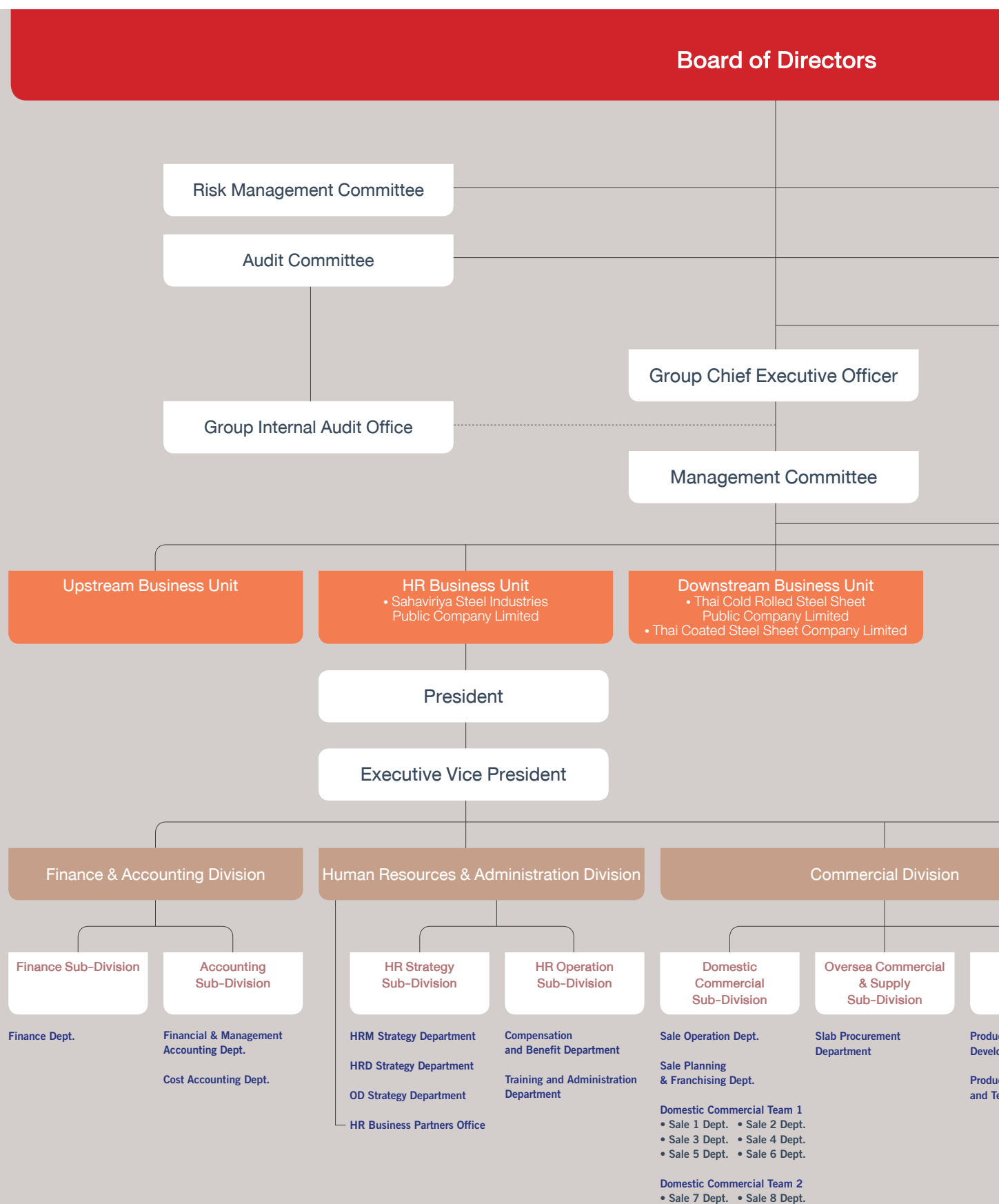
| No. | Name of the Company's Independent Directors Who Hold Directorship in the Company's Subsidiary | Position in the Subsidiary | Meeting Allowance in 2019 (Baht) |
|--|---|------------------------------------|----------------------------------|
| West Coast Engineering Company Limited | | | |
| 1. | Mr. Somchai Sakulsurat | Director | 150,000 |
| 2. | Mr. Tongchat Hongladaromp | Director | 150,000 |
| Prachuap Port Company Limited | | | |
| 1. | Mr. Somchai Sakulsurat | Chairman of the Board of Directors | 360,000 |

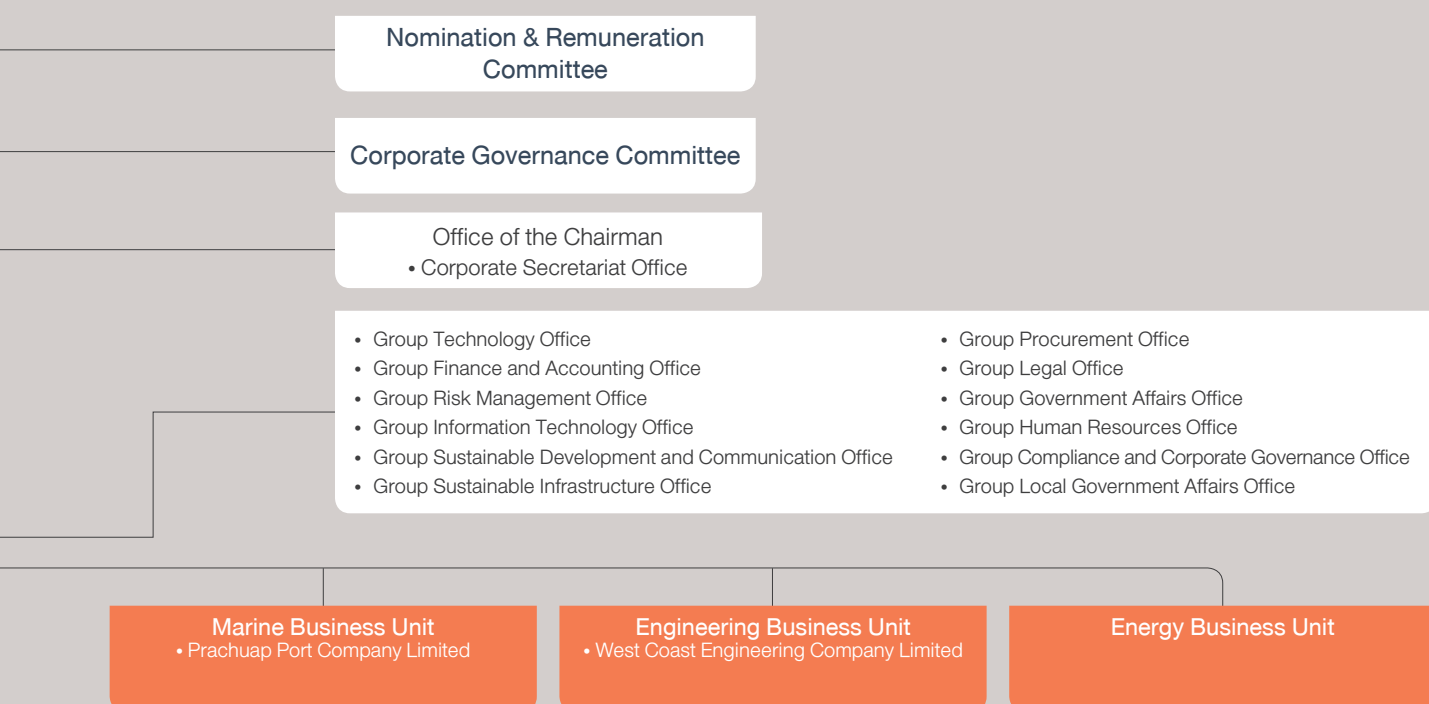
- 1.7 Remunerations for executives in a position of Vice President and higher in the form of salaries, retirement compensation, vehicle allowances, insurance premiums and traveling allowances, for 11 people plus the President, totaled Baht 84,486,510.59 for the year.

2. Other Remunerations

Contributions to the provident fund for executives in a position of Vice President and higher, for 11 people plus the President, totaled Baht 4,991,182.14 for the year.

Organisation Chart





Good Corporate Governance Committee's Report for 2019

The Good Corporate Governance Committee (the "Committee") was established in accordance with the resolution of the Board of Directors' meeting No. 7/2007 held on 3 December 2007. The Committee currently consists of three members of the Company's directors namely Mr. Kamol Juntima (director) as Chairman of the Committee, Mr. Yarnsak Manomaiphiboon (independent director and member of the Audit Committee) as member of the Committee and Mr. Siripol Yodmuangcharoen (independent director) as member of the Committee. (Mr. Pichai Eursirisub resigned from his position of the Committee's member on 17 July 2019 and the Board of Directors appointed Mr. Siripol Yodmuangcharoen as member of the Committee in replacement of the resigned member, effective on 18 July 2019).

The duties and responsibilities of the Committee are:

- To propose any revision of the Company's policy and guidelines concerning good corporate governance to the Board of Directors and to oversee the implementation of the Company's management in accordance with the approved policy and guidelines;
- To provide an opinion to the management regarding corporate social responsibility (CSR) and to monitor the management in establishing a clear action plan regarding CSR, as well as to follow up on the implementation of the plan with the management and then submit the results to the Board of Directors;
- To propose to the Board of Directors an opinion on any revisions and updates of the Company's business philosophy, code of business conduct, code of ethics for directors, code of ethics for executives and employees, and guidelines concerning the same as it deems appropriate.

These tasks are to ensure that the Company maintains its sustainable and effective development of good corporate governance practices and is in compliance with the rules and procedures for a listed company.

In 2019, the Committee held four meetings to carry out its allotted duties and submitted a summary of reports to the Company's Board of Directors as follows:

1. Revision of the determination of a significant amount of commercial or business transactions between the Company, its subsidiaries and their customers, suppliers, debtors and creditors. This was then used to establish the criteria of reporting the interests of the Company's directors and executive officers in 2019.

The above complies with the Board of Directors' guidelines regarding the rules and procedures of reporting on conflicts of interest of the directors and executives of the Company which became effective on 1 July 2009.

2. Consideration for the 2019 self-assessment of the Good Corporate Governance Committee as a whole and as an individual based on the self-assessment forms issued by The Stock Exchange of Thailand, and summarisation of the 2019 self-assessment reports of the 3 Committees: the Risk Management Committee, the Nomination and Remuneration Committee and the Good Corporate Governance Committee and submitted them to the Board of Directors.

3. Revision of the Corporate Governance Committee Charter (Revision No. 4) and submitted them to the Board of Directors for consideration.

4. Revision of the Anti-Corruption Guidelines (Revision No. 2) and submitted them to the Board of Directors for consideration.

5. Intensive supervision of the corporate social and environmental responsibility activities conducted by the Group Sustainable Development and Communication Office and the Safety, Environment and Plant Integrity Management Office.

6. Acknowledgments of various reports that are deemed beneficial to the Committee in monitoring the Company's management on the implementation of the approved policy and guidelines concerning good corporate governance. The following were reported to the Company's Board of Directors:

6.1 Report on shareholding and securities trading of the Company's executives including Vice Presidents, Assistant Vice Presidents, department managers of the Finance & Accounting Division and the section manager of the Investor Relations Department, Group Finance Office. This was undertaken in order to prevent any insider trading of the Company's securities.

6.2 Report on the interests of the Company's directors and executives including the President, Vice Presidents and Assistant Vice Presidents.

7. Others

7.1 Regular monitoring of the progress and results from the implementation of the resolutions of the Committee.

7.2 Revision of the information disclosed to the SET and the SEC, as published in the Annual Information Disclosure form ended 31 December 2019 (Form 56-1) and in the 2019 Company Annual Report (Form 56-2) regarding the Good Corporate Governance Report. Since 2013, the Company has also disclosed a report on anti-corruption practices in the Corporate Social Responsibility Report.

7.3 Report to the Board of Directors on the Committee's activities for the year 2019.

The Board of Directors and the Good Corporate Governance Committee are committed on raising the Company's level of good corporate governance and corporate social responsibility to international standards. We aim to achieve sustainable development and to increase its value and protect the interests of all stakeholders with transparency, fairness, integrity, and dedication. The Committee also has significant responsibilities for environmental protection, preservation, as well as social responsibility and community development.



Mr. Kamol Juntima

Chairman of the Good Corporate Governance Committee

Good Corporate Governance

Good Corporate Governance Policy

The Board of Directors at Sahaviriya Steel Industries Public Company Limited are well aware of their role, responsibilities and fiduciary duties assigned to them by the Company's shareholders. The shareholders expect the Board of Directors to govern the Company to ensure efficient and transparent management that creates trust and confidence amongst all stakeholders. The Company conducts its business by adhering to the principles of good corporate governance and business ethics in order to lead the Company's businesses to develop and prosper at a stable and sustainable rate.

The Board of Directors has continuously been taking the good corporate governance of the Company seriously since the adoption of a good corporate governance policy as the principles of management accomplishment in 2002. They subsequently revised the policy in late 2007 to raise the standard of the corporate governance of the Company and to conform to the best practices as required by the Office of the Securities and Exchange Commission and The Stock Exchange of Thailand. In 2013, the Corporate Governance Center of The Stock Exchange of Thailand announced the Principles for Good Corporate Governance for Listed Companies 2012 which were revised to be compatible with ASEAN CG Scorecard criteria and international best practices based on the Principle of Corporate Governance of the Organisation for Economic Co-operation and Development (OECD Principles of Corporate Governance) thus helping Thai listed firms to have their common stocks considered as one of the ASEAN asset classes. The principle comprises of 5 categories, namely:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Responsibilities of the Board of Directors

To ensure the Company's vigorous implementation, as prescribed in the aforementioned policy, the meeting of the Board of Directors in December 2007 resolved to establish a Good Corporate Governance Committee as a sub-committee to assist the Board of Directors on good corporate governance matters. The Good Corporate Governance Committee consists of 3 directors with a 3 years term of office. Although the Chairman of the Good Corporate Governance Committee is not an independent director, the other two committee members are independent directors.

The meeting of the Good Corporate Governance Committee in February 2013 resolved to have the Company amend the good corporate governance policy to comply with the Principles of Good Corporate Governance for Listed Companies 2012. The Board of Directors aims for the enhancement of good corporate governance within the organisation, which requires the collaboration of four parties, namely the Board itself, the Company's management, the Company's independent auditors, and the Company's internal auditors.

In order to enable the Company to achieve the above objectives and be adopted to conform to the SEC's and SET's principles of good corporate governance for listed companies, the Board of Directors meeting No. 10/2014 on 18 September 2014 resolved to cancel the Board of Directors' policy No. 1/2007 regarding the Good Corporate Governance Policy which became effective on 3 December 2007 and promulgate the Good Corporate Governance Policy as detailed below.

1. The Board of Directors emphasizes its responsibility to protect the rights and interests of shareholders, to promote the rights of shareholders as provided by laws, and to treat shareholders equally as well as provide each of them with equal access to corporate information.

Principles 1 - 3:

- Rights of Shareholders
- Equal Treatment of Shareholders

2. The Board of Directors shall ensure that shareholder meetings and disclosures of corporate information are conducted in accordance with the laws and the guidelines laid down by the Securities and Exchange Commission and The Stock Exchange of Thailand.

3. The Board of Directors shall ensure that guidelines concerning the use and protection of insider information for trading of the Company's securities are implemented and thoroughly communicated to all relevant parties.

4. The Board of Directors shall attend to the rights of stakeholders and oversee that the Company's operations are conducted in compliance with all relevant laws.

Principles 4 - 6:

- Rights of stakeholders

5. The Board of Directors gives special importance to uphold its corporate social responsibility, and especially in regard to those impacts from the business of the Company. To ensure that the business of the Company takes into account environmental, community and societal factors for sustainable development as well as communicated to all stakeholders.

6. The Board of Directors believes the anti-corruption policy to be important, and shall oversee and monitor the implementation of the Anti-corruption policy and guidelines. The Company shall not accept or involve in any type of corruption either directly or indirectly.

7. The Board of Directors emphasizes the transparency of its business operations, whereby conflicts of interest between the Company and its shareholders, and directors, employees, shareholders, and other stakeholders will be eliminated. The Board shall oversee and monitor procedures on conflicts of interest in ways that are scrupulous, honest, reasonable, independent, and moral.

Principles 7 - 8:

- Information Disclosure and Transparency

Stakeholders with interests in any transaction must not participate in decision making relating to such transactions, and decisions must be made based on the benefit to the Company and its shareholders. Transaction-related information must be disclosed correctly, completely, and promptly.

8. The Board of Directors shall ensure that investors will have confidence in such a way that disclosures of corporate information are accurate, complete, and promptly.

9. The Board of Directors must consist of no less than three independent directors.

Principles 9 - 17:

- Responsibilities of Board of Directors

10. The Board of Directors may establish various committees, whose purpose is to perform the tasks assigned by the Board of Directors, and to study or consider matters before submitting them for consideration to the Board. These committees are the Audit Committee, Nomination and Remuneration Committee, Good Corporate Governance Committee, and Risk Management Committee. Other committees may be established as required for ensuring efficiency, fairness, and transparency of the directors' work.

11. The Board of Directors has seen fit to divide the functions of the Chairman of the Board of Directors, the Group CEO, and the President, among separate and different individuals, with the authority and duties of each position being clearly defined. It has also seen fit to adjust the Manual of Authorisation Chart from time to time to clarify the scope of authority to be exercised by the Board and by those in management who have been assigned authority.

12. The Board of Directors are responsible for determining the Company's vision, mission, and business strategies which must be reviewed periodically as well as ensuring that management conducts company business according to these plans.

13. The Board of Directors emphasises its responsibility to oversee risk management and internal control systems of the Company, and the Board has established an independent Office of Internal Audit within the Company.

14. The Board of Directors shall commit to the Company's business philosophy and shall ensure that the Company's operations are conducted according to the Company's business ethics, a code of ethics for directors, a code of ethics for employees, and shall inform relevant parties.

Principles 9 - 17:
• Responsibilities of
Board of Directors

15. The Board of Directors must hold regular meetings at least once a month, and other special meetings may be held at other times if necessary. Each meeting must be arranged in advance, along with a clear agenda for the meeting. All documents necessary for the meeting must be prepared and sent to board members, as written in the Company Articles, so that they have sufficient time to peruse the documents before the meeting.

16. Each sub-committee must have meetings on a regular basis: the Audit Committee, the Good Corporate Governance Committee and Risk Management Committee must have meetings at least once every three months, and the Nomination and Remuneration Committee must have meetings at least twice a year. Other special meetings may be held at other times if necessary. Each meeting must be arranged, along with a clear agenda for the meeting. All documents necessary for the meeting must be prepared and sent to the Board / Committee members, so that they have sufficient time to peruse the documents before the meeting.

17. The Board of Directors is responsible for considering remuneration for company directors, Group CEO and president as proposed by the Nomination and Remuneration Committee. Remuneration for Group CEO and president is determined by a resolution made at the Board of Directors meeting, and any other remuneration for directors is determined by a resolution made at a shareholder meeting, whereby the amount of remuneration is considered appropriate, transparent and has no conflicts of interest.

18. This policy shall be regularly reviewed and updated as necessary and appropriate.

19. The guidelines to define the details / rules / practices in accordance with the policy will be issued as appropriate, however, those announcements or guidelines issued by virtue of the previous Good Corporate Governance Policy, dated 3 December 2007 will remain in force as far as it does not conflict with this policy or until further notice or new guidelines is issued by the enforcement of this policy.

Since the Company submitted a petition to the Central Bankruptcy Court (the "Court") for Business Rehabilitation on 1 October 2015 and the Court issued an order for the Rehabilitation

on 10 March 2016, the statutory rights of shareholders have been suspended except the right to receive dividends. The Company, therefore, has not required to hold the Annual General Meeting of shareholders since 2016. Consequently, several assessment projects in relation to the Corporate Governance were not evaluated, including the Corporate Governance Report of Thai Listed Companies 2019 (CGR) rating held by the Thai Institute of Directors (IOD) in cooperation with the Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET), and the Quality of the Annual General Meeting rating evaluated by the Office of the Securities and Exchange Commission, in cooperation with Thai Investors Association and Thai Listed Companies Association.

Compliance with the Company's Corporate Governance

Sahaviriya Steel Industries Public Company Limited realised the importance of the latest corporate governance code for listed companies 2017 (CG Code) issued by the Securities and Exchange Commission (SEC) in March 2016.

The Board of Directors understand and be aware of CG Code 2017 and realises its roles and responsibilities as the leader and Governing Body to ensure that the Company achieve sustainable value creation. The Board of Directors has assigned the Good Corporate Governance Committee to consider and proceed further action.

The Company's activities in 2019 to ensure compliance with the Good Corporate Governance Policy, with reference to the Organisation for Governance Economic Co-operation and Development (OECD) principles of Corporate Governance, can be summarised as follows:

1. Rights of Shareholders

2. Equitable Treatment of Shareholders

Pursuant to the first two categories of the good corporate governance principle related to shareholders, since the Company filed a petition to the Central Bankruptcy Court for the business rehabilitation on 1 October 2015 and the court issued the rehabilitation order on 10 March 2016 and appointed the Company as the Plan Preparer, the Company is, consequently, under the rehabilitation process in accordance with the Bankruptcy Act. Therefore, all statutory rights of the shareholders has been suspended with the exception of the right to receive dividends.

The Central Bankruptcy Court approved the rehabilitation plan (the “Plan”) on 15 December 2016 and the Plan determined the Company as a Plan Administrator. Nonetheless, the Company committed to implement the Plan to achieve the success of the Plan as early as possible. All shareholders and stakeholders can access information equally and timely through the Company’s website and the SET’s. The Company reports its progress of the business rehabilitation to the SET quarterly, other than submitting the financial statements and the Management Discussion and Analysis.

3. The Rights of Stakeholders

The Board of Directors of the Company approved the business philosophy and business ethics, as proposed for revision in 2016. The approved philosophies are to be the principles, beliefs and guidelines for the Company and its personnel to adhere and implement to allow the Company identity to be developed and values given to all groups of stakeholders. This will be a vehicle to drive the Company’s existence, development and sustainable growth.

Business Philosophy of the Company

The management of the Company leading to the goal of sustainable growth is based on fundamental business philosophies composed of:

1. Devotion to excellence
2. Adherence to quality of products and services
3. Belief in the value of personnel
4. Commitment to ethics
5. Dedication to social responsibilities

Business Ethics of the Company

In conducting the business, the Company adheres to the principles of accountability, transparency, integrity, and business competitiveness by acting in the best interest of all stakeholders in an equitable manner as follows:

1. Shareholders

The Company realises the shareholders are the owners of the Company and the Company has the duty to generate added value to the shareholders in the long term. The Company has therefore stipulated guidelines for the directors, executives, and employees to perform the following:



1) Perform duties to their fullest capacity with integrity, care, prudence and fair treatment for the best interest of all shareholders.

2) Present the operating performance report, financial status report and other reports with accuracy and completeness and in a timely manner.

3) Report the trend of the Company, on both the positive and negative sides, to all shareholders in an equitable manner based upon sufficient factual basis, quantitative information and rationale.

4) Ensure that there is no exploitation of undisclosed information or any wrongful action for improper advantage for oneself, or others, which may cause conflicts of interest for the Company.

2. Customers

The Company values the vital role and satisfaction of customers which contribute to the success of the Company’s businesses. Therefore, the Company has the strong intention to pursue methods that are reliable for customers and that can fulfill the needs of customers in a more efficient and effective manner. The guidelines are as follows:

1) Deliver quality products and services that meet or exceed the expectation of customers.

2) Communicate with customers with courtesy and ensure that complete, accurate and up to date information on products and services is given to customers. The Company will not misrepresent the products and services in terms of quality, quantity or any other condition.

3) Strictly follow the conditions applied by the customers. If the conditions cannot be satisfied, the Company will inform the customers without delay to find a possible solution together.

4) Establish a system and channel that allows customers to make complaints about quality, quantity and safety of products and service, and respond to the complaints in a timely manner.

5) Strictly protect confidential information of customers and not use their information for any other interest or in any improper respect.

6) Provide instructions on the use of products and services in an efficient manner to maximise benefits.

3. Suppliers

The Company realises that ethical conduct with suppliers should be based on fair benefits to both parties. Thus, the Company commits to provide facts and accurate reports, act in accordance with agreements, negotiate and seek solutions based on business relationships as well as avoiding situations which may result in a conflict of interest. The guidelines are as follows:

1) Never request, receive or pay any fraudulent benefits from or to suppliers.

2) Where there is evidence indicating a fraudulent benefit has been claimed, received or paid, disclose the relevant information to the suppliers and together find a solution in a timely manner.

3) Strictly perform in accordance with the conditions of agreements and inform the suppliers in advance if any conditions cannot be met.

4. Competitors

The Company is committed to treating its competitors fairly. The guidelines are as follows:

1) Never seek any confidential information of the competitors by unfaithful or improper means.

2) Never damage the competitors' reputation by offensive accusations.

5. Employees

The Company realises that its employees are a valuable resources for the success of the Company; thus the employees are treated fairly in terms of compensation, opportunity, development, and potential based on humanitarian practices regardless of their race, religion, gender or physical condition. The guidelines are as follows:

1) Treat employees with respect, value and dignity.

2) Provide fair compensation to employees.

3) Provide a safe working environment to employees considering their lives and property at all times.

4) Appoint, rotate, promote and demote employees with sincerity, based on their knowledge, merit and suitability.

5) Value the development of knowledge and ability of all employees.

6) Avoid any unfair action which may affect the job security of employees or any action which may threaten or cause pressure to the mental health of employees.

6. Supervisory Authorities

The Company values its duty to comply with the law and business practices. The Company strictly conducts its business under laws, articles, regulations and standards imposed by supervisory authorities as well as cooperating with supervisory authorities on relevant matters.

7. Social and Community

The Company recognises its accountability towards society and the community as the core of its business with full realisation of the possible effect on natural resources and the environment. It has constantly provided support to a number of activities to improve the society and community, safeguard and rejuvenate natural resources as well as to enhance community capacities in an effort to bring about sustainable development.

The Company is concerned about the quality of life of all stakeholders, including employees and their families, the society, and the community. The Company aims to develop its steel industry in parallel with the quality of the society and its communities and the environment. This commitment to sustainable development involves the establishment of effective systems of management for safety, occupational health, and the environment in accordance with ISO 14001:2004 Environmental Management System

Standards and OHSAS 18001 Occupational Health and Safety Management Standards with the purpose of reducing and controlling the risk of any damage occurring to the employees and stakeholders and to improve the safety of the Company's operations.

In 2019, the Company received awards under various categories which its details can be found in the Corporate Social Responsibility Report.

3.1 Equitable Treatment of Stakeholders

In conducting its business, the Company places an importance on all stakeholders: the shareholders, customers, suppliers, competitors, employees, supervisory authorities, the society and community as stated in the Company's Business Ethics. The Company has therefore established a mechanism to encourage activities and improve the relationship between the Company and its stakeholders, for example: customer's opinion surveys; employee engagement surveys; hearing and Q&A session at the shareholders' meetings; channel for the stakeholders to raise questions and suggestions on the website; channel to inform or make a tip-off or complaint to the Good Corporate Governance Committee; community products and service promotion; and organising a charity walk - run event to help raise funds for the disadvantaged. In addition, the Company has ensured adequate disclosure of related information to efficiently encourage participation from stakeholders; for instance, publishing product procurement news of the Company on the website to inform business partners and interested parties. Furthermore, department, committee, working committee or sub working committees, specifically those in charge of assignments are set up to take care of every stakeholder. The activities below illustrate the Company's commitment to ascertain equitable treatment of each stakeholder in the year 2019.

3.1.1 Stakeholder: Shareholders

- The Corporate Secretary Office performed duties delegated by the Board of Directors as a Rehabilitation Plan Preparer or Plan Administrator.

3.1.2 Stakeholder: Customers

- The Company put its customers' satisfaction first through its commitment to continuously developing high quality products and quick services. The Company has adopted management systems for quality, environment, health and safety

i.e. ISO 9001, ISO/TS 16949, ISO 14001, TIS/OHSAS 18001 in its operation to deliver products and services that satisfy its customers. The Company offered a responsive process to customer needs across various channels, to effectively listen and help understand customer's needs and expectations i.e. face to face meeting with a customer by management team, customer visit by sales team, monthly meeting, training, providing advice and assisting customers with issues related to its products.

- The Company has a complaints handling process. If the customer was not satisfied with the product, the customer can feedback via the channel provided. All complaints will be recorded in the system and have to be preliminary responded within two days and immediately informed customer upon completion. There's also the satisfaction rating process and customer engagement survey to obtain an information to continue improving its products, services and system so that the Company can exceed its customer expectations.

- Working Committee for Innovation of Value Added Steel Products and Services for the customers conducted a customer requirement analysis and cooperated with the Production Division to improve the value-added aspects of the products and services development for the customers. In 2019, the Company launched the new value-added products including Extra Strength Steel solution which helps customers to create and expand the market for construction and freight vehicles, product design that meet customer's requirements in order to suit different needs for production of each customer, as well as services i.e. product size control to increase customer's productivity and reduce the unnecessary loss of customers, ultra fast delivery for its urgent order to support customer. In 2019, the Company delivered innovative value-added products to customers for 46% of its total volume.

3.1.3 Stakeholder: Suppliers and creditors

- The Company focused on its supplier as a key stakeholders to help each other in the business. The Company treats all supplier equally on the basis of fair competition, respecting each other, building relationships and good cooperation, and strict compliance with contractual terms. The Company has featured in the procurement process, which is a key to control costs, products and services quality. The procedures for procurement are set to ensure transparency, auditability and benefit maximisation.



- The Slab Suppliers Audit Working sub-committee has conducted activities to find potential suppliers in respect of quality and quantity to ensure consistency procurement of sufficient raw materials for production within the specified period. The sub-committee has continuously strengthened relationships with manufacturers, such as visiting manufacturers and sellers. Foreign raw material producers were invited to negotiate, consult, exchange information and share experiences with the Company. In addition, there were review of the Technical Protocol and Specification in the development of a variety of quality classes of raw materials to meet the needs of the market, and cooperation with the manufacturers to find solution for raw material quality problems.

- The Group Procurement Office has performed the following tasks:

- Disclosing procurement news of the Company via <http://www.ssi-steel.com> to inform suppliers and interested parties wishing to sell products, and offer services of the Company. They are invited to register to become vendors directly to the Company or via the Company website, as well as submit procurement bids. This enables the Company to have an efficient and transparent procurement process.

- Sourcing new suppliers and service providers on an ongoing basis in order to have suppliers, service providers and producers with high potential and ability to produce or sell high quality products that meet the Company requirements at an appropriate price and on time delivery. Every entrepreneur is treated equally. In 2019, the number of vendors have increased by 206.

- Organising annual seminars and meetings with suppliers and service providers. In 2019, a meeting was held in March to clarify the Company's procurement policy and group procurement guidelines, other related issues on the procurement policy, the safety, occupational health and environment policy as well as the Anti-corruption policy and no-gift policy.

- In 2019, the Company has procured Baht 3,340 million of goods from general suppliers, including energy products of Baht 846 million, roll of Baht 985 million, spares of Baht 476 million, consumables of Baht 167 million, fixed asset and capital expenditures Baht 258 million, services of Baht 589 million and others of Baht 19 million. The Company also procured products from local communities in Bangsaphan area with a volume of Baht 295 million. In 2020, the Company expects its volume of procurement to rise by up to Baht 3,600 million from general suppliers and Baht 300 million from local communities.

- Visiting the production process and management system of 18 general suppliers and 3 suppliers in Bangsaphan to review their production processes and product quality to ensure those products meet the Company requirements and expectations. In addition, suggestions will be made on an improvement of quality and delivery of those products and services.

- Assisting to promote and support the products produced or distributed by the community and the services they render. Projects have been in place to support and develop the products produced by the Bangsaphan community in accordance with the Company's corporate social responsibility policy.

- The Company has policy to treat all creditors fairly and equally. The Company strictly abided by all terms of any loan agreement with its creditors and financial institutions in a responsible and transparent manner including the purpose of lending, repayment, collateral treatment. It will not conceal any information or hide any facts that might possibly result in the realisation of losses for its creditors. If the Company is unable to meet any of the criteria it agreed to, it must immediately notify its creditors to jointly solve the problem.

3.1.4 Stakeholder: Competitors

- The Company recognises the importance of conducting its business with competitors fairly and ethically. There is a policy in place to not gather confidential information of the competitors by unfaithful or improper means and not to destroy the reputation of the competitors by offensive accusations.

- HRC producers in Thailand have gathered and form the Thai hot rolled steel association. The meetings among members was held to allow knowledge sharing, strengthen relationships and help promote the enterprise. The association also cooperated with the government in promoting trade and industrial cooperation as well as production development to produce in sufficient quantities to serve needs of both domestic and international market.

3.1.5 Stakeholder: Employees

- The Human Resources and Administration Division is committed to following the Company's business philosophy which places an importance on the value of personnel and that the quality employees contribute to the success of the organisation. Hence, the Company has always arranged appropriate employment conditions that provide suitable compensation for the employees in order to encourage motivation. A number of welfare benefits are initiated in various forms. The Company provide: provident fund, health insurance, life and accident insurance, training and seminars for employees, scholarships, special low interest rate loan program with Government Housing Bank and transportation services to and from SSI Bangsaphan Plant, Fitness, food court at Bangsaphan. The Company supported for activities of employee's saving cooperatives and establishment of cremation welfare group.

- The Company values the importance of employee welfare and benefits as well as the quality of life of employees and their families. This can be seen from the National Outstanding Industrial Establishment Award in Labour Welfare/ Relations Category in 17 consecutive years type (2003 - 2019).

- The Company has the policies and procedures were amended to keep pace with the changes as appropriate. All employees can access these policies and procedures posted on information board and intranet. New employees are also introduced to the Company policies by new employee orientation program. The policies include the following:

- The compensation management has been introduced since 2002 to motivate employees to perform their work more efficiently and be fair. Employee compensation is considered based on Goals Program Achievement Evaluation, individual contributions that add value to the company and annual business turnover.

- Benefits such as 1) hardship allowances for employees who have been delegated to work at Bangsaphan plant as an incentive for living and working in Bangsaphan area 2) per diem, accommodation and vehicles (Domestic and Overseas) allowances, since 1997, to assist employees who have to work, attend training / seminar outside the office 3) housing loan, since 1999, to help employees and their family with housing assistance 4) long service award, since 2000, to promote long-standing careers within the Company and to strengthen corporate employee engagement through recognising and honouring the commitment and dedication of long term employees 5) rent allowances, since 2001, to help employees who have been delegated to work at Bangsaphan plant with housing rent 6) compensation benefit in case of death, since 2001, to offer support and help relieve the suffering of employees or their family members in case of death 7) home visit for sickness absence, since 2002, to express concerns and provide appropriate assistance for them and 8) uniform, since 2003, the Company provided uniform for employees for tidiness and safety in the workplace 9) shuttle bus service for employees, since 2005, to provide a convenient way for employees to travel to work at plant 10) group medical and health insurance, since 2008, to promote employees' wellness and health and ensure employees receive prompt medical care 11) in case of death of family member, since 2015, employees were allowed to leave to attend funeral of their family member. The Company provided benefits to all employees with the aim to provide appropriate level of both physical and mental well-being to employees, good health, safety at work, prosperity and stability in life, not only for the employees but also their family.

- Provident fund, since 1999, to provide employees with financial security and stability, a lump sum benefit at retirement or resignation as well as to provide security for their families in case of death of an employee.

- The savings cooperative, since 2003, to encourage its members to save money, know the savings and provide loans to other members when necessary.

- Human resource development, since 2002, to give employees development opportunities by providing training, seminar, academic conference, study visit and etc. This will enable employees to enhance their knowledge, understanding and skill which result in effective performance. In 2019, the Company had an average training hours of 33.52 hours/person/year and a report of which was submitted to the Board of Directors on a monthly basis.

- The Company also provides a working environment that encourages the employees to be good, smart and socially accepted people which includes the “SSI Way” activities by creating role models for other employees to promote the desired values. The Company focuses on building relationships within the workplace under the “Care Organisation” project which comprises of several sub-projects for building close relationships for the employees. The sub-projects include : 1) Management meeting with employees, including those at SSI Bangsaphan Plant to communicate policies to employees of each division 2) Supervisor meetings with employees to provide job coaching that focuses on consulting an individual on both work and non-work related matters. 3) Employee meeting with employee, including a mentoring program for a new employee. In addition, the Company focusses on creating a better work-life balance by encouraging the employees and their families to participate in activities with the Company.

- The Company realises that communication is a significant factor to success. The Company provides thorough channels including internal magazine, newspaper, wire broadcasting, internal television, SMS, social network i.e. Facebook and effective communication skills training for supervisors. The Company aims at employee involvement and participation by setting up working committees to manage specific matters for the employees such as the Canteen Committee, the Recreation Committee, etc. Such projects demonstrate that the Company values its employees. The projects and activities have been carried out with the intention to develop employees to grow together with the Company through care and sustainable growth.

3.1.6 Stakeholder: Supervisory Authorities

- The Company places emphasis on lawful and ethical working practices and strictly conducts its business in accordance with the law, articles, regulations and standards imposed by the authorities of which whether it be labour, employment, consumer, trade competitor, environment, intellectual property or copyright, anti-corruption or human right as well as cooperates with supervisory authorities. The directors, executives and employees at all levels are expected to carry out their work in a way that complies with the law in order to support the Company to be an efficient and ethical business. This is considered as an important mechanism that would result in the Company's work processes and procedures being accurate, thoughtful and support it to achieve its objectives. As a result, over the past years the Company has never received punishment for delay disclosure of material matter within a period determined by the authorities or any other cause.

- The Company also adopted IT policy No. 4/2000 regarding computer virus dated 27 October 2000 which stated that all computer programs must be authorised by the Company before using, had a valid license, programmed by a well-known and trusted manufacturer or seller and well tested. The Group Legal Office quarterly presented a summary report on the Company's legal compliance including compliance with the copyright act which reported by the Group Information Technology Office.

3.1.7 Stakeholders: Social and Community

- Sahaviriya Steel Industries Public Company Limited applied business philosophy and ethics in its business by believing in the value of personel, caring for a good quality of employee's life, having safe and hygienic the working conditions and dedicating to social and environmental responsibilities. The safety, health and environmental management system was considered to be crucial to business operations. The Company has committed to and given support to the management system in order to develop and continually improve the management system as the safety, health and environmental requirements.

- The Group Sustainable Development and Communication Office undertook various activities as shown in the Corporate and Social Responsibility Report.

- The Safety, Environment and Plant integrity Management Office are engaged in social and community contribution and environmental activities as follows:

- The Company promulgated the safety, occupational health and environment policy signed by the President in 2019 to demonstrate its commitment to reducing and preventing work-related accidents and illness, preventing and reducing the impact on the environment as well as saving resources and energy. The Company developed many project plans such as risk assessment, safety training, safety audit, work environment measurement, environmental monitoring and surveillance for employee and community, check up by health risk factor, campaign for reporting and improving work environment, Volunteer Project for Strengthening discipline, Culture, safety and environment (BBS), Zero Accident project, emergency plan testing, awareness campaign on waste segregation and recycling which is the most effective waste disposal method, design, the process designed for wastewater recycling (Zero Discharge) and etc. to follow the Standard for occupational health and safety management systems (OHSAS 18001) and environmental management system (ISO 14001).

- The Company announced the energy policy signed by the Group Chief Executive Officer and President in 2019, to demonstrate its commitment to appropriately improving the energy management system by preparing for ISO 50001 certification process in 2020.

- The Company provided training for all employees and contractors in order to give knowledge and better understanding of the environmental impacts that may result from their activities and how to minimise the impact that they have to strictly follow the rules such as separation of waste, control of waste and pollution from the production process and emergency response management to prevent environmental impact.

- The Company reported the result of projects implemented in 2019 that the work-related accidents rate was increased last year. The rate of work-related injury that results in days away from work in 2019 was 0 cases per one million hours worked compare to that of 2018 which was 0.32 cases per one million hours worked.

- The Company promoted resource-saving program to help businesses use resources more efficiently in accordance with the environmental programs which includes reducing fuel consumption, reducing electricity consumption, reducing waste such as the separation of waste for the proper treatment and disposal.

- The Company continually conducted an annual community's attitudes survey as the plant operation may cause both positive and negative impacts on the community such as economic, social and environmental impacts. This is to understand the views of the community and various impacts arising from the plant operation that leads to joint decision making between the plant and community through a participatory process such as the meeting with local council and community leaders, etc. The results of these processes will be taken into consideration to determine the appropriate management strategies to create sustainable satisfaction for community.

- Safety and environmental policy demonstrates the Company's commitment to reducing the environmental impact, preserving natural resources and energy by using them more efficiently. Furthermore reducing losses, sorting of the waste generated by the activities of the Company as well as reducing, controlling and treating waste in order to minimise environmental impacts, reducing and preventing the effects of climate change and taking care of biodiversity in the area. The success of safety, environmental and energy conservation program is affirmed by various certifications and awards as follows:

- ISO 14001 certification: standard for environmental management system (since 1999).

- TIS/OHSAS 18001 certification: standard for occupational health and safety management systems since 2002 - 2015 and changed to OHSAS 18001 since 2015, until the mid year 2019 and changed to the ISO 45001 from the end of the year 2019 until the present.

- Zero Accident Campaign 2019

- The Group Procurement Office supported the purchase of environmentally friendly products by sourcing products that have been authorised to use the Green label by the Thailand Environment Institute and also provided support to energy saving policy. The Company continually procured Energy Saving LED Bulbs for using at SSI Bangsaphan Plant. The Company also supported other energy-saving projects such as VSD Installation Project for Descaling Motor Pump 3300 KW with Energy Saving Equipment And the project to improve machinery and equipment for saving energy from heating fuel oil.

3.2 Compensation Measures

In the event that the stakeholders are damaged by violation of rights under the law, the Company has offered insurance to protect the rights of the stakeholders as follows:

- Directors & Officers Liability Insurance
- Marine Cargo Open Policy
- Public Liability Insurance
- All Risks of Property Damage, Machinery Breakdown, Boiler Explosion and Business Interruption Insurance (for major plants)

- Property All Risks Insurance (for office buildings)

In addition to the primary insurance coverage mentioned above, the Company has extended its insurance coverage to other SSI subsidiaries that have been operating locally; such as West Coast Engineering Company Limited; Prachuap Port Company Limited and Thai Cold Rolled Steel Sheet Public Company Limited. Furthermore, a constant monitoring of unusual situations has been put in place to periodically assess the risks that may cause damage to the Company and its stakeholders. Provisions of additional insurance coverage would be implemented to the offset any increased risk.

3.3 Dispute with Stakeholders

The Company has conducted its business in a way that avoids conflicts or disputes with the stakeholders; inclusive of its business involvements with customers, suppliers, competitors, employees, social, and the community. The Company has provided a mechanism to oversee and supervise all divisions of the Company to operate in compliance with the law by preparing a list of legal and regulatory restrictions that are to be complied with. In addition, each division has also reviewed its legal compliance and reported both complying and non-complying actions to the Group Legal Office to present to the Audit Committee. In order to better monitoring on the company's operation, the Company separated the compliance monitoring work from the Group Legal Office by setting up the Group Compliance and Corporate Governance Office. This department is responsible for independent oversight of the Company's internal operations.

For major litigations and disputes against the Company as disclosed in the notes on the financial statements, the Company's Group Legal Office will operate, coordinate and report any progress, predict outcomes of the cases and give recommendations to the Group Chief Executive Officer and the President periodically as well as report to the Audit Committee and the Board of Directors on a quarterly basis.

3.4 Whistleblowing Process

The Good Corporate Governance Committee realised the importance of stakeholders' participation in supervising the Company so they have arranged a tip-off and complaint reporting channel that allows the Company to receive information from employees and any group of stakeholders e.g. shareholders, customers, suppliers, competitors, social and the community. The reports can be of any concern for instance, law violation, unethical practice, fraud, corruption, breach of working positions, violation of conflicts of interest policy of the Company, violation or ignorance of duty according to policy, guidelines, instructions or regulations of the Company, inaccurate report of financial statements, improper internal control and any action harmful to reporters or the Company. The report can be directly forwarded to the Good Corporate Governance Committee as specified on the Company website. Such channels allow the Company to obtain more in-depth information on problems, the Company can thus analyse the information to find solutions and establish preventive measures, which will lead to more efficient management.

The Company announced the Board of Directors' policy regarding whistleblowing and guidelines regarding whistleblowing channels which became effective on 11 August 2008. Later, the Board of Directors approved the amendment of the Board of Directors' guidelines regarding whistleblowing channels (revision No. 2) became effective on 28 February 2014 replacing the previous version. The amendment was made to add clarification of the protection measures for the informants or whistleblowers and to conform with the anti-corruption policy and guidelines. The Company communicated the said policy to employees and internal and external stakeholders for the information of channels and methods of reporting tip-offs or complaints, which include the Company's intranet at <http://ssi.net> and the Company's website at <http://www.ssi-steel.com>. Any whistleblower can report tip-offs or complaints via two channels:

- By e-mail to: ssigcg@ssi-steel.com, or
- By post to: The Good Corporate Governance

Committee at the postal address of P.O. Box 534, Delivery Post Office Bangrak, Bangkok 10500.

The Good Corporate Governance Committee is responsible for determining the procedures when being informed of the tip-offs or complaints and measures to protect the whistleblower with the right to access information on a tip-off or complaint reporting channels. Electronic and post mail boxes are kept confidential by external service providers and none of the Company's employees can access these mail boxes, except the people authorised by and report directly the Chairman of the Good Corporate Governance Committee.

Moreover, the Company has already passed the certification process and became a certified company of the Private Sector Collective Action Coalition Against Corruption (CAC) on 22 January 2016. In 2019, the Company was recertified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) in the 2nd renewal. Details can be found in the anti-corruption section.

4. Information Disclosure and Transparency

The Board of Directors recognises the importance of disclosing material information of the Company, both financial and non-financial information, and that such information must be accurate, complete, timely, transparent and in accordance with the regulations stipulated by the Office of the Securities and Exchange Commission and The Stock Exchange of Thailand. The information is presented both in Thai and English for the investors, shareholders, securities analysts and other related parties including the public in order for them to have the information equally in accordance with the principles of good corporate governance. This material information may have a significant impact on the trading price of securities of the Company on The Stock Exchange of Thailand. The Board of Directors has explicitly declared its intention to execute its work in the Good Corporate Governance Policy of the Company.

The Company assigned responsibility for disclosing the Company's information to The Stock Exchange of Thailand and the Office of the Securities and Exchange Commission to the Corporate Secretary Office and the Group Investor Relations Department, Group Corporate Finance Office.



4.1 Information Disclosure Pursuant to the Notifications, Rules or Regulations of The Stock Exchange of Thailand and/or the Office of the Securities and Exchange Commission:

In 2019, the information disclosure of the Company as following:

- Disclosed all information necessary for the investors and shareholders to make decisions according to the regulations of The Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. This included the financial reports relating to the financial status and operating performance of the Company on a semiannual and annual basis after reviewed or audited by the licensed auditor, as well as the Management Discussion and Analysis (MD&A) of the Company, its subsidiaries and its joint venture for a period of six-month. The Company also reported its progress of the business rehabilitation to The Stock Exchange of Thailand and the Office of the Securities and Exchange Commission quarterly.
- Reported the progress of elimination of grounds for delisting and the progress of the implementation of the rehabilitation plan for quarter 1, 2 and 3 of the year 2019 to The Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

- Distributed the Annual Report (Form 56-2) to the Board of Directors, as the Plan Administrator and informed such information to The Stock Exchange of Thailand, the Office of the Securities and Exchange Commission and the Ministry of Commerce within the period required by law.

- Submitted Form 56-1 to The Stock Exchange of Thailand and the Office of the Securities and Exchange Commission within 3 months from the end of accounting period of the Company as required by law.

The disclosure of information to The Stock Exchange of Thailand and the Office of the Securities and Exchange Commission was properly completed and submitted in a timely manner.

4.2 Information Disclosure Pursuant to the Guidelines of The Stock Exchange of Thailand on the Transparency of the Companies

The Board of Directors appointed Group Finance & Accounting Excellence Office to responsible for investor relation tasks and Group Sustainable Development and Communication Office to take direct responsibility for the information disclosure to the public through mass media. Both offices have disclosed and distributed material information through The Stock Exchange of Thailand and the Company's website at <http://www.ssi-steel.com> with regular updates on the information given for the stakeholders and related parties to always have key information of the Company such as financial information, annual reports, organisation news, social activities and securities analysis articles, both in Thai and English.

4.2.1 Investor Relations

In 2019, the Group Investor Relations Department performed the following key activities through various channels:

- Published the Company's financial and nonfinancial information, good corporate governance policy, business ethics, director ethics and employee ethics (both in Thai and English) on the Company's website at <http://www.ssi-steel.com> for shareholders and investors to have a convenient channel to equally access the Company's information at all times.

- Arranged for better communication between investors and shareholders and the Company. They can raise questions to the executives or request for more information through the e-mail address: ir@ssi-steel.com. They can also register to receive e-mail updates through the Company's website.

- Provided management discussion and analysis (MD&A) of the Company, its subsidiaries and its joint venture for the quarterly operating performance to be disclosed with semiannual and annual financial statements. This is for investors to acknowledge and understand of any major changes including factors and events that affect its financial position and results of operations apart from the information in the financial statements.

4.2.2 Other Stakeholder and Public Relations

In 2019, the Group Sustainable Development and Communication Office pursued the following key activities:

- Issued press releases and photo releases regarding the Company's activities to news reporters, so that information of the Company reaches investors and the general public on a regular basis.

- Set up interviews with the Company's executives when requested by mass media, to raise an understanding and accurate knowledge of the Company.

- Arranged for publication of information and articles about the Company through various media, including: Print media such as newspapers and annual reports, Exhibitions to provide useful information to target groups and the public, Special media or electronic media such as the Company's website <http://www.ssi-steel.com>, [http:// www.blogssi.com/360degree/](http://www.blogssi.com/360degree/), [http://www.blogssi.com/ ssiarsa/](http://www.blogssi.com/ssiarsa/) and videos.

- Provided communication channel for inquiries or information request raised to the Company via e-mail address: pr@ssi-steel.com.

5. Responsibilities of the Board of Directors

5.1 Board Structure

5.1.1 Board Composition

The Board of Directors consists of qualified individuals with knowledge, competence, experience and special expertise from diverse area i.e. production, management, finance and accounting and long experience in the steel industry that is beneficial to the Company. Members of the Board of Directors registered with the Ministry of Commerce dated 11 September 2019, consisted of 11 members, including 5 Independent directors, 6 non-executive directors and 4 executive directors. The number of independent directors is sufficient as defined by the Good Corporate Governance Policy and the Principles of for Listed Companies 2012.

The names of the Board of Directors are as follows:

1. Mr. Somchai Sakulsurarat
Chairman of the Board of Directors
and Independent Director
2. Mr. Tongchat Hongladaromp
Director and Independent Director
3. Mr. Siripol Yodmuangcharoen
Director and Independent Director
4. Mr. Permpoon Krairiksh
Director and Independent Director
5. Mr. Yarnsak Manomaiphiboon
Director and Independent Director
6. Mr. Somchai Pipitvijitkorn
Director
7. Mr. Kamol Juntima
Director
8. Mr. Win Viriyaprapaikit
Director
9. Mr. Nava Chantanasurakon
Director
10. Mr. Kittisak Mapanao
Director
11. Mr. Narongrit Chotnuchittrakul*
Director

* Appointed as a director in replacement of the resigned member, effective on 18 July, 2019

Directors who are authorised to sign on behalf of the Company are Mr. Kamol Juntima, Mr. Somchai Pipitvijitkorn, Mr. Win Viriyaprapaikit, Mr. Nava Chantanasurakon or Mr. Kittisak Mapanao. Any two of these five directors can sign a document and affix the Company's seal.

5.1.2 Term of Appointment of Director and Independent Director

The directors shall hold the term of appointment as stipulated in the Public Limited Companies Act B.E. 2535 and the Company's Articles of Association, which prescribe that at every Annual General Meeting, one-third (1/3) of the directors shall retire by rotation. A retiring director is a director who has the longest term as director and can be re-elected by the shareholders at the next annual general meeting of the Company and shall then eligible for re-election.

However, since the Company filed a petition to the Central Bankruptcy Court for the business rehabilitation and the Court issued the rehabilitation order and appointed the Company as a Plan Preparer on 10 March 2016, the power and duties in managing the business and assets of the Company and all legal rights of shareholders except the right to receive dividends were transferred to the Plan Preparer, pursuant to Section 90/25 of the Bankruptcy Act. The Company therefore did not have to hold its shareholders' meeting, neither an Annual General Meeting nor an extraordinary General Meeting until the court revokes the rehabilitation order or the Company's business rehabilitation, as the case may be.

On 15 December 2016, the Central Bankruptcy Court approved the rehabilitation plan. All rights and duties of the Plan Preparer were immediately transferred to the Plan Administrator, pursuant to Section 90/59 of the Bankruptcy Act. As the Plan determined the Company as a Plan Administrator, the directors and independent directors of the Company then continue to serve as the directors and independent directors of the Plan Administrator.

The Company has not set the limit on the number of consecutive terms in office of director and independent director for the purpose of the flexibility of selecting a candidate who has appropriate experience and competence for the responsibility, and has a good insight into the Company and its operations.

5.1.3 Segregation of Duties of the Chairman of the Board of Directors and the President

The duties and responsibilities of key people within the Company are segregated. Mr. Somchai Sakulsurarat is the Chairman of the Board of Directors and Mr. Win Viriyaprapaikit is the Group CEO and President of the Company with the segregation of duties and responsibilities of each position explicitly determined.

Roles and Responsibilities of the Chairman of the Board

1. Chair the Board of Directors' meeting and shareholders' meeting, ensure efficient meeting in compliance with the Company's Articles of Association, and encourage directors and shareholders to be involved and express their opinions independently in the meeting.
2. Determine meeting agenda in collaboration with the Group Chief Executive Officer and President.



3. Encourage and support directors to contribute their utmost abilities, in accordance with duties and responsibilities under good corporate governance and business code of conduct, as well as discharge their duties with responsibilities to shareholders and any stakeholders concerned.

4. Supervise and monitor tasks of the Board and the Committees to ensure that the Company's objectives are achieved as set forth.

5. Support the operation of the management without any involvement in the Company's routine administration.

6. Roles and responsibilities of the Chairman of the Board of Directors other than mentioned above are enforced pursuant to the provisions of relevant laws.

5.1.4 Independence of the Chairman of the Board of Directors

The Company does not have a policy requiring the Chairman of the Board of Directors to be an independent director due to the limitation in seeking a suitable person within the period specified. The iron and steel industry needs an experienced and proficient person in this specific area of expertise to take such position, apart from the qualifications of board vision and managerial expertise to maximise the benefits of the Company, the shareholders and other stakeholders.

5.1.5 Company Secretary

The Company Secretary advises on legal issues and regulations necessary for the Board of Directors to know and perform the duty as well as coordinates to ensure the required execution of work according to the resolutions of the Board of Directors. The Board of Directors appointed Mr. Surasak Ngamsidhipongsa as the Company Secretary and defined his qualifications and scope of duties and responsibilities as follows:

Qualifications

1. Having a basic knowledge of laws and regulations regarding Public Limited Company, Security and Exchange law, or having attended training courses concerning corporate secretarial practices;

2. Having knowledge and understanding about corporate governance principles and best practices;

3. Being independent in the discharge of duties.

Duties and Responsibilities

1. Providing basic advice pertaining to the laws and regulations, corporate governance best practices and the Company's articles of association as well as reporting any significant changes to the Board;

2. Preparing agendas and documents for the Shareholders and Board of Directors Meetings;

3. Arranging the Shareholders and Board of Directors Meetings in accordance with the legal regulations and best practices;

4. Preparing the minutes of the Shareholders and Board of Directors Meetings, and monitoring subsequent actions in accordance with resolutions of those meetings;

5. Preparing and keeping registrations of directors, annual reports and notifications calling Shareholders and Board of Directors Meetings, as well as the minutes of the Shareholders and Board of Directors Meetings;

6. Ensuring that the directors and executives have filed reports on their interests and related persons' interests, as required by law, as well as keeping reports on interest filed by directors and executives, and presenting copies of such reports to the Chairman of the Board, Chair person of the Audit Committee and the Chairman of the Good Corporate Governance Committee, as specified by law;

7. Ensuring that the corporate information disclosures distributed to regulatory agencies are in accordance with the law and regulations;

8. Assisting in Board activities;
9. Arranging performance assessments of the Board of Directors and reporting the results to the Board;
10. Communicating with shareholders on their legitimate rights and on the Company's information;
11. Performing any other tasks in relation to compliance with the law and other regulatory requirements.

5.2 Role, Duties and Responsibilities of the Board of Directors

The Board of Directors has the duty to approve or grant its consent on material businesses related to vision, mission, business direction and policy, business plan, strategy and the annual budget of the Company. The Board of Directors also govern the risk management and business operations to conform with the provided policies and business plan effectively and to comply with the law, rules and regulations of the supervisory authorities, objectives and regulations of the Company and the resolutions made at the Board of Directors' meetings and shareholders' meetings, concerning the best interests of the Company and stakeholders. This aims to bring about stable and sustainable growth to the Company which will lead to value creation to the shareholders in the long term.

The Board of Directors has reviewed the vision, mission business strategies plan (SSI Group 10-Year Strategy), as well as monitor and ensure that the strategy is implemented and setting in Board meeting agenda. In 2019 the Board of Directors meeting No. 12/2019 on 14 November 2019 had considered and approved the company's vision, mission and business strategies plan as proposed.

Authority and Duties of the Board of Directors

1. The Board of Directors are authorised and obligated to ensure that the Company as a debtor and a Plan Administrator operates with fiduciary duty, care and integrity; and complies with the objectives as well as all rules, conditions and procedures set forth in the rehabilitation plan and the Court's order.
2. By resolution or written authorisation, the Board of Directors is entitled to delegate its responsibilities to any person or individual, who may or may not be director, who will act on the Company's behalf and sign their names so as to legally bind the Company according to conditions given to any person so delegated by the Board of Directors. The Board of Directors may delegate various aspects of its authority to one or more people.
3. The Board of Directors must meet, no less, than once every three months.

4. The Board of Directors must provide a balance sheet and income statement at the end of its fiscal year. These financial statements must be reviewed and audited by the external certified auditor and must be approved at the Board of Directors' meeting within four months after the end of the fiscal year.

5. During the company's rehabilitation process, the Board of Directors, as the Plan Preparer and the Plan Administrator respectively, shall have authorities to manage the Company's business and assets and hold the shareholder right (except for the right to receive dividends, if any), in accordance with the Bankruptcy Act, until the Bankruptcy Court revokes the rehabilitation order or the rehabilitation of the company, as the case may be.

6. The Board of Directors must appoint the Company Secretary to perform their duty on behalf of the Company or the Board of Directors as determined by law.

In case of retirement or the inability to perform the duty required of the Company Secretary, the Board of Directors must appoint the new Company Secretary within 90 days from the date on which the position becomes vacant. The Board of Directors is authorised to assign any board member to act as the Company Secretary during the vacant period. The Chairman of the Board of Directors shall notify the Securities and Exchange Commission as to the name of the new Company Secretary within 14 days from the date on which the appointment is made, and also notify the Securities and Exchange Commission of the place where the documents are kept as determined by law.

5.2.1 Good Corporate Governance Policy

The Board of Directors aims for an enhancement in the standard of good corporate governance. In 2002, the Board of Directors officially approved a good corporate governance policy of Sahaviriya Steel Industries Public Company Limited corresponding to the fifteen principles of good corporate governance stipulated by The Stock Exchange of Thailand. In December 2007, the meeting of the Board of Directors resolved to revise the good corporate governance policy of Sahaviriya Steel Industries Public Company Limited to conform to the principles of good corporate governance for listed companies for the year 2006 as stipulated by The Stock Exchange of Thailand. Lately, in September 2014, the Company promulgated the new Good Corporate Governance Policy to be in accordance with the principles of good corporate governance for listed companies for the year 2012 published by the Thai Institute of Directors in cooperation with The Stock Exchange of Thailand and the Office of the Securities and Exchange Commission in January 2013.

5.2.2 Code of Ethics for Directors

To conform with the Company's business philosophy, in 2001, the Board of Directors passed a resolution setting out a code of ethics for the Company's directors.

1) The Company's directors must perform their duties in the spirit of the Company's business philosophy and adhere to the code of ethics established by the Company.

2) The Company's directors must perform their duties in compliance with the law, objectives and regulations of the Company, and resolutions of the shareholders' meetings, and with all due honesty, integrity, and care for the interests of the Company.

3) The Company's directors must dedicate sufficient time and all their knowledge, competence, and managerial skills in performing their duties and responsibilities to drive prosperity and stability of the Company and proper value creation.

4) The Company's directors must perform their duties considering their responsibility to the shareholders and with all due concern for the interests of stakeholders, and must treat all groups properly and fairly.

5) The Company's directors must not use their position to seek unfair benefits, must not disclose the Company's confidential information to outsiders, must not seek benefits for themselves or related parties using the Company's inside information and must not perform any action that will result in a conflict of interest to the Company.

5.2.3 Conflicts of Interest

The Company has established numerous measures to prevent conflicts of interest and to execute connected or related transactions with transparency, clarity and proper justification. This aims to enhance the Company's creditability and more effective business operations. These measures are as follows:

1) Policies on trade discounts as a means to enhance competitiveness, sales volume and market share, and rewards to loyal customers with continuous purchasing orders for hot-rolled coil.

2) Rules and procedures governing the extension of commercial credit in order to systematically authorise credit and control the credit risk. Establishment of the Credit Committee to analyse and decide the amount and type of commercial credit suitable for each client, considering the client's needs and payment ability along with guarantees and conditions to prevent or reduce the risk of granting credit. The Committee also considers extending credit terms for each client.

3) Reports of the Company's sales volume and prices presented at the meetings of the Management Committee on a monthly basis and the meetings of the Audit Committee on a quarterly basis to ensure the transactions between the Company and its connected persons are of an ordinary course of business and general trading conditions.

4) Reports of holdings and change of holdings in the Company's securities of the directors and executives of the Company as disclosed in the annual report in the section of Supervision of Use of Inside Information.

5) Guidelines for the Board of Directors regarding the rules and procedures of reporting conflicts of interest of the directors and executives of the Company were established in 2009. The directors and executives of the Company, both at the Company and its subsidiaries, have reported conflicts of interest of themselves and related persons to the Company on a quarterly basis.

6) Guidelines pertaining to conflicts of interest were established in 2010 to ensure clarity on the actions deemed to cause conflicts of their own interest and the Company's interest in order to avoid or prevent such actions.

7) The Audit Committee considered the draft of preliminary legal opinion prepared by Weerawong, Chinnavat & Peangpanor Ltd. regarding 1) The connected transactions of slab procurement between Sahaviriya Steel Industries UK Limited and Vanomet Holding AG and between Sahaviriya Steel Industries Public Company Limited and Vanomet Holding AG. 2) The purchase price of slabs between Sahaviriya Steel Industries UK Limited and Sahaviriya Steel Industries Public Company Limited. Moreover, the Audit Committee proposed comments from all participants regarding this legal opinion to the Board of Directors meeting No. 10/2013 held on 14 August 2013.

Nevertheless, at the Board of Directors' meetings with the agenda concerning conflict of interest transactions, the directors who have conflict of interest must not participate in the consideration and must abstain in such agenda.

5.2.4 Internal Control and Internal Audit System

Details can be found in the section of Internal Control and Risk Management.

5.2.5 Risk Management

Details can be found in the section of Risk Factors.

5.3 Meetings of the Board of Directors

5.3.1 Determination of Meeting Schedules of the Board of Directors and Sub-Committees

The Company has determined the meeting schedules of the Board of Directors and sub-committees for the year in advance by coordinating with related parties to set the schedule and inform each director, committee and relevant internal departments beforehand. Therefore, the directors and executives are able to arrange their schedules and attend the meetings all together. The Board of Directors' meetings are held monthly. Apart from the agenda specified by the President, each director can also propose the matters to be included as the meeting's agenda through various sub-committees and the Chairman of the Board of Directors will consider the matters to be included to ensure all important businesses are taken into account by the meeting.

In the meetings of the Board of Directors and sub-committees, relevant senior executives of the Company also attend the meetings to provide supporting information on behalf of the person in charge. It is also a good opportunity for the Board of Directors to know the senior executives which can be helpful when considering the succession plan.

In each meeting, the Board of Directors has acknowledged the reports on operating performance and progress on the tasks assigned as well as considered the matters under the scope of duties and responsibilities of the Board of Directors. The Board of Directors has governed and supervised the corporate management and sub-committees to perform according to the plans and policies under the scope of duties and responsibilities assigned by the Board of Directors. The Company Secretary is the person pursuing the meeting to be in accordance with the Good Corporate Governance Policy of the Company. The meeting must

have clarity on the agenda. The distribution of notices and supporting documents to the directors must comply with the Company's articles of association which require a prior notification of not less than 7 days before the meeting date. Therefore, the directors have sufficient time to study the information. Each meeting takes approximately 2 hours. In 2019, there were 13 meetings of the Board of Directors, as the Plan Administrator (once a month except in February held 2 meetings per month).

The meetings of sub-committees independently take a consideration on implementation of various activities under the scope of duties and responsibilities assigned by the Board of Directors with the secretary of each committee organising the meetings and notices and supporting documents distributed prior to the meeting dates.

In 2019, the meetings of sub-committees can be summarised as follows:

- 1) Audit Committee held 5 meetings in February held 2 meetings per month, May, August, and November.
- 2) Nomination and Remuneration Committee held 4 meetings in February, April, July, and December.
- 3) Good Corporate Governance Committee held 4 meetings in March, May, August, and November.
- 4) Risk Management Committee held 4 meetings in February, April, July, and November.

The Company also held specific meetings of independent directors consisting of 6 members. In 2019, there were 2 meetings held in February and August to discuss on the management problems of the Company. If there is a material issue, the independent directors will propose to the Board of Directors' meeting for further consideration.

Furthermore, all the directors can also take part in corporate management with informal meetings held to consider particular matters concerning different areas of knowledge, proficiency, and suggestion needed from the directors i.e. engineering, production, or specific management area. Certain matters have also been discussed over the telephone with the directors having direct experience on a regular basis.

5.3.2 Summary of Attendance of Each Director in the Board of Directors' Meetings and Sub-Committees' Meetings

Meeting Attendance of Directors in 2019 (Number of Meetings Attended / Number of Meetings Held)

| Name | Board of Directors | Audit Committee | Nomination and Remuneration | Good Corporate Governance | Risk Management | Independent Directors |
|--|--------------------|-----------------|-----------------------------|---------------------------|-----------------|-----------------------|
| 1. Mr. Somchai Sakulsurarat Deputy Chairman and Independent Director | 13/13 | 5/5 | | | | 2/2 |
| 2. Mr. Tongchat Hongladaromp Independent Director | 13/13 | | | | 4/4 | 0/2 |
| 3. Mr. Siripol Yodmuangcharoen*** Independent Director | 10/13 | | 4/4 | 2/4 | | 1/2 |
| 4. Mr. Somchai Pipitvijitkorn Director | 7/13 | | 3/4 | | 4/4 | |
| 5. Mr. Kamol Juntima Director | 11/13 | | | 4/4 | | |
| 6. Mr. Permpoon Krairiksh Independent Director | 7/13 | 5/5 | | | 4/4 | 1/2 |
| 7. Mr. Yarnsak Manomaiphiboon Independent Director | 9/13 | 5/5 | | 4/4 | | 1/2 |
| 8. Mr. Pichai Eursirisub* Independent Director | 7/13 | | | 2/4 | | 0/2 |
| 9. Mr. Win Viriyaprapaikit Director | 12/13 | | | | | |
| 10. Mr. Nava Chantanasurakon Director | 12/13 | | 4/4 | | | |
| 11. Mr. Kittisak Mapanao Director | 13/13 | | | | | |
| 12. Mr. Narongrit Chotnuchittrakul** Director | 5/13 | | | | | |

* Director resigned on 17 July 2019.

** Appointed as the director in replacement of the resigned member, effective on 18 July 2019.

*** Appointed as member of the Good Corporate Governance Committee in replacement of the resigned member, effective on 18 July 2019.

Remark:

For some directors who were not able to attend the meetings of the Board of Directors or sub-committees as indicated above due to necessary reason or inevitably important business, the directors not attending the meeting also submitted a leave notice prior to the meeting. In case the directors have any issue or suggestion to propose in any agenda, they can inform the Company Secretary or the secretary of the meeting of each sub-committee.

5.4 The Board of Directors' Performance Assessment

5.4.1 Board Self-Assessment

The Company conducted a yearly self-assessment of the Board of Directors with the first implementation at the beginning of 2006 on their performance for the year 2005. The Board of Directors assessed its own performance using the Board of Directors Self-Assessment Guide of The Stock Exchange of Thailand, and has since employed the same approach every year. Input from this self-evaluation would be reviewed and used as guidelines for solving prospective problems and obstacles in the future. Each director is able to discuss the overall performance of the Board of Directors for further improvement and more effective development. The Board of Directors does not employ this approach on an individual basis.

5.4.2 Sub-Committees' Self-assessment

For the self-assessment of the committees, In 2019, every sub-committee conducted self-assessment using the self assessment of committee as a whole form issued by The Stock Exchange of Thailand. There were 3 sub-committees: the Audit Committee, the Risk Management Committee and the Nomination and Remuneration Committee, conducted self-assessment on an individual basis. The Audit Committee has an annual assessment which has been conducted since 2000. In earlier periods, it was done using the Audit Committee Self-Assessment Guide based on guidelines provided by the Thai Institute of Directors (IOD) and the American Institute of Certified Public Accountants (AICPA). Later in 2011, the "Form of Self-assessment of Audit Committee Performance" has been applied based on guidelines given in the "Audit Committee Manual" of the Office of the Securities and Exchange Commission in cooperation with The Stock Exchange of Thailand, the Thai Institute of Directors and Pricewaterhouse Coopers Company Limited published to listed companies on 28 December 2010. Its results will be annually reported to the Board of Directors. From 2015, the Audit Committee conducted self-assessment using both form issued by the Office of the Securities and Exchange Commission and The Stock Exchange of Thailand. The Board of Director acknowledged the self-assessment report for 2019 of all sub-committees.

5.5 Director and Executive Remuneration

At the Annual General Meeting of Shareholders No. 16 held on 5 April 2005, it was resolved that the guidelines and remuneration rates be adjusted to a more appropriate level. The Board of Directors and the Board of Executive Directors would receive monthly compensation, while compensation of other committee members would be paid for each meeting. The President, as a senior executive position, would be compensated only for his/her executive role, but not as a director. Remuneration of directors and executives would be based on their scope of responsibilities and the Company's overall performance. Remuneration of senior executives would also be based on their annual goals program. The director and senior executive remuneration package should be attractive enough to maintain qualified people with the Company while considering a comparison on remuneration package provided by the Company and that of other comparable entities in terms of good corporate governance in the industry. At the Extraordinary General Meeting of Shareholders No. 2/2011 held on 22 September 2011, the shareholders resolved to approve an adjustment on director remuneration to be in line with the change of the board structure.

In summary, the remuneration of directors and senior executives of the Company has been consistent with the criteria proposed by the Nomination and Remuneration Committee as approved by the Board of Directors and at the shareholders' meeting. Details of remuneration of directors and senior executives in 2019 can be found in the section of the Remuneration of Directors and Management.

5.6 Director and Management Development

The Company has set a policy to encourage and support the directors and executives to attend training courses or participate in Company activities, for example, a company study visit in order to increase their knowledge and potential. Such knowledge are brought to enhance the Company's operations. Training and seminars are provided both inside and outside the Company. In addition, a rotation program for senior executives in the SSI Group has also been conducted to share and gain experience within the Group.

To support the implementation mentioned above, the Company has also established the policy on human resource development, and guideline regarding employee training and seminars and a guideline regarding reimbursement of training and seminar expenses.

5.6.1 Development Program for Directors

1) Orientation for new directors

There is has new director in 2019. The Corporate Secretary Office collects and delivers documents and information necessary for new directors to perform their duties. These comprise of the director manual, corporate authorisation manual, code of ethics of directors and other material information of the Company, i.e. business philosophy, business ethics, vision, value, morality of employees and conflicts of interest as published in the corporate manual under the title of SSI WAY.

2) Training and seminars for directors

Details can be found in the section of The Board of Directors.

5.6.2 Development Program for Executives and Succession Plan

1) Orientation for new executives

For new executives, an introduction to the Company's business and operations has been provided by the executives from each division with related documents and information given as a working manual i.e. corporate authorisation manual and SSI WAY manual.

2) Training and seminar for executives

The Company encourages directors and executives to attend seminars that are useful in performing business/industrial management duties and the roles and responsibilities of directors. In which all directors have received training for basic practice in the duties of directors. Details can be found in the section of The Management.

In 2019, the following directors and executives underwent training and seminars;

| Directors/Executives | Position | Courses/Seminar |
|--------------------------------|----------|--|
| Mr. Win Viriyaprapaikit | Director | 1. The Executive Program in Energy Literacy for a Sustainable Future by TEA 2. Green Building Certification by L.P.N. Academy 3. Lessons Learned from British Steel Construction Industry by CRU Consulting 4. SMART GRID Energy on Cloud by SGtech |
| Mr. Nava Chantanasurakon | Director | 1. Top Executive Program in Commerce and Trade by TEPCoT |
| Mr. Kittisak Mapanao | Director | 1. Politics and Democracy for Executives by KPI 2. Green Building Certification by L.P.N. Academy 3. Lessons Learned from British Steel Construction Industry by CRU Consulting |
| Mr. Narongrit Chotnuchittrakul | Director | 1. Green Building Certification by L.P.N. Academy 2. Lessons Learned from British Steel Construction Industry by CRU Consulting |

The Company has introduced Human Resource Policy (Extra) No. 2/2005 regarding the Succession Plan to accommodate the planning for future human resources of the Company by defining successors for key positions.

The Succession Plan Sub-committee has planned and formulated a successor development program by preparing an Individual Development Plan for the successors in order to develop their potential in accordance with the Company's requirements. The Company has identified the successors for key positions including the position of the President.

Sub-Committees

The Board of Directors has decentralised its authority and duties by appointing several sub-committees to assist in implementation of relevant matters by studying and screening material businesses under the scope assigned by the Board of Directors. There were 6 sub-committees appointed. However, in 2011, the Board of Directors' Meeting resolved to rearrange the management structure of the Company, so the sub-committees has remained 4 committees as follows:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Good Corporate Governance Committee
4. Risk Management Committee

All sub-committees have an independent director as a chairman except for the Good Corporate Governance Committee. All members of the Audit Committee are independent directors. Most of the members of the Good Corporate Governance Committee and the Risk Management Committee are independent directors. Most of the members of the Nomination and Remuneration Committee are not independent directors. As a result, the Board of Directors will further consider increasing the number of independent directors. The sub-committees have the term of office of 3 years as specified by the Company where the limit on the number of consecutive terms in the same position is not stipulated.

In addition, in 2011 the Board of Directors also resolved to establish the Management Committee to take on responsibilities previously belong to the Board of Executive Directors. The Management Committee consists of the senior executives of the Company as the members. Mr. Win Viriyaprapaikit, Group CEO and President, has been appointed as the Chairman of the Management Committee.

The scope of authority, duties, and responsibilities of the sub-committees are as follows:

1. Audit Committee

As of 31 December 2019 the Audit Committee consisted of three members, whose term of office is 3 years, (from 30 June 2017 to 29 June 2020) as follows:

1. Mr. Somchai Sakulsurarat
Chairman of the Audit Committee
2. Mr. Permpoon Krairiksh
Audit Committee Member
3. Mr. Yarnsak Manomaiphiboon
Audit Committee Member

All of the Audit Committee Members have adequate knowledge and adequate experience to perform its duties in reviewing the reliability of financial statements.

Scope of Duties and Responsibilities of the Audit Committee

1. To review and ensure the accuracy and adequacy of the Company's financial reports.
2. To review and ensure the suitability and effectiveness of the Company's internal control system, internal audit system and anti-corruption measures. To determine the independence of the internal audit office, and to approve the appointment, transfer and dismissal of the Head of Internal Audit.
3. To ensure the Company's compliance with the Securities and Exchange Commission laws and laws relating to the Company's business, as well as rules, regulations, notifications and orders issued by such laws.
4. To review the Company's risk management system, particularly focusing on the Company's major risks.
5. To consider, select and nominate the Company's auditor and recommend his/her remuneration.
6. To review related transactions and transactions with potential conflict of interest comply with the securities and exchange laws and laws relating to the Company's business as well as rules, regulations, notifications and orders issued by such laws.
7. To consider commissioning and ad-hoc consultants, at the Company's expense, when professional advice or specific expertise is required.
8. To perform any other act as delegated by the Board of Directors.

9. In performing its duty; if the Audit Committee finds or suspects any reports or actions which have a material impact on the financial position and results of operations of the Company, the Audit Committee shall report to the Board of Directors in time (for rectification) deemed as appropriate by the Audit Committee:

9.1 Report on conflicts of interest.

9.2 Fraud, Irregularity or Material defects in the internal control system.

9.3 Infringement of the Securities and Exchange Commission laws, and laws relating to the Company's business as well as rules, regulations, notifications and orders issued by such laws.

10. To report the operational results of the Audit Committee to the Board of Directors at least twice a year.

11. To prepare the report of the Audit Committee for disclosure in the annual report. The report must be signed by the Audit Committee Chairperson disclosing the necessary information under the basis and regulations of The Stock Exchange of Thailand.

2. The Nomination and Remuneration Committee

As of 31 December 2019, the Nomination and Remuneration Committee consisted of 3 members whose term of office is 3 years (from 1 September 2017 to 31 August 2020) as follows:

1. Mr. Siripol Yodmuangcharoen
Chairman of the Nomination and Remuneration Committee
2. Mr. Somchai Pipitvijitkorn
Nomination and Remuneration Committee Member
3. Mr. Nava Chantanasurakon
Nomination and Remuneration Committee Member

Scope of the Duties and Responsibilities of the Nomination and Remuneration Committee

1. Duties and Responsibilities - Nomination

1.1 Select and review candidates nominated to hold the position of a director, the president or higher. For a vacancy in the executive officer position or the Board of Directors position, in the event the position is open for reasons other than the expiration of a term of office, a list of nominees will be submitted to the Board of Directors for resolution. While in other cases, a list of qualified candidates available to fulfill a director vacancy and selected by the Board of Directors, will be proposed to their shareholders at the Annual General Meeting of Shareholders for resolution.

1.2 To select personnel suitable for nominating as the Company's directors or the President, and submit their names at the Board of Directors' meeting and/or a shareholders' meeting for further consideration as stated in 1.1, the Nomination and Remuneration Committee shall proceed as follows:

1.2.1 Consider the qualifications and personal characteristics of the candidates proposed for selection as Board members or President, with regards to: Leadership, special expertise and certain knowledge and experience required, morals, integrity, accountability, principles and professional commitment to work, maturity and stability and the ability to express an independent opinion.

1.2.2 Consider the independence and qualification of candidates proposed for selection as independent directors.

1.2.3 Consider the candidates available time in evaluating whether it is enough to devote to the position as the Company's director. Other considerations such as, the number of meetings attended will be reviewed in the re-election of any director for an additional term and also the number of companies that candidates serve simultaneously will be taken into account in the Nomination of new directors.

1.2.4 Comprehensively verify that candidates meet the qualifications required by legal and regulatory requirements.

1.3 Review and propose alterations to the Board of Directors regarding the appropriateness of the size and composition of the Board to effectively perform their duties. Aspects such as the size of the Board; the Board shall have enough qualified directors to be delegated to a subcommittee. The composition of the Board; The Board shall consist of qualified individuals with knowledge, competence, experience and special expertise from diverse areas in order to ensure prudent decision making. In addition, the appropriate size of independent directors shall be taken into consideration in accordance with good corporate governance best practices.

1.4 Perform other duties regarding nomination as assigned by the Board of Directors.

2. Duties and Responsibilities - Remuneration

2.1 Consider remuneration for the Board of Directors, a director as a member of sub-committees and the President and propose the remuneration at the Board of Directors' meeting or a shareholders' meeting as the case may be for resolution. This remuneration shall include (a) monthly retainers (b) meeting attendance fees (c) incentives i.e. annual bonuses or pensions and (d) other benefits.

2.2 To be transparent, fair and reasonable when determining the appropriate remuneration, the Nomination and Remuneration Committee shall proceed within the following criteria and guidelines:

2.2.1 The remuneration shall be reasonable and of a level that is able to attract and retain directors and executives who possess the required qualification. The Committee may consider comparing its remuneration with other companies of a similar size; measured by sales revenue, total assets, profitability, complexity etc.

2.2.2 The remuneration shall be appropriate and relate to the scope of the duties and responsibility of each director. The more responsibilities assigned to the directors the more compensation they shall receive. For example, any additional compensation should be paid to a member of a sub-committee for service on a sub-committee in addition to compensation for services as a director. Moreover, the chairman of the Board of Directors and a sub-committee should be compensated more than their members, at an appropriate rate.

2.2.3 The remuneration of the directors that link to the Company's performance such as an annual bonus, shall also link to the return to shareholders by way of dividends. If a dividend is not paid to the shareholders in the year, a bonus will not be paid to the directors.

2.2.4 An executive director position will only be paid for service as an executive officer and not for service as a board member.

2.3 Review and recommend to the Board of Directors regarding the appropriate remuneration for the Board of Directors, on an annual basis. In doing so, follow the criteria and guidelines for determining the remuneration as stated above, prior to the proposal in a shareholders' meeting for further consideration.

2.4 Evaluate the performance of the president level and higher on an annual basis, in order to determine their remuneration, before a proposal to the Board of Directors for approval. The annual total returns, performance of other significant duties as well as the long term value creation of the Company and shareholders will be taken into consideration for the performance evaluation. Moreover, there shall be comparisons made of the Company's performance against other companies in the same industry to support the decision.

2.5 Perform other duties regarding remuneration as assigned by the Board of Directors.

3. The committee may seek the advice of outside advisors or experts, as deemed necessary and appropriate, at the Company's expense, in order to obtain the beneficial advice so as to aid the efficiency, performance of duties and responsibilities of the Committee. For reporting, the committee shall report regularly of performance results to the Board of Directors according to its charter:

- Report meeting results to the Board of Directors for acknowledgement after every meeting of the Nomination and Remuneration Committee as well as other significant reports regarding nomination and remuneration as deemed appropriate.
- Report performance results of the Nomination and Remuneration Committee to the shareholders on an annual basis via the Company's annual report.

3. Good Corporate Governance Committee

As of 31 December 2019, the Good Corporate Governance Committee consisted of 3 members, whose term of office is 3 years (from 4 December 2016 to 3 December 2019), as follows:

1. Mr. Kamol Juntima
Chairman of the Good Corporate Governance Committee
2. Mr. Yarnsak Manomaiphiboon
Good Corporate Governance Committee Member
3. Mr. Siripol Yodmuangcharoen*
Good Corporate Governance Committee Member

* *Appointed as member of the Committee in replacement of the resigned member, effective on 18 July 2019.*

Scope of Duties and Responsibilities of the Good Corporate Governance Committee

1. Assess and propose to the Board of Directors the Company's policies concerning good corporate governance in accordance to business philosophy, and the code of business conduct of the Company as well as international good corporate governance principles.

2. Develop and evaluate procedures or guidelines concerning good corporate governance and propose them to the Board of Directors.

3. Oversee the performance of the Company's management to ensure that they conform to the Company's policies and guidelines concerning good corporate governance as approved by the Board of Directors.

4. Provide advice on corporate social responsibility (CSR) to the Company management.

5. Oversee the Company's management to ensure that they establish a clear execution plan for CSR policies, and follow up their implementation according to the plan, submitting the results to the Board of Directors.

6. Review business philosophies, codes of business conduct, codes of ethics for directors and codes of ethics for employee, as well as guidelines concerning the aforementioned as deemed appropriate, proposing the finding to the Board of Directors.

7. Review policies and practices regarding the anti-corruption and whistleblowing to be in line with standard practices as well as rules, regulations and relevant laws before proposing to the Board for approval.

8. Oversee, advise and monitor to ensure the implementation on the policy and practices concerning the anti-corruption and whistleblowing.

9. Appoint external good corporate governance advisers if deemed necessary and appropriate, at the Company's expense.

10. The Good Corporate Governance Committee may take courses to enhance its knowledge in matters related to its work, at the Company's expense.

11. Perform any other tasks relating to good corporate governance that are assigned by the Board of Directors.

12. Report the results of the Good Corporate Governance Committee's tasks to the Board of Directors for acknowledgement on an appropriate basis or at least twice a year. They must report immediately to the Board of Directors for acknowledgement or consideration of a matter that has a significant impact on the Company, and provide suggestion or recommendation for such matter as it deems appropriate.

13. Prepare a report of the Company's Good Corporate Governance for disclosure to the shareholders on an annual basis via the Company's annual report (56-2 form):

13.1 A report of the Good Corporate Governance Committee signed by the Chairman of the Committee;

13.2 A report on Compliance with the Principles of Good Corporate Governance as defined by The Stock Exchanges of Thailand and the Securities and Exchange Commission.

4. Risk Management Committee

As of 31 December 2019, the Risk Management Committee consisted of 3 members whose term of office is three years (from 4 December 2019 to 3 December 2022), as follows:

1. Mr. Permpoon Krairiksh
Chairman of the Risk Management Committee
2. Mr. Tongchat Hongladaromp
Risk Management Committee Member
3. Mr. Somchai Pipitvijitkorn
Risk Management Committee Member

Scope of Duties and Responsibilities of the Risk Management Committee

1. Review and propose the Company's risk management policy and acceptable risk appetite to the Board of Directors for approval.
2. Oversee the development and implementation of the Company's enterprise risk management framework.
3. Review risk management reports submitted by management in order to monitor the Company's major risk exposures and take appropriate action to ensure that such risks have been effectively monitored and controlled by management on an ongoing basis.
4. Make additional recommendations to the Board of Directors with respect to risk management, including problems and difficulties encountered in the course of the development of the Company's risk management system.
5. In carrying out its duties and responsibilities, the Risk Management Committee may engage outside professional consultants for advice, as deemed necessary and appropriate, and may take courses to enhance its knowledge in the matter related to its works, at the expense of the Company.
6. Perform any other duties as may be assigned by the Board concerning risk management.

Management Committee

As of 31 December 2019, the Management Committee consisted of 10 members, as follows:

1. Mr. Win Viriyaprapaikit
Chairman of the Management Committee
2. Mr. Nava Chantanasurakon
Management Committee Member
3. Mr. Kittisak Mapanao
Management Committee Member
4. Mr. Jira Chotinuchit
Management Committee Member
5. Mr. Narongrit Chotnuchitrakul
Management Committee Member

6. Mr. Somsak Sivapaiboon
Management Committee Member
7. Mr. Manin Inprom
Management Committee Member
8. Mr. Yongyuth Malithong
Management Committee Member
9. Mr. Veerawit Tulalamba
Management Committee Member
10. Mr. Peter Rowson
Management Committee Member

Scope of Duties and Responsibilities of the Management Committee

1. Study, analyse and propose the Company's policies, strategies, long-term plans, annual plans, budgets, investment plan, capital budgets, expansion plans and plans for new operations or joint ventures; to the Board of Directors for approval.

2. Responsible for implementing the policies and plans approved by the Board of Directors, as well as monitoring and evaluating the results of those operations to submit to the Board of Directors for its consideration.

3. Comply with the scope of authority determined under the Authorisation Chart approved by the Board of Directors.

4. Perform any other duties as assigned by the Board of Directors.

Nomination and Appointment of Directors and Management

1. Independent Directors

- The Nomination and Remuneration Committee has set the criteria for selecting an independent director as stated in the Nomination and Remuneration Committee's charter item No. 5.1.2.

- The number and qualification of an independent director are defined as follows:

(1) The Company shall have independent directors at least one-third of its board size but not less than three Independent Directors

(2) An independent director shall have the following qualifications:

(A) Holds no more than 0.5% of total voting shares of the Company, its parent company, its subsidiaries, its associated companies, its major shareholder or controlling person of the Company, including shares held by related persons of the independent director.

(B) Is not or has not ever been an executive director, employee, staff, advisor who receives full time salary or a controlling person of the Company, its parent company, its subsidiaries, its associated companies, the subsidiaries in same level, its major shareholder or controlling person of the Company unless the foregoing status has ended not less than 2 years prior to the date of appointment. The aforementioned prohibited qualifications do not include the case where the independent director was a government official of, or an advisor to, a government unit who is a major shareholder or controlling person of the Company.

(C) Is not a person related by blood or legal registration such as; father, mother, spouse, sibling and child including spouse of the children, management, major shareholders, controlling persons or persons to be nominated to management or controlling person of the Company or its subsidiaries.

(D) Is not or has not had a business relationship with the Company, its parent company, its subsidiaries, its associated companies, its major shareholder or controlling person of the Company, in the manner that may interfere with his independent judgment; or, is not or has not ever been a significant shareholder or controlling person of any person having business relationship with the Company, its parent company, its subsidiaries, its associated companies, its major shareholder or controlling person of the Company unless the foregoing relationship has ended not less than 2 years prior to the date of appointment. The term 'business relationship' aforementioned under the first paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services, or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the Company or Baht 20 million or more, whichever is the lesser. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions mutatis mutandis. The consideration of such indebtedness shall include indebtedness occurred during the period of 1 year prior to the date on which the business relationship with the person commences.

(E) Is not or has not ever been an auditor of the Company, its parent company, its subsidiaries, its associated companies, its major shareholder or controlling person of the Company and is not a significant shareholder or partner of an audit firm which employs auditors of the Company, its parent company, its subsidiaries, its associated companies, its major shareholder or controlling person of the Company unless the foregoing relationship has ended not less than 2 years prior to the date of appointment.

(F) Neither be nor have been any professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding Baht 2 million from the Company, its parent company, its subsidiaries, its associated companies, its major shareholder or controlling person of the Company, and neither be nor have been a significant shareholder, controlling person or partner of the professional advisor unless the foregoing relationship ended not less than 2 years prior to the date of appointment.

(G) Is not a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder.

(H) Does not operate any business which has the same nature as, and is in competition with, the business of the Company and its subsidiaries or is not to become a significant partner in a partnership or is not an executive director, employee, member of staff or advisor who receives a full time salary or holds more than 1% of total voting shares of any other companies operating business which has the same nature as and is in competition with the business of the Company or its subsidiaries.

(I) Does not have any other characteristics that will cause the inability to express independent opinions with regard to the Company's business operations.

After being appointed as independent directors with qualifications in accordance with clauses (A) to (I), the independent directors may be assigned by the Board of Directors to make decision on the business of the Company, its parent company, subsidiaries, associated companies, its subsidiaries in the same level, its major shareholders or controlling person of the Company, in the form of collective decision.

Remarks:

- Related person means a person in section 258 of Securities and Exchange Commission Act.
- Significant shareholder means a shareholder in any entity having more than 10% of the total voting shares, including shares held by a related person.

- Partner means a person authorised by the audit firm or professional provider to sign an auditors' report or a professional report (as the case may be) on behalf of juristic person.

- An executive director means a director holding a management position, a director with the responsibility in any implementation as management and an authorised director who can sign in binding company, except if it is expressly shown to be signing at the approval of the committee and in joint signing with other directors.

- A subsidiary in the same level means any two or more subsidiaries under the same parent company.

2. Directors and Management

- The Nomination and Remuneration Committee defined the criteria for selection of directors and management as explicitly stated in The Nomination and Remuneration Committee Charter that

"5.1.2 Selection of director candidates for nominating as the Company's director or the President, and proposal of their names at the Board of Directors' meeting and/or a shareholders' meeting for further consideration. The Nomination and Remuneration Committee shall proceed as follows:

5.1.2.1 Determine the qualifications and personal characteristics of the candidates proposed for selection as Board members or the President, with regards to: a good leader, special expertise and certain knowledge and experience required, moral, integrity and accountability, principle and professional commitment to work, maturity and stability, and the ability to express an independent opinion.

5.1.2.2 Consider the independence and qualification of candidates proposed for selection as independent directors.

5.1.2.3 Consider time available of candidates whether it is enough to devote to the position as the Company's director such as the number of meetings attended will come into the consideration for the re-election of any director for an additional term and the number of company that candidates simultaneously serves on will be taken into consideration for the Nomination of new directors.

5.1.2.4 Carefully verify the nominated person for qualifications according to the legislation and regulations requirements."

The shareholders have the right to appoint directors to a board. The Company notified The Stock Exchange of Thailand regarding the right of minority shareholders to propose matters considered important and constructive as an agenda of the shareholder's meeting as well as the right to propose qualified candidates for the director nomination. The proposal must be submitted in advance via e-mail or a regular mail to the Company Secretary within a specified period, and in compliance with the guidelines published on the Company's website.

The Company went into the rehabilitation process when the Central Bankruptcy Court approved the rehabilitation plan on 15 December 2016 and appointed the Company as a plan administrator. This resulted in the termination of the shareholders' rights, therefore, the shareholders could not re-elect the Board members when their terms are expired. If there any change of Board members is required, a request shall be sent to the Central Bankruptcy Court for consideration.

Governance of Subsidiaries and Joint Venture

1. The mechanisms for the Company to supervise and control management of its subsidiaries and its joint venture, so to ensure the protection of interest of the Company's investment, are as follows:

- The Company's executives are nominated for the position of directors and/or Chief Executive Officer, President and/or Executives of significant divisions of its subsidiaries and its joint venture in order to supervise their performance. Such nomination must be approved by the Board of Directors in accordance with the joint venture agreement.
- The Scope of duties and responsibilities of nominated executives are as stated in the job descriptions as defined by the Company's subsidiaries and joint venture. The nominated executives must submit a monthly performance report of such subsidiaries and joint venture as well as ensure that its goals and business direction determination comply with those of the Company.
- With respect to the guidelines regarding conflicts of interest of the Company, it was stipulated that every employee, including the President, not be able to take a position of director or executive in any business which competes directly or indirectly with the Company; and not be a director of other companies that are engaged in or going to be engaged in businesses with the Company, except the position of affiliates as granted by the Board of Directors.

2. Disclosure of the contractual agreement between the Company and other shareholders regarding the management of its joint venture.

- The terms of the joint venture agreement between the Company and its joint venture, Thai Cold Rolled Steel Sheet Public Company Limited was stipulated that the nomination of the directors, and/or president and/or executives to take such a position in the joint venture are determined by each group of shareholders must pursuant to its joint venture agreement.

Supervision of Use of Inside Information

1. Relevant laws and the Company's policy regarding the use of inside information to prevent wrongful action on the Company's securities trading and to ensure a fair and an equal treatment to all shareholders are listed below:

- The Securities and Exchange Act, B.E. 2535 (1992)
 - The Securities and Exchange Commission (SEC) notification number Sor.Jor. 12/2552 (2009), regarding the preparation and disclosure of report on securities holding of directors, executives and auditors dated 10 June 2009.
- The Company's Good Corporate Governance Policy 2014 stated that the Board of Directors shall ensure that guidelines concerning the use and protection of insider information for trading of the Company's securities are implemented and thoroughly communicated to all relevant parties.
 - The practice guidelines of the Board of Directors regarding the use and protection of inside information for trading of the Company's securities (No. 4) became effective on 2 March 2015:
 - Directors and employees must not use inside information from reports that have been or will be made regarding the Company's business activities, for the benefit of themselves or others. Moreover, they must not advise others on the purchase and sale of securities of the Company based on such information.
 - Directors and employees who possess inside information must protect the information that has not yet been disclosed to the public with due care and must limit access to such information to only those who need to know, as well as must not disclose such information to the public except as authorised or required by the laws.

- Directors and executives must not buy or sell or transfer the Company's securities, which they, their spouses and minor children hold, for a period of one month starting from the end of each fiscal quarter and ending after one full day of trading following a public disclosure of the Company's quarterly or annual results.

- The Company requires the directors and executives of the Company including employees in the position of Assistant Vice President and higher, Department manager or equivalent and higher in the Finance and Account Division, Section manager or equivalent and higher in the Investor Relations Department to report their holdings and change of holdings of the Company's securities within 30 days from the date of appointment as a director or an executive of the Company and within 3 business days from the date of purchasing or selling the Company's securities.

2. Supervision on compliance with relevant laws and the Company's policies

- To ensure material information of the Company is kept confidential prior to disclosing to The Stock Exchange of Thailand and is disclosed immediately after the Board of Directors passes a resolution on such matter to The Stock Exchange of Thailand before any other channel in order for the shareholders and investors to access the disclosed information on a timely and equal basis.

- To report the holdings of the Company's securities of the Company's executives to the meeting of Good Corporate Governance Committee on a quarterly basis.

- To report to every meeting of the Board of Directors regarding the holdings of securities of the Company's directors and executives pursuant to the notifications of the Securities and Exchange Commission and to disclose such information to the Office of the Securities and Exchange Commission.

3. Punishment measure for employees not complying with the practice guidelines of the Board of Directors

regarding the use and protection of inside information for trading of the Company's securities

- The Company has imposed a punishment measure for employees performing an action considered to be harmful to the Company's reputation as well as taking advantage from working at the Company for their own or other benefits or disclosing the confidential information related to business conduction, operating system, production and any other confidential information. The measure is in accordance with the practice guideline of Disciplinary Punishment Measure and Disciplinary Action which refers to Human Resource Managment Policy No. 4/2008 dated 27 May 2008 regarding Disciplinary Action and Disciplinary Punishment.

Auditor's Remuneration in 2019

1. Audit Fee

The Company and its subsidiaries including Prachuap Port Company Limited and West Coast Engineering Company Limited accrued an audit fee for the past fiscal year of Baht 3,550,000 to D I A International Audit Co., Ltd. which is 4.11% higher than the year 2018. The other expenses (Out-of-pocket Expense) which consist of transportation costs for work at Baht 500 per day per company and other expenses related to operations will be actually charged.

For its joint venture, Thai Cold Rolled Steel Sheet Public Company Limited (TCRSS), accrued an audit fee for 2019 of Baht 1,240,000 to EY Office Limited and other expenses (Out-of-pocket Expense) related to operations will be actually charged.

2. Non-audit Fee

The Company's subsidiaries in Thailand (Prachuap Port Company Limited) also accrued Baht 50,000 for the auditing of a project that received investment privilege and for which an exemption from annual income tax may be requested, to D I A International Audit Co., Ltd. Which is the same rate as the fiscal year 2018 and 2017.

Sustainable Development

Overview

The Company has set a policy for itself and its subsidiaries to conduct their business with responsibility to society, environment and stakeholders in accordance to Sustainable Development guidelines of The Stock Exchange of Thailand, as appeared in the Company's Sustainable Development Report published in printed version and via the Company's website: <http://www.ssi-steel.com>.

The Company has operated sustainable development activities by adhering its vision: "Leading Innovative and Reliable Steel Company" and mission: "Innovate premium value steel product, service and market for customers and consumers; create sustainable shared value and trust for stakeholders", and integrating with its policies and various aspects. This includes corporate governance policy, code of conduct and business practices to conduct suitable business for its manner and communicating to all groups of stakeholders. The Company established strategies and guidelines for operation and communication under concept "innovate • strength".

Scope of the Report

The Sustainable Development report has been developed in accordance with the Global Reporting Initiative (GRI) G4, which is an international initiative.

Business Operations and Its Impact on the Social Responsibility

The Company has operated its business in a way that avoid conflicts or disputes with the stakeholders; inclusive of its business involvements with customers, suppliers, competitors, employees, society and community. The Company has provided mechanism to oversee and supervise all divisions of the Company to operate in legal compliance by preparing a list of legal and regulatory restrictions to be complied by the Company. The list is updated on regular basis. In addition, each division also reviews its legal compliance and reports to the Group Legal Office to collect and present finding to the Audit Committee on a quarterly basis.

Activities for Social and Environmental Benefits (After Process)

The Company has continuously focused on social and community development in accordance with to the sustainable development guidelines to strengthen the relationship with its stakeholders. This has been done by adhering to three principles: Creativity, Stakeholder Engagement and Operation Efficiency. In 2019, the Company operated 41 social and community development projects. These projects are divided into two parts; 1) Social development to strengthen the underprivileged and 2) Community development in four aspects; Education quality development, Environmental quality development, Occupation and income development, and Good quality of life development which include religion and culture support. Examples of the 2019 projects are as follows:

- The Company and its steel industry partners, namely, Thai Cold Rolled Steel Sheet Plc. (TCRSS), NS-Siam United Steel Co., Ltd. (NS-SUS), NS Blue Scope (Thailand) Limited (NS Blue Scope) and JFE Steel Galvanizing (Thailand) Co., Ltd. (JSGT) arranged “Kon-Lhek Mini Marathon 2019”. Fund raised from this event Baht 2.3 million was donated to 20 foundations that support underprivileged people. There were more than 1,659 participants in this event.

- The Company has supported educational development project including Sahaviriya Funds for Bangsaphan Educational Development Project to grant annual scholarship to students in Bangsaphan District from primary to bachelor education. In 2019, the Company provided 259 scholarships, worth Baht 625,000 to students in 22 schools. SSI staff also provided “Tun Nee Phue Nong” fund with 77 scholarships, worth Baht 102,000 and SSI Arsa Sub-working Group provided additional 4 scholarships, worth Baht 8,000 under “1 School 1 Arsa scholarships” program.

- Youth development projects undertaken by the Company included Power your Dream, Power your Brain Project, Sufficiency Economy School for Sustainability Project, Village Youth Council Project and Local Curriculum Development Project.

- For local economy aspect, the Company has organised Community Bank Project which is the operation with regards to participatory development of quality of life on sustainable basis by jointly with 18 villages in 4 sub-districts located surrounding the plant sites, by supporting and enhancing the communities to establish 18 community banks. As at 31 December 2019, there were total funds amounting to Baht 38,609,970 and 3,487 project members could enjoy the benefits. In addition, 9 community leader councils have been established to manage their communities on participatory basis.

- The Company puts strong emphasis on environmental and natural resources responsibilities. Apart from controlling its production process to ensure that the emission from the production process would not affect the quality of life and health of the employees and the local residents, the Company, cooperated with the relevant organisations, has arranged activities and promote campaigns to improve quality of environment continually, such as SSI Beach Clean-Up Project, Two Wheels Preserve Bangsaphan Project, Cycling trip to plant trees to His Majesty King Bhumibol Adulyadej The Great, Youth Conservation Camp Project and Love the King, Preserve Bangsaphan Projects.

- “SSI Arsa Project” is a volunteering project that SSI staffs and executives worked together to arrange activities to help the society and community in Bangsaphan District to instill the staff’s sense of pride. In 2019, SSI staff arranged 22 volunteering activities under “25th Anniversary of SSI, 250 Virtues” Project. There were totaled 1,025 SSI staff members with 8,104 volunteering service hours, plus 2,552 local residents with 20,336 volunteering service hours, participating in the project.

Anti-Corruption

The Board of Director constantly places a strong emphasis on conducting business under the principles of good corporate governance and social responsibility which is intended for sustainable development. The Company deems that corruption is harmful and causes great damage to organisations and the nation. The Company therefore fully supports the implementation of the anti-corruption policy. On 22 January 2016, the Company was first certified by Thailand’s Private Sector Collective Action Coalition Against Corruption Project (CAC) and became a member of CAC. The certificate was recertified on 21 May 2019, and is valid for 3 years. In 2019, the Company carried out the following activities:

The Company established supervision and control practices to prevent and monitor fraud and corruption risks, which were summarised as follows:

1. Policies and Guidelines on Anti-corruption

The Company promulgated the policy and guidelines regarding anti-corruption in 2013 and continuously abided by them to confirm its intent and expectations to fight against corruption.

The anti-corruption policy states that Directors, Executives, and all employees are prohibited from accepting or being involved in any type of corruption either directly or indirectly. The Company shall act strictly in enforcing compliance with Thai anti-corruption laws and regulations, and those of each country in which the company conducts its business. The Board also determined that the company’s subsidiaries and its jointly controlled companies shall adopt this anti-corruption policy including any guidelines issued by virtue of such a policy.

In 2019, the Company's Guidelines on Anti-corruption has been revised to align with the notification of the National Anti-Corruption Commission (NACC) Re: Guidelines on Appropriate Internal Control Measures for Juristic Persons to Prevent Bribery of State Officials, Foreign Public Officials and Agents of Public International Organizations" under section 123/5 of the Organic Act on Counter Corruption B.E. 2542. The anti-corruption guidelines provide guidance on offering or receiving gifts or entertainment or hospitality activities, granting contributions or donations to charities or commonwealth, and political contributions, reporting of suspected fraud or corruption. This policy and guidelines were developed in addition to "SSI WAY" including the Company's commitment to ethics which is mentioned in business philosophy, integrity which is mentioned in business ethics, employee ethics and values, as well as the ethical conduct for employees on conflicts of interest which is mentioned in the Company's guidelines regarding conflicts of interest.

2. Communication of Policies and Guidelines on Anti-corruption

The Company recognised the importance of communicating policy and guidelines on anti-corruption. They were communicated by an e-mail and internal newspaper. All employees were able to access to this policy and guidelines which were posted on the company Intranet and also available on the Company's website: www.ssi-steel.com. Moreover, at the annual supplier seminar which is held once a year, the Company's Anti-corruption policy will be communicated to all suppliers who attended the seminar and acknowledgement to comply with this policy. In 2019, the annual supplier seminar was held in March.

3. Training

The Company has continually provided training to encourage executives and employees to be aware of anti-corruption and to ensure that employees truly understand and can comply with the anti-corruption policy and guidelines. In 2019, the Anti-corruption Policy topic has been included in the quarterly mandatory orientation program for new starters in addition to the refreshing training program to reaffirm understanding of employees at both Bangkok office and Bangsaphan office.



4. Putting Policies into Practice

The Anti-corruption working committee has been appointed to put the anti-corruption policy into practice and to enable the Company to maintain what it has been doing as a certified company of Thailand's Private Sector Collective Action Coalition Against Corruption. This is to express the Board's commitment and intent on Anti-corruption and to ensure that the Company has an anti-corruption measures monitoring, a delegation of power and a clear responsibility to implement the anti-corruption policy. In 2019, the Anti-corruption working committee prepared and submitted the documents to renew certification to be a member of Private Sector Collective Action Coalition Against Corruption Committee (CAC). In September 2019, the Company joined the National Anti-Corruption Day 2019" which was organised by the Anti-Corruption Organization of Thailand (ACT). Moreover, the Company organised activities that raised awareness among its employees such as anti-corruption logo design and slogan competition. The best design and the best slogan will be used as the driving messages in the Company's anti-corruption activities. There were total of 62 slogans and 15 logos submitted to the competition.

5. Fraud and Corruption Risk Assessment

The Company assessed risk of fraud and corruption by the risk owners of each division who identified events where fraud and corruption risks might occur in his/her area, assessed the likelihood and impact, reviewed and designed appropriate measures to combat fraud and corruption. The Group Risk Management Office then collected their results and proposed them to the Risk Management Working Committee for consideration before submission to the Risk Management Committee and the Audit Committee for acknowledgement. This is done annually.

The Company determined guidelines on monitoring and evaluating compliance with the anti-corruption policy as follows:

1. Whistle-Blowing System

The Company provided Whistle-Blowing channels for stakeholders to raise concerns about offenses against the law, unethical practices, poor or unacceptable practices, abuse of authority, irregularities, corruption, fraud or misconduct, violations of the company's conflict of interest policy, abuse and disregard of company policy, guidelines, instructions or procedures, fraudulent financial reporting, deficiencies in internal control systems or any action that may cause damage to the informants or the company, without fear of retribution by having measures to protect the informants or whistleblowers. The Company also provided measures to review or investigate the whistleblower's concerns and the imposition of punishment of offenders. All the whistleblower's concerns that were raised with the Good Corporate Governance Committee were to be tracked and examined, resolved and responded to informers as soon as possible. These were also reported to the Audit Committee for acknowledgement. Moreover, a summary of the Good Corporate Governance Committee's activities were also reported to the Board of Directors twice a year. In 2019, the Company received 1 case through whistle-blowing system, verified the validity, and conducted a preliminary investigation with meticulousness to reach a conclusion and then reported to Good Corporate Governance Committee.

2. Internal Audit

The Group Internal Audit Office participated in an assessment to assure and advise on good corporate governance, risk management and internal control. The Company's internal control was assessed by the Group Internal Audit Office together with the management every six months especially the assessment of risk factors relating

to misstatements arising from fraudulent financial reporting or misappropriation of assets. The Group Internal Audit Office also developed an audit coverage plan and an annual audit plan using a risk based approach including fraud and corruption risk. The audit engagements were conducted following the annual audit plan that has been approved by the Audit Committee and the audit results were reported to the Audit Committee. In 2019, the Group Internal Audit Office reviewed the corruption prevention controls in order to ensure compliance with the relevant applicable laws and standards such as the Organic Act on Counter Corruption B.E. 2542 (1999).

3. The self-assessment and monitoring for compliance with Business ethics and Employee ethics

The Company continually surveyed its employees about their perceptions and compliance with the Company's Code of Conducts including Business ethics and Employee ethics by using the self-assessment questionnaire as a tool. Not only the perceptions and compliance with the Company's code of conducts but also the anti-corruption policy was also surveyed. The objectives of the survey are to improve the effectiveness of internal communications to ensure employees understand the Company's Code of Conduct and anti-corruption policy and to monitor and assess employees' compliance with them.

Innovation, Research and Development

In 2019, the Company has a strong intention to develop the potential of steel industry by strengthening people in the organisation. SSI has continuously educated our employee in the project "School of Engineering (SoE) - Intermediate Cause" to provide sophisticated engineering knowledge and technology information for employees, which will be beneficial for their work and enhances the business competencies. The contents provided in the project include; (1) Material Engineering (2) Process and Production Application Engineering (3) Mechanical and Electrical Engineering (4) Industrial Engineering (5) Automation Engineering (6) Energy Engineering (7) Environmental Technology Engineering and (8) Project Management Engineering. To ensure that the knowledge and experience sharing are from reliable sources, the company invited experts to share the knowledge to SSI's Employees.

In addition, SSI has conducted "Steel Construction Forum" Seminar to propagate knowledge and innovation in steel construction product and also give networking within contractor, engineer and academic.

With regard to research and development, the Company has also coordinated with the academics, institutes, and universities (i.e. National Metal and Materials Technology Center, Synchrotron Light Research Institute (Public Organizations), Metallurgy and Materials Science Research Institute (Chulalongkorn University), and King Mongkut's University of Technology North Bangkok) to conduct the researches in order to continuously develop products and innovations that serve and support steel industries. With regard to research and development, the Company has also coordinated with the academics, institutes, and universities (i.e. National Metal and Materials Technology Center, Synchrotron Light Research Institute (Public Organizations), Metallurgy and Materials Science Research Institute (Chulalongkorn University), and King Mongkut's University of Technology North Bangkok) to conduct the researches in order to continuously develop products and innovations that serve and support steel industries such as study on adhesion characteristic of oxide scale on hot rolled coil for improvement of surface quality and development of SSI purlin.

Safety, Occupational Health and Work Environment

The Company determines to create awareness on safety, occupational health, work environment and social responsibility to protect personnel within the organisation as well as contractors working in the plant sites continually, focusing to prevent all employees from occupational injuries and illness so that they are safe in working and health aspects. The management of safety and occupation health is based in ISO 45001 Occupational Health and Safety Management Standard which has been developed and improved continually so that the employees will be healthy, both physically and mentally, free from occupational diseases and confidence in the organisation's safety, occupational health and work environment management system.

The Company has operated its safety management, occupational health and work environment, aiming the employee's awareness of safety for themselves and their colleagues with no accident at work through various programs, such as Zero Accident Campaign, Safety Culture and Behavior-based Safety (BBS), Safety Patrol and Employees' Health Precaution from Exposure to Occupational Risks. The safety, occupational health and work environment committee has closely monitored and provided guidelines to improve safety in all areas with full support from all departments. The Company determines to develop measures to minimise the Lost Time Injury Frequency Rate to nearly zero or zero and no sickness from continually working.

Lost Time Injury Frequency Rate (LTIFR)

| Company | 2017 | 2018 | 2019 |
|-----------|------|------|------|
| SSI | 0.66 | 0.31 | 0.00 |
| TCRSS | 0.00 | 0.00 | 0.00 |
| WCE | 0.00 | 1.86 | 2.58 |
| PPC | 3.71 | 0.00 | 0.00 |
| SSI Group | 0.46 | 0.56 | 0.77 |

LTIFR (Lost Time Injury Frequency Rate) = (the number of lost time injuries occurring in a workplace x 1,000,000) / total operating hours

* Information as of 31 December 2019

In addition, the Company also arranges safety training. Occupational health and working environment has increased from the previous year 34 courses to 44 courses and review the work standards of all activities. To ensure that it is modern dangerous and the operator can actually perform as specified.

Internal Control and Risk Management

Board of Directors' Opinion on the Company's Internal Control System

The Board of Directors of Sahaviriya Steel Industries Public Company Limited recognises the importance of good and effective internal control, as explicitly stated in the Good Corporate Governance Policy of the Company as it is believed to help in preventing harm, minimizing risk to its business activities and achieving the Company's vision, mission, and goals. The Board of Directors has assigned the Audit Committee to ensure the appropriateness and effectiveness of the Company's internal control and internal audit system as stated in the Audit Committee Charter (No. 5) dated 14 February 2019 which has been amended and restated by the resolution of the Board of Director meeting No. 2/2019 held on 13 February 2019. The scope of authority, duties and responsibilities of the Audit Committee were amended in order to accord with the anti-corruption policy and guidelines. In 2019, the Audit Committee Charter was revised on 12 November 2019 and remained unchanged.

The Audit Committee has reported that the Company has suitable and efficient internal control and internal audit systems. This was demonstrated by results from an assessment of the adequacy of the internal control system for the year 2019 using the self-evaluation forms which issued on 19 February 2014 by the Securities and Exchange Commission regarding internal control over financial reporting in accordance with the criteria in the new Internal Control-Integrated Framework which issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). From the results of the assessments for the year 2019, the Company completely complied with those criteria in the self-evaluation form; hence the Audit Committee concluded that the Company has the sufficient internal controls in place to prepare reliable financial reports.

The Internal Audit Office has been established since 1998 as an independent internal unit of the Company, and carries out its responsibilities pursuant to the Company's notification regarding the Internal Audit Charter (No. 4) dated 20 January 2017. The scope of work of the Internal Audit Office is to perform internal audit functions covering all divisions, departments and offices of SSI and the companies in SSI Group. And later, the Board of Director meeting No. 9/2017 held on 15 August 2017 passed a resolution approving the Code of conduct for SSI's Internal Auditor to provide guidance to internal auditors serving others. The Code of conduct is in accordance with the Code of Ethics and the International Standards for Professional Practice of Internal Auditing.

In December 2014, the Board of Directors approved the establishment of the Group Internal Audit Office under the new organisational structure of the Company as a group function. On 11 February 2020, the Audit Committee approved the ratification of the Group Internal Audit Office's revised organisation structure. The Group Internal Audit Office still report directly to the Audit Committee since their appointment in 1999. Over the past year, the Audit Committee has also approved the Group Internal Audit master plan and the annual audit plan which correspond to the risk-based approach as well as acknowledged the internal audit reports regarding internal control. Moreover, the Head of Group Internal Audit Office can immediately contact the Audit Committee for discussion when any major problems or important matters are found.

The Board of Directors concurred with the report from the Audit Committee that "the Company has suitable and efficient internal control and internal audit systems."

Head of Internal Audit Profile

1. Head of Group Internal Audit Office

The Head of Group Internal Audit Office in 2019 was Miss Pattamawan Boontang, who was appointed as the Chief of Group Internal Audit office by the resolution of The Board of Director meeting No. 1/2016 held on 5 January 2016.

2. The Audit Committee's opinion on the Head of Group Internal Audit Office

The Audit Committee concluded that the Head of Group Internal Audit Office has sufficient knowledge and competence needed to perform duties in 2019.

3. Guidelines on the appointment, transfer and dismissal of the Head of Group Internal Audit Office

The scope of duties and responsibilities of the Audit Committee covers the approval of the appointment, transfer and dismissal of the Head of Group Internal Audit Office.

Related Party Transactions

Related Party Transactions

| Name of Entities | Nature of Relationships | Related Transactions in 2019 (Million Baht) | | Outstanding Balance (Million Baht) | |
|--------------------------------------|--|---|----------|---------------------------------------|----------|
| Thai Coated Steel Sheet Co., Ltd. | Direct subsidiary, 3.7% shareholding and common director | Other income | 2.76 | Accrued income | 3.76 |
| | | Revenue from maintenance services | - | Trade accounts receivable | - |
| Thai Cold Rolled Steel Sheet Pcl. | Jointly controlling shareholder, 35.19% shareholding | Revenue from of sale hot rolled coils | 589.74 | Trade accounts receivable | 64.03 |
| | | Revenue from deep-sea Port and marine shipping services | - | Accrued income | 0.17 |
| | | Revenue from maintenance services | - | Other payables | 175.75 |
| | | Tolling services | - | | |
| | | Other income | 17.75 | | |
| Bangsaphan Barmill Plc. | Common directors and direct and indirect shareholding by the Company's director(s) | Revenue from deep-sea port and marine shipping services | - | Trade accounts receivable | - |
| | | Revenue from maintenance services | - | Accrued income | 3.48 |
| | | Other income | 0.64 | Other payables | - |
| B.S. Metal Co., Ltd. | Common directors and direct and indirect shareholding by the Company's director(s) | Revenue from sales of hot rolled coils/ scrap | 1,190.79 | Trade accounts receivable | 1,808.00 |
| | | Revenue from maintenance services | - | Other receivables | - |
| | | Cut sheet expenses | 8.35 | Accrued income | 0.16 |
| | | | | Trade accounts payable | 0.88 |
| | | | | Other payables | 20.56 |
| Sahaviriya Plate Mill Plc. | Common directors and direct and indirect shareholding by the Company's director(s) | Sale of slabs | 4.45 | Trade accounts receivable | - |
| | | Revenue from deep-sea Port and marine shipping services | - | Other receivables | 0.63 |
| | | Revenue from maintenance services | - | | |
| | | Other income | 18.56 | | |
| Prapawit Building Property Co., Ltd. | Common directors and direct and indirect shareholding by the Company's director(s) | Office Rental | 25.41 | Other receivables | - |
| | | Revenue from maintenance services | - | Trade accounts payable | - |
| | | | | Other payables | 0.23 |

| Name of Entities | Nature of Relationships | Related Transactions in 2019 (Million Baht) | | Outstanding Balance (Million Baht) | |
|---|--|---|--------|---------------------------------------|----------|
| Western Housing Co., Ltd. | Common directors and direct and indirect shareholding by the Company's director(s) | None | - | Trade accounts payable | - |
| Sahaviriya Management Service Co., Ltd. | Common directors and direct and indirect shareholding by the Company's director(s) | None | - | None | - |
| Sahaviriya Panich Corporation Co., Ltd. | Common directors and direct and indirect shareholding by the Company's director(s) | Revenue from sale of hot rolled coils | 881.58 | Trade accounts receivable | 1,771.98 |
| Line Transport Co., Ltd. | Direct and indirect shareholding by the Company's director(s) | Revenue from deep-sea port and marine shipping services | - | Trade accounts receivable | - |
| | | Revenue from maintenance services | - | Other receivables | - |
| | | Other income | - | Trade accounts payable | - |
| | | Local transportation expenses | - | Other payables | - |
| Bangpakong Lighter Co., Ltd. | Direct and indirect shareholding by the Company's director(s) | Revenue from deep-sea port and marine shipping services | - | Trade accounts receivable | - |
| | | Other income | - | Other receivables | - |
| | | Water transportation expenses | - | Trade accounts payable | - |
| | | Financial costs | - | Other payables | - |
| Bangpakong Port Co., Ltd. | Direct and indirect shareholding by the Company's director(s) | Tolling services | - | None | - |
| | | Other income | - | | |
| | | Local transportation expenses | - | | |
| | | Loss from sale of slabs | - | | |
| Prachuap Pattana Development Co., Ltd. | Common directors and direct and indirect shareholding by the Company's director(s) | None | - | None | - |
| Sahaviriya Iron and Steel Co., Ltd. | Common directors and direct and indirect shareholding by the Company's director(s) | None | - | None | - |
| Sahaviriya Inter Steel Holdings Co., Ltd. | Common directors and direct and indirect shareholding by the Company's director(s) | None | - | None | - |
| C.A.R. Services Co., Ltd. | Indirect shareholding by the Company's director(s) | None | - | None | - |
| Prachuap Steel Co., Ltd. | Common directors and indirect shareholding by the Company's director(s) | None | - | None | - |
| Redcar Bulk Terminal Limited | Jointly controlling shareholder, 50.00% indirect shareholding | None | - | None | - |
| Vanomet AG | Common shareholder and common director in a subsidiary | Purchases of slabs | - | Advance Payment for slabs | 338.59 |
| | | Finance costs | - | Trade accounts payable | - |

| Name of Entities | Nature of Relationships | Related Transactions in 2019 (Million Baht) | | Outstanding Balance (Million Baht) | |
|--------------------------------|--|--|--------|---------------------------------------|--------|
| Sahaviriya Shipping UK Limited | Common shareholder and director and indirect shareholding by the Company's director(s) | None | - | None | - |
| Thai Steel Sales Co., Ltd. | | Revenue from sale of hot rolled coils | 176.31 | Other payables | - |
| | | Others revenue | 4.20 | | |
| Krung Thai Plc. | Common shareholder | | | Cash at bank | 237.03 |
| | | | | Liabilities under rehabilitation plan | 18.13 |
| Siam Commercial Bank Plc. | Common shareholder | | | Cash at bank | 6.11 |
| | | | | Liabilities under rehabilitation plan | 18.02 |
| Tisco Plc. | Common shareholder | | | Liabilities under rehabilitation plan | 3.33 |

Necessity and Reasonableness of Related Party Transactions

Transactions between the Company and related parties have all been carried out under the ordinary course of business. The related business terms and conditions have been considered as aiming to the highest benefit of the Company. The Company has applied the same pricing policy and business terms to either related parties or third parties.

Approval Policy for Related Party Transactions

The President is authorised by the Board of Directors to approve transactions between the Company and related parties under the ordinary course of business and general business terms. This is in compliance with the related Securities and Exchange Commission Act, regulations, announcements, notifications, or provisions of The Stock Exchange of Thailand, as well as the provisions of related party transactions disclosure and the acquisition or disposal of assets of the Company and its subsidiaries, stipulated by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King.

Any related party transactions occurred between the Company and its related parties shall be reported to the Board of Directors and reviewed by the Audit Committee to determine whether they are necessary and appropriate. Any director who has conflict of interest with the related party transaction has no right to vote. If the Audit Committee has insufficient expertise, an independent expert or the Company's auditor shall advise on the transaction. This advice will then be provided as information to the Board of Directors or the shareholders, as the case may be. The Company shall disclose the related party transactions in a note to financial statements audited by the Company's auditor.

Trend of Related Party Transactions Policy

Related party transaction policies are subject to change as they are dependent upon supply and demand as well as the Company's selling prices and the related cost of the service providers.

Key Financial Information

Summary of Auditor's Report

The auditor who audited the Company's consolidated and separate financial statements and its subsidiaries' financial statements for the 2019 was:

- Mrs. Suvimol Chrityakierne Certified Public Accountant Registration No. 2982
D I A International Audit Company Limited

2015, the independent auditor's opinion was disclaimer with emphasis of matters

2016, the independent auditor's opinion was disclaimer with emphasis of matters

2017, the independent auditor's opinion was disclaimer with emphasis of matters

2018, the independent auditor's opinion was disclaimer with emphasis of matters

2019, the independent auditor's opinion was qualified with emphasis of matters

The summary of the basis for qualified opinion and the emphasis of matter drawn by the auditor for the 2019 Company's consolidated and separate financial statements are as follows:

Basis for Qualified Audit Opinion

Insufficient audit evidence

As stated in Note 23 to financial statements, with reference to obligation under rehabilitation plan, I did not receive confirmations from 4, which comprise of principal loan amount Baht 1,506.4 million and accrued interest amount of Baht 284.5 million. In addition, other 5 confirmations of stated the principal amount differently from the book value amount. The book value overstated principal loan of Baht 4,515.2 million and USD 117.2 million and accrued interest of amount Baht 1,697.5 million and USD 13.2 million. Another 2 banks stated that accrued interest is understated by USD 93.7 million. I am unable to obtain any other appropriate audit evidence for satisfaction as to the debt obligations under rehabilitation plan.

Due to impacts that might occur from the results from stated bank confirmations, I am unable to conclude whether or not to adjust the stated transactions, which might have impacts to the financial statements.

Material uncertainty on going concern

As at 31 December 2019 and 2018, the consolidated and separate statements of financial position are as follows;

1) As stated in Note 2 to financial statements, the Group and the Company incurred a loss for the year ended 2019 in the amount of Baht 1,777.0 million and Baht 2,401.8 million respectively. As at 31 December 2019 and 2018, the Group and the Company have operating deficit of Baht 43,415.6 million and Baht 43,907.8 million, respectively and negative shareholders' equity of Baht 41,258.2 million and Baht 42,294.8 million respectively.

2) As stipulated in the rehabilitation plan, the Company needs to generate sufficient cash flows to meet both its working capital requirement and for settlement the debts from operation by issuing new share capital, conversion of outstanding debt to equity, as well as seeking new financing. The Company has explained the progress of these activities in Note 2 to financial statements. However, to consider that the successful of the Plan should have the following events; 1) the Company has made repayments for the outstanding principal to all creditors as stipulated in the Plan in the amount not less than 25% of the outstanding principal and either 2) the Company has obtained new funding from an investor to settle debt which resulting to the shareholders' equity of the Company becomes positive, or 3) conversion of debt to equity as stipulated in the Plan resulting to the shareholders' equity of the Company becomes positive. The realisable value of assets may materially less than carrying value of the Group and the Company be unable to continue the operations as a going concern. These consolidated and separate financial statements do not include the reclassification and any adjustments of asset and liabilities which might be necessary should the Group and the Company be unable to operate as rehabilitation plan.

From the aforementioned circumstance, that indicated the material uncertainty of the Group and the Company's operations as a going concern. Accordingly, my opinion does not change from the stated statements.

Emphasis of Matter

Restated financial statement

As stated in Note 4 to financial statements in 2019, the Company already adjusted the obligation under rehabilitation plan and financial cost according to the Company plan. The Company brought all facts occurred in the past to present and corrected errors and reclassified all financial statements from 2017. I have already audited and confirm that the Company appropriately adjusted the stated transactions. As the result, I do not express qualify opinion to the stated matter.

Allowance for doubtful accounts

As stated in Notes 6 and 8, the Company had 2 related party receivables amounted to Baht 3,579.9 million that overdue over 12 months. In 2019, the management estimated that chance that those receivables can be collected is rare, so the Company decided to fully set up allowance for doubtful accounts for the whole amount of Baht 3,579.9 million. I do not express a qualify opinion to the stated matter.

Transactions between related parties

I draw your attention to Note 6 to the consolidated and separate financial statements, for the year 2019, the Company had sold goods to related companies and joint venture in the normal course of business totaling Baht 2,253.1 million and Baht 589.7 million respectively, which represented 11.5% of the Group's total sales.

Provision under guarantee

As stated in Note 3 (e) to financial statements with reference to Sahaviriya Steel Industries UK's ("SSI UK") intended to discontinue its operation and the liquidator have been appointed and entered into control such subsidiary. As a result, the major lender demanded immediate payment of the outstanding balances of borrowings which was secured by SSI UK's property, plant and equipment and a guarantee by the Company. The major lenders of the subsidiary called for the responsibility of the Company in being a guarantor for the outstanding debts. The Company recorded provisions under guarantees agreement for borrowings of SSI UK in full in 2015 for the amount of Baht 29,976 million. Nevertheless, the lenders may be received the partial repayments from the liquidation in the future. Such amounts will be deducted from the previously recorded provisions under guarantees agreement. Currently, the subsidiary is under liquidation process.

Collection from related companies receivable

As stated in Note 25 to financial statement, the Company have two related companies receivables, the outstanding balance of such receivables is Baht 3,579.9 million as at 31 December 2019. The Company has fully set up allowance for doubtful loss. Such amount is higher than the amount required to complied in rehabilitation plan, which required the Company to collect from two related companies not less than the amount of Baht 300 million per annum and all outstanding debt balance as at the end of 2019 must not exceeding Baht 2,640.0 million, not complying may cause the default. However, the incident is not the cause of default because Board of creditor not yet notice for such defaulting. Currently, the Company still follow up for collection and negotiate the repayment condition.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matters described in the Material Uncertainty Related to Going Concern section, I have determined the matters described below to be the key audit matters to be communicated in my report.

Asset

Impairment of property, plant and equipment

As describe in Note 16 to the financial statements, the Group's and the Company's property, plant and equipment which are stated at cost less accumulated depreciation and impairment losses are significant amount. The management exercise judgment in determining the impairment loss due to the recoverable amount of the property, plant and equipment is determined on value in use by estimate future cash flows that the entity expects to derive from the assets which related to the projection of future operating performance, future plan and determination of an appropriate discount rate and key assumptions. Therefore, I have identified that considering the impairment loss of property, plant and equipment is the significant matter that requires special attention in the audit.

My audit procedure on such matter

I verified the impairment of property, plant and equipment by consider and assess the reasonable and supportable assumptions and approaches in preparation of the estimate of future cash inflows or outflows which the Group and the Company expected to derive from the continuing use of the property, plant and equipment. Including assess the Group and the Company's reasonable discount rate which used for calculation of the recoverable amount of the property, plant and equipment and considered the adequacy of the information disclosure related to impairment of property, plant and equipment.

Summary of Financial Statement

Statement of Financial Position

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

As at 31 December

| | 2019 | | 2018 (Restated) | | 2017 (Restated) | |
|---|-----------------------|--------------|-----------------------|--------------|-----------------------|--------------|
| | Baht | % | Baht | % | Baht | % |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 359,994,931 | 1.6 | 755,830,615 | 2.9 | 1,558,770,463 | 6.1 |
| Trade accounts receivable | 67,559,000 | 0.3 | 1,153,093,859 | 4.5 | 1,205,026,297 | 4.7 |
| Other accounts receivable | | | | | | |
| from related parties | 172,792,089 | 0.8 | 307,527,604 | 1.2 | 270,308,689 | 1.1 |
| Inventories | 7,463,700,630 | 34.1 | 9,672,926,352 | 37.3 | 7,368,319,367 | 28.9 |
| Other current assets | 230,002,317 | 1.1 | 242,627,788 | 0.9 | 910,982,488 | 3.6 |
| Total current assets | 8,294,048,967 | 37.9 | 12,132,006,218 | 46.8 | 11,313,407,304 | 44.3 |
| Non-current assets | | | | | | |
| Restricted deposit at financial institution | 98,330,568 | 0.4 | 98,330,568 | 0.4 | 56,807,634 | 0.2 |
| Investments in joint venture | 2,628,781,546 | 12.0 | 2,598,112,470 | 10.0 | 2,709,650,450 | 10.6 |
| Property, plant and equipment | 10,926,465,042 | 49.9 | 11,048,410,953 | 42.6 | 11,302,042,288 | 44.3 |
| Intangible assets | 12,867,820 | 0.1 | 13,294,302 | 0.1 | 128,555,280 | 0.5 |
| Deferred tax assets | 3,635,401 | 0.0 | 8,351,425 | 0.0 | 17,853,344 | 0.1 |
| Other non-current assets | 14,360,040 | 0.1 | 10,363,823 | 0.0 | 9,437,209 | 0.0 |
| Total non-current assets | 13,593,705,498 | 62.1 | 13,776,863,541 | 53.2 | 14,224,346,205 | 55.7 |
| Total assets | 21,887,754,465 | 100.0 | 25,908,869,759 | 100.0 | 25,537,753,509 | 100.0 |

Statement of Financial Position (Continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
As at 31 December

| | 2019 | | 2018 (Restated) | | 2017 (Restated) | |
|--|----------------------|-------------|----------------------|-------------|----------------------|-------------|
| | Baht | % | Baht | % | Baht | % |
| Liabilities and equity | | | | | | |
| Current liabilities | | | | | | |
| Bank overdrafts and short-term loans | | | | | | |
| from financial institutions | | | | | | |
| and from related parties | 60,682,672 | 0.3 | 30,000,000 | 0.1 | 72,110,249 | 0.3 |
| Trade accounts payable | 5,148,662,542 | 23.5 | 5,795,983,020 | 22.4 | 3,033,056,160 | 11.9 |
| Other accounts payable from related parties | 213,678,898 | 1.0 | 143,339,764 | 0.6 | 41,722,401 | 0.2 |
| Current portion of long-term loans | | | | | | |
| from financial institutions | 1,766,345,097 | 8.1 | 1,618,299,139 | 6.2 | 1,038,619,703 | 4.1 |
| Long-term borrowings classified as | | | | | | |
| current liabilities | - | - | - | - | - | - |
| Subordinated convertible debentures | - | - | - | - | - | - |
| Current portion of finance lease liabilities | 2,332,033 | 0.0 | 17,401,694 | 0.1 | 15,935,722 | 0.1 |
| Current portion of hire purchase liabilities | - | - | - | - | - | - |
| Provision made for loss on guarantee | | | | | | |
| given and others | - | - | - | - | 498,484,800 | 2.0 |
| Provision for onerous contracts | - | - | 1,072,952 | 0.0 | 691,131 | 0.0 |
| Current portion of other payable under | | | | | | |
| Rehabilitation plan | - | - | - | - | 60,632,780 | 0.2 |
| Current portion of accrued interest | | | | | | |
| under rehabilitation plan | - | - | - | - | - | - |
| Income tax payable | 3,502,669 | 0.0 | 4,306,925 | 0.0 | - | - |
| Other current liabilities | 318,311,626 | 1.5 | 345,596,519 | 1.3 | 513,048,746 | 2.0 |
| Total current liabilities | 7,513,515,537 | 34.3 | 7,956,000,013 | 30.7 | 5,274,301,692 | 20.7 |

Statement of Financial Position (Continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
As at 31 December

| | 2019 | | 2018 (Restated) | | 2017 (Restated) | |
|--|-----------------------|--------------|-----------------------|--------------|-----------------------|--------------|
| | Baht | % | Baht | % | Baht | % |
| Non-current liabilities | | | | | | |
| Long-term loans from financial institutions | - | - | - | - | 23,319,835,439 | 91.3 |
| Other payable under rehabilitation plan | - | - | - | - | 1,853,026,021 | 7.3 |
| Provision made for loss on guarantee given and others | 55,226,829,497 | 252.3 | 57,061,854,691 | 220.2 | 25,476,910,040 | 99.8 |
| Accrued interest under rehabilitation plan | - | - | - | - | 8,277,827,269 | 32.4 |
| Finance lease liabilities | 1,803,188 | 0.0 | 4,130,859 | 0.0 | 17,739,839 | 0.1 |
| Hire purchase liabilities | - | - | - | - | - | - |
| Employee benefit obligations | 360,918,519 | 1.6 | 200,357,792 | 0.8 | 192,018,776 | 0.8 |
| Environmental liabilities and others | - | - | - | - | - | - |
| Deferred tax liabilities | 42,065,298 | 0.2 | 43,349,647 | 0.2 | 61,403,631 | 0.2 |
| Other non-current liabilities | 823,876 | 0.0 | 823,876 | 0.0 | 823,876 | 0.0 |
| Total non-current liabilities | 55,632,440,378 | 254.2 | 57,310,516,865 | 221.2 | 59,199,584,891 | 231.8 |
| Total liabilities | 63,145,955,915 | 288.5 | 65,266,516,878 | 251.9 | 64,473,886,583 | 252.5 |

Statement of Financial Position (Continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
As at 31 December

| | 2019 | | 2018 (Restated) | | 2017 (Restated) | |
|--|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|
| | Baht | % | Baht | % | Baht | % |
| Liabilities and equity | | | | | | |
| Equity | | | | | | |
| Share capital | | | | | | |
| Authorised share capital | 11,113,018,280 | | 11,113,018,280 | | 11,113,018,280 | |
| Issued and paid-up share capital | 11,113,018,280 | 42.9 | 11,113,018,280 | 42.9 | 11,113,018,280 | 4.4 |
| Discount on ordinary shares issuance | (9,500,000,000) | (36.7) | (9,500,000,000) | (36.7) | - | - |
| Equity distribution from shareholders | | | | | | |
| from repurchase of subordinated convertible debentures | - | - | - | - | - | - |
| Convertible rights | - | - | - | - | - | - |
| Revaluation surplus | | | | | | |
| - The Group | - | - | - | - | - | - |
| - Joint Venture | - | - | - | - | - | - |
| Currency translation differences | - | - | - | - | - | - |
| Retained earnings (deficit) | | | | | | |
| Appropriated - Legal reserve | - | - | - | - | - | - |
| Unappropriated (deficit) | (43,415,571,375) | (198.4) | (41,533,583,599) | (160.3) | (40,667,235,140) | (159.2) |
| Equity attributable to owners of the Company | (41,802,553,095) | (191.0) | (39,920,565,319) | (154.1) | (39,554,216,860) | (154.9) |
| Non-controlling interests | 544,351,645 | 2.5 | 562,918,200 | 2.2 | 618,083,786 | 2.4 |
| Capital deficiency/total equity | (41,258,201,450) | (188.5) | (39,357,647,119) | (151.9) | (38,936,133,074) | (152.5) |
| Total liabilities and equity | 21,887,754,465 | 100.0 | 25,908,869,759 | 100.0 | 25,537,753,509 | 100.0 |

Statement of Income

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December

| | 2019 | | 2018 (Restated) | | 2017 | |
|---|-----------------------|--------------|-----------------------|--------------|-----------------------|--------------|
| | Baht | % | Baht | % | Baht | % |
| Income | | | | | | |
| Revenue from sale of goods | 24,662,882,737 | 96.8 | 30,863,945,082 | 97.7 | 24,976,384,730 | 87.8 |
| Revenue from rendering of services | 536,516,250 | 0.8 | 564,207,595 | 0.4 | 355,188,684 | 1.2 |
| Net foreign exchange gain | 212,484,840 | 0.8 | 114,572,094 | 0.4 | 2,952,224,033 | 10.4 |
| Other income | 78,935,366 | 0.3 | 42,482,140 | 0.1 | 168,231,952 | 0.6 |
| Total income | 25,490,819,193 | 100.0 | 31,585,206,911 | 100.0 | 28,452,029,399 | 100.0 |
| Expenses | | | | | | |
| Cost of sale of goods | 24,720,252,036 | 97.0 | 28,904,135,265 | 91.5 | 21,602,249,736 | 75.9 |
| Cost of rendering of services | 382,605,329 | 1.5 | 385,433,659 | 1.2 | 238,490,835 | 0.8 |
| Selling expenses | 552,821,915 | 2.2 | 580,510,211 | 1.8 | 437,308,141 | 1.5 |
| Administrative expenses | 1,513,209,085 | 5.9 | 610,458,285 | 1.9 | 537,471,935 | 1.9 |
| Management benefit expenses | 99,778,329 | 0.4 | 94,908,034 | 0.3 | 87,512,203 | 0.3 |
| Interest as a result of discontinued operation | - | - | - | - | - | - |
| Provision for loss under onerous contracts (reversal) | (1,072,952) | (0.0) | 381,821 | 0.0 | (18,460,987) | (0.1) |
| Finance costs | 5,511,242 | 0.0 | 9,199,107 | 0.0 | 1,034,740,671 | 3.6 |
| Total expenses | 27,273,104,984 | 107.0 | 30,585,026,382 | 96.8 | 23,919,312,534 | 84.1 |

Statement of Income (Continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December

| | 2019 | | 2018 (Restated) | | 2017 | |
|---|------------------------|--------------|--------------------|------------|----------------------|-------------|
| | Baht | % | Baht | % | Baht | % |
| Share of profit (loss) of equity-accounted investees | | | | | | |
| Joint Venture | 34,653,763 | 0.1 | (87,174,079) | (0.3) | 2,987,371 | 0.0 |
| Profit (loss) before income tax expense from continuing operations | (1,747,632,028) | (6.9) | 913,006,450 | 2.9 | 4,535,704,236 | 15.9 |
| Income tax benefits | (29,343,852) | (0.1) | (13,320,291) | (0.0) | 21,212,459 | 0.0 |
| Profit (loss) From continuing operations | (1,776,975,880) | (7.0) | 899,686,159 | 2.8 | 4,556,916,695 | 16.0 |
| Discontinued operation | | | | | | |
| Profit (loss) from discontinued operation | - | - | - | - | - | - |
| Profit (loss) for the year | (1,776,975,880) | (7.0) | 899,686,159 | 2.8 | 4,556,916,695 | 16.0 |
| Profit (loss) attributable to: | | | | | | |
| Owners of the Company | (1,802,877,833) | (7.1) | 866,651,745 | 2.7 | 4,534,664,825 | 15.9 |
| Non-controlling interests | 25,901,953 | 0.1 | 33,034,414 | 0.1 | 22,251,870 | 0.1 |
| Profit (loss) for the year | (1,776,975,880) | (7.0) | 899,686,159 | 2.8 | 4,556,916,695 | 16.0 |
| Earnings per share | | | | | | |
| Basic Earnings per share | (0.16) | | 0.10 | | 4.07 | |
| Diluted Earnings per share | (0.16) | | 0.10 | | 4.07 | |
| Earnings per share - continuing operations | | | | | | |
| Basic Earnings per share | (0.16) | | 0.10 | | 4.07 | |
| Diluted Earnings per share | (0.16) | | 0.10 | | 4.07 | |

Statement of Comprehensive Income

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December

| | 2019 | | 2018 (Restated) | | 2017 | |
|--|------------------------|--------------|--------------------|--------------|----------------------|-------------|
| | Baht | % | Baht | % | Baht | % |
| Profit (loss) for the year | (1,776,975,880) | (7.0) | 899,686,159 | 2.8 | 4,556,916,695 | 16 |
| Other comprehensive income | | | | | | |
| <i>Items that will never be reclassified to profit or loss</i> | | | | | | |
| Impairment loss on property, plant and equipment previously revalued | - | - | - | - | - | - |
| Depreciation on revaluation surplus | - | - | - | - | - | - |
| Income tax on other comprehensive income | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | | | |
| Foreign currency translation differences for foreign operations | - | - | - | - | - | - |
| Reclassification of foreign currency differences following liquidation of subsidiary | - | - | - | - | - | - |
| Defined benefit plan actuarial gains (losses) | | | | | | |
| - The Group | (79,622,016) | (0.3) | - | - | - | - |
| - Joint venture | (5,312,917) | (0.0) | (1,763,029) | (0.0) | 330,605 | 0.0 |
| Income tax on other comprehensive income | 5,456,482 | 0.0 | - | - | - | - |
| Other comprehensive income for the year net of income tax | (79,478,451) | (0.3) | (1,763,029) | (0.0) | 330,605 | 0.2 |
| Total comprehensive income for the year | (1,856,454,331) | (7.3) | 897,923,130 | 2.8 | 4,557,247,300 | 16.0 |
| Total comprehensive income attributable to: | | | | | | |
| Owners of the Company | (1,881,987,776) | (7.4) | 864,888,716 | 2.7 | 4,534,995,430 | 15.9 |
| Non-controlling interests | 25,533,445 | 0.1 | 33,034,414 | 0.1 | 22,251,870 | 0.1 |
| Total comprehensive income for the year | (1,856,454,331) | (7.3) | 897,923,130 | 2.8 | 4,557,247,300 | 16.0 |

Statement of Cash Flows

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December

| | 2019 | 2018 (Restated) | 2017 |
|--|-----------------|--------------------|-----------------|
| | Baht | Baht | Baht |
| Cash flows from operating activities | | | |
| Profit (Loss) for the year | (1,776,975,880) | 899,686,159 | 4,556,916,695 |
| <i>Adjustments for</i> | | | |
| Depreciation and amortisation | 723,033,436 | 746,089,755 | 742,126,121 |
| Finance costs | 5,511,242 | 9,199,107 | 1,034,740,671 |
| Unrealised gain on exchange rate | 36,887,578 | (15,600,985) | (2,770,243,458) |
| Bad debts and doubtful debts expenses (reversal) | 843,240,786 | 4,546,786 | 8,032,163 |
| Provision for (reversal of) loss decline in value of inventories | 35,404,123 | 431,970,776 | (74,163,700) |
| Employee benefit obligations | 83,672,525 | 19,119,401 | 20,545,454 |
| Provision for loss under onerous contracts (reversal) | (1,072,952) | 381,821 | (18,460,987) |
| Loss (gain) on disposal of property, plant and equipment | (1,056,789) | (205,607) | (172,731) |
| Loss on revaluation of property, plant and equipment | (1,584,000) | 973,309 | 6,929,493 |
| Loss on impairment of property, plant and equipment | - | - | - |
| Loss recognized on the loss on liquidation of subsidiary | - | - | - |
| Reversal of short-term provision | 154,467 | 9,396,409 | 45,281,366 |
| Share of profit of Joint venture (net of income tax) | (34,653,762) | (87,174,079) | (2,987,371) |
| Interest as a result of discontinued operation | - | - | - |
| Others | - | 95,474,910 | - |
| Income tax benefits | 29,343,852 | 13,320,291 | (21,212,459) |
| | (58,095,374) | 2,301,526,211 | 3,527,331,257 |

Statement of Cash Flows (Continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December

| | 2019 | 2018 (Restated) | 2017 |
|--|----------------------|----------------------|----------------------|
| | Baht | Baht | Baht |
| Changes in operating assets and liabilities | | | |
| Trade accounts receivable | 242,290,398 | 51,675,291 | 76,297,349 |
| Other accounts receivable from related parties | 134,570,290 | (41,765,701) | (2,601,482) |
| Inventories | 2,173,821,599 | (2,736,577,761) | (784,409,073) |
| Other current assets | 5,022,997 | 674,482,191 | (5,179,534) |
| Other non-current assets | (3,996,217) | (926,614) | 10,298,599 |
| Trade accounts payable | (629,509,265) | 2,809,275,341 | 809,027,343 |
| Other accounts payable to related parties | 70,339,134 | 101,617,363 | 5,553,045 |
| Other current liabilities | (20,013,168) | (162,798,632) | 21,975,896 |
| Employee benefit obligations paid | (2,733,813) | (10,780,385) | (7,098,259) |
| Other non-current liabilities | - | - | - |
| Receive tax refund | 23,152,469 | 1,223,571 | - |
| Income tax paid | (36,554,179) | (36,904,802) | (24,957,381) |
| Net cash provided by operating activities | 1,898,294,871 | 2,961,061,073 | 3,626,237,760 |
| Cash flows from investing activities | | | |
| Proceeds from sale of investment in Joint venture | - | - | - |
| Deposits at financial institution pledged as collateral | 90,734,919 | (41,522,934) | (52,124,300) |
| Purchases of property, plant and equipment | (588,496,075) | (479,226,821) | (367,390,842) |
| Purchases of intangible assets | (4,445,195) | (3,673,795) | (2,124,750) |
| Sales of property, plant and equipment | 1,078,715 | 205,607 | 194,006 |
| Machines and equipment acquired by means of finance lease | - | - | - |
| Dividend received | - | 22,600,871 | - |
| Currency translation differences | - | - | - |
| Net cash used in discontinued operation | - | - | - |
| Net cash provided by (used in) investing activities | (501,127,636) | (501,617,072) | (421,445,886) |

Statement of Cash Flows (Continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December

| | 2019 | 2018 (Restated) | 2017 |
|---|------------------------|------------------------|------------------------|
| | Baht | Baht | Baht |
| Cash flows from financing activities | | | |
| Proceeds from issuance of ordinary shares | (1,756,655,277) | (3,106,909,746) | (70,645,601) |
| Transaction costs from issuance of ordinary shares | - | - | - |
| Finance cost paid | (5,532,982) | (9,199,107) | (105,843,889) |
| Increase in short-term loans from financial institutions | 30,682,672 | (42,110,249) | (40,251,426) |
| Proceeds from short-term loans from related parties | - | - | - |
| Repayment of short-term loans from related parties | - | - | - |
| Proceeds from long-term loans | - | - | - |
| Repayment of long-term loans | - | - | (1,254,591,582) |
| Hire purchase and finance lease payments | (17,397,332) | (15,964,747) | (53,141,322) |
| Machines and equipment acquired by means of finance lease | - | - | - |
| Repurchase of subordinated convertible debenture | - | - | - |
| Dividends paid | (44,100,000) | (88,200,000) | (53,900,000) |
| Net cash used in financing activities | (1,793,002,919) | (3,262,383,849) | (2,071,076,990) |
| Net increase (decrease) in cash and cash equivalents | (395,835,684) | (802,939,848) | 1,133,714,884 |
| Effect of exchange rate changes on balance held in foreign currency | - | - | - |
| Cash and cash equivalents at 1 January | 755,830,615 | 1,558,770,463 | 156,508,506 |
| Cash and cash equivalents at 31 December | 359,994,931 | 755,830,615 | 1,558,770,463 |

Financial Ratio

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

| | 2019 | 2018 (Restated) | 2017 (Restated) |
|---|----------|--------------------|--------------------|
| Liquidity Ratio | | | |
| Current ratio (Times) | 1.10 | 1.52 | 2.15 |
| Current ratio exclude long-term borrowings classified (Times) | 1.10 | 1.52 | 2.37 |
| Quick ratio (Times) | 0.06 | 0.24 | 0.52 |
| Quick ratio exclude long-term borrowings classified (Times) | 0.06 | 0.24 | 0.52 |
| Cash ratio (Times) | 0.25 | 0.57 | 0.72 |
| Accounts receivable turnover (Times) | 10.27 | 7.65 | 9.39 |
| Average collection period (Days) | 36 | 48 | 39 |
| Inventories turnover (Times) | 17.29 | 12.80 | 11.24 |
| Average days sales (Days) | 21.11 | 28.51 | 32.48 |
| Accounts payable turnover ratio (Times) | 4.59 | 7.29 | 8.28 |
| Accounts payable period (Days) | 80 | 50 | 44 |
| Cash cycle (Days) | -23 | 26 | 27 |
| Profitability Ratio | | | |
| Gross profit ratio | (1.78%) | 5.10% | 13.78% |
| Operating profit ratio | (10.56%) | 0.93% | 9.66% |
| Other profit ratio | 3.25% | 2.28% | 10.97% |
| Operating cash flow margin ratio (Times) | (0.73) | 12.53 | 1.48 |
| Net profit ratio | (7.31%) | 2.81% | 17.90% |
| Return on equity ratio | N/A | N/A | N/A |
| Efficiency Ratio | | | |
| Return on assets ratio | (7.40%) | 3.55% | 22.30% |
| Return on fixed assets ratio | (16.09%) | 7.84% | 48.38% |
| Total assets turnover (Times) | 1.07 | 1.26 | 1.14 |

Financial Ratio (Continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

| | 2019 | 2018 (Restated) | 2017 (Restated) |
|--|--------|--------------------|--------------------|
| Financial Policy Ratio | | | |
| Debt to equity ratio (Times) | N/A | N/A | N/A |
| Interest bearing debt to equity (Times) | N/A | N/A | N/A |
| Interest coverage ratio (Times) | 320.80 | 96.66 | 5.36 |
| Debt service coverage ratio (Cash Basis) (Times) | 2.98 | 2.15 | 2.15 |
| Dividend payout ratio | - | - | - |

Per Share Data and Growth Rate

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

| | 2019 | 2018 (Restated) | 2017 (Restated) |
|---|-----------|--------------------|--------------------|
| Per Share Data | | | |
| Book value per share (Baht) | (3.76) | (3.59) | (35.54) |
| Earnings (Loss) per share (Baht) | (0.16) | 0.10 | 4.07 |
| Dividend per share | - | - | - |
| Growth Rate | | | |
| Total assets | (15.52%) | 6.94% | 5.41% |
| Total liabilities | (3.25%) | (3.55%) | (4.72%) |
| Revenue from sales and revenue from rendering of services | (20.09%) | 55.69% | 27.78% |
| Operating expenses | 68.30% | (66.03%) | (72.44%) |
| Net profit (loss) | (308.03%) | 130.21% | 258.05% |

Report on the Responsibility of the Board of Directors for 2019 Financial Report

The Board of Directors of Sahaviriya Steel Industries Public Company Limited has duties and direct responsibilities to ensure that the Company's activities comply with its policy of good corporate governance. The Board of Directors has responsibility for the preparation of the financial report of the Company, including financial statements of the Company and its subsidiaries for the year ended 31 December 2019 as well as the financial information disclosed in the Company's 2019 Annual Report. The financial statements have been prepared in accordance with generally accepted accounting principles with appropriate and consistent accounting policies and/or accounting practices as well as careful judgment in accounting estimates, along with all due consideration as to reasonableness. Material information has been sufficiently disclosed and audited by the independent certified public accountant approved by the Securities and Exchange Commission. The independent certified public accountant has expressed a qualified opinion on the independent auditor's report. (Details as shown on the auditor's report and the Company's financial statements)

The Board of Directors has established the risk management system, internal control system and internal audit function under supervision of the Risk Management Committee and the Audit Committee consisting of independent directors, who are responsible for overseeing the Company's control and audit functions to ensure the integrity and reliability of the Company's financial statements. The true performance and financial position of the Company has thus been reflected on the Company's financial statements for the benefit of its shareholders, investors, other stakeholders and all relevant parties.

The Board of Directors considers that the internal control system and the internal audit function to be appropriately robust, and that the financial statements of the Company are accurate according to accounting principle, reliable, and in compliance with relevant laws and regulations.



Mr. Somchai Sakulsurat

Chairman of the Board of Directors of
Sahaviriya Steel Industries Public Company Limited
(as the Plan Administrator)



Mr. Win Viriyaprapaikit

Group CEO and President

Management Discussion and Analysis

Table 1: Summary of Consolidated Financial Results

| Unit: Million Baht | 2019 Jan - Dec | 2018 Jan - Dec (Restated) | % YoY |
|-------------------------------|-------------------|---------------------------------|-------|
| Sales and service revenues | 25,199 | 31,428 | -20% |
| Cost of sales and service | 25,103 | 29,290 | -14% |
| Gross profit (loss) | 97 | 2,139 | -95% |
| SG&A | 2,166 | 1,286 | +68% |
| EBITDA | (1,254) | 1,441 | -187% |
| Interest expense | 6 | 9 | -40% |
| Depreciation and amortisation | 514 | 552 | -7% |
| Income tax (reversal) | 29 | 13 | +120% |
| Realised FX gain (loss) | 188 | 86 | +119% |
| Unrealised FX gain (loss) | 25 | 28 | -14% |
| Net profit (loss) | (1,803) | 867 | -308% |
| EPS (Baht) | (0.16) | 0.10 | -263% |

Notes:

- 1) EBITDA = Net Profit (Loss) + Interest + Tax + Depreciation and Amortisation
- 2) The Company adjusted the obligation under rehabilitation plan and financial cost according to the Company plan. The Company brought all facts occurred in the past to present and corrected errors and reclassified all financial statements from 2017.

Table 2: Financial Results by Business Unit

| Unit: Million Baht | 2019 Jan - Dec | 2018 Jan - Dec | % YoY |
|--|-------------------|-------------------|--------------|
| Sales and Service Revenues | | | |
| Consolidated¹⁾ | 25,199 | 31,428 | -20% |
| HRC Business | 24,663 | 30,864 | -20% |
| Port Business | 197 | 209 | -6% |
| Engineering Business | 255 | 284 | -10% |
| EBITDA | | | |
| Consolidated | (1,254) | 1,441 | -187% |
| HRC Business | (1,992) | 1,404 | -242% |
| Port Business | 160 | 185 | -13% |
| Engineering Business | 79 | 77 | +2% |
| Elimination of Related Parties Transaction | 499 | (225) | +321% |
| Net Profit (Loss) | | | |
| Consolidated²⁾ | (1,803) | 867 | -308% |
| HRC Business | (2,402) | 978 | -345% |
| Port Business | 57 | 74 | -23% |
| Engineering Business | 43 | 40 | +7% |
| Elimination of Related Parties Transaction | 473 | (259) | +282% |
| Non-controlling Interest | 26 | 33 | |

¹⁾ Revenues of each Business Unit are shown as net revenues after elimination of related party transactions.

²⁾ Profit/Loss from TCRSS is recorded under the equity method.

Table 3: Performance Highlight of HR Business (the Company)

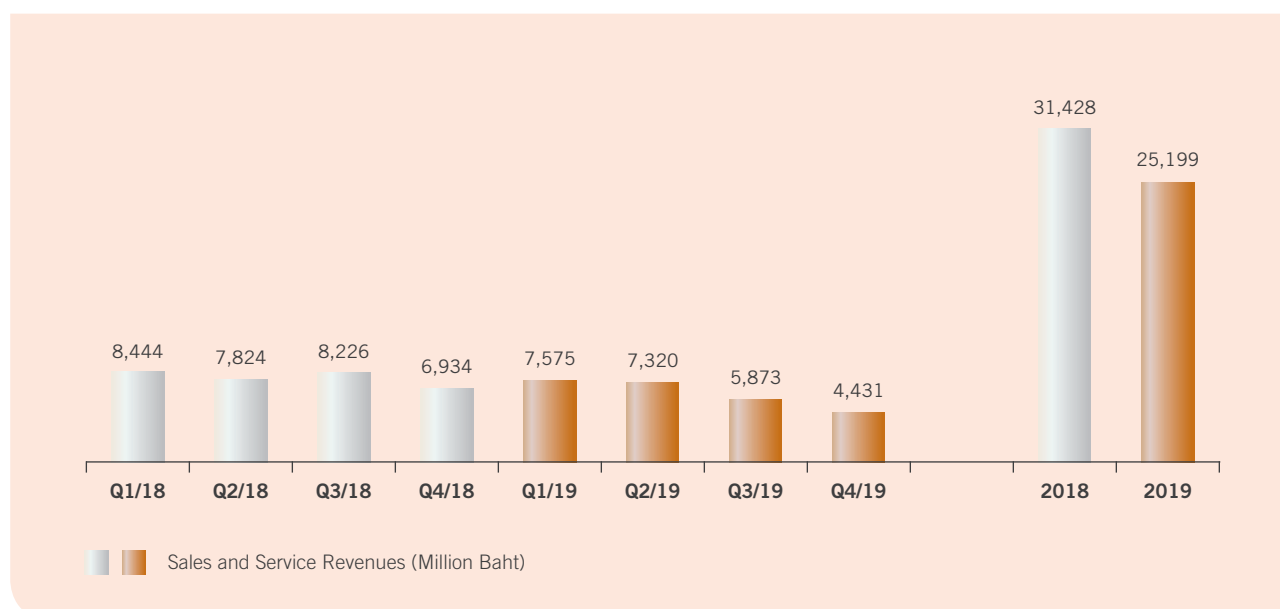
| Unit: USD/ton | 2019 Jan - Dec | 2018 Jan - Dec | % YoY |
|----------------------------------|-------------------|-------------------|-------|
| Average Selling Price | 613 | 651 | -6% |
| Average Cost of Goods Sold | 617 | 602 | +3% |
| HRC Spread ¹⁾ | 81 | 132 | -39% |
| HRC Rolling Margin ²⁾ | 13.2% | 20.3% | |
| HRC EBITDA/ton ³⁾ | -53 | 36 | -247% |
| Sales Volume (k tons) | 1,270 | 1,441 | -12% |
| Production Volume (k tons) | 1,248 | 1,467 | -15% |

¹⁾ HRC Spread excludes the provision for loss on decline in value of inventories or the reversal thereof.

²⁾ HRC Rolling Margin = HRC Spread/Average Selling Price

³⁾ HRC EBITDA includes the reversal of provision for loss on decline in value of inventories and the reversal of provision for loss under onerous contracts.

Figure 1: Sales and Service Revenues of the Company and its subsidiaries



Performance of the Company, its Subsidiaries and its Joint Venture

In 2019, the Company and its subsidiaries recorded sales and service revenues Baht 25,199 million, down 20% YoY. EBITDA was negative Baht 1,254 million, down 187% YoY from Baht 1,441 million. Net loss was Baht 1,803 million, down 308% YoY from net profit Baht 867 million in 2018 as a result of the decrease in gross profit and the additional allowance for doubtful accounts. In addition, the Company recorded loss on impairment investments in a joint venture Baht 531 million.

| Profitability Ratio | 2019 | 2018 (Restated) |
|---------------------|--------|--------------------|
| NP Margin (%) | (7.31) | 2.81 |
| ROA (%) | (7.40) | 3.55 |
| ROE (%) | N/A | N/A |
| EPS (Baht) | 0.16 | 0.10 |

HR Business (the Company)

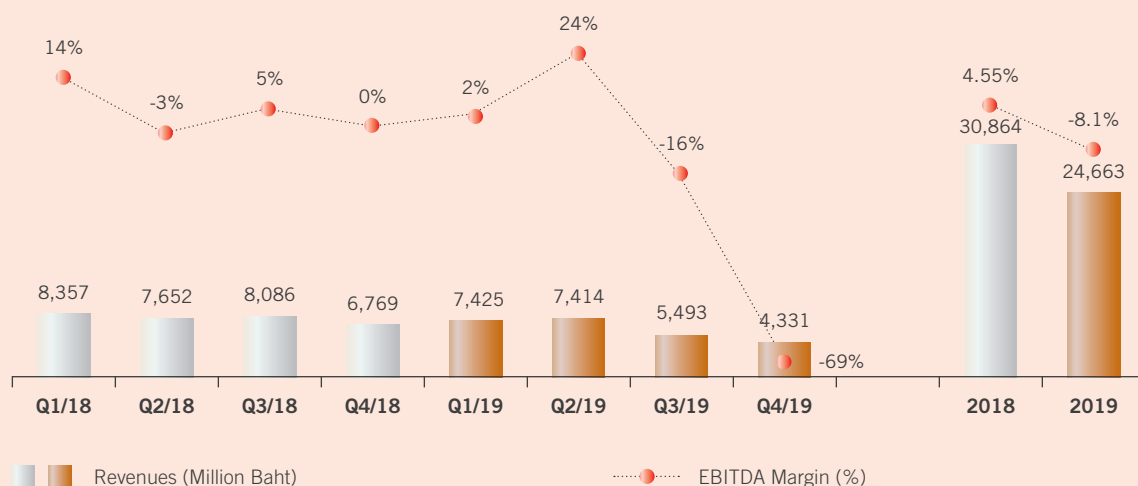
Revenues: In 2019, the Company recorded sales and service revenues Baht 24,663 million, down 20% YoY from Baht 30,864 million, with HRC Sales Volume of 1,270 k tons, down 12% YoY. HRC Average Selling Price was Baht 19,065 per ton or approx. USD 632 per ton, down 3% YoY following the world steel price market. Premium Value Products (PVPs) contributed to 61% of total HRC Sales Volume.

Expenses: In 2019, the Company recorded cost of sales and service Baht 24,828 million, comprising total cost of sales Baht 24,789 million and the provision for loss on decline in value of inventories Baht 39 million. Cost of sales and service decreased 14% YoY following the decrease in sale volume. SG&A was Baht 2,573 million, up 118% YoY from Baht 1,179 million due to an addition allowance for doubtful accounts on the overdue debts of related parties Baht 843 million, allowance for prepaid for goods of a related party Baht 46 million and loss on impairment investments in a joint venture Baht 531 million which did not appear in the previous year.

HRC Spread: In 2019, the Company recorded HRC Spread of USD 84 per ton, down from USD 132 per ton, or down 37% YoY. HRC Rolling Margin was 13.3%, down from 20.3% in 2018.

Profits: In 2019, the Company recorded gross loss Baht 166 million, negative EBITDA Baht 1,992 million and net loss Baht 2,402 million, down 109%, 242%, and 345% YoY, respectively. Operating performance decreased YoY from gross profit Baht 1,857 million, EBITDA Baht 1,404 million and net profit Baht 978 million due to the gross loss, allowance for doubtful accounts on the overdue debts of related parties and the loss on impairment investments in a joint venture.

Figure 2: Revenues and EBITDA Margin of HR Business

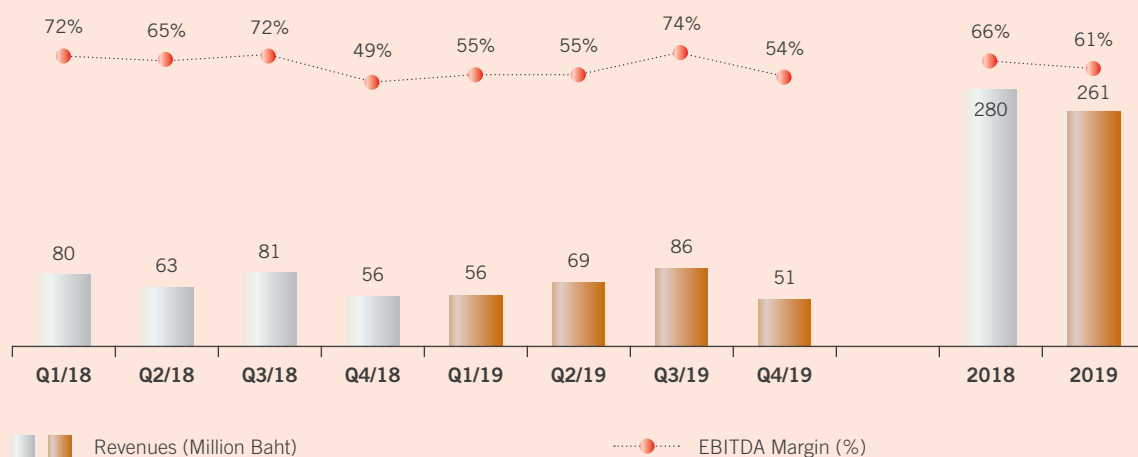


Marine Business (PPC)

Revenues: In 2019, PPC recorded total service revenues Baht 261 million, down 7% YoY following lower throughput volume at 2,660,736 tons, a decrease from 2,800,575 tons or down 5% YoY. The main revenue from SSI was Baht 64 million, down 10% YoY. The revenue excluded SSI was Baht 197 million, or down 6%. The revenues were decreased due to the overall throughput volume.

Profits: In 2019, PPC recorded gross profit Baht 121 million, EBITDA Baht 160 million, and net profit Baht 57 million, or decreased by 17%, 13%, and 23% YoY, respectively.

Figure 3: Revenues and EBITDA Margin of Marine Business

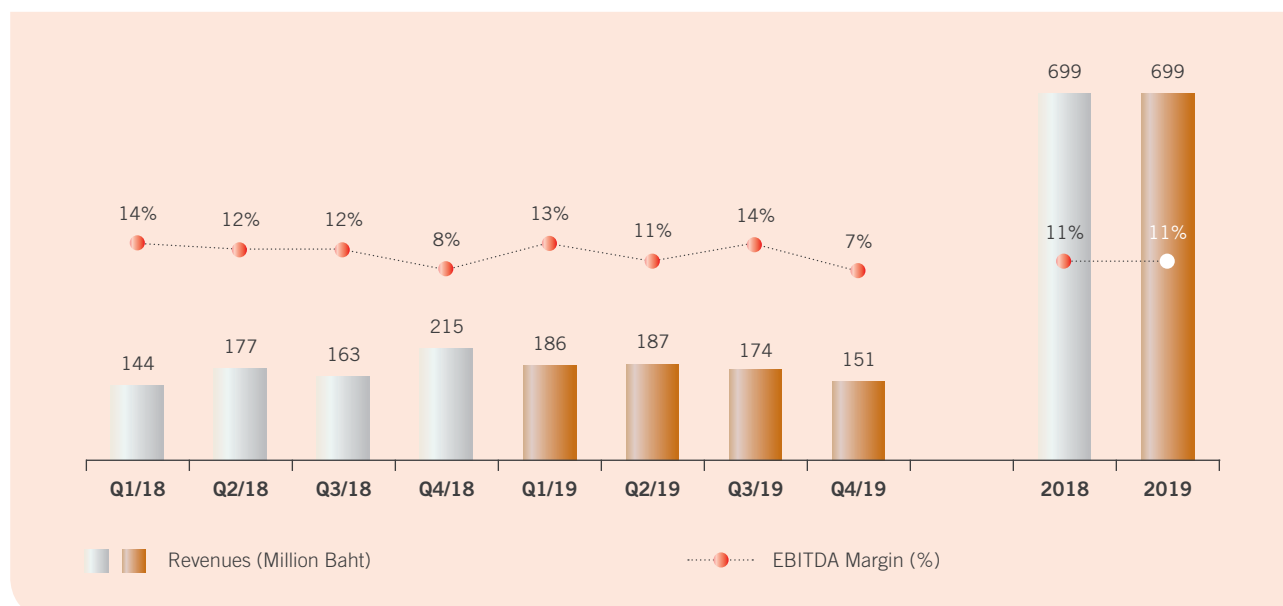


Engineering Business (WCE)

Revenues: In 2019, WCE recorded total sales and service revenues the same amount as the year earlier at Baht 699 million as delivery of some projects in Q4/2019 has been postponed to 2020.

Profits: In 2019, WCE recorded gross profit Baht 131 million, EBITDA Baht 79 million and net profit Baht 43 million, improved 8%, 2% and 7% YoY, respectively. The better performance was a result of the intensely cost control cutting up to 2% of the total cost from 2018. In addition, the efficient financial management plus lower interest rate resulted in 35% lower financial costs from the previous year.

Figure 4: Revenues and EBITDA Margin of Engineering Business

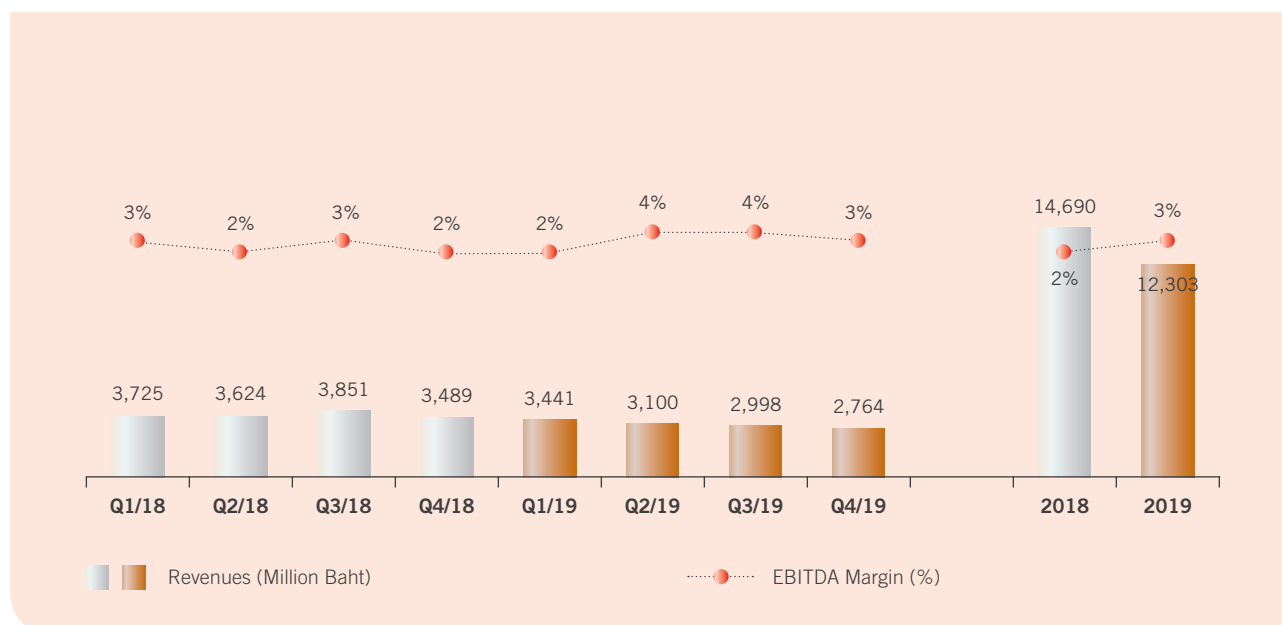


Downstream Business (TCRSS)

Revenues: In 2019, TCRSS recorded total sales Baht 12,303 million, down 16% YoY with Sales Volume 523 k tons, down 15%, and Average Selling Price decrease by 1% YoY, due to the world economic slowdown, USA-China trade war, sluggish domestic economy, and baht appreciation.

Profits: In 2019, TCRSS recorded gross profit Baht 482 million, EBITDA Baht 410 million and net profit Baht 7 million, up by 283%, 24%, and 104% YoY respectively, due to the baht appreciation from Baht 32.61 per US dollar in 2018 to Baht 30.33 per US dollar in 2019, resulting in 19% decrease in raw material cost YoY.

Figure 5: Revenues and EBITDA Margin of Downstream Business (TCRSS)



Consolidated Financial Status

Assets

As at 31 December 2019, the Company and its subsidiaries had total assets Baht 21,888 million, a decrease from Baht 25,909 million as at 31 December 2018.

| Assets | 31 Dec 2019 | | 31 Dec 2018 (Restated) | | 31 Dec 2017 (Restated) | |
|-------------------------------|---------------|------------|---------------------------|------------|---------------------------|------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Cash and cash equivalents | 360 | 2 | 756 | 3 | 1,559 | 6 |
| Trade accounts receivable | 68 | 0 | 1,153 | 4 | 1,205 | 5 |
| Inventories | 7,464 | 34 | 9,673 | 37 | 7,368 | 29 |
| Property, plant and equipment | 10,926 | 50 | 11,048 | 43 | 11,302 | 44 |
| Investments in joint venture | 2,629 | 12 | 2,598 | 10 | 2,710 | 11 |
| Other assets | 441 | 2 | 680 | 3 | 1,394 | 5 |
| Total assets | 21,888 | 100 | 25,909 | 100 | 25,538 | 100 |

Trade accounts receivable: As at 31 December 2019, trade and notes receivable netted Baht 68 million, down 95% from 1,153 as at the end of 2018 from the decrease in sale volume and selling price.

Inventories: As at 31 December 2019, inventory netted Baht 7,464 million, down 23% from the end of 2018, as a result of a decrease value of inventories.

Property, plant and equipment: As at 31 December 2019, property, plant and equipment netted Baht 10,926 million, down 2% from the end of 2018.

Liabilities and Sources of Fund

Proportion of liabilities and total equity of the Company and its subsidiaries consist of:

| Liabilities and Equity | 31 Dec 2019 | | 31 Dec 2018 (Restated) | | 31 Dec 2017 (Restated) | |
|---|-----------------|--------------|---------------------------|--------------|---------------------------|--------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Current liabilities under rehabilitation plan | 1,766 | 8 | 1,618 | 6 | 1,598 | 6 |
| Trade accounts payable | 5,149 | 24 | 5,796 | 22 | 3,033 | 12 |
| Non-current liabilities under rehabilitation plan | 55,227 | 252 | 57,062 | 220 | 60,659 | 238 |
| Other liabilities | 1,004 | 5 | 790 | 3 | 915 | 4 |
| Total liabilities | 63,146 | | 65,267 | | 66,205 | |
| Equity attributable to owners of the Company | (41,803) | (191) | (39,921) | (154) | (41,285) | (162) |
| Non-controlling interests | 544 | 2 | 563 | 2 | 618 | 2 |
| Total equity | (41,258) | | (39,358) | | (40,667) | |
| Total liabilities and equity | 21,888 | 100 | 25,909 | 100 | 25,538 | 100 |

As at 31 December 2019, the Company and its subsidiaries had total liabilities Baht 63,146 million, decreased from Baht 65,267 million as at 31 December 2018, mainly as a result of the decrease in debt obligation under the Plan. The Company and its subsidiaries has short-term debt under the Plan which is due within 1 year Baht 1,766 million and long-term debt under the Plan Baht 55,227 million.

According to the approval of the Rehabilitation Plan on 15 December 2016, all long-term borrowings from financial institutions, provisions from being guarantor and other payables under rehabilitation plan with obligated interest are part of rehabilitation plan (Note 23 to Financial Statements). The reclassified of such borrowings, provisions, and other payables under rehabilitation plan with obligated interest are conformed to the debts settlement as stipulated in the Plan. The Company has revealed the essence of the Business Rehabilitation Plan, approved by the Central Bankruptcy Court on 15 December 2016, in Note 25 to the Financial Statements.

As at 31 December 2019, equity attributable to owners of the Company was negative Baht 41,803 million decreased from negative Baht 39,921 million as at 31 December 2018, as a result of the operating loss of the HR Business.

Liquidity

1. Cash Flow

As at 31 December 2019, the Company and its subsidiaries' ending cash was Baht 360 million, a decrease from Baht 756 million as at the end of 2018. Details of cash flow are as follows:

- **Net cash received from operating activities:** Baht 1,898 million consisting of (1) cash paid for operation Baht 58 million, and (2) cash received from net change in operating assets and liabilities Baht 1,956 million.
- **Net cash used in investing activities:** Baht 501 million consisting of (1) a decrease in restricted deposit at financial institution Baht 91 million (2) purchase of property, plant and equipment of Baht 588 million and (3) cash paid for other activities Baht 3 million.
- **Net cash used in financing activities:** Baht 1,793 million consisting of (1) cash paid for finance costs Baht 6 million (2) short-term borrowings from financial institutions Baht 31 million (3) net repayment on debts under business rehabilitation plan Baht 1,757 million and (4) cash paid for other financing activities Baht 61 million.

2. Current Ratio

As of 31 December 2019, the Company and its subsidiaries had less liquidity compared to the end of 2018 with a decrease in current ratio. However, the Company and its subsidiaries had shorter average collection period and average day sales as detailed below:

| Liquidity Ratio | 2019 | 2018 (Restated) | 2017 (Restated) |
|---|------|--------------------|--------------------|
| Current Ratio (x) | 1.10 | 1.52 | 2.15 |
| Interest-bearing Debt to Equity Ratio (x) | N/A | N/A | N/A |
| Average Collection Period (Days) | 36 | 48 | 39 |
| Average Days Sales (Days) | 21 | 29 | 32 |

Current Ratio: As of 31 December 2019, current ratio was 1.10x, a decrease from 1.52x at the end of 2018 due to the decrease in trade accounts receivables as a result of the decline in sales volume of the HR Business.

Stock Price

The Company had submitted a petition for Business Rehabilitation to the Court on 1 October 2015, and subsequently, on 10 March 2016, the Court issued an order for the Company's Business Rehabilitation. For SSI securities, The Stock Exchange of Thailand has posted SP, NP, and NC signs on SSI securities to suspend trading of SSI from 27 April 2016 until its financial status and operations are solved in accordance with SET. Accordingly, there was no trading of SSI security throughout year 2019. The closing price on the last trading day in 2016 of The Stock Exchange of Thailand on 26 April 2016 was Baht 0.05 per share.

**Sahaviriya Steel Industries
Public Company Limited
and Subsidiaries**

Financial Statements for the year ended 31 December 2019
and Independent Auditor's Report

Independent Auditor's Report

To The Shareholders of Sahaviriya Steel Industries Public Company Limited

Qualified Audit Opinion

I have audited the consolidated financial statements of SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES ("the Group") and of SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED ("the Company") which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position as at 31 December 2019 and the consolidated and separate financial performance and cash flows for the year then ended of SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED and its subsidiaries and of SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED, in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Qualified Audit Opinion

Insufficient Audit Evidence

As stated in Note 23 to financial statements, with reference to obligation under rehabilitation plan, I did not receive confirmations from 4, which comprise of principal loan amount Baht 1,506.4 million and accrued interest amount of Baht 284.5 million. In addition, other 5 confirmations of stated the principal amount differently from the book value amount. The book value overstated principal loan of Baht 4,515.2 million and USD 117.2 million and accrued interest of amount Baht 1,697.5 million and USD 13.2 million. Another 2 banks stated that accrued interest is understated by USD 93.7 million. I am unable to obtain any other appropriate audit evidence for satisfaction as to the debt obligations under rehabilitation plan.

Due to impacts that might occur from the results from stated bank confirmations, I am unable to conclude whether or not to adjust the stated transactions, which might have impacts to the financial statements.

Material uncertainty on going concern

As at 31 December 2019 and 2018, the consolidated and separate statements of financial position are as follows;

As stated in Note 2 to financial statements, the Group and the Company incurred a loss for the year ended 2019 in the amount of Baht 1,777.0 million and Baht 2,401.8 million respectively. As at 31 December 2019 and 2018, the Group and the Company have operating deficit of Baht 43,415.6 million and Baht 43,907.8 million, respectively and negative shareholders' equity of Baht 41,258.2 million and Baht 42,294.8 million respectively.

As stipulated in the rehabilitation plan, the Company needs to generate sufficient cash flows to meet both its working capital requirement and for settlement the debts from operation by issuing new share capital, conversion of outstanding debt to equity, as well as seeking new financing. The Company has explained the progress of these activities in notes 2 to financial statements. However, to consider that the successful of the Plan should have the following events; 1) the Company has made repayments for the outstanding principal to all creditors as stipulated in the Plan in the amount not less than 25% of the outstanding principal and either 2) the Company has obtained new funding from an investor to settle debt which resulting to the shareholders' equity of the Company becomes positive, or 3) conversion of debt to equity as stipulated in the Plan resulting to the shareholders' equity of the Company becomes positive. The realizable value of assets may materially less than carrying value of the Group and the Company be unable to continue the operations as a going concern. These consolidated and separate financial statements do not include the reclassification and any adjustments of asset and liabilities which might be necessary should the Group and the Company be unable to operate as rehabilitation plan.

From the aforementioned circumstance, that indicated the material uncertainty of the Group and the Company's operations as a going concern. Accordingly, my opinion does not change from the stated statements.

Emphasis of Matter

Restated financial statement

As stated in Note 4 to financial statements in 2019, the Company already adjusted the obligation under rehabilitation plan and financial cost according to the Company plan. The Company brought all facts occurred in the past to present and corrected errors and reclassified all financial statements from 2017. I have already audited and confirm that the Company appropriately adjusted the stated transactions. As the result, I do not express qualify opinion to the stated matter.

Allowance for doubtful accounts

As stated in Notes 6 and 8, the Company had 2 related party receivables amounted to Baht 3,579.9 million that overdue over 12 months. In 2019, the management estimated that chance that those receivables can be collected is rare, so the Company decided to fully set up allowance for doubtful accounts for the whole amount of Baht 3,579.9 million. I do not express a qualify opinion to the stated matter.

Transactions between related parties

I draw your attention to Note 6 to the consolidated and separate financial statements, for the year 2019, the Company had sold goods to related companies and joint venture in the normal course of business totaling Baht 2,253.1 million and Baht 589.7 million respectively, which represented 11.5% of the Group's total sales.

Provision under guarantee

As stated in Note 3 (e) to financial statements with reference to Sahaviriya Steel Industries UK's ("SSI UK") intended to discontinue its operation and the liquidator have been appointed and entered into control such subsidiary. As a result, the major lender demanded immediate payment of the outstanding balances of borrowings which was secured by SSI UK's property, plant and equipment and a guarantee by the Company. The major lenders of the subsidiary called for the responsibility of the Company in being a guarantor for the outstanding debts. The Company recorded provisions under guarantees agreement for borrowings of SSI UK in full in 2015 for the amount of Baht 29,976 million. Nevertheless, the lenders may be received the partial repayments from the liquidation in the future. Such amounts will be deducted from the previously recorded provisions under guarantees agreement. Currently, the subsidiary is under liquidation process.

Collection from related companies receivable

As stated in Note 25 to financial statement, the Company have two related companies receivables, the outstanding balance of such receivables is Baht 3,579.9 million as at 31 December 2019. The Company has fully set up allowance for doubtful loss. Such amount is higher than the amount required to complied in rehabilitation plan, which required the Company to collect from two related companies not less than the amount of Baht 300 million per annum and all outstanding debt balance as at the end of 2019 must not exceeding Baht 2,640.0 million, not complying may cause the default. However, the incident is not the cause of default because Board of creditor not yet notice for such defaulting. Currently, the Company still follow up for collection and negotiate the repayment condition.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matters described in the Material Uncertainty Related to Going Concern section, I have determined the matters described below to be the key audit matters to be communicated in my report.

Asset

Impairment of property, plant and equipment

As describe in Note 16 to the financial statements, the Group's and the Company's property, plant and equipment which are stated at cost less accumulated depreciation and impairment losses are significant amount. The management exercise judgment in determining the impairment loss due to the recoverable amount of the property, plant and equipment is determined on value in use by estimate future cash flows that the entity expects to derive from the assets which related to the projection of future operating performance, future plan and determination of an appropriate discount rate and key assumptions. Therefore, I have identified that considering the impairment loss of property, plant and equipment is the significant matter that requires special attention in the audit.

My audit procedure on such matter

I verified the impairment of property, plant and equipment by consider and assess the reasonable and supportable assumptions and approaches in preparation of the estimate of future cash inflows or outflows which the Group and the Company expected to derive from the continuing use of the property, plant and equipment. Including assess the Group and the Company's reasonable discount rate which used for calculation of the recoverable amount of the property, plant and equipment and considered the adequacy of the information disclosure related to impairment of property, plant and equipment.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year 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.



Mrs. Suvimol Chrityakierne

C.P.A. (Thailand) Registration No. 2982

D I A International Audit Company Limited

28 February 2020

Statements of Financial Position

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
As at 31 December 2019

Unit: Baht

| Assets | Note | Consolidated financial statements | | | Separate financial statements | | |
|---|-------|-----------------------------------|--------------------------------|------------------------------|-------------------------------|--------------------------------|------------------------------|
| | | 31 December 2019 | 31 December 2018 (Restated) | 1 January 2018 (Restated) | 31 December 2019 | 31 December 2018 (Restated) | 1 January 2018 (Restated) |
| Current assets | | | | | | | |
| Cash and cash equivalents | 7 | 359,994,931 | 755,830,615 | 1,558,770,463 | 242,829,870 | 691,250,798 | 1,472,841,805 |
| Trade accounts receivable | 8 | 67,559,000 | 1,153,093,859 | 1,205,026,297 | 3,229,048 | 1,067,078,131 | 1,169,968,722 |
| Other receivables from related parties | 6 | 172,792,089 | 307,527,604 | 270,308,689 | 203,174,781 | 350,804,697 | 305,068,943 |
| Inventories | 9 | 7,463,700,630 | 9,672,926,352 | 7,368,319,367 | 7,440,368,806 | 9,659,959,172 | 7,357,377,713 |
| Other current assets | 10 | 230,002,317 | 242,627,788 | 910,982,488 | 174,673,268 | 142,507,191 | 852,194,922 |
| Assets held for disposal from liquidation of subsidiary | 5 (h) | - | - | - | - | - | - |
| Total current assets | | 8,294,048,967 | 12,132,006,218 | 11,313,407,304 | 8,064,275,773 | 11,911,599,989 | 11,157,452,105 |
| Non-Current assets | | | | | | | |
| Restricted deposit at financial institution | 11 | 7,595,649 | 98,330,568 | 56,807,634 | 3,633,986 | 92,039,430 | 35,784,832 |
| Investments in subsidiaries | 12 | - | - | - | 278,999,930 | 278,999,930 | 278,999,930 |
| Investments in joint venture | 14 | 2,628,781,546 | 2,598,112,470 | 2,709,650,450 | 2,628,781,546 | 3,159,668,346 | 3,159,668,346 |
| Other long-term investment | 15 | - | - | - | - | - | - |
| Property, plant and equipment | 16 | 10,926,465,042 | 11,048,410,953 | 11,302,042,288 | 9,711,399,205 | 9,740,470,652 | 9,902,762,583 |
| Other intangible assets | 17 | 12,867,820 | 13,294,302 | 128,555,280 | 8,546,550 | 7,588,266 | 122,571,280 |
| Deferred tax assets | 18 | 3,635,401 | 8,351,425 | 17,853,344 | - | - | - |
| Other non-current assets | | 14,360,040 | 10,363,823 | 9,437,209 | 13,142,299 | 8,980,464 | 7,975,849 |
| Total non-current assets | | 13,593,705,498 | 13,776,863,541 | 14,224,346,205 | 12,644,503,516 | 13,287,747,088 | 13,507,762,820 |
| Total assets | | 21,887,754,465 | 25,908,869,759 | 25,537,753,509 | 20,708,779,289 | 25,199,347,077 | 24,665,214,925 |

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

Statements of Financial Position (Continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
As at 31 December 2019

Unit: Baht

| Liabilities and shareholders' equity | Note | Consolidated financial statements | | | Separate financial statements | | |
|--|------|-----------------------------------|-----------------------------------|---------------------------------|-------------------------------|-----------------------------------|---------------------------------|
| | | 31 December 2019 | 31 December 2018 (Restated) | 1 January 2018 (Restated) | 31 December 2019 | 31 December 2018 (Restated) | 1 January 2018 (Restated) |
| Current liabilities | | | | | | | |
| Short-term borrowings from financial institutions | 19 | 60,682,672 | 30,000,000 | 72,110,249 | - | - | - |
| Trade accounts payable | 20 | 5,148,662,542 | 5,795,983,020 | 3,033,056,160 | 5,188,948,531 | 5,734,700,076 | 3,002,207,617 |
| Other payables to related parties | 6 | 213,678,898 | 143,339,764 | 41,722,401 | 230,546,105 | 148,082,141 | 44,819,133 |
| Current portion of finance lease liabilities | 22 | 2,332,033 | 17,401,694 | 15,935,722 | 649,383 | 624,794 | - |
| Current portion of liabilities under rehabilitation plan | 23 | 1,766,345,097 | 1,618,299,139 | 1,597,737,283 | 1,774,335,955 | 1,626,289,998 | 1,605,728,143 |
| Current portion of provisions under guarantee | | - | 1,072,952 | 691,131 | - | 1,072,952 | 691,131 |
| Current income tax payable | | 3,502,669 | 4,306,925 | - | - | - | - |
| Other current liabilities | 21 | 318,311,626 | 345,596,519 | 513,048,746 | 260,325,224 | 268,378,665 | 463,209,163 |
| Total current liabilities | | 7,513,515,537 | 7,956,000,013 | 5,274,301,692 | 7,454,805,198 | 7,779,148,626 | 5,116,655,187 |
| Non-current liabilities | | | | | | | |
| Finance lease liabilities | 22 | 1,803,188 | 4,130,859 | 17,739,839 | 679,684 | 1,324,706 | - |
| Liabilities under rehabilitation plan | 23 | 55,226,829,497 | 57,061,854,691 | 60,658,835,944 | 55,226,829,498 | 57,061,854,691 | 60,658,835,943 |
| Non-current provisions for employee benefit | 24 | 360,918,519 | 200,357,792 | 192,018,776 | 306,174,378 | 165,353,321 | 159,047,386 |
| Deferred tax liabilities | 18 | 42,065,298 | 43,349,647 | 61,403,631 | 14,268,845 | 13,896,481 | 31,280,295 |
| Other non-current liabilities | | 823,876 | 823,876 | 823,876 | 823,876 | 823,876 | 823,876 |
| Total non-current liabilities | | 55,632,440,378 | 57,310,516,865 | 60,930,822,066 | 55,548,776,281 | 57,243,253,075 | 60,849,987,500 |
| Total liabilities | | 63,145,955,915 | 65,266,516,878 | 66,205,123,758 | 63,003,581,479 | 65,022,401,701 | 65,966,642,687 |

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

Statements of Financial Position (Continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
As at 31 December 2019

Unit: Baht

| Liabilities and shareholders' equity | Note | Consolidated financial statements | | | Separate financial statements | | |
|--|------|-----------------------------------|--------------------------------|------------------------------|-------------------------------|--------------------------------|------------------------------|
| | | 31 December 2019 | 31 December 2018 (Restated) | 1 January 2018 (Restated) | 31 December 2019 | 31 December 2018 (Restated) | 1 January 2018 (Restated) |
| Shareholders' equity | | | | | | | |
| Share capital | 26 | | | | | | |
| Authorized share capital | | 11,113,018,280 | 11,113,018,280 | 11,113,018,280 | 11,113,018,280 | 11,113,018,280 | 11,113,018,280 |
| Issued and paid-up share capital | | 11,113,018,280 | 11,113,018,280 | 11,113,018,280 | 11,113,018,280 | 11,113,018,280 | 11,113,018,280 |
| Share discount on ordinary shares | | (9,500,000,000) | (9,500,000,000) | - | (9,500,000,000) | (9,500,000,000) | - |
| Deficit | | (43,415,571,375) | (41,533,583,599) | (42,398,472,315) | (43,907,820,470) | (41,436,072,904) | (42,414,446,042) |
| Equity attributable to owners of the Company | | (41,802,553,095) | (39,920,565,319) | (41,285,454,035) | (42,294,802,190) | (39,823,054,624) | (41,301,427,762) |
| Non-controlling interests | 13 | 544,351,645 | 562,918,200 | 618,083,786 | - | - | - |
| Capital deficiency/total shareholders' equity | | (41,258,201,450) | (39,357,647,119) | (40,667,370,249) | (42,294,802,190) | (39,823,054,624) | (41,301,427,762) |
| Total liabilities and shareholders' equity | | 21,887,754,465 | 25,908,869,759 | 25,537,753,509 | 20,708,779,289 | 25,199,347,077 | 24,665,214,925 |

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

Statements of Income

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December 2019

Unit: Baht

| | | Consolidated financial statements | | Separate financial statements | |
|---|--------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
| | Note | 2019 | 2018 (Restated) | 2019 | 2018 (Restated) |
| Income | | | | | |
| Revenue from sale of goods | | 24,662,882,737 | 30,863,945,082 | 24,662,711,737 | 30,864,279,682 |
| Revenue from rendering of services | | 536,516,250 | 564,207,595 | 233,645 | - |
| Net gain on exchange rate | | 212,484,840 | 114,572,094 | 212,290,072 | 114,382,118 |
| Dividend income | 12, 14 | - | - | 45,900,000 | 114,400,871 |
| Other income | | 78,935,366 | 42,482,140 | 82,474,892 | 59,108,127 |
| Total income | | 25,490,819,193 | 31,585,206,911 | 25,003,610,346 | 31,152,170,798 |
| Expenses | | | | | |
| Cost of sales | | 24,720,252,036 | 28,904,135,265 | 24,828,475,328 | 29,007,560,884 |
| Cost of rendering of services | | 382,605,329 | 385,433,659 | - | - |
| Distribution costs | | 552,821,915 | 580,510,211 | 536,824,316 | 568,497,227 |
| Administrative expenses | | 623,426,447 | 610,458,285 | 525,627,571 | 528,911,880 |
| Doubtful accounts | | 889,782,638 | - | 889,782,638 | - |
| Loss on impairment investments in joint venture | | - | - | 530,886,800 | - |
| Management benefit expenses | 6 | 99,778,329 | 94,908,034 | 89,428,819 | 81,337,953 |
| Loss on onerous contracts (reversal) | | (1,072,952) | 381,821 | (1,072,952) | 381,821 |
| Finance costs | | 5,511,242 | 9,199,107 | 2,332,529 | 4,491,709 |
| Total expenses | | 27,273,104,984 | 30,585,026,382 | 27,402,285,049 | 30,191,181,474 |
| Share of profit (loss) by equity-accounted investees | | | | | |
| Joint venture | 14 | 34,653,763 | (87,174,079) | - | - |
| Profit (loss) before income tax | | (1,747,632,028) | 913,006,450 | (2,398,674,703) | 960,989,324 |
| Tax (expense) income | 29 | (29,343,852) | (13,320,291) | (3,116,313) | 17,383,814 |
| Profit (loss) for the year | | (1,776,975,880) | 899,686,159 | (2,401,791,016) | 978,373,138 |
| Profit (loss) attributable to: | | | | | |
| Owners of the Company | | (1,802,877,833) | 866,651,745 | (2,401,791,016) | 978,373,138 |
| Non-controlling interests | 13 | 25,901,953 | 33,034,414 | - | - |
| Profit (loss) for the year | | (1,776,975,880) | 899,686,159 | (2,401,791,016) | 978,373,138 |
| Basic earnings (loss) per share (Baht) | | | | | |
| | 30 | (0.16) | 0.10 | (0.22) | 0.11 |

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

Statements of Comprehensive Income

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December 2019

Unit: Baht

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|------|-----------------------------------|--------------------|-------------------------------|--------------------|
| | | 2019 | 2018 (Restated) | 2019 | 2018 (Restated) |
| Gains (losses) on remeasurements of defined benefit plan of joint venture | | | | | |
| - The Group | | (79,622,016) | - | (72,700,499) | - |
| - Joint venture | | (5,312,917) | (1,763,029) | - | - |
| Income tax relating to components of other comprehensive income | 13 | 5,456,482 | - | 2,743,949 | - |
| Other comprehensive income for the year - net of tax | | (79,478,451) | (1,763,029) | (69,956,550) | - |
| Total comprehensive income for the year | | (1,856,454,331) | 897,923,130 | (2,471,747,566) | 978,373,138 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | (1,881,987,776) | 864,888,716 | (2,471,747,566) | 978,373,138 |
| Non-controlling interests | | 25,533,445 | 33,034,414 | - | - |
| Other comprehensive income for the year | | (1,856,454,331) | 897,923,130 | (2,471,747,566) | 978,373,138 |

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

Statements of Changes in Shareholders' Equity

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December 2019

Unit: Baht

| Consolidated financial statements | | | | | | | | | |
|---|------|----------------------------------|--|--|-----------------------------|--------------------------|--|---------------------------|----------------------------|
| | Note | Issued and paid-up share capital | Share discount on ordinary shares issuance | Equity distribution from shareholders from repurchase of subordinated convertible debentures | Retained earnings (deficit) | | Equity attributable to owners of the Company | Non-controlling interests | Total shareholders' equity |
| | | | | | Legal reserve | Unappropriated (deficit) | | | |
| Balance as at 31 December 2017 (before restatement) | | 1,113,018,280 | - | - | - | (40,667,235,140) | (39,554,216,860) | 618,083,786 | (38,936,133,074) |
| Cumulative effects of correction errors | 4 | - | - | - | - | (1,731,237,175) | (1,731,237,175) | - | (1,731,237,175) |
| Balance as at 31 December 2017 (after restatement) | | 1,113,018,280 | - | - | - | (42,398,472,315) | (41,285,454,035) | 618,083,786 | (40,667,370,249) |
| Comprehensive income (expense) for the year | | | | | | | | | |
| Profit (loss) - restated | | - | - | - | - | 866,651,745 | 866,651,745 | 33,034,414 | 899,686,159 |
| Other comprehensive income | | - | - | - | - | (1,763,029) | (1,763,029) | - | (1,763,029) |
| Total comprehensive income (expense) for the year | | - | - | - | - | 864,888,716 | 864,888,716 | 33,034,414 | 897,923,130 |
| Share capital increase | | 10,000,000,000 | (9,500,000,000) | - | - | - | 500,000,000 | - | 500,000,000 |
| Dividends paid to non-controlling interests | | - | - | - | - | - | - | (88,200,000) | (88,200,000) |
| Balance as at 31 December 2018 | | 11,113,018,280 | (9,500,000,000) | - | - | (41,533,583,599) | (39,920,565,319) | 562,918,200 | (39,357,647,119) |
| Balance as at 31 December 2018 (before restatement) | | 11,113,018,280 | (9,500,000,000) | - | - | (40,474,693,091) | (38,861,674,811) | 562,918,200 | (38,298,756,611) |
| Cumulative effects of correction errors | 4 | - | - | - | - | (1,058,890,508) | (1,058,890,508) | - | (1,058,890,508) |
| Balance as at 31 December 2018 (after restatement) | | 11,113,018,280 | (9,500,000,000) | - | - | (41,533,583,599) | (39,920,565,319) | 562,918,200 | (39,357,647,119) |
| Comprehensive income (expense) for the year | | | | | | | | | |
| Profit (loss) | | - | - | - | - | (1,802,877,833) | (1,802,877,833) | 25,901,953 | (1,776,975,880) |
| Other comprehensive income (expense) | | - | - | - | - | (79,109,943) | (79,109,943) | (368,508) | (79,478,451) |
| Total comprehensive income (expense) for the year | | - | - | - | - | (1,881,987,776) | (1,881,987,776) | 25,533,445 | (1,856,454,331) |
| Dividends paid to non-controlling interests | | - | - | - | - | - | - | (44,100,000) | (44,100,000) |
| Balance as at 31 December 2019 | | 11,113,018,280 | (9,500,000,000) | - | - | (43,415,571,375) | (41,802,553,095) | 544,351,645 | (41,258,201,450) |

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

Statements of Changes in Shareholders' Equity (Continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December 2019

| Separate financial statements | | | | | | | Unit: Baht |
|--|------|----------------------------------|--|--|-----------------------------|--------------------------|----------------------------|
| | Note | Issued and paid-up share capital | Share discount on ordinary shares issuance | Equity distribution from shareholders from repurchase of subordinated convertible debentures | Retained earnings (deficit) | | Total shareholders' equity |
| | | | | | Legal reserve | Unappropriated (deficit) | |
| Balance as at 31 December 2017 (before restatement) | | 1,113,018,280 | - | - | - | (40,683,208,867) | (39,570,190,587) |
| Cumulative effects of correction errors | 4 | - | - | - | - | (1,731,237,175) | (1,731,237,175) |
| Balance as at 31 December 2017 (after restatement) | | 1,113,018,280 | - | - | - | (42,414,446,042) | (41,301,427,762) |
| Comprehensive income (expense) for the year | | | | | | | |
| Profit (loss) - restated | | - | - | - | - | 978,373,138 | 978,373,138 |
| Other comprehensive income | | - | - | - | - | - | - |
| Total comprehensive income (expense) for the year | | - | - | - | - | 978,373,138 | 978,373,138 |
| Share capital increase | | 10,000,000,000 | (9,500,000,000) | - | - | - | 500,000,000 |
| Balance as at 31 December 2018 | | 11,113,018,280 | (9,500,000,000) | - | - | (41,436,072,904) | (39,823,054,624) |
| Balance as at 31 December 2018 (before restatement) | | 11,113,018,280 | (9,500,000,000) | - | - | (40,377,182,396) | (38,764,164,116) |
| Cumulative effects of correction errors | 4 | - | - | - | - | (1,058,890,508) | (1,058,890,508) |
| Balance as at 31 December 2018 (after restatement) | | 11,113,018,280 | (9,500,000,000) | - | - | (41,436,072,904) | (39,823,054,624) |
| Comprehensive income (expense) for the year | | | | | | | |
| Profit (loss) | | - | - | - | - | (2,401,791,016) | (2,401,791,016) |
| Other comprehensive income | | - | - | - | - | (69,956,550) | (69,956,550) |
| Total comprehensive income (expense) for the year | | - | - | - | - | (2,471,747,566) | (2,471,747,566) |
| Balance as at 31 December 2019 | | 11,113,018,280 | (9,500,000,000) | - | - | (43,907,820,470) | (42,294,802,190) |

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

Statements of Cash Flows

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December 2019

Unit: Baht

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
| | 2019 | 2018 (Restated) | 2019 | 2018 (Restated) |
| Cash flows from operating activities | | | | |
| Profit (loss) for the year | (1,776,975,880) | 899,686,159 | (2,401,791,016) | 978,373,138 |
| <i>Adjustments for</i> | | | | |
| Depreciation and amortization | 723,033,436 | 746,089,755 | 617,841,591 | 638,009,157 |
| Bad debts and doubtful accounts | 843,240,786 | 4,546,786 | 843,310,801 | 4,546,786 |
| Loss on devaluation of inventories (reversal) | 35,404,123 | 431,970,776 | 35,404,123 | 431,970,776 |
| Unrealized loss (gain) on exchange rate | 36,887,578 | (15,600,985) | 37,088,150 | (15,973,560) |
| Amortised income tax deducted at source | - | 973,309 | - | 973,309 |
| Write off equipment | 154,467 | 9,396,409 | 154,467 | 9,396,407 |
| Impairment loss on intangible assets | - | 95,474,910 | - | 95,474,910 |
| Employee benefit provisions | 83,672,525 | 19,119,401 | 68,926,694 | 16,176,080 |
| Loss on onerous contracts (reversal) | (1,072,952) | 381,821 | (1,072,952) | 381,821 |
| Loss (gain) on disposal of property, plant and equipment | (1,056,789) | (205,607) | (985,987) | (205,607) |
| Share of loss of joint venture (net of tax) | (34,653,762) | 87,174,079 | - | - |
| Loss on impairment in investment in joint venture | - | - | 530,886,800 | - |
| Finance costs | 5,511,242 | 9,199,107 | 2,332,529 | 4,491,709 |
| Dividend income | - | - | (45,900,000) | (114,400,871) |
| Reversed tax expense (income) | 29,343,852 | 13,320,291 | 3,116,313 | (17,383,814) |
| Accrued income tax expense (reversal) | (1,584,000) | - | - | - |

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

Statements of Cash Flows (Continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December 2019

Unit: Baht

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|----------------------|-------------------------------|----------------------|
| | 2019 | 2018 (Restated) | 2019 | 2018 (Restated) |
| <i>Profit (loss) from operating activities before changes in operating assets and liabilities:</i> | (58,095,374) | 2,301,526,211 | (310,688,487) | 2,031,830,241 |
| <i>Changes in operating assets and liabilities</i> | | | | |
| Trade accounts receivable | 242,290,398 | 51,675,291 | 220,538,282 | 102,890,592 |
| Other receivables from related parties | 134,570,290 | (41,765,701) | 147,464,691 | (50,282,540) |
| Inventories | 2,173,821,599 | (2,736,577,761) | 2,184,186,243 | (2,734,552,235) |
| Other current assets | 5,022,997 | 674,482,191 | (30,258,578) | 698,350,720 |
| Other non-current assets | (3,996,217) | (926,614) | (4,161,835) | (1,004,615) |
| Trade accounts payable | (629,509,265) | 2,809,275,341 | (528,144,579) | 2,778,956,368 |
| Other payables to related parties | 70,339,134 | 101,617,363 | 82,463,964 | 103,263,008 |
| Other current liabilities | (20,013,168) | (162,798,632) | (25,320) | (190,176,903) |
| <i>Cash provided from operating activities</i> | 1,914,430,394 | 2,996,507,689 | 1,761,374,381 | 2,739,274,636 |
| Employee benefit obligations paid | (2,733,813) | (10,780,385) | (806,136) | (9,870,145) |
| Income tax paid | (36,554,179) | (36,904,802) | (1,907,499) | (1,874,870) |
| Income tax received | 23,152,469 | 12,238,571 | - | 12,238,571 |
| Net cash provided by operating activities | 1,898,294,871 | 2,961,061,073 | 1,758,660,746 | 2,739,768,192 |

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

Statements of Cash Flows (Continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December 2019

Unit: Baht

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------------------------|-------------------------------|------------------------|
| | 2019 | 2018 (Restated) | 2019 | 2018 (Restated) |
| Cash flows from investing activities | | | | |
| (Increase) Decrease in restricted deposit at financial institution | 90,734,919 | (41,522,934) | 88,405,444 | (56,254,598) |
| Acquire of property, plant and equipment | (588,496,075) | (479,226,821) | (578,702,474) | (466,013,729) |
| Sales of property, plant and equipment | 1,078,715 | 205,607 | 985,990 | 205,607 |
| Acquire of intangible assets | (4,445,195) | (3,673,795) | (4,062,395) | (2,295,895) |
| Dividend received | - | 22,600,871 | 45,900,000 | 114,400,871 |
| Net cash used in investing activities | (501,127,636) | (501,617,072) | (447,473,435) | (409,957,744) |
| Cash flows from financing activities | | | | |
| Finance cost paid | (5,532,982) | (9,199,107) | (2,332,529) | (4,491,709) |
| Increase (Decrease) in short-term borrowings from financial institutions | 30,682,672 | (42,110,249) | - | - |
| Payments for liabilities under rehabilitation plan | (1,756,655,277) | (3,106,909,746) | (1,756,655,277) | (3,106,909,746) |
| Payments for hire purchase and finance lease liabilities | (17,397,332) | (15,964,747) | (620,433) | - |
| Dividends paid | (44,100,000) | (88,200,000) | - | - |
| Net cash used in financing activities | (1,793,002,919) | (3,262,383,849) | (1,759,608,239) | (3,111,401,455) |
| Net increase (decrease) in cash and cash equivalents | (395,835,684) | (802,939,848) | (448,420,928) | (781,591,007) |
| Cash and cash equivalents as at 1 January | 755,830,615 | 1,558,770,463 | 691,250,798 | 1,472,841,805 |
| Cash and cash equivalents as at 31 December | 359,994,931 | 755,830,615 | 242,829,870 | 691,250,798 |
| Significant non-cash transactions | | | | |
| Assets acquired under hire purchase and financial lease agreements | - | 3,821,740 | - | 1,949,500 |
| Other payables for property, plant and equipment acquisition | 7,896,166 | 4,653,595 | 7,118,029 | 4,653,595 |
| Increase share capital by debts conversion | - | 500,000,000 | - | 500,000,000 |
| Loss on employee benefit provisions | 79,622,016 | - | 72,700,499 | - |

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

Notes to the Financial Statements

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December 2019

| Notes | Contents | Page |
|-------|---|------|
| 1 | General information | 155 |
| 2 | Operation as a going concern | 155 |
| 3 | Basis of preparation of the financial statements | 156 |
| 4 | Errors correction and reclassification adjustment | 161 |
| 5 | Significant accounting policies | 166 |
| 6 | Related parties | 179 |
| 7 | Cash and cash equivalents | 191 |
| 8 | Trade accounts receivable | 191 |
| 9 | Inventories | 194 |
| 10 | Other current assets | 195 |
| 11 | Restricted deposit at financial institution | 195 |
| 12 | Investments in subsidiaries | 196 |
| 13 | Non-controlling interests | 197 |
| 14 | Investments in joint venture | 199 |
| 15 | Other long-term investment | 203 |
| 16 | Property, plant and equipment | 204 |
| 17 | Intangible assets | 211 |
| 18 | Deferred tax | 213 |
| 19 | Short-term borrowings from financial institution | 216 |
| 20 | Trade accounts payable | 217 |
| 21 | Other current liabilities | 217 |
| 22 | Financial lease liabilities | 218 |
| 23 | Liabilities under Rehabilitation Plan | 219 |
| 24 | Non-current provisions for employee benefit | 222 |
| 25 | Rehabilitation plan | 225 |
| 26 | Share capital | 238 |
| 27 | Segment information | 239 |
| 28 | Expenses by nature | 242 |
| 29 | Income tax | 243 |
| 30 | Earnings (loss) per share | 245 |
| 31 | Promotional privileges | 245 |
| 32 | Financial instruments | 248 |
| 33 | Commitments and contingent liabilities | 255 |
| 34 | Events after the reporting period | 259 |
| 35 | Financial statements approval | 259 |

Notes to the Financial Statements

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December 2019

1. General information

Sahaviriya Steel Industries Public Company Limited (“the Company”), is incorporated in Thailand. The Company was listed on the Stock Exchange of Thailand in September 1994 and has its registered office at 28/1 Prapawit Building, 2nd-3rd Floor, Surasak Road, Kwang Silom, Khet Bangrak, Bangkok, Thailand and its plant located at 9, Moo 7, Tambon Mae Rumphueng, Amphur Bang Saphan, Prachuabkirikhan, Thailand. The Company, its subsidiaries and its joint venture are hereinafter collectively referred to as “the Group”.

The major shareholders comprise Krung Thai Bank Public Company Limited held at 40.49%, Siam Commercial Bank Public Company Limited at 40.22% and Tisco Public Company Limited at 7.87%.

The principal businesses of the Company are manufacturing and distributing of hot rolled coils. Details of the Company’s subsidiaries and joint venture are given in Notes 12 and 14.

2. Operation as a going concern

As of 31 December 2019, the Group recognized net profits of 1,777.0 MB (2018: net profits of 899.7 MB), accumulated loss of 43,415.6 MB (2018: accumulated loss of 41,533.6 MB) and negative shareholder equity of 41,258.2 MB (2018: negative shareholder equity of 39,357.6 MB).

As of 31 December 2019, the Company recognized net profits of 2,401.8 MB (2018: net profits of 978.4 MB), accumulated loss of 43,907.8 MB (2018: accumulated loss of 41,436.1 MB) and negative shareholder equity of 42,294.8 MB (2018: negative shareholder equity of 39,823.1 MB).

In 2015, the Board of directors authorized the Company to file the rehabilitation plan to the Central Bankruptcy Court and as of 15 December 2016, the Central Bankruptcy Court approved the rehabilitation plan and nominated the Company a plan administrator.

Past performance operation

After the Central Bankruptcy Court approved the Company’s rehabilitation plan on 15 December 2016, the Company acted as a plan administrator operates under the condition as stipulated in the plan including the meeting attendance with the creditors committee to monitor the results and compliance with the conditions in the plan together with evaluate the successful of the plan on a monthly basis, as well as reporting the progress on the implementation of the plan to the Official Receiver on a quarterly basis.

Debt repayment under rehabilitation plan

During the preparation of the rehabilitation plan, the Company and the financial advisor used the assumption to prepared financial projections to determine the average ability to settle the annual debt by reference to the past performance as detailed in the business rehabilitation plan of the Company and with the conditions for the creditors committee to be responsible for consideration to allocate excess cash flows (if any) which arose from the operating results better than the projections by assuming that the allocation of excess cash flows will mostly benefit for the business. 1,678 MB was allocated from the Company excess cash flows to early repay the debt principal.

Long-term operating plan

During 2018, the Company and its bank debtors concluded that the Company should invite other two business partnerships, who are a global producer and a global steel wholesaler to initiate long-term business plan together. During November 2018, all affiliated parties entered into the Memorandum of Understanding (MOU) to support the Company on multiple perspectives i.e. material sourcing, working capital for future business expansion and production and management technology.

The Company believes that the Company will has sufficient working capital for its operation in next year. However, it still has high uncertainties due to the inception of rehabilitation plan and time spent for many steps of operations.

The consolidated and separate financial statements have been prepared by the company's management under the assumptions that the Company will be successfully rehabilitated and retains sufficient sources of funds and credits to operate its business in the future. However, the appropriation of these assumptions highly depends on the Company's ability to successfully rehabilitated, including ability to generate profits, cash flows, capital restructuring, ability to repay debts and to source sufficient funds in the future.

The consolidated and separate financial statements do not include reclassifications and adjustments of the Company's assets and liabilities, which are needed if the Group and the Company are unable to operate under ongoing operations. However, recoverable amount might be significantly less than accounting book value and might cause additional contingent liabilities if the Group and the Company cannot operate under ongoing basis.

3. Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements have been prepared in conformity with Thai Financial Reporting Standards (TFRS) according to the Accounting Professions Act B.E. 2547 and presented in accordance with the notification of the Department of Business Development, the Ministry of Commerce dated October 11, 2016, regarding the condensed form which should be included in the financial statements (No.2) B.E. 2559 and applicable rules regulations of the Thai Securities and Exchange Commission.

(b) Basic of measurement

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

(c) Presentation currency

The financial statements are prepared and presented in Thai Baht which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognized in the financial statements is included in the following notes:

| | |
|------------|---|
| Note 2 (e) | Going concerns; |
| Note 16 | Impairment test: key assumptions underlying recoverable amounts; |
| Note 18 | Recognition of deferred tax assets; availability of future taxable profit against which tax losses carried forward can be used; |
| Note 24 | Measurement of defined benefit obligations: key actuarial assumptions; and |
| Note 33 | Recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude cash flow of resources. |

Measurement of fair values

A number of the Company and the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company and the Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group/the Company Audit Committee.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 32 Financial instruments

(e) *Liquidation and Deconsolidation of SSI UK and Financial statements of SSI UK*

Sahaviriya Steel Industries UK Limited ("SSI UK") is an integrated iron and steel slab producer., from the results of operating loss and continuously reducing of the world steel price, as a result, SSI UK has stopped its steel slab manufacturing and the liquidator was appointed and become control. The Company has no a power to control the business or operation of SSI UK Limited anymore. Nevertheless, assets and liabilities of SSI UK were eliminated from the consolidated financial statements and instead of the recognition of investment in SSI UK which were amortized in full by net realizable value during the 2015.

Net interests and carrying value of investments in SSI UK has been transferred to assets held for disposal in the separate financial statements as at 31 December 2019 and 2018. Details are as follows:

| | Unit : Thousand Baht | | | |
|---|----------------------|-------------|------------|---------------|
| | Ownership | Cost method | Impairment | At cost - net |
| | interest (%) | | | |
| Investments in Sahaviriya Steel Industries UK Limited | 100 | 27,481,792 | 27,481,792 | - |

(f) *New Financial Reporting Standards*1) *Financial Reporting Standards that became effective in the current year*

During the year, the Group and the Company has adopted a number of revised financial reporting standards and interpretations (revised 2017) which are effective for the financial statements for the period beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Group and the Company's financial statements. However the new standard involves changes to key principles, which are summarized below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

Thai Accounting Standards:

| | |
|-----------------------|------------------------|
| TAS 11 (Revised 2017) | Construction contracts |
| TAS 18 (Revised 2017) | Revenue |

Thai Standing Interpretations Committee:

| | |
|------------------------|--|
| TSIC 31 (Revised 2017) | Revenue - Barter Transactions Involving Advertising Services |
|------------------------|--|

Thai Financial Reporting Interpretations Committee:

| | |
|-------------------------|--|
| TFRIC 13 (Revised 2017) | Customer Loyalty Programmes |
| TFRIC 15 (Revised 2017) | Agreements for the Construction of Real Estate |
| TFRIC 18 (Revised 2017) | Transfers of Assets from Customers |

The Group and the Company are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

2) *Financial reporting standards that will be effective for the financial statements that have accounting periods beginning on or after January 1, 2020*

The Federation of Accounting Professions has published a number of new financial reporting standards and interpretations, which are effective for the financial statements for the period beginning on or after January 1, 2020. These new standards involve changes to key principles, which are summarized below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Thai Financial Reporting Standards

| | |
|--------|------------------------------------|
| TFRS 7 | Financial Instruments: Disclosures |
| TFRS 9 | Financial Instruments |

Thai Accounting Standard

| | |
|--------|-------------------------------------|
| TAS 32 | Financial Instruments: Presentation |
|--------|-------------------------------------|

Thai Financial Reporting Interpretations Committee

| | |
|----------|---|
| TFRIC 16 | Hedges of a Net Investments in a Foreign Operation |
| TFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments |

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model, calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company is currently evaluating the impact of these standards to the financial statements.

Thai Financial Reporting Standards No. 16 : Leases

TFRS 16 supersedes TAS 17 leases together with related interpretations. This standard set out the principals of the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

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

TFRS 16 supersedes the following accounting standards together with related interpretations.

Thai Accounting Standard:

| | |
|-----------------------|--------|
| TAS 17 (Revised 2018) | Leases |
|-----------------------|--------|

Thai Standing Interpretations Committee:

| | |
|------------------------|--|
| TSIC 15 (Revised 2018) | Operating Leases - Incentives |
| TSIC 27 (Revised 2018) | Evaluating The Substance of Transactions Involving the Legal Form of a Lease |

Thai Financial Reporting Interpretations Committee:

| | |
|------------------------|--|
| TFRIC 4 (Revised 2018) | Determining whether an Arrangement contain a Lease |
|------------------------|--|

At present, the Management of the Company is being assessed the impacts of those financial reporting standards which will be effective in the future on the financial statements.

4. Errors correction and reclassification adjustment

During the current year, the Company has corrected the errors as following:

As stated in Note 25, the Company has liability from the guarantee contract, using Sahaviriya Industries UK's assets located in UK, as a collateral. These assets are still under revaluation to obtain the highest and best use value, which will be paid back to its creditors in the future. As the result, the Company's payable under rehabilitation plan has not yet finalized in this fiscal year financial statement. The Company management did not include the value of the collateral assets in the Company's financial statements as the residual value is not significant in comparison to the debt obligation. As stated in note 23, there is a creditor filed to appeal the ordering to accept rehabilitation plan with the Court of Appeal for Specialized Cases. Subsequent on February 26, 2019, the Supreme Court ordered not to approve such creditor to make appeal dika. When the debt obligation in accordance with the rehabilitation plan had cleared, the Company has remade the adjustment of debt obligation in accordance with the rehabilitation plan by making retroactive adjustment of debt obligation and interest expenses to be comparable.

Besides, the Company has reclassified the interest payable under rehabilitation plan and borrowings from financial institution and related parties to be liabilities under rehabilitation plan.

Amounts adjustment of errors correction have affected on the transaction in the statements of financial position and statements of profit and loss, and other comprehensive income (expense) as follows:

| Statements of financial position | Consolidated financial statements | | | | | | (Unit: Thousand Baht) |
|---|-----------------------------------|-------------------|-------------|------------------------|-------------------|-------------|-----------------------|
| | 31 December 2018 | | | 1 January 2018 | | | |
| | As previously reported | Errors correction | Restatement | As previously reported | Errors correction | Restatement | |
| Liabilities | | | | | | | |
| Current portion liabilities | | | | | | | |
| under rehabilitation plan | - | 1,618,299 | 1,618,299 | - | 1,597,737 | 1,597,737 | |
| Current portion of long-term borrowings | | | | | | | |
| from financial institutions | 1,045,962 | (1,045,962) | - | 1,038,620 | (1,038,620) | - | - |
| Current portion of other payables under rehabilitation plan | 61,279 | (61,279) | - | 60,633 | (60,633) | - | - |
| Current portion of provisions under guarantee | | | | | | | |
| Liabilities under rehabilitation plan | 511,059 | (511,059) | - | 498,485 | (498,485) | - | - |

| | Consolidated financial statements | | | | | | (Unit: Thousand Baht) |
|---|-----------------------------------|-------------------|--------------|------------------------|-------------------|--------------|-----------------------|
| | 31 December 2018 | | | 1 January 2018 | | | |
| | As previously reported | Errors correction | Restatement | As previously reported | Errors correction | Restatement | |
| Statements of financial position | | | | | | | |
| Liabilities | | | | | | | |
| Liabilities under rehabilitation plan | - | 57,061,855 | 57,061,855 | - | 60,658,836 | 60,658,836 | |
| Long-term borrowings from financial institutions | 21,057,748 | (21,057,748) | - | 23,319,835 | (23,319,835) | - | |
| Other payables under rehabilitation plan | 1,784,075 | (1,784,075) | - | 1,853,026 | (1,853,026) | - | |
| Provisions under guarantees agreement | 24,087,184 | (24,087,184) | - | 25,476,910 | (25,476,910) | - | |
| Accrued interest under rehabilitation plan | 9,073,957 | (9,073,957) | - | 8,277,827 | (8,277,827) | - | |
| Shareholders' equity | | | | | | | |
| Other components of shareholders' equity | | | | | | | |
| Unappropriated deficit | (40,474,693) | (1,058,891) | (41,533,584) | (40,667,235) | (1,731,237) | (42,398,472) | |
| Statements of comprehensive income and other comprehensive income | | | | | | | |
| Gain on exchange rate | 338,163 | (223,591) | 114,572 | - | - | - | |
| Finance costs | 905,136 | (895,937) | 9,199 | - | - | - | |

| Statements of financial position | Separate financial statements | | | | | | (Unit: Thousand Baht) |
|---|-------------------------------|-------------------|-------------|------------------------|-------------------|-------------|-----------------------|
| | 31 December 2018 | | | 1 January 2018 | | | |
| | As previously reported | Errors correction | Restatement | As previously reported | Errors correction | Restatement | |
| Liabilities | | | | | | | |
| Current portion liabilities | | | | | | | |
| under rehabilitation plan | - | 1,626,290 | 1,626,290 | - | 1,605,728 | 1,605,728 | |
| Current portion of long-term borrowings | | | | | | | |
| from financial institutions | 1,045,962 | (1,045,962) | - | 1,038,620 | (1,038,620) | - | |
| Current portion of other payables under | | | | | | | |
| rehabilitation plan | 61,279 | (61,279) | - | 60,633 | (60,633) | - | |
| Current portion of provisions under guarantee | | | | | | | |
| agreement | 511,059 | (511,059) | - | 498,485 | (498,485) | - | |
| Short-term borrowings from related parties | 7,991 | (7,991) | - | 7,991 | (7,991) | - | |

| Statements of financial position | Consolidated financial statements | | | | | | (Unit: Thousand Baht) |
|---|-----------------------------------|-------------------|--------------|------------------------|-------------------|--------------|-----------------------|
| | 31 December 2018 | | | 1 January 2018 | | | |
| | As previously reported | Errors correction | Restatement | As previously reported | Errors correction | Restatement | |
| Liabilities | | | | | | | |
| Long-term borrowings from financial institutions | 21,057,748 | (21,057,748) | - | 23,319,835 | (23,319,835) | - | - |
| Other payables under rehabilitation plan | 1,784,075 | (1,784,075) | - | 1,853,026 | (1,853,026) | - | - |
| Provisions under guarantees agreement | 24,087,184 | (24,087,184) | - | 25,476,910 | (25,476,910) | - | - |
| Accrued interest under rehabilitation plan | 9,073,957 | (9,073,957) | - | 8,277,827 | (8,277,827) | - | - |
| Shareholders' equity | | | | | | | |
| Other components of shareholders' equity | | | | | | | |
| Unappropriated deficit | (40,377,182) | (1,058,891) | (41,436,073) | (40,683,209) | (1,731,237) | (42,414,446) | |
| Statements of comprehensive income and other comprehensive income | | | | | | | |
| Gain on exchange rate | 337,973 | (223,591) | 114,382 | - | - | - | - |
| Finance costs | 900,429 | (895,937) | 4,492 | - | - | - | - |

5. Significant accounting policies

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

(a) *Basis of consolidation*

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

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group other than those with entities under common control.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognized in other expenses.

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree’s employees (acquiree’s awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest (NCI) at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries

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

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in a joint venture.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

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

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with joint venture are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates of the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at foreign exchange rates ruling at the dates of the transactions.

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate and commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

(d) Hedging

Hedge of future foreign currency transactions

Gains and losses from forward exchange contracts and currency swaps used to hedge anticipated future currency transactions are deferred until the forecasted transaction occurs. Where the hedged item is a recognized asset or liability, it is translated at the contracted forward rates.

Foreign currency assets and liabilities hedged by forward exchange contracts are translated to Thai Baht at the contracted forward exchange rates.

Hedge of interest rates

Interest differentials under swap arrangements are accrued and recorded as adjustments to the interest expense relating to the hedged loans. For interest rate forward contracts, the amounts received or paid on cash settlements, representing the gain or loss, are deferred and recognized over the life of the underlying monetary asset or liability as an adjustment to interest income or expense. For purchased interest rate options, the premiums paid are included in the statement of financial position under other assets or other liabilities. The premiums are amortized to interest income or expense over the life of the agreements.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and highly liquid short-term investments and are not subject to the withdrawal restriction.

(f) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(g) Inventories

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

Cost of slab raw materials are calculated using the weighted average cost principle. Cost of ore materials are calculated using the first-in, first-out principles. Finished goods and rolls that are part of consumable goods are calculated using the specific method and 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-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(h) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. The assets (or disposal group) are measured at the lower of their carrying value and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories and financial assets. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

(i) Investments*Investments in subsidiaries and joint venture*

Investments in subsidiaries and joint venture in the separate financial statements of the Company are accounted for using the cost method. Investments in joint venture in the consolidated financial statements are accounted for using the equity method.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(j) Finance lease

The Group entered into sale and lease back agreements for certain machinery and equipment, resulting in a finance lease. Excess of sales proceeds over the carrying amount is not immediately recognized as income. Instead it is deferred and amortized over the lease term.

The Group recognized finance leases as assets and liabilities in the statement of financial position at amounts equal at the inception of the lease to the fair value of the leased property. Lease payments are apportioned between the finance charge and the reduction of the outstanding liabilities. The finance charged is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(k) Property, plant and equipment

Recognition and measurement

Owned assets

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised 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 the profit or loss.

Subsequent costs

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

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of building and equipment, or other amount substituted for cost, less its residual value.

Depreciation is charge to profit or loss and is based on a straight-line basis over the estimated useful lives of each component of an item of asset or the unit of production. The estimated useful lives are as follows:

| | | |
|--|------------------------|-------|
| Land improvements | 5 | years |
| Leasehold and leasehold improvements | 5 and 10 | years |
| Buildings and building improvements | 5 and 20 | years |
| Machinery, tools and equipment | | |
| - in production line | The unit of production | |
| - in steel making line | 20 | years |
| - in service line | 5 – 10 | years |
| - other tools and equipment | 3 – 10 | years |
| Furniture, fixtures and office equipment | 5 – 10 | years |
| Vehicles | 5 | years |
| Roads | 5, 20 and 27 | years |
| Berth and berth facilities | 5 and 30 | years |
| Tug boats | 5 – 17 | years |
| Customs cargo warehouse | 5 | years |

No depreciation is provided on freehold land or assets under construction and installation.

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

(I) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization

Amortization is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

| | | |
|-------------------|--------|-------|
| Software licenses | 3 - 10 | years |
|-------------------|--------|-------|

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

(m) Impairment

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

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortized cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

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

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in profit or loss. For financial assets carried at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Interest-bearing liabilities

Interest-bearing liabilities are recognized initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortized cost with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings on an effective interest basis.

(o) Debt restructuring

Troubled debt restructuring is changing condition of debt repayment. The Company must record the effect from debt restructuring from the restructuring date until maturity of new condition. However, book value of such debt as at the restructuring date will not be changed.

The amount of future repayment under the new condition is the aggregate amount all types of money that the Company will have to pay under the contract such as principal, interest, accrued interest expenses under the new condition. Such amount is the amount has no discount. The Company recognizes gain from debt restructuring in statement of income for the amount of future debt repayment under rehabilitation plan lower than book value of debt. Remission is defined in rehabilitation plan as at the date approved by the Court or the date that the Company has completely complied with the rehabilitation plan.

From the restructuring plan date until maturity of the new debt condition, the Company must record interest expense at effective rate (constant rate) multiplied by book value of debt as at the beginning of the period. The effective interest rate calculated is discount rate making the present value of future payment under the new condition equal to book value of debt. The amount to be paid in the future is not included any contingent liabilities which the Company must pay as certain condition incurred as indicated in the contract.

(p) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(q) *Employee benefits*

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

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

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

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

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

(r) Provisions

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

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the Group's obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(s) Revenues

Revenues exclude value added taxes and stated at net of trade discounts.

Sale of goods

The Group recognized revenue from sales when control of goods is transferred to the customer. No revenues is recognized if there are significant uncertainties regarding recovery of the consideration due.

Sales of goods is presented at the net realizable value excluding estimated return goods and discount.

Revenue from rendered of services

The Group considered that service contract mostly contain only one performance obligation. The Group recognized revenue over time taking into account the stage of completion measuring based on incurred cost compared with expected cost to fulfill the contract.

The Group would consider the probability revenues from contract modification damage claim, delay one fine. Revenue would be recognized only to the extent that it is highly probable that a significant reversal in the amount of commutative revenue recognized will not occur.

When value and progress cannot be reliably measured revenue would recognized not over occurred cost that expected to recover.

Dividend income

Dividend income is recognized in profit or loss on the date the Group's right to receive payments is established.

Interest and other income

Interest and other income is recognized in profit or loss as it accrues.

Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission earned by the Group.

(t) Finance costs

Finance costs are recognized to profit or loss using the effective interest method and comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognized on financial assets (other than trade receivables), and losses on hedging instruments that are recognized in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(u) Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the

liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Group's incremental borrowing rate.

(v) *Income tax*

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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 realised simultaneously.

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

(w) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

(x) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(y) Segment reporting

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

6. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationship with related parties or key management personnel are as follows:

| Name of entities | Country of incorporation / nationality | Nature of relationships |
|---|--|--|
| Prachuap Port Co., Ltd. | Thailand | Subsidiary, shareholding in the proportion of 51.00% Common director |
| West Coast Engineering Co., Ltd. | Thailand | Subsidiary, shareholding in the proportion of 99.99% Common director |
| Thai Cold Rolled Steel Sheet Public Company Limited | Thailand | joint venture, shareholding in the proportion of 35.19% Common director |
| Krung Thai Bank Public Company Limited | Thailand | Shareholder in the Company |
| The Siam Commercial Bank Public Company Limited | Thailand | Shareholder in the Company |
| Tisco Financial Group Public Company Limited | Thailand | Shareholder in the Company |
| Sahaviriya Group Corporation Limited | Thailand | Common shareholder and directors and direct and indirect shareholding by the Company's director(s) |
| Vanomet Holding AG | Switzerland | Shareholder and Common shareholder and directors with a subsidiary |
| Sahaviriya Inter Steel Holdings Co., Ltd. | Thailand | Common shareholder and directors and direct and indirect shareholding by the Company's director(s) |
| Thai Coated Steel Sheet Co., Ltd. | Thailand | Shareholding by the Company and common directors |
| Bangsaphan Barmill Public Company Limited | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| B.S. Metal Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Sahaviriya Plate Mill Public Company Limited | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |

| Name of entities | Country of incorporation / nationality | Nature of relationships |
|---|--|--|
| Prapawit Building Property Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Western Housing Co., Ltd. | Thailand | Common directors and direct shareholding by the Company's director(s) |
| Sahaviriya Management Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| C.A.R. Services Co., Ltd. | Thailand | The direct and indirect shareholding by the Company's director(s) |
| Sahaviriya Panich Corporation Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Line Transport Co., Ltd. | Thailand | Common directors with the subsidiary and direct and indirect shareholding by the Company's director(s) |
| Saha Special Steel Co., Ltd. | Thailand | Direct and indirect shareholding by the Company director(s) |
| Bangpakong Lighter Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Bangpakong Port Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| ABC Trading Co., Ltd. | Thailand | Indirect shareholding by the Company director(s) |
| Sahaviriya Steel Corporation Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Thai Steel Sales Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director |
| Prachuap Pattana Development Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| SVL Corporation Co., Ltd. | Thailand | Common shareholder and directors and direct and indirect shareholding by the Company's director(s) |
| Sahaviriya Shipping Limited | Hong Kong | Common shareholder and directors and direct and indirect shareholding by the Company's director(s) |
| Vanomet AG | Switzerland | Common shareholder and common director with a subsidiary |
| Vanomet Finance AG | Switzerland | Common shareholder and common director with a subsidiary |
| Vanomet International AG | Switzerland | Common shareholder and common director with a subsidiary |

| Name of entities | Country of incorporation / nationality | Nature of relationships |
|---------------------------------------|--|--|
| Atlantic Steel AG | Switzerland | Common shareholder and common director with a subsidiary |
| Bangpakong Shape Steel Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Steel Process Holdings Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Sahaviriya Capital Holdings Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Bangna 26 Property Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Praram 3 Thasai Co., Ltd. | Thailand | Common directors and direct shareholding by the Company's director(s) |
| KP Capital Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Pichai Agriculture & Land Co., Ltd. | Thailand | Common directors and direct shareholding by the Company's director(s) |
| Long Steel Holding Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Sahaviriya Credit Foncier Co., Ltd. | Thailand | Common directors and direct shareholding by the Company's director(s) |
| Sahaviriya Orchid Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Surasak Muang-Chol Property Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Bangsaphan Steel Trading Co., Ltd. | Thailand | Common directors and direct shareholding by the Company's director(s) |
| C B S Consultant Co., Ltd. | Thailand | Common directors and direct shareholding by the Company's director(s) |
| Bangpakong Steel Holdings Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Tong Real Estate Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Krisna Residence Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Growth Water Woods Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Chonglom Property Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Chumphontanee Property Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |

| Name of entities | Country of incorporation / nationality | Nature of relationships |
|--------------------------------------|--|--|
| Soi Hiland Property Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Prachuap Steel Co., Ltd. | Thailand | Common directors and indirect shareholding by the Company's director(s) |
| Pomprachul Steel Co., Ltd. | Thailand | Common directors and indirect shareholding by the Company's director(s) |
| Bangplakod Steel Co., Ltd. | Thailand | Common directors and indirect shareholding by the Company's director(s) |
| Panich Holdings Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| SSP Asset Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| SV Nittan Co., Ltd. | Thailand | Common directors and indirect shareholding by the Company's director(s) |
| Phrapradaeng Shape Steel Co., Ltd. | Thailand | Common directors and indirect shareholding by the Company's director(s) |
| Amarin Steel Co, Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Kim Heng Seng Steel Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Saha Land Property Holding Co., Ltd. | Thailand | Common directors and indirect shareholding by the Company's director(s) |
| SCJ & Associates Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| T C H Asset Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Thanarom Property Sale Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company's director(s) |
| Thipayasombat Co., Ltd. | Thailand | Common directors and indirect shareholding by the Company's director(s) |
| Western Security Guard Co. Ltd. | Thailand | Common directors Shareholder |
| Key management personnel | Thailand | Persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group. |

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

| Transactions | Pricing policies with subsidiary companies and joint venture | Pricing policies with related companies |
|---|--|---|
| Sale of goods | Third party pricing used, dependent on volume and relevant market considerations. | Third party pricing used, dependent on volume and relevant market considerations. |
| Rendering of port services | Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations. | Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations. |
| Rendering of other services | Charges for rendering of services and maintenance-related services are based on agreements and common credit term. | Charges for rendering of services and maintenance-related services are based on agreements and common credit term. |
| Dividend income | Right to receive dividends | Right to receive dividends. |
| Other income | Sales of scrap material are priced based on scrap weight and the prices set by the Company. Revenue from providing management staff to subsidiaries and joint venture are based on agreements. | Sales of scrap material are priced based on scrap weight and the prices set by the Company. Revenue from providing management staff to related parties are based on agreements. |
| Purchase of goods | Purchases of goods for production are based on third party prices under terms and conditions normally applicable to similar transactions. Certain purchases of steel slab between the company and subsidiaries are based on the agreed price formula. Purchases of rolls are charged on agreed prices. | Purchases of raw material for production are based on market price. |
| Receiving of other services | Maintenance-related services are charged based on long-term maintenance service agreements. The term of the agreement can be modified according to business circumstances. | Transportation charges are based on agreements, dependent on cargo weight and distance. Warehouse rental is charged based on rental agreements. Cut sheet services are charged based on agreements. |
| Receiving of port services | Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations. | |
| Distribution costs and administrative expense | Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations. | Domestic transportation services are charged based on agreements, dependent on cargo weight and distance. Office rental is charged based on rental agreements. Commission expense is charged based on agreements. |

Significant transactions for year ended 31 December 2019 and 2018 with related parties are summarized as follows:

| | Consolidated | | Unit: Thousand Baht | |
|---|----------------------|-----------|---------------------|-----------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Subsidiaries | | | | |
| Purchases of goods and receiving of services | - | - | 423,046 | 414,066 |
| Dividend income | - | - | 45,900 | 91,800 |
| Other income | - | - | 21,419 | 17,323 |
| Distribution costs and administrative expenses | - | - | 14 | 15 |
| Joint venture | | | | |
| Sales of goods | 589,741 | 2,125,998 | 589,741 | 2,125,998 |
| Other income | 17,750 | 14,847 | 17,750 | 14,843 |
| Dividend income | - | - | - | 22,601 |
| Distribution costs and administrative expenses | 77 | 229 | 77 | 226 |
| Other related parties | | | | |
| Sales of goods | 2,253,124 | 2,692,562 | 2,253,124 | 2,692,562 |
| Rendering of services | 125,811 | 111,869 | - | - |
| Purchases of goods and receiving of services (including other related expenses) | 7,138,560 | 8,662,916 | 7,123,096 | 8,646,124 |
| Other income | 32,602 | 51,263 | 30,338 | 49,102 |
| Distribution costs and administrative expenses | 543,193 | 510,260 | 535,909 | 505,255 |

| | Consolidated | | Unit : Thousand Baht | |
|--|----------------------|----------------|----------------------|---------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| The committee and key management personnel remuneration | | | | |
| The committee remuneration | 9,215 | 9,307 | 6,065 | 6,111 |
| Key management personnel remuneration | | | | |
| Short-term benefits | 94,893 | 92,273 | 84,659 | 78,703 |
| Statutory severance pay | 4,850 | 2,556 | 4,737 | 2,556 |
| Other long-term benefits | 36 | 79 | 33 | 79 |
| Total key management personnel | 99,778 | 94,908 | 89,429 | 81,338 |
| Total the committee and key management personnel remuneration | 108,994 | 104,215 | 95,494 | 87,449 |

Balances as at 31 December 2019 and 2018 with related parties were as follows:

| | Consolidated | | Unit : Thousand Baht | |
|---|----------------------|------------------|----------------------|------------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Cash and cash equivalents – related parties | | | | |
| Other related parties | | | | |
| Krung Thai Bank Public Company Limited | 270,465 | 377,276 | 237,030 | 361,342 |
| Siam Commercial Bank | 6,105 | 326,587 | 3,207 | 323,825 |
| Net | 276,570 | 703,863 | 240,237 | 685,167 |
| Trade accounts receivable from related parties | | | | |
| Joint venture | | | | |
| Thai Cold Rolled Steel Sheet | 7,006 | 70,558 | - | 64,036 |
| Other related parties | | | | |
| B.S. Metal Co., Ltd. | 1,808,009 | 1,876,515 | 1,807,999 | 1,876,500 |
| Sahaviriya Panich Corporation Co., Ltd. | 1,771,979 | 1,822,424 | 1,771,979 | 1,822,424 |
| Others | 7,128 | 2,356 | - | - |
| Total | 3,594,122 | 3,771,853 | 3,579,978 | 3,762,960 |
| Less Allowance for doubtful accounts | (3,579,978) | (2,736,667) | (3,579,978) | (2,736,667) |
| Net | 14,144 | 1,035,186 | - | 1,026,293 |

| | Consolidated | | Unit : Thousand Baht | |
|---|----------------------|----------------|----------------------|----------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| <i>Other receivables from related parties</i> | | | | |
| Subsidiaries | | | | |
| West Coast Engineering Co., Ltd. | - | - | 31,352 | 43,404 |
| Prachuap Port Co., Ltd. | - | - | 53 | 53 |
| Joint venture | | | | |
| Thai Cold Rolled Steel Sheet Public Company Limited | 177 | 3 | 177 | 3 |
| Other related parties | | | | |
| Vanomet AG (as prepaid for goods) | 208,743 | 262,512 | 208,743 | 262,512 |
| Allowance for prepaid for goods | (45,757) | - | (45,757) | - |
| Vanomet International AG (as prepaid for goods) | - | 43,850 | - | 43,850 |
| Sahaviriya Plate Mill Public Company Limited (net of allowance for doubtful accounts amount of Baht 48 million) | 632 | - | 632 | - |
| Line Transport Co., Ltd. | 718 | 104 | - | - |
| B.S. Metal Co., Ltd (net of allowance for doubtful accounts amount of Baht 18 million) | 503 | - | 503 | - |
| Others | 7,776 | 1,059 | 7,472 | 983 |
| Total | 172,792 | 307,528 | 203,175 | 350,805 |

| | Consolidated | | Unit : Thousand Baht | |
|--|----------------------|---------------|----------------------|---------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Accrued income | | | | |
| Subsidiary | | | | |
| West Coast Engineering Co., Ltd. | - | - | - | 549 |
| Joint venture | | | | |
| Thai Cold Rolled Steel Sheet Public Company Limited | 2,667 | 5,462 | - | 174 |
| Other related parties | | | | |
| Thai Coated Steel Sheet Co., Ltd. | - | 4,966 | - | 4,966 |
| Bangsaphan Barmill Public Co., Ltd. | - | 4,652 | - | 4,652 |
| B.S. Metal Co., Ltd. | - | 139 | - | 139 |
| Total | 2,667 | 15,219 | - | 10,480 |

| | Consolidated | | Unit : Thousand Baht | |
|--|----------------------|---------------|----------------------|---------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Trade accounts payable to related parties | | | | |
| Subsidiaries | | | | |
| West Coast Engineering Co., Ltd. | - | - | 80,824 | 16,177 |
| Prachuap Port Co., Ltd. | - | - | 4,890 | 3,108 |
| Other related parties | | | | |
| B.S. Metal Co., Ltd. | 880 | 530 | 880 | 530 |
| Western Security Guard Co., Ltd. | 223 | 266 | - | - |
| SVL Corporation Co., Ltd. | 62,470 | 13,293 | 62,428 | 13,283 |
| Vanomet International AG | 338,586 | - | 338,586 | - |
| Others | 281 | 79 | 39 | 41 |
| Total | 402,440 | 14,168 | 487,647 | 33,139 |

| | Consolidated | | Separate | |
|---|----------------------|----------------|----------------------|----------------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| <i>Other payables to related parties</i> | | | | |
| Subsidiary | | | | |
| West Coast Engineering Co., Ltd. | - | - | 16,433 | 5,299 |
| Joint venture | | | | |
| Thai Cold Rolled Steel Sheet Public Company Limited | 175,750 | 98,235 | 175,750 | 98,235 |
| Other related parties | | | | |
| Prapawit Building Property Co., Ltd. | 231 | 219 | 231 | 219 |
| Thai Steel Sales Co., Ltd. | 11,230 | 2,687 | 10,751 | 2,327 |
| SVL Corporation Co., Ltd. | 239 | 22,247 | - | 22,247 |
| B.S. Metal Co., Ltd. | 20,622 | 13,866 | 20,622 | 13,866 |
| Others | 5,607 | 6,086 | 6,759 | 5,889 |
| Total | 213,679 | 143,340 | 230,546 | 148,082 |

| | Consolidated | | Separate | |
|---|----------------------|----------|----------------------|--------------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| <i>Short-term loans - related parties</i> | | | | |
| Subsidiaries | | | | |
| Prachuap Port Co., Ltd. | - | - | 7,991 | 7,991 |
| Total | - | - | 7,991 | 7,991 |

Movements during the year on short-term borrowings from related parties were as follows:

| | Consolidated | | Separate | |
|---------------------|----------------------|------|----------------------|-------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Subsidiaries | | | | |
| As at 1 January | - | - | 7,991 | 7,991 |
| Unchanged | - | - | - | - |
| As at 31 December | - | - | 7,991 | 7,991 |

| | Consolidated | | Separate | |
|--|----------------------|-------------------|----------------------|-------------------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| <i>Current portion liabilities under rehabilitation plan - related parties</i> | | | | |
| Other related parties | | | | |
| Krung Thai Bank Public Company Limited | 18,129,927 | 19,529,392 | 18,129,927 | 19,529,392 |
| Siam Commercial Bank | 18,017,539 | 19,414,380 | 18,017,539 | 19,414,380 |
| TISCO Bank Public Company Limited | 3,327,229 | 3,666,691 | 3,327,229 | 3,666,691 |
| Total | 39,474,695 | 42,610,463 | 39,474,695 | 42,610,463 |

Movements during the year on borrowings from related parties were as follows:

| | Consolidated | | Separate | |
|--|----------------------|------------|----------------------|------------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Other related parties | | | | |
| Krung Thai Bank Public Company Limited | | | | |
| As at 1 January | 19,529,392 | 21,100,484 | 19,529,392 | 21,100,484 |
| Increase | - | - | - | - |
| Decrease | 1,399,465 | 1,571,092 | 1,399,465 | 1,571,092 |
| As at 31 December | 18,129,927 | 19,529,392 | 18,129,927 | 19,529,392 |

Unit : Thousand Baht

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------------|--------------------------------------|-------------------|----------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Siam Commercial Bank | 19,414,380 | 20,981,365 | 19,414,380 | 20,981,365 |
| As at 1 January | - | - | - | - |
| Increase | - | - | - | - |
| Decrease | 1,396,841 | 1,566,985 | 1,396,841 | 1,566,985 |
| As at 31 December | 18,017,539 | 19,414,380 | 18,017,539 | 19,414,380 |
| | | | | |
| TISCO Bank Public Company Limited | | | | |
| Aa at 1 January | 3,666,691 | 3,968,589 | 3,666,691 | 3,968,589 |
| Increase | - | - | - | - |
| Decrease | 339,462 | 301,898 | 339,462 | 301,898 |
| Aa at 31 December | 3,327,229 | 3,666,691 | 3,327,229 | 3,666,691 |

*Significant agreements with related parties**Consortium agreement*

On 20 January 2015 a subsidiary has entered into a consortium agreement with a local company in order to jointly-operate for projects from the State Railway of Thailand. As at 31 December 2019 the consortium has not operated the commercial operations.

7. Cash and cash equivalents

Unit : Thousand Baht

| | Consolidated financial statements | | Separate financial statements | |
|---------------|--------------------------------------|----------------|----------------------------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| Cash on hand | 729 | 699 | 600 | 600 |
| Cash at banks | 359,266 | 755,131 | 242,230 | 690,651 |
| Total | 359,995 | 755,830 | 242,830 | 691,251 |

8. Trade accounts receivable

Unit : Thousand Baht

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--------------------------------------|------------------|----------------------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Related parties (Note 6) | 3,594,122 | 3,771,853 | 3,579,978 | 3,762,960 |
| Other parties | 338,163 | 402,726 | 287,038 | 324,594 |
| Total | 3,932,285 | 4,174,579 | 3,867,016 | 4,087,554 |
| Less Allowance for doubtful accounts | (3,864,726) | (3,021,485) | (3,863,787) | (3,020,476) |
| Net | 67,559 | 1,153,094 | 3,229 | 1,067,078 |

Aging analyses for trade accounts receivable were as follows:

Unit : Thousand Baht

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--------------------------------------|------------------|----------------------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Related parties | | | | |
| Within credit terms | 8,418 | 71,438 | - | 64,036 |
| Overdue: | | | | |
| Less than 3 months | 3,136 | 165,981 | - | 164,490 |
| 3-6 months | 2,590 | 1,042,429 | - | 1,042,429 |
| 6-12 months | - | 1,172,003 | - | 1,172,003 |
| Over 12 months | 3,579,978 | 1,320,002 | 3,579,978 | 1,320,002 |
| | 3,594,122 | 3,771,853 | 3,579,978 | 3,762,960 |
| Less Allowance for doubtful accounts | (3,579,978) | (2,736,667) | (3,579,978) | (2,736,667) |
| | 14,144 | 1,035,186 | - | 1,026,293 |

| | Consolidated | | Unit : Thousand Baht | |
|--------------------------------------|----------------------|------------------|----------------------------------|------------------|
| | financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Other parties | | | | |
| Within credit terms | 25,210 | 82,328 | 3,072 | 19,167 |
| Overdue: | | | | |
| Less than 3 months | 21,435 | 34,242 | 157 | 21,409 |
| 3-6 months | 5,126 | 209 | - | 209 |
| 6-12 months | 1,644 | 761 | - | - |
| Over 12 months | 284,748 | 285,186 | 283,809 | 283,809 |
| | 338,163 | 402,726 | 287,038 | 324,594 |
| Less Allowance for doubtful accounts | (284,748) | (284,818) | (283,809) | (283,809) |
| | 53,415 | 117,908 | 3,229 | 40,785 |
| Net | 67,559 | 1,153,094 | 3,229 | 1,067,078 |

The normal credit terms granted by the Group ranges from 5 to 90 days.

As of 31 December 2018, the Company had 2 related party receivables overdue from 6-12 months, totaling of Baht 3,699 million. The Company already set up allowance for doubtful accounts, totaling of Baht 2,737 million. Part of the allowance for doubtful account were included as part of rehabilitation plan, which specify that the Company must collect money from the related parties for not less than Baht 300 million a year from 2017 to present. Currently, debt collection from those receivables is not according to collection schedule, yet still under rehabilitation plan. The Company is in the process of debt collection. As of 31 December 2019, the related receivable balance remains at Baht 3,580 million, which is already overdue for more than 12 months. The Company's management estimated that chance that those receivables can be collected is rare, as the result, Baht 843 million was set up as doubtful account in 2019.

8.1 Unbilled revenue/ Retention receivable/ Unearned revenue from services

8.1.1 The outstanding balance under the contract

| | Consolidated | | Unit : Million Baht Separate | |
|--|----------------------|------------|---------------------------------|-----------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Unbilled revenue | 13 | 37 | - | - |
| Retention receivable Unbilled revenue | 463 | 2,537 | - | - |
| Unearned revenue from services and advance from customer | | | | |
| Unearned revenue from services | 13 | 36 | - | - |
| Advance received for goods | 25 | 67 | 25 | 68 |
| Total unearned revenue from services and advance received for goods | 38 | 103 | 25 | 68 |

8.1.2 Revenue recognized relating to the outstanding balance under the contract.

| | Consolidated | | Unit : Million Baht Separate | |
|--|----------------------|------|---------------------------------|------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Revenue recognized previously included in the balance brought forward of unearned revenue from services. | 34 | 5 | - | - |
| Revenue recognized previously included in advance received for goods | 103 | 291 | 68 | 284 |

8.1.3 Expected revenue recognition for incomplete performance obligation

As at December 31, 2019, the Group expected that there will be revenue from services recognized in the future for incomplete or partially incomplete performance obligation of the contract made with customer Baht 120 million (2018 : Baht 161 million). The Group has expected that it will be able to comply with performance obligations of the contract within 3 years and has revenue from services from complete performance obligation of the contract Baht 38 million (2018 : Baht 103 million).

9. Inventories

Unit : Thousand Baht

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|------------------|----------------------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Finished goods | 1,923,709 | 2,846,780 | 1,940,355 | 2,859,875 |
| Work in progress | 32,449 | 24,103 | 618 | - |
| Raw materials | 1,200,862 | 1,711,265 | 1,195,732 | 1,709,306 |
| Spare parts and factory supplies | 810,306 | 787,549 | 807,289 | 787,549 |
| Inventories under collateral management agreement (Note 20) | 3,502,847 | 2,556,226 | 3,502,847 | 2,556,226 |
| Goods in transit | 875,256 | 2,593,327 | 875,256 | 2,593,327 |
| | (8,345,429) | 10,519,250 | 8,322,097 | 10,506,283 |
| <i>Less Allowance for decline in value</i> | (881,728) | (846,324) | (881,728) | (846,324) |
| Total | 7,463,701 | 9,672,926 | 7,440,369 | 9,659,959 |

10. Other current assets

| | Consolidated | | Unit : Thousand Bath | |
|---------------------------------|----------------------|----------------|----------------------|----------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Prepaid expenses | 28,504 | 26,739 | 20,043 | 18,353 |
| Prepaid for goods and supplies | 135,212 | 39,397 | 135,212 | 39,397 |
| Accrued income | 12,588 | 49,409 | - | 10,480 |
| Revenue Department receivable | 11,724 | 81,091 | 11,724 | 73,934 |
| Income tax deducted at source | 36,191 | 43,803 | 5,083 | 3,175 |
| Others | 13,815 | 10,221 | 10,643 | 5,201 |
| Total | 238,034 | 250,660 | 182,705 | 150,540 |
| Allowance for doubtful accounts | (8,032) | (8,032) | (8,032) | (8,032) |
| Net | 230,002 | 242,628 | 174,673 | 142,508 |

11. Restricted deposit at financial institution

The Company used deposits with financial institution as steel trader under the condition of such contract, the Company could not take such deposits for using based on the determined rate of the contract period.

A subsidiary used deposits to guarantee the letter of guarantee issued by bank.

12. Investments in subsidiaries

Investments in subsidiaries as at 31 December 2019 and 2018 were as follows:

| | | Separate financial statements | | | | | | | | | | Unit : Thousand Baht | |
|----------------------------------|--|-------------------------------|-------|-----------------|---------|-------------|---------|------------|------|---------------|---------|--------------------------------|--------|
| Name of entity | Type of business | Ownership interest | | Paid-up capital | | Cost method | | Impairment | | At cost - net | | Dividend income for year ended | |
| | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Prachuap Port Co., Ltd. | Deep-sea port and marine shipping services | (%) | (%) | | | | | | | | | | |
| | | 51.00 | 51.00 | 400,000 | 400,000 | 204,000 | 204,000 | - | - | 204,000 | 204,000 | 45,900 | 91,800 |
| West Coast Engineering Co., Ltd. | Maintenance services | 99.99 | 99.99 | 75,000 | 75,000 | 75,000 | 75,000 | - | - | 75,000 | 75,000 | - | - |
| | | | | | | 279,000 | 279,000 | - | - | 279,000 | 279,000 | 45,900 | 91,800 |
| Total | | | | | | | | | | | | | |

Unit : Thousand Baht

13. Non-controlling interests

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

Unit : Thousand Baht

| 31 December 2019 | | | | |
|--|----------------------------|---|-----------------------------|---------|
| | Prachuap Port Co., Ltd. | Other individually immaterial subsidiaries | Intra-group eliminations | Total |
| Non-controlling interest percentage | 49 | | | |
| Current assets | 134,080 | | | |
| Non-current assets | 1,121,615 | | | |
| Current liabilities | (14,031) | | | |
| Non-current liabilities | (47,552) | | | |
| Net assets | 1,194,111 | | | |
| Carrying amount of non-controlling interest | 585,115 | - | (30,763) | 554,352 |
| Revenue | 265,454 | | | |
| Profit | 57,357 | | | |
| Other comprehensive income | (752) | | | |
| Total comprehensive income | 56,605 | | | |
| Profit allocated to non-controlling interest | 27,736 | - | (1,834) | 25,902 |
| Cash flows from operating activities | 145,851 | | | |
| Cash flows used in investing activities | 137 | | | |
| Cash flows used in financing activities (dividends to non-controlling interest: 44.1 million) | (90,310) | | | |
| Net decrease in cash and cash equivalents | 55,678 | | | |

Unit : Thousand Baht

| | 31 December 2018 | | | |
|---|-------------------------------|---|-----------------------------|---------|
| | Prachuap Port Co., Ltd. | Other individually immaterial subsidiaries | Intra-group eliminations | Total |
| Non-controlling interest percentage | 49 | | | |
| Current assets | 80,402 | | | |
| Non-current assets | 1,205,950 | | | |
| Current liabilities | (16,201) | | | |
| Non-current liabilities | (42,645) | | | |
| Net assets | 1,227,506 | | | |
| Carrying amount of non-controlling interest | 601,478 | - | (38,560) | 562,918 |
| Revenue | 283,130 | | | |
| Profit | 74,186 | | | |
| Other comprehensive income | - | | | |
| Total comprehensive income | 74,186 | | | |
| Profit allocated to non-controlling interest | 36,351 | - | (3,317) | 33,034 |
| Cash flows from operating activities | 170,354 | | | |
| Cash flows used in investing activities | (6,151) | | | |
| Cash flows used in financing activities | | | | |
| (dividends to non-controlling interest: 88.2 million) | (180,314) | | | |
| Net decrease in cash and cash equivalents | (16,111) | | | |

14. Investments in joint venture

Investments in joint venture as 31 December 2019 and 2018 were as follows:

| Consolidated financial statements | | | | | | | | | | | | | Unit : Thousand Baht | |
|---|--|--------------------|-------|-----------------|-----------|-------------|-----------|---------------|-----------|-------------------------------------|----------|------------------------------|----------------------|--|
| Name of entity | Type of business | Ownership interest | | Paid-up capital | | Cost method | | Equity method | | Share of profit (loss) for the year | | Dividend income for the year | | |
| | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | |
| Thai Cold Rolled Steel Sheet Public Company Limited | Production and distribution of cold rolled coils | (%) | (%) | | | | | | | | | | | |
| | | 35.19 | 35.19 | 4,816,350 | 4,816,350 | 3,817,962 | 3,817,962 | 2,628,782 | 2,598,112 | 30,670 | (88,937) | - | 22,601 | |
| | | | | | | 3,817,962 | 3,817,962 | 2,628,782 | 2,598,112 | 30,670 | (88,937) | - | 22,601 | |
| Total | | | | | | | | | | | | | | |

| Separate financial statements | | | | | | | | | | | | Unit : Thousand Baht | |
|---|--|--------------------|-------|-----------------|-----------|-------------|-----------|------------|---------|---------------|-----------|------------------------------|--------|
| Name of entity | Type of business | Ownership interest | | Paid-up capital | | Cost method | | Impairment | | At cost - net | | Dividend income for the year | |
| | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Thai Cold Rolled Steel Sheet Public Company Limited | Production and distribution of cold rolled coils | (%) | (%) | | | | | | | | | | |
| | | 35.19 | 35.19 | 4,816,350 | 4,816,350 | 3,817,962 | 3,817,962 | 1,189,180 | 658,294 | 2,628,782 | 3,159,668 | - | 22,601 |
| | | | | | | | | | | | | | |
| Total | | | | | | 3,817,962 | 3,817,962 | 1,189,180 | 658,294 | 2,628,782 | 3,159,668 | - | 22,601 |

Thai Cold Rolled Steel Sheet Public Company Limited has operated its business.

The Company has pledged 150,176,007 common shares in a joint-venture, Thai Cold Rolled Steel Sheet Public Company Limited to Marubeni-Itochu Steel Inc. for a trading facility to Sahaviriya Steel Industries UK Limited. In 2016, the Company recognized loss on guarantee amount of Baht 513 million as outstanding debts and presented as provisions under rehabilitation plan.

Joint venture

The following table summarises the financial information of the joint venture as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

| | Unit : Thousand Baht | |
|---|----------------------|------------------|
| | 2019 | 2018 |
| Revenue | 12,320,824 | 14,779,454 |
| Profit from continuing operations | 7,478 | (199,819) |
| Other comprehensive income | (15,098) | (5,010) |
| Total comprehensive income | (7,620) | (204,829) |
| Attributable to non-controlling interest | (4,939) | (132,750) |
| Attributable to investee's shareholders | (2,681) | (72,079) |
| Current assets | 2,858,658 | 4,041,665 |
| Non-current assets | 3,622,353 | 3,749,501 |
| Current liabilities | (1,333,826) | (2,624,069) |
| Non-current liabilities | (135,028) | (147,320) |
| Net assets | 5,012,157 | 5,019,777 |
| Attributable to non-controlling interest | 3,248,379 | 3,253,317 |
| Attributable to investee's shareholders | 1,763,778 | 1,766,460 |
| Group's interest in net assets of investee at 1 January | 2,598,112 | 2,709,650 |
| Total comprehensive income attributable to the Group | 30,670 | (88,937) |
| Dividend received | - | (22,601) |
| Carrying amount of interest in investee at 31 December | 2,628,782 | 2,598,112 |

Contingent liabilities and commitments relating to the joint venture:

| | 2019 | 2018 |
|---|--|---|
| <i>Contingent liabilities directly incurred by the Group</i> | | |
| Group's share of the joint venture's contingent liabilities | Baht 9 million | Baht 9 million |
| <i>Capital commitments in relation to interest in joint venture</i> | | |
| Group's share of the joint venture according to | | |
| - from capital expenditure | Baht 38 million, USD 0.32 million, JPY 56 million and Euro 0.14 million | Baht 60 million, USD 0.39 million and JPY 179 million |
| - from non-cancellable operating lease commitments | Baht 3 million | Baht 7 million |
| - from raw materials and chemical purchases | Baht 4.75 million, and USD 7.39 million | Baht 6.62 million, and USD 3.59 million |
| - from other contracts | Baht 9 million and JPY 11 million | Baht 13 million and JPY 11 million |
| - Guarantee | Baht 9.29 million | Baht 9.29 million |
| - other commitment | - | Baht 28.40 million |

AS at December 31, 2019, the Company has considered the impairment of investment, provided provision for impairment of investment Baht 530.89 million.

15. Other long-term investment

Other long-term investment as at 31 December 2019 and 2018 were as follows:

| Consolidated and Separate financial statements | | | | | | | | | | | | | | Unit : Thousand Baht | |
|--|--|--------------------|------|-----------------|-----------|-------------|---------|------------|---------|---------------|------|------------------------------|------|----------------------|--|
| Name of entity | Type of business | Ownership interest | | Paid-up capital | | Cost method | | Impairment | | At cost - net | | Dividend income for the year | | | |
| | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | | |
| Thai Coated Steel Sheet Co., Ltd. | Manufacturing and distribution of Electro Galvanized Steel Sheet | (%) | (%) | | | | | | | | | | | | |
| | | 3.70 | 3.70 | 2,206,990 | 2,206,990 | 294,000 | 294,000 | 294,000 | 294,000 | - | - | - | - | | |
| | | | | | | | | | | | | | | | |
| Total | | | | | 294,000 | 294,000 | 294,000 | 294,000 | 294,000 | 294,000 | - | - | - | | |

16. Property, plant and equipment

| | Consolidated financial statements | | | | | | Unit : Thousand Baht |
|--|-----------------------------------|------------------------------|--|--|----------|--|----------------------|
| | Land and land improvement | Factory and office buildings | Machinery, tools and factory equipment | Office furniture, fixtures and equipment | Vehicles | Assets under construction and installation | |
| Cost | | | | | | | |
| As at 31 December 2017 | 1,628,319 | 2,059,556 | 19,019,052 | 210,166 | 98,699 | 481,034 | 23,496,826 |
| Additions | - | 1,190 | 82,764 | 17,455 | 7,531 | 369,459 | 478,399 |
| Transfer received from intangible assets | - | - | - | 6,192 | - | - | 6,192 |
| Transfers | 1,495 | 40,417 | 49,432 | 8,936 | - | (100,280) | - |
| Transfers to cost of inventory | - | - | - | - | - | (183,000) | (183,000) |
| Disposal/write off | (460) | - | (23,029) | (11,896) | (2,487) | (3) | (37,875) |
| As at 31 December 2018 | 1,629,354 | 2,101,163 | 19,128,219 | 230,853 | 103,743 | 567,210 | 23,760,542 |
| Additions | 550 | 160 | 132,545 | 15,549 | 2,968 | 444,621 | 596,393 |
| Transfer received from intangible assets | - | - | - | - | - | (582) | (582) |
| Transfers | 1,870 | 9,640 | 66,019 | 13,927 | 3,370 | (94,826) | - |
| Transfers to cost of inventory | - | - | - | - | - | (210,643) | (210,643) |
| Disposal/write off | - | - | (16,095) | (8,130) | (10,837) | - | (35,062) |
| As at 31 December 2019 | 1,631,774 | 2,110,963 | 19,310,688 | 252,199 | 99,244 | 705,780 | 24,110,648 |

| | Consolidated financial statements | | | | | | Unit : Thousand Baht |
|---|-----------------------------------|------------------------------|--|--|----------|--|----------------------|
| | Land and land improvement | Factory and office buildings | Machinery, tools and factory equipment | Office furniture, fixtures and equipment | Vehicles | Assets under construction and installation | |
| Depreciation and impairment losses | | | | | | | |
| As at 31 December 2017 | 268,652 | 1,703,526 | 9,447,879 | 171,986 | 93,739 | - | 11,685,782 |
| Depreciation charge for the year | 284 | 44,966 | 476,307 | 20,009 | 4,257 | - | 545,823 |
| Disposals | (460) | - | (13,708) | (11,821) | (2,487) | - | (28,476) |
| As at 31 December 2018 | 268,476 | 1,748,492 | 9,910,478 | 180,174 | 95,509 | - | 12,203,129 |
| Depreciation charge for the year | 451 | 50,078 | 434,975 | 18,445 | 2,987 | - | 506,936 |
| Disposal/write off | - | - | (16,026) | (8,025) | (10,833) | - | (34,884) |
| As at 31 December 2019 | 268,927 | 1,798,570 | 10,329,427 | 190,594 | 87,663 | - | 12,675,181 |
| Loss on impairment | | | | | | | |
| As at 31 December 2017 | 387,348 | 16,088 | 86,566 | - | - | 19,000 | 509,002 |
| Unchanged | - | - | - | - | - | - | - |
| As at 31 December 2018 | 387,348 | 16,088 | 86,566 | - | - | 19,000 | 509,002 |
| Unchanged | - | - | - | - | - | - | - |
| As at 31 December 2019 | 387,348 | 16,088 | 86,566 | - | - | 19,000 | 509,002 |

| | Consolidated financial statements | | | | | Unit : Thousand Baht |
|--|-----------------------------------|------------------------------|--|--|---------------|--|
| | Land and land improvement | Factory and office buildings | Machinery, tools and factory equipment | Office furniture, fixtures and equipment | Vehicles | Assets under construction and installation |
| Net book value | | | | | | |
| As at 31 December 2018 | | | | | | |
| Owned assets | 973,530 | 336,583 | 9,126,722 | 50,679 | 2,026 | 548,210 |
| Assets under finance leases and hire-purchase | - | - | 4,453 | - | 6,208 | - |
| Total | 973,530 | 336,583 | 9,131,175 | 50,679 | 8,234 | 11,048,411 |
| As at 31 December 2019 | | | | | | |
| Owned assets | 975,499 | 296,305 | 8,892,697 | 61,605 | 6,318 | 686,780 |
| Assets under finance leases and hire-purchases | - | - | 1,998 | - | 5,263 | - |
| Total | 975,499 | 296,305 | 8,894,695 | 61,605 | 11,581 | 10,926,465 |

Unit : Thousand Baht

Separate financial statements

| | Land and land improvement | Factory and office buildings | Machinery, tools and factory equipment | Office furniture, fixtures and equipment | Vehicles | Assets under construction and installation | Total |
|--|---------------------------|------------------------------|--|--|---------------|--|-------------------|
| Cost | | | | | | | |
| As at 31 December 2017 | 1,004,896 | 1,898,181 | 16,565,585 | 170,337 | 69,528 | 469,670 | 20,178,197 |
| Additions | - | 820 | 75,437 | 13,904 | 4,965 | 368,183 | 463,309 |
| Transfer received from intangible assets | - | - | - | 6,192 | - | - | 6,192 |
| Transfers | 1,495 | 40,416 | 48,830 | 8,936 | - | (99,677) | - |
| Transfers to cost of inventory | - | - | - | - | - | (183,000) | (183,000) |
| Disposal/write off | - | - | (23,029) | (11,896) | (1,250) | - | (36,175) |
| As at 31 December 2018 | 1,006,391 | 1,939,417 | 16,666,823 | 187,473 | 73,243 | 555,176 | 20,428,523 |
| Additions | - | - | 130,221 | 14,039 | 2,844 | 438,717 | 585,821 |
| Transfer received from intangible assets | - | - | - | - | - | (581) | (581) |
| Transfers | - | 8,965 | 64,781 | 13,497 | 3,370 | (90,613) | - |
| Transfers to cost of inventory | - | - | - | - | - | (210,643) | (210,643) |
| Disposal/write off | - | - | (15,207) | (7,707) | (10,652) | - | (33,566) |
| As at 31 December 2019 | 1,006,391 | 1,948,382 | 16,846,618 | 207,301 | 68,805 | 692,057 | 20,769,554 |

| | Separate financial statements | | | | | Unit : Thousand Baht |
|--|-------------------------------|------------------------------|--|--|--------------|--|
| | Land and land improvement | Factory and office buildings | Machinery, tools and factory equipment | Office furniture, fixtures and equipment | Vehicles | Assets under construction and installation |
| Net book value | | | | | | |
| As at 31 December 2018 | | | | | | |
| Owned assets | 665,970 | 278,933 | 8,191,562 | 43,135 | 1,810 | 555,176 |
| Assets under finance leases and hire-purchases | - | - | - | - | 3,884 | - |
| Total | 665,970 | 278,933 | 8,191,562 | 43,135 | 5,694 | 9,740,470 |
| As at 31 December 2019 | | | | | | |
| Owned assets | 665,671 | 241,939 | 8,047,115 | 54,754 | 6,759 | 692,057 |
| Assets under finance leases and hire-purchases | - | - | - | - | 3,104 | - |
| Total | 665,671 | 241,939 | 8,047,115 | 54,754 | 9,863 | 9,711,399 |

Unit : Thousand Baht

| | Separate financial statements | | | | | Assets under construction and installation | Total |
|---|-------------------------------|------------------------------|--|--|----------|--|------------|
| | Land and land improvement | Factory and office buildings | Machinery, tools and factory equipment | Office furniture, fixtures and equipment | Vehicles | | |
| <i>Depreciation and impairment losses</i> | | | | | | | |
| As at 31 December 2017 | 340,395 | 1,619,512 | 8,109,486 | 139,528 | 66,513 | - | 10,275,434 |
| Depreciation charge for the year | 26 | 40,972 | 379,483 | 16,631 | 2,286 | - | 439,398 |
| Disposals | - | - | (13,708) | (11,821) | (1,250) | - | (26,779) |
| As at 31 December 2018 | 340,421 | 1,660,484 | 8,475,261 | 144,338 | 67,549 | - | 10,688,053 |
| Depreciation charge for the year | 299 | 45,959 | 339,398 | 15,815 | 2,041 | - | 403,512 |
| Disposal/write off | - | - | (15,156) | (7,606) | (10,648) | - | (33,410) |
| As at 31 December 2019 | 340,720 | 1,706,443 | 8,799,503 | 152,547 | 58,942 | - | 11,058,155 |
| <i>Loss on impairment</i> | | | | | | | |
| As at 31 December 2017 | 110,137 | 13,422 | 86,566 | - | - | - | 210,125 |
| Unchanged | - | - | - | - | - | - | - |
| As at 31 December 2018 | 110,137 | 13,422 | 86,566 | - | - | - | 210,125 |
| Unchanged | - | - | - | - | - | - | - |
| As at 31 December 2019 | 110,137 | 13,422 | 86,566 | - | - | - | 210,125 |

Assets value of the Group before accumulated depreciation of building and equipment which were fully depreciated but are still in use up to 31 December 2019 amounted to Baht 3,613 million (2018: *Baht 2,679 million*).

Assets value of the Company before accumulated depreciation of building and equipment which were fully depreciated but are still in use up to 31 December 2019 amounted to Baht 3,008 million (2018: *Baht 2,129 million*).

As at 31 December 2019, the Group and the Company has mortgaged/ pledged assets amounting to approximately Baht 8,950 million and Baht 8,664 million respectively (2018: *Baht 9,141 million and Baht 8,845 million*), respectively, as collateral against bank overdrafts, short-term borrowings and long-term borrowings from financial institutions, and letter of guarantee for electricity, port and goods warehouse, as described in Notes 19, 25 and 33 to financial statements.

17. Intangible assets

Unit : Thousand Baht

| | Consolidated financial statements | | | |
|---|-----------------------------------|------------------------|------------------------------|---------|
| | Right permission | Software copy right | Assets under installation | Total |
| <i>Cost</i> | | | | |
| As at 31 December 2017 | 5,580 | 242,833 | 38,231 | 286,644 |
| Increase | - | 3,458 | - | 3,458 |
| Write off | - | - | (6,192) | (6,192) |
| As at 31 December 2018 | 5,580 | 246,291 | 32,039 | 283,910 |
| Increase | - | 4,444 | - | 4,444 |
| As at 31 December 2019 | 5,580 | 250,735 | 32,039 | 288,354 |
| <i>Amortization and impairment loss</i> | | | | |
| As at 31 December 2017 | 1,372 | 156,717 | - | 158,089 |
| Amortization for the year | 1,295 | 15,757 | - | 17,052 |
| Write off | - | 63,436 | 32,039 | 95,475 |
| As at 31 December 2018 | 2,667 | 235,910 | 32,039 | 270,616 |
| Amortization for the year | 1,295 | 3,575 | - | 4,870 |
| As at 31 December 2019 | 3,962 | 239,485 | 32,039 | 275,486 |
| <i>Net book value</i> | | | | |
| As at 31 December 2018 | 2,913 | 10,381 | - | 13,294 |
| As at 31 December 2019 | 1,618 | 11,250 | - | 12,868 |

Unit : Thousand Baht

Separate financial statements

| | Software copy right | Assets under installation | Total |
|---|------------------------|------------------------------|---------|
| Cost | | | |
| As at 31 December 2017 | 235,304 | 38,231 | 273,535 |
| Increase | 2,080 | - | 2,080 |
| Transfer to property, plant and equipment | - | (6,192) | (6,192) |
| As at 31 December 2018 | 237,384 | 32,039 | 269,423 |
| Increase | 4,063 | - | 4,063 |
| Transfer to property, plant and equipment | - | - | - |
| As at 31 December 2019 | 241,447 | 32,039 | 273,486 |
| Amortization | | | |
| As at 31 December 2017 | 150,964 | - | 150,964 |
| Amortization for the year | 15,396 | - | 15,396 |
| Loss on impairment | 63,436 | 32,039 | 95,475 |
| As at 31 December 2018 | 229,796 | 32,039 | 261,835 |
| Amortization for the year | 3,104 | - | 3,104 |
| Loss on impairment | - | - | - |
| As at 31 December 2019 | 232,900 | 32,039 | 264,939 |
| Net book value | | | |
| As at 31 December 2018 | 7,588 | - | 7,588 |
| As at 31 December 2019 | 8,547 | - | 8,547 |

18. Deferred tax

Deferred tax assets and liabilities as at 31 December 2019 and 2018 were as follows:

Unit : Thousand Baht

| | Consolidated financial statements | | | |
|---------------------------------------|-----------------------------------|----------|-------------|----------|
| | Assets | | Liabilities | |
| | 2019 | 2018 | 2019 | 2018 |
| Total | 15,862 | 19,542 | (54,292) | (54,540) |
| Tax offsetting | (12,227) | (11,191) | 12,227 | 11,191 |
| Net deferred tax assets (liabilities) | 3,635 | 8,351 | (42,065) | (43,349) |

Unit : Thousand Baht

| Separate financial statements | | | |
|-------------------------------|------|-------------|----------|
| Assets | | Liabilities | |
| 2019 | 2018 | 2019 | 2018 |
| Deferred tax liabilities | - | (14,269) | (13,896) |

Movements of deferred tax assets and liabilities during the year were as follows:

Unit : Thousand Baht

| | Consolidated financial statements | | | |
|---|-----------------------------------|--------------------------|----------------------|-----------------|
| | | (Charged) / Credited to: | | |
| | As at 1 | | Other | As at 31 |
| | January 2019 | Profit or loss | comprehensive income | December 2019 |
| Deferred tax assets | | | | |
| Trade accounts receivable | 202 | (14) | - | 188 |
| Property, plant and equipment | 7,398 | (2,673) | - | 4,725 |
| Non-current provisions for employee benefit | 7,001 | 2,564 | 1,384 | 10,949 |
| Taxable loss carry forward | 4,941 | (4,941) | - | - |
| Total | 19,542 | (5,064) | 1,384 | 15,862 |
| Deferred tax liabilities | | | | |
| Other current assets | (229) | (94) | - | (323) |
| Property, plant and equipment | (46,814) | (2,679) | - | (49,493) |
| Non-current provisions for employee benefit | (2,744) | - | 2,744 | - |
| Finance lease liabilities | (4,753) | 277 | - | (4,476) |
| Total | (54,540) | (2,496) | 2,744 | (54,292) |

Unit : Thousand Baht

| | Separate financial statements | | | |
|---|-------------------------------|--------------------------|----------------------|-----------------|
| | | (Charged) / Credited to: | | |
| | As at 1 | | Other | As at 31 |
| | January 2019 | Profit or loss | comprehensive income | December 2019 |
| <i>Deferred tax liabilities</i> | | | | |
| Property, plant and equipment | (11,152) | (3,117) | - | (14,269) |
| Non-current provisions for employee benefit | (2,744) | - | 2,744 | - |
| Total | (13,896) | (3,117) | 2,744 | (14,269) |

Unit : Thousand Baht

Consolidated financial statements

| | As at 1 January 2018 | (Charged) / Credited to: | | As at 31 December 2018 |
|--|-------------------------|--------------------------|----------------------------------|---------------------------|
| | | Profit or loss | Other comprehensive income | |
| <i>Deferred tax assets</i> | | | | |
| Trade accounts receivable | 214 | (12) | - | 202 |
| Property, plant and equipment | 10,164 | (2,766) | - | 7,398 |
| Non-current provisions for employee benefit | 6,595 | 406 | - | 7,001 |
| Taxable loss carry forward | 12,432 | (7,491) | - | 4,941 |
| Total | 29,405 | (9,863) | - | 19,542 |
| <i>Deferred tax liabilities</i> | | | | |
| Other current assets | (257) | 28 | - | (229) |
| Property, plant and equipment | (64,637) | 17,823 | - | (46,814) |
| Non-current provisions for employee benefit | (2,744) | - | - | (2,744) |
| Finance lease liabilities | (5,317) | 564 | - | (4,753) |
| Total | (72,955) | 18,415 | - | (54,540) |

Unit : Thousand Baht

Separate financial statements

| | As at 1 January 2018 | (Charged) / Credited to: | | As at 31 December 2018 |
|--|-------------------------|--------------------------|----------------------------------|---------------------------|
| | | Profit or loss | Other comprehensive income | |
| <i>Deferred tax liabilities</i> | | | | |
| Property, plant and equipment | (28,536) | 17,384 | - | (11,152) |
| Non-current provisions for employee benefit | (2,744) | - | - | (2,744) |
| Total | (31,280) | 17,384 | - | (13,896) |

Deferred tax assets resulted from temporary differences which had not been recognized in the financial statements as at 31 December 2019 and 2018 are detailed below :

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------|-----------------------------------|------------------|-------------------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Deferred tax assets | | | | |
| - Temporary differences | 7,919,018 | 7,782,660 | 7,919,018 | 7,782,660 |
| - Tax losses | 303,712 | 497,730 | 303,712 | 497,730 |
| Net | 8,222,730 | 8,280,390 | 8,222,730 | 8,280,390 |

Unit : Thousand Baht

Tax losses of the companies in Thailand will expire in 2018 - 2023. Temporary differences do not expire under current tax legislation. The Group and the Company has not recognized deferred tax assets in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits therefrom or temporary differences will be reversed in the future.

19. Short-term borrowings from financial institution

As at 31 December 2019, the Group had unutilized credit facilities total amount of Baht 93 million and the Company had no credit facilities (2018 : Baht 122.5 million for the Group only and no credit facilities for the Company).

Short-term borrowings from PPC, a subsidiary are guaranteed by mortgaging land with its construction structured thereon and/in the future of the subsidiary. Bank overdrafts and short-term borrowings of WCE, a subsidiary are guaranteed by mortgaging land with its construction and transferring the privileges derived from assets insurance of such subsidiary, fixed deposit of subsidiary.

20. Trade accounts payable

Unit: Thousand Baht

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------|--------------------------------------|------------------|----------------------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Related parties (Note 6) | 402,440 | 14,168 | 487,647 | 33,139 |
| Other parties | 4,746,223 | 5,781,815 | 4,701,302 | 5,701,561 |
| Total | 5,148,663 | 5,795,983 | 5,188,949 | 5,734,700 |

Inventory under collateral management agreement

The Company entered into the collateral management agreements with two companies which are incorporated in Singapore and Japan. Under the terms of the agreements, the Company has to pay a partial deposit and the remainder when withdrawing inventory from the representative company. The Company retains all or a significant portion of the risks and rewards relating to the collateralised inventory. Inventory is stored in the warehouse facilities for which that counter party appoints a representative to act as the collateral manager. These transactions are treated as inventory under collateral management agreements and trade payable under collateral management agreements within the statement of financial position.

21. Other current liabilities

Unit : Thousand Baht

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|----------------|----------------------------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| Accrued expense | 134,926 | 130,178 | 125,607 | 121,144 |
| Other payables | 57,081 | 42,465 | 51,725 | 36,274 |
| Amounts received in advance from sales of goods | 38,196 | 103,437 | 25,149 | 68,394 |
| Others | 88,109 | 69,517 | 57,844 | 42,567 |
| Total | 318,312 | 345,597 | 260,325 | 268,379 |

22. Financial lease liabilities

The Group has machineries, equipment and vehicles under financial lease and hire-purchase as at 31 December 2019 and 2018 as detailed followings.

Unit : Thousand Baht

| Consolidated financial statements | | | | | | |
|--|---|--------------|--|---|----------------|--|
| | 2019 | | | 2018 | | |
| | Future value of minimum amount to be paid | Interest | Present value of minimum amount to be paid | Future value of minimum amount to be paid | Interest | Present value of minimum amount to be paid |
| Due within 1 year | 2,532 | (200) | 2,332 | 18,590 | (1,188) | 17,402 |
| Due after 1 year but less than 5 years | 1,906 | (103) | 1,803 | 4,438 | (307) | 4,131 |
| Total | 4,438 | (303) | 4,135 | 23,028 | (1,495) | 21,533 |

Unit : Thousand Baht

| Separate financial statements | | | | | | |
|--|---|-------------|--|---|--------------|--|
| | 2019 | | | 2018 | | |
| | Future value of minimum amount to be paid | Interest | Present value of minimum amount to be paid | Future value of minimum amount to be paid | Interest | Present value of minimum amount to be paid |
| Due within 1 year | 696 | (47) | 649 | 697 | (72) | 625 |
| Due after 1 year but less than 5 years | 697 | (17) | 680 | 1,393 | (68) | 1,325 |
| Total | 1,393 | (64) | 1,329 | 2,090 | (140) | 1,950 |

A subsidiary entered into resell and lease agreement for machineries and equipment total amount of Baht 58.9 million with the lease period of 5 years. Total machineries and equipment under resell and lease agreement had carrying value as at 31 December 2019 amount of Baht 1.5 million (2018, Baht 18.9 million).

23. Liabilities under Rehabilitation Plan

| | Consolidated financial | | Separate financial | |
|--|------------------------|-------------------|--------------------|-------------------|
| | statements | | statements | |
| | 2019 | 2018 | 2019 | 2018 |
| | | (Restated) | | (Restated) |
| <i>Current of liabilities</i> | | | | |
| The Creditor Class 1 | 812,991 | 812,991 | 812,991 | 812,991 |
| The Creditor Class 2 | 249,307 | 249,307 | 249,307 | 249,307 |
| The Creditor Class 3 | 77,676 | 65,157 | 77,676 | 65,157 |
| The Creditor Class 4 | 559,998 | 469,745 | 559,998 | 469,745 |
| The Creditor Class 5 | 31,611 | 26,517 | 31,611 | 26,517 |
| The Creditor Class 6 | 34,682 | 34,682 | 34,682 | 34,682 |
| The Creditor Class 7 | - | - | 7,991 | 7,991 |
| The Creditor Class 12 | 80 | 80 | 80 | 80 |
| Total | 1,766,345 | 1,618,299 | 1,774,336 | 1,626,290 |
| <i>Non-current of liabilities</i> | | | | |
| The Creditor Class 1 | 8,155,558 | 8,502,345 | 8,155,558 | 8,502,345 |
| The Creditor Class 2 | 14,792,240 | 15,001,367 | 14,792,240 | 15,001,367 |
| The Creditor Class 3 | 4,521,863 | 4,553,863 | 4,521,863 | 4,553,863 |
| The Creditor Class 4 | 25,688,490 | 26,887,844 | 25,688,490 | 26,887,844 |
| The Creditor Class 5 | 1,780,328 | 1,793,323 | 1,780,328 | 1,793,323 |
| The Creditor Class 6 | 273,386 | 308,068 | 273,386 | 308,068 |
| The Creditor Class 7 | 4,300 | 4,300 | 4,300 | 4,300 |
| The Creditor Class 12 | 10,664 | 10,744 | 10,664 | 10,744 |
| Total | 55,226,829 | 57,061,854 | 55,226,829 | 57,061,854 |
| Total liabilities under rehabilitation plan | 57,001,164 | 58,688,143 | 57,001,165 | 58,688,144 |

Unit : Thousand Baht

Movements of liabilities under rehabilitation plan for the year ended December 31, 2019 and 2018 are as follows :

Unit : Thousand Baht

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|-------------------|-------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| | | (Restated) | | (Restated) |
| As at 1 January | 58,688,144 | 62,264,564 | 58,688,144 | 62,264,564 |
| Repayments | (1,686,980) | (3,068,429) | (1,686,980) | (3,068,429) |
| Convert debt to capital (<i>notes 25 and 26</i>) | - | (500,000) | - | (500,000) |
| As at 31 December | 57,001,164 | 58,688,144 | 57,001,164 | 58,688,144 |

Liabilities under business rehabilitation of secured portion, detailed of security, land building and equipment as stated in notes 16 to financial statements.

In 2015, the major lender called for repayments immediately for the remained borrowings amount of USD 788 million and GBP 1 million respectively (equal to Baht 28,384 million and Baht 46 million respectively) and in Thai Baht 1.6 million with Sahaviriya steel Industry UK and subsequently, the major lender requested for the responsibility of the Company in being a guarantor for the debt amount. As a result, the Company could not maintained the financial ratio and did not made repayment of the matured principal and interest to the bank. The major lender called for repayment of total amounts immediately, caused to the Board of directors of the Company approved the Company to file the rehabilitation to the Central Bankruptcy Court on 1 October 2015 which resulted from the rehabilitation plan was approved by the Central Bankruptcy Court on 15 December 2016, long-term borrowings from financial institutions, provisions from being guarantor and other payables under rehabilitation plan with obligated interest are part of rehabilitation plan (see Note 23). The reclassified of such borrowings, provisions, and other payables under rehabilitation plan with obligated interest are conformed to the debts settlement as stipulated in the Plan. Accrued interest expenses under the plan are conformed to the debts settlement as stipulated in the Plan.

Liabilities under rehabilitation plan as at 31 December 2019 and 2018 classified by currency as follows:

| | Consolidated | | Unit : Thousand Baht Separate | |
|--------------|----------------------|-------------------|----------------------------------|-------------------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| | | (Restated) | | (Restated) |
| Baht | 30,752,676 | 24,315,204 | 30,752,676 | 24,315,204 |
| USD | 26,248,488 | 27,357,589 | 26,248,488 | 27,357,589 |
| Total | 57,001,164 | 58,688,144 | 57,001,164 | 58,688,144 |

In 2016, the Company calculated the future debt repayment under the new condition as at the date rehabilitation plan approved by the Court and the amount to be paid under the new condition is lower than the book value of debt. The Company, therefore, recorded the amount debt repayment by decreasing book value of debt and not recording interest expenses. The Company did not record gain on debt restructuring due to unable to define exact amount to be paid in the future.

As at 31 December 2019 and 2018, the Company has reviewed the amount of debt repayment in the future under the new condition. It was lower than book value of debt.

24. Non-current provisions for employee benefit

Unit : Thousand Baht

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------------|----------------------------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| <i>Statements of financial position as at 31 December</i> | | | | |
| Provisions in statements of financial position for: | | | | |
| Statutory severance pay | 338,177 | 187,971 | 288,355 | 156,658 |
| Other long-term employee benefits | 22,741 | 12,387 | 17,819 | 8,695 |
| Total | 360,918 | 200,358 | 306,174 | 165,353 |
| <i>For the year ended 31 December</i> | | | | |
| Statement of comprehensive income | | | | |
| Recognized in profit or loss: | | | | |
| Statutory severance pay | 40,011 | 13,905 | 26,498 | 15,167 |
| Other long-term employee benefits | 43,662 | 5,214 | 42,428 | 1,009 |
| Total | 83,673 | 19,119 | 68,927 | 16,176 |

Statutory Severance Pay

The Group and the Company operate defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

On 5 April 2019, new Labour Protection Act was published in the Royal Gazette which will become effective after 30 days from the date of its publication in the Royal Gazette onwards which determined the additional rate of severance pay in the case of termination of employment for a terminated employee who has worked for 20 consecutive years or more and shall be entitled to receive payment not less than the last rate of wages for 400 days. The Group and the Company have recorded the effects in accordance with new Labour Protection Act amount of Baht 49.7 million and Baht 40.7 million respectively.

The movement in the present value of the provisions for employee benefits for the year ended 31 December 2019 and 2018 were shown in the table below:

| | Consolidated | | Separate | |
|---|----------------------|----------|----------------------|---------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Provisions for employee benefits at 1 January | 200,358 | 192,019 | 165,353 | 159,047 |
| <i>Recognized in profit or loss:</i> | | | | |
| Current service costs and interest | 83,673 | 19,119 | 68,927 | 16,176 |
| Previous service cost | 79,621 | - | 72,700 | - |
| <i>Others</i> | | | | |
| Benefits paid by the plan | (2,734) | (10,780) | (806) | (9,870) |
| Provisions for employee benefits at 31 December | 360,918 | 200,358 | 306,174 | 165,353 |

Unit : Thousand Baht

Actuarial assumption

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

| | Consolidated | | Separate | |
|----------------------|----------------------|-------------|----------------------|------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Discount rate | 1.63-1.71 | 3.03 - 3.20 | 1.71 | 3.03 |
| Future salary growth | 5.62-7.02 | 5.59 - 6.64 | 7.02 | 6.59 |

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

Sensitivity analysis

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

| | Unit : Thousand Baht | | | |
|---|----------------------|----------|----------------------|----------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | Increase | Decrease | Increase | Decrease |
| Provisions for employee benefits | | | | |
| 31 December 2019 | | | | |
| Discount rate (0.5% movement) | (13,711) | 17,325 | (11,512) | 14,980 |
| Future salary growth (0.5% movement) | 14,639 | (11,426) | 12,616 | (9,512) |
| Employee turnover rate (1% movement) | (14,149) | (17,600) | (10,296) | 13,255 |

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.

25. Rehabilitation Plan

On 1 October 2015, the Board of the Company approved to file the petition for business rehabilitation to the Central Bankruptcy Court. Subsequent on 10 March 2016, the Central Bankruptcy Court has ordered the Company to rehabilitate the business and appointed the Company to be a planner ("the Planner") which announced in the Royal Gazette on 26 April 2016.

As at 15 September 2016, the Official Receiver arranged the creditors meeting for considering the plan and the creditors' meeting passed the special resolution to accept the rehabilitation plan (the Plan) and appointed three creditors to be the Board of creditors, consist of Siam Commercial Bank Public Company Limited, Krung Thai Bank Public Company Limited and Tisco Bank Public Company Limited.

As at 15 December 2016, the Central Bankruptcy Court has ordered to approve with the Plan which determined the Company to be a planner.

On 14 February 2017, a creditor filed to appeal the order to accept the Plan to the Court of Appeal for Specialized Cases in which has ordered to dismiss the motion. Such creditor file the dika petition to the Supreme Court. On 26 February 2019, the Supreme Court ordered not to permit the dika petition of the plaintiff.

The significant of rehabilitation plan which was ordered for approval by the Central Bankruptcy Court is as follows:

1. Classification of the creditor

The Business Rehabilitation Plan (the "Plan") has classified the creditors who filed applications for repayment of debts into 13 classes. The total debt claim in Baht denominator is Baht 33,849.9 million and in other currencies which include USD denominator of USD 990.9 million, GBP denominator of GBP 4.6 million and EUR denominator of EUR 0.1 million (computed in Baht denominator with the exchange rate as at 10 March 2016, the date that the Court issued Rehabilitation Order in which the exchange rate for USD 1 = Baht 35.4546, GBP 1 = Baht 50.5173 and EUR 1 = Baht 39.0923. Thus, the total debt claim is in Thai Baht equivalent of Baht 69,220.2 million). Detail is as follows:

| Class No. | Creditor | Total indebtedness amount equivalent to Thai Baht (in Thousand Baht) | | |
|-----------|---|--|------------------|-------------------|
| | | Principal | Interest | Total |
| 1 | Secured creditors | 9,780,633 | 8,764 | 9,789,397 |
| 2 | Financial institution creditors for the portions of debt claims that exceed the appraised value of the collateral | 12,468,299 | 2,271,120 | 14,739,419 |
| 3 | Financial institution creditors who are the joint creditors under the Debt Restructuring Agreement | 3,968,607 | 526,228 | 4,494,835 |
| 4 | Creditor of guarantee obligations for loan repayment | 28,006,355 | 1,865,495 | 29,871,850 |
| 5 | Suppliers of key raw materials | 1,592,058 | 172,264 | 1,764,322 |
| 6 | Government agencies and authorities | 177,397 | 204,022 | 381,419 |
| 7 | Related party creditors | 872,574 | 587 | 873,161 |
| 8 | Trade accounts payable | 15,110 | 387 | 15,497 |
| 9 | Creditor under the guarantee agreement | 3,545,460 | 224,786 | 3,770,246 |
| 10 | Creditor of contingent liabilities relating to guarantees | 1,185,026 | - | 1,185,026 |
| 11 | Creditor of fines and/or damages incurred in relation to defaults of contract | 279,391 | - | 279,391 |
| 12 | Creditor of professional fees under consultant agreements | 1,927,893 | 21,251 | 1,949,144 |
| 13 | Issuers of bank guarantees | 105,562 | 925 | 106,487 |
| | Total | 63,924,365 | 5,295,829 | 69,220,194 |

Remark: All creditors who filed applications for repayment of debts to the Official Receiver will receive payment under the terms and conditions set forth in the Plan when the Official Receiver, the Bankruptcy Court, or the Supreme Court (as applicable) issues a final order to validate the debt.

2. Capital Restructuring

On the date that the Court issued Rehabilitation Order, the Company had registered capital amount of Baht 50,263.7 million with the registered number of ordinary shares equivalent to 50,263.7 million shares at the par value of Baht 1 per share. The issued and paid up share capital was Baht 32,166.3 million and unissued share capital was Baht 18,097.4 million. The Plan Administrator will restructure the capital as follows :

2.1 *Decrease the unissued ordinary shares*

Within 90 days after the date the Court issues an order approving the Plan ("Court's Plan Approval Date"), the Company has to decrease the registered but unissued ordinary shares of 18,097.4 million shares. Such decrease will bring down the total value of the registered shares to be equivalent to the total value of issued and paid up shares at Baht 32,166.3 million comprising of 32,166.3 million ordinary shares at the par value of Baht 1 per share.

2.2 *Decrease the issued and paid up share capital by reducing the number of issued and paid up shares*

Within 90 days after the date the Court's Plan Approval Date, the Company has to decrease the registered share capital from Baht 32,166.3 million to approximately Baht 1,109 million by reducing the number of ordinary shares by applying the ratio of existing shares 29 shares to 1 share. After such reduction, the Company will have the total value of its registered and paid up shares equivalent to approximately Baht 1,109 million comprising of 1,109 million ordinary shares at the par value of Baht 1 per share.

2.3 *Increase the share capital by the 1st Debt to Equity Conversion*

Within 90 days after the date the Court's Plan Approval Date, the Company has to increase the total value registered and paid up shares by Baht 10,000 million by issuing ordinary shares at the amount of 10,000 million shares to be the reserve shares for debt to equity conversion for the creditor in class 2 and/or 3 and/or 4 in conformity with the conditions as stipulated in the Plan. The conversion will be Baht 0.05 per 1 share. After such execution, the Company will have the registered and paid up share capital of approximately Baht 11,109 million comprising of 11,109 issued and paid up ordinary shares at the par value of Baht 1 per share. Nonetheless, the timeframe for the decrease of unissued ordinary shares, the decrease of the issued and paid up share capital and the increase of the share capital by the 1st Debt to Equity Conversion may be extended for not more than 90 days.

2.4 *Increase of registered share capital for the 2nd Debt to Equity Conversion*

After the completion of the 1st Debt to Equity Conversion, in case where the creditor may proceed the 2nd Debt to Equity Conversion, their debt will be repaid by the Company's ordinary shares to be newly issued in conformity with the conditions as stipulated in the Plan. The Plan Administrator will have to increase the registered share capital and increase the issued and paid up share capital by issuing adequate number of ordinary shares at the par value of Baht 1 per share to be the reserve shares for the 2nd Debt to Equity Conversion of each and every creditor whose debt will be repaid by the 2nd Debt to Equity Conversion in conformity with the conditions as stipulated in the Plan. The conversion price per 1 share will be the market price per share (the market as of the date the creditor indicate their intention for the 2nd Debt to Equity Conversion; if there is not a market price, the conversion price will be Baht 0.05 per share). In the allocation of the increased ordinary shares for debt repayment to the creditor as per the aforementioned, the Company can consider to register the issued and paid up shares one or more times.

2.5 *Increase the share capital for debt to equity conversion for the creditor class 7, 9 and 12*

Under the principles of the debt repayment of this Plan, the Plan Administrator will have to increase the registered share capital and increase the issued and paid up share capital by issuing adequate number of ordinary shares at the par value of Baht 1 per share to be the reserve shares for the debt to equity conversion of the creditor class 7, 9 and 12 of the Plan. The conversion price will be Baht 0.05 per 1 share as stipulated in the Plan. In the allocation of the increased ordinary shares for debt repayment to the creditor as per the aforementioned, the Company can consider to register the issued and paid up shares one or more times.

3. **Debt repayment of each creditor class**

3.1 *Creditor Class 1 (Secured creditor)*

- 3.1.1 The outstanding principal of Baht 9,780.6 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly instalment payments (the 1st month commencing from the month after the month that the Court approves the Plan).
- 3.1.2 (a) From the date after the Court ordered the business rehabilitation to the Court's Plan approval date, the Creditor Class 1 will be entitled to receive interim interest on the outstanding principal at the rate of 7.5% per annum. Such interim interest will be accrued and paid in the 144th month.
- (b) From the date after the Court's Plan Approval Date until the date the total debt is paid in full, the Creditor Class 1 will be entitled to receive New Interest on the principal at the rate of MLR% per annum; nonetheless, the actual interest payment will be at the rate of 0.5%. The difference between the new interest and the actual interest ("deferred new interest Portion") will be accrued and paid in the 144th month.
- 3.1.3 In case the Company executes the 2nd Debt to Equity Conversion, the Creditor Class 1 will receive interest payment at the rate of MLR% per annum from the date after the 2nd Debt to Equity Conversion date.
- 3.1.4 After the Creditor Class 1 receives the repayment of debt in full as stipulated in the Plan which includes the prepayment of debt in full, or the Company has completed the 2nd Debt to Equity Conversion to the creditor who may convert their debt into shares in the 2nd Debt to Equity Conversion, the Creditor Class 1 agrees to waive the interim interest and the deferred new interest portion by 50% of such interim interest and the deferred new Interest Portion
- 3.1.5 With regards to the outstanding interest of Baht 8.8 million, the remaining interim interest and the remaining deferred new Interest Portion from clause 3.1.4, the Creditor Class 1 will be repaid in the 144th month. However, if the Company repays the principals of the Creditor Class 2, 3, 4 and 5 in full in any year, the Company will pay the outstanding interest, the remaining interim interest and the remaining Deferred New Interest Portion to the Creditor Class 1 in the same year.

- 3.1.6 Moreover, during the plan administration period, the Creditor Class 1 who has collaterals which are the shares owned by the Company, can opt to receive the repayment of its outstanding principle and interest in full by transferring the share collaterals to offset such amount. In this event, such Creditor agrees to immediately waive the interim interest and the deferred new interest portion in full on the closing date of the transfer of shares.

3.2 Creditors, Class 2, 3, 4 and 5

- 3.2.1 Creditor Class 2 (Financial institution creditors for the portions of debt claims that exceed the appraised value of the collateral). The outstanding principal of Baht 2,319.2 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly instalment payments (the 1st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 10,149.1 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash.
- 3.2.2 Creditor Class 3 (Financial institution creditors who are the joint creditors under the Loan Rescheduling Agreement). The outstanding principal of Baht 722.6 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly instalment payments (the 1st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 3,246.0 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash.
- 3.2.3 Creditor Class 4 (Creditor of guarantee obligations for loan repayment). The outstanding principal of Baht 5,209.4 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly instalment payments (the 1st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 22,796.9 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash.
- 3.2.4 Creditor Class 5 (Suppliers of key raw materials). The outstanding principal of Baht 291.7 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly installment payments (the 1st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 1,300.3 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash. However, if the creditor in Class 5 have debt payable to the Company, the Plan Administrator must set off the repayment against such debt payable before repaying the installment payment.
- 3.2.5 From the date after the Court ordered the business rehabilitation to the Court's Plan Approval Date, the Creditor Classes 2, 3, 4 and 5 will be entitled to receive interim interest on the outstanding principal. Such interim interest will be accrued and paid in the 144th month. In addition, from the date after the Court's Plan Approval Date until the date the total debt is paid in full, the Creditor Classes 2, 3, 4 and 5 will be entitled to receive new interest at the rate on the principals as follow:

| | |
|---------------------------|-----------------|
| 1st Month – 60th Month | 1.00% per annum |
| 61st Month – 84th Month | 1.75% per annum |
| 85th Month – 96th Month | 2.00% per annum |
| 97th Month – 108th Month | 2.25% per annum |
| 109th Month – 120th Month | 2.50% per annum |
| 121st Month – 144th Month | 2.75% per annum |

In this regards, the creditor will receive actual interest payment at the rate of 0.1% per annum. The deferred new interest portion, which is the difference between the new interest and the actual interest, will be accrued and paid in the 144th month.

3.2.6 The Creditor Classes 2 and 4 will receive partial principal repayment by the Company's ordinary shares. The Creditor Class 3 has the right to receive partial principal repayment by the Company's ordinary shares under the 1st Debt to Equity Conversion as stipulated in the Plan.

3.2.7 The Creditor Classes 2, 3, 4 and 5 have the right to notify the Company of their intention to receive principal repayments by Company's ordinary shares under the 2nd Debt to Equity Conversion as stipulated in the Plan.

3.2.8 In case the Company executes the 2nd Debt to Equity Conversion, if there are remaining outstanding principals, the interest computed and actually paid from the date after the 2nd Debt to Equity Conversion date until the date the creditor's principals are fully paid will be MLR% per annum for Creditor Classes 2, 3 and 5, and LIBOR+4.5% per annum for Creditor Class 4.

3.2.9 The creditor Classes 2, 3, 4 and 5 agree to waive the entire amount of outstanding interests of Baht 2,271.1 million, Baht 526.2 million, Baht 1,865.5 million and 172.3 million accordingly, as well as the entire interim interests and the deferred new interest portions after their principals have been paid in full as stipulated in the Plan which include the prepayment of debt in full, or have been converted to equity in the 2nd Debt to Equity Conversion as stipulated in the Plan.

3.2.10 The debt of the Creditor Class 4 is the right to claim on the Company in the capacity of the guarantors of Sahaviriya Steel Industries UK Limited ("SSI UK"). Therefore, in case the creditor in Class 4 receive debt repayment from the liquidation process of SSI UK at whichever amount, their right to receive repayment from the Company as stipulated in the Plan will be decreased at same amount by reducing the installment repayment of the principals of the Creditor Class 4 in inverse order.

3.3 *Creditor Class 6 (Government agencies and authorities)*

3.3.1 The outstanding principal of Baht 177.4 million will be repaid from cash flow for debt repayment. The creditor will be paid for 60 monthly installment payments (the 1st month commencing from the month after the month that the Court approves the Plan).

3.3.2 Any other debt owed to the Creditor Class 6 including the penalty and surcharge of Baht 204.0 million, outstanding interest, defaulted interest, fines, statutory costs, expenses and others incurred from contracts and/or law whose repayments have not been stipulated in this Plan will be immediately waived for the entire amount after the completion of the debt repayment to such Creditor under the Plan.

3.4 *Creditor Class 7 (Related party creditors)*

3.4.1 The outstanding principal of Baht 872.6 million will be repaid by the increase in the Company's ordinary shares with the conversion price at Baht 0.05 per share within the last working day of the 84th month (the 1st month commencing from the month after the month that the Court approves the Plan). If, however, within such period of

time, any Creditor in Class 7 has yet received the final judgment of its debt claim, the Plan Administrator must increase the Company's registered ordinary shares in advance to be the reserve shares for the debt to equity conversion of the Creditor Class 7 and increase the number of issued and paid up shares after the final judgment of the debt claim is issued.

- 3.4.2 Any other debt owed to the Creditor Class 7 including the outstanding interest of Baht 0.6 million defaulted interest, fines, penalty, surcharge, statutory costs, expenses and others incurred from contracts and/or law whose repayments have not been stipulated in this Plan will be immediately waived for the entire amount after the completion of the debt repayment to such creditor under the Plan.

3.5 *Creditor Class 8 (Trade creditor)*

The debt owed to the Creditor Class 8 including the outstanding principal of Baht 15.1 million, each creditor will receive the debt settlement from cash inflow for debt settlement in the normal course of business.

3.6 *Creditor Class 9 (Creditor under the guarantee agreement)*

- 3.6.1 The debt of the Creditor Class 9 comprises of the outstanding principal of Baht 3,545.5 million and the outstanding interest of Baht 224.8 million. Such debt will be repaid as stipulated in the Plan when the Creditor in Class 9 in the capacity of the joint guarantor pays the principal debt on behalf of SSI UK and the principal debt of such principal creditors as per the Senior Facilities Agreement dated 16 March 2011 (and the subsequent amendments) must be already repaid in full.
- 3.6.2 The right to claim of the Creditor Class 9 will be equal to half of the amount that the Creditor Class 9 in the capacity of the joint guarantor pays to the principal creditors.
- 3.6.3 In case the Creditor Class 9 and the Company in the capacity of the joint guarantors have individually paid the principal debt to the principal creditors in accordance with such joint guarantee agreement, the Plan Administrator must set off the amount before proceeding to the debt to equity conversion for the Creditor Class 9.
- 3.6.4 The remaining outstanding principal after the offset will be repaid by the Company's ordinary shares to be newly issued with the conversion price at Baht 0.05 per share within 180 days after the date the Creditor in Class 9 submits evidences of the debt repayment to the Plan Administrator.
- 3.6.5 The Plan Administrator will negotiate with the Creditor Class 9 to make an agreement between the Company and the Creditor to reduce the debt and to waive the right of recourse with one another in order to decrease the debt burden or to waive the debt payment to each other.
- 3.6.6 Any other debt owed to the Creditor Class 9 including the outstanding interest, defaulted interest, fines, penalty, surcharge, statutory costs, expenses and others incurred from contracts and/or law whose repayments have not been stipulated in this Plan will be immediately waived for the entire amount after the completion of the debt repayment to such creditor under the Plan.

3.7 *Creditor Class 10 (Creditor of contingent liabilities relating to guarantees)*

- 3.7.1 The debt of the Creditor Class 10 comprises of the outstanding principal of Baht 1,185.0 million which is contingent liability and has not been crystalized under the guarantee by the Company for SSI UK for the damages that the Creditor Class 10 may obtain or be claimed by the third party for environmental damages in relation to the Sale and Purchase Agreement and the delivery of goods per related contracts. Therefore, the Creditor Class 10 will be repaid as stipulated in the Plan only after the final judgment of their debt claims are issued and the third party, such as a governmental agency in England or a person entitled to claim, has demanded the Creditor Class 10 to pay for the damages. After the Creditor in Class 10 has already paid for such damages and submitted trustworthy evidences together with other true concerning documents to prove to the Plan Administrator that it verily pays the damages will the Creditor be paid as stipulated in the Plan.
- 3.7.2 The outstanding principal of Baht 220.4 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly installment payments (the 1st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 964.6 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash.
- 3.7.3 From the date after the final judgment of the debt claim is issued and the Creditor Class 10 has already paid for such damages and submitted trustworthy evidences together with other true concerning documents to prove to the Plan Administrator that it verily pays the damages until the date the total debt is paid in full, the Creditor Class 10 will be entitled to receive new interest at the rate on the principal as specified in point 3.2.5. In this regards, the creditor will receive actual interest payment at the rate of 0.1% per annum. The deferred new interest portion which is the difference between the new interest and the actual interest, will be accrued and paid in the 144th month.
- 3.7.4 The Creditor Class 10 has the right to notify the Company of its intention to receive principal repayment by Company's ordinary shares under the 2nd Debt to Equity Conversion as stipulated in the Plan. However, if the Company has proceeded the 2nd Debt to Equity Conversion to other creditor before the Creditor Class 10 receives the final judgment and pays for any damages in accordance with the Sale and Purchase Agreement and concerning contracts to such third party, the Plan Administrator has the authority to increase the Company's registered ordinary shares in advance to be the reserve shares for the debt to equity conversion of the Creditor Class 10 and will increase the number of issued and paid up shares after the final judgment of the debt claim is issued and the Creditor has submitted trustworthy evidences together with other true concerning documents to prove to the Plan Administrator that the creditor had verily paid such damages.
- 3.7.5 In case the Creditor Class 10 receives the Company's ordinary shares from the 2nd Debt to Equity Conversion, if there are remaining outstanding principals, the interest computed and actually paid from such date until the date the creditor' principals are fully paid will be LIBOR+4.5% per annum.
- 3.7.6 The Creditor Class 10 agrees to waive the entire amount of outstanding interest after their principals have been paid in full as stipulated in the Plan which includes the prepayment of debt in full, or have been converted to equity in the 2nd Debt to Equity Conversion as stipulated in the Plan.

3.8 *Creditor Class 11 (Creditor of fines and/or damages incurred in relation to defaults of contract)*

- 3.8.1 The outstanding principal of Baht 52.0 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly instalment payments (the 1st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 227.4 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash.
- 3.8.2 From the date after the final judgment of the debt claim is issued until the date the total debt is paid in full, the Creditor Class 11 will be entitled to receive new interest at the rate on the principal as specified in clause 3.2.5. In this regards, the creditor will receive actual interest payment at the rate of 0.1% per annum. The deferred new interest portion which is the difference between the new interest and the actual interest, will be accrued and paid in the 144th month.
- 3.8.3 The Creditor Class 11 has the right to notify the Company of its intention to receive principal repayment by Company's ordinary shares under the 2nd Debt to Equity Conversion as stipulated in the Plan. However, if the Company has proceeded the 2nd Debt to Equity Conversion to other creditor before the Creditor Class 11 receives the final judgment of its claim, the Plan Administrator has the authority to increase the Company's registered ordinary shares in advance to be the reserve shares for the debt to equity conversion of the Creditor Class 11 and will increase the number of issued and paid up shares after the final judgment of the debt claim.
- 3.8.4 In case the Creditor Class 11 receives the Company's ordinary shares from the 2nd Debt to Equity Conversion, if there are remaining outstanding principals, the interest computed and actually paid from such date until the date the creditor's principals are fully paid will be MLR% per annum.
- 3.8.5 The Creditor Class 11 agrees to waive the entire amount of outstanding interest after their principals have been paid in full as stipulated in the Plan which includes the prepayment of debt in full, or have been converted to equity in the 2nd Debt to Equity Conversion as stipulated in the Plan.

3.9 *Creditor Class 12 (creditor of professional fees under consultant agreements)*

- 3.9.1 The outstanding principal of Baht 188.0 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly installment payments (the 1st month commencing from the month after the month that the Court approves the Plan). However, the Company will repay the debt to any Creditor in Class 12 only after the Creditor has already obtained the final judgment of its debt claim.
- 3.9.2 The outstanding principal of Baht 776.0 million will be repaid by the increase in the Company's ordinary shares with the conversion price at Baht 0.05 per share within the last working day of the 84th month (the 1st month commencing from the month after the month that the Court approves the Plan). If, however, within such period of time, any Creditor in Class 12 has yet received the final judgment of its debt claim, the Plan Administrator must increase the Company's registered ordinary shares in advance to be the reserve shares for the debt to equity conversion of the Creditor Class 12 and increase the number of issued and paid up shares after the final judgment of the debt claim is issued.

- 3.9.3 The remaining outstanding principal of Baht 963.9 million including the outstanding interest of Baht 21.3 million, defaulted interest, fines, penalty, surcharge, statutory costs, expenses and others incurred from contracts and/or law whose repayments have not been stipulated in this Plan will be immediately waived for the entire amount after the completion of the debt repayment to such creditor under the Plan.

3.10 *Creditor Class 13 (Issuers of bank guarantees)*

The Creditor in this Class is the Creditor who issued letter of guarantees to the Company to guarantee for the Company's debt. This Creditor will not be affected by the debt restructuring under this Plan because the obligation as per the letter of guarantees has yet been due. Nonetheless, the Creditor will receive the payments for fees and other expenses in relation to the original contracts and agreements

4. **Collection from related companies receivable**

B.S. Metal Co., Ltd. and Sahaviriya Panich Corporation Co., Ltd. have the outstanding debt with the Company and the collection from both receivables is the part of cash flows to be taken to settle to creditors under rehabilitation plan. Therefore, during the performance in accordance with the rehabilitation plan, the Company dealt with B.S Metal Co., Ltd., Sahaviriya Panich Corporation Co., Ltd. and related companies on the basis and methodology as follow:

- 4.1 If both receivables still deal with the Company that the Company gradually reduced the outstanding current trade accounts to both receivable. In the goods purchasing order from the Company that new goods will be delivered not exceed 95% of the amount payment in that period and the Company has to take total receipt of the goods payment to settle the existing debt.
- 4.2 As per No. 4.1, both receivable have to settle the existing debts or goods ordered in each time by cash payment before the date of goods delivery.
- 4.3 The Company has to follow up the debt settlement from both receivables by computing the amounts between new goods valuation and goods price to be settled for the existing debt or the amounts which the receivable gradually settled debt (if there is no trading).
- 4.4 Amounts of debt settlement which both receivable computed as per No. 4.3 not less than the amount of Baht 300 million per annum and both receivables have to make total outstanding debt settlement (the existing and new debt) to the Company within 7 years from 2017 onwards. In 2019, all outstanding debt is not exceeding than Baht 2,640.0 million and at the end of 2021 the outstanding debt balance (the existing and new debt) will not exceed than Baht 1,760.0 million.
- 4.5 If the receivables do not make payment as time determined in No. 4.2, the goods delivery to received is suspended.
- 4.6 If the Company is unable to collect the outstanding debt from B.S. Metal Co., Ltd. and Sahaviriya Panich Corporation Co., Ltd. as determined in No. 4.4 above and the Board of creditor informed the Company by notice for such defaulting and caused to be the default as determined in the rehabilitation plan.

5. The success of the Plan

When the events as stipulated in paragraph 5.1 and 5.2 or the events as stipulated in paragraph 5.1 and 5.3 have occurred, and the consent from the Committee of the creditor has been sought, it is deemed that the business rehabilitation is successful.

- 5.1 The Company has repaid the outstanding principal to every Creditor as stipulated in the Plan in the amount not less than 25% of the outstanding principal that the Company has to pay under the Plan, and
- 5.2 The Company has secured new funding from an investor(s) to repay debt such that the shareholders' equity of the Company becomes positive, or
- 5.3 Debt to equity conversion as stipulated in the Plan has been executed such that the shareholders' equity of the Company becomes positive.

Progress of implementation of the Plan

Capital restructuring

On 23 December 2016, the Company filed a petition for an amendment of the Memorandum of Association to decrease the unissued ordinary shares. The Court granted permission, on 22 February 2017, to amend the Memorandum of Association to cancel the unissued 18,097,401,000 ordinary shares at par value of Baht 1 each. The decrease of share registered capital resulted to the decreasing from Baht 50,263.7 million to Baht 32,166.3 million. The Company has registered the decrease share capital with the Ministry of Commerce on 1 March 2017.

On 19 April 2017, the Company filed the petition to the Central Bankruptcy Court for amendment the Memorandum of Association of the Company for decreasing share capital and on 26 April 2017, the Court ordered the Company to amend the Memorandum of Association to be 31,053,243,844 ordinary shares by decreasing share capital from Baht 32,166.3 million to Baht 1,113.0 million. The Company has registered the decrease share capital with the Ministry of Commerce on 13 July 2017.

On 24 July 2017, the Company filed the petition to the Central Bankruptcy Court for amendment the Memorandum of Association of the Company for increasing share capital for conversion debt to equity No. 1 and on 21 September 2017, the Court has ordered to approve the amendment of memorandum of association for increasing share capital 10,000,000,000 shares at par value of Baht 1 each. As a result, the Company has the increase share capital from Baht 1,113.0 million to Baht 11,113.0 million. The Company has registered the decrease share capital with the Ministry of Commerce on 19 October 2017.

The Company converted debt to equity No. 1 to the creditors as determined in the Plan by issuing new 10,000,000,000 ordinary shares at par value of Baht 1 each to 4 creditors who expressed their wishes at the price of Baht 0.05 per share, amounting to Baht 500 million. The Company has filed the amendment of the Memorandum of Association on 28 March 2018.

Application of debt repayment of creditors

One of the creditors in the Creditor class 12 of rehabilitation plan who to file the application for repayment of debts, as at 25 March 2019 there is the order of the Official Receiver to dismiss the application for receiving debt settlement of such creditor. Subsequently, such creditor filed extends the time request for disputation of which Central Bankruptcy Court. Then on 23 September 2019, the creditor file application to the Court to change the order of the Official Receiver. The Court will examine the witnesses of such creditor and objector on 4 and 5 March 2020, total debt claiming which comprise principle and interest under rehabilitation plan amounted to Baht 1,928.7 million.

The Creditor Class 7

On 1 February 2016, the Company's director, lender under loan agreement amount of Baht 637 million, a loan creditor entered into sell and buy agreement and transferred the right on claiming to Sahaviriya Plate Mill Public Company Limited in the amount of Baht 413.7 million and B.S. Metal Co., Ltd. in the amount of Baht 223.3 million. In 2015, Sahaviriya Plate Mill Public Company Limited taken the debt amounts from transfer the right on claiming to offset with trade and other receivables with the Company and resulting to the Company has to record payables with the amount to be repaid to Sahaviriya Plate Mill Public Company Limited amount of Baht 4.3 million and in 2017, B.S. Metal Co., Ltd. taken the debt amount from transfer the right on claiming to offset with trade accounts receivable with the Company in the amount of Baht 223.3 million. Later on, the Company's management withdrew the repayment request. The request was authorized by the official custodian, hence, Sahaviriya Plate Mill Public Company Limited received the repayment of Baht 4.3 million from B.S. Metal Co., Ltd.

The Creditor Class 9

One of the creditor class 9 is the Company management who requested the Company to repay principal and interest, totaling of USD 100 Million and USD 6.3 Million, respectively. Later on 31 October 2016, the Official Receiver dismissed the stated request. Subsequently, on 19 January 2017, the Board of Directors' meeting of the Company passed the resolution approving the Company to prepare an agreement for a waiver of their right of recourse with one another, in respect to the joint guarantee of the Revolving Facility B Loan of SSI UK. The Company assigned the audit committee to review and agree the agreement details and condition. Details of the agreement had been considered in the Audit Committee's meeting on 27 January 2017 which is considered a related transaction.

The Creditor Class 10

One of the creditor class 10 requested the Company to repay debt, totaling of USD 31 million respectively. Subsequently, on 23 April 2018, the Official Receiver ordered the Company to repay this creditor class 10, totaling of USD 31 Million, under the condition that the environment damages incurred and conformed to the environment responsibility condition under the trading of integrated still mill and steel trading agreement dated 24 February 2011. The Company has already disclosed the contingent liability in the Note 33 to financial statements.

The Creditor Class 11

As at 28 September 2016, one of the creditor class 11 filed a wrongful dismissal claim of Official Receiver, total amount of Baht 279 million to the Central Bankruptcy Court. Subsequently on 8 March 2017, this creditor class 11 withdrew such claim.

The Company has not recorded liabilities since the management considered that there is uncertainty and possibly in loss of economic benefit for such debts settlement.

In 2019, the Company has settle debt to the creditors under the Plan for the principal amount of Baht 1,640.8 million and interest amount of Baht 72.17 million, totally Baht 1,713.0 million.

In 2018, the Company has settle debt to the creditors under the Plan for the principal amount of Baht 1,625.9 million and from cash inflows surplus amount of Baht 1,401.6 million and from conversion of debt to equity amount of Baht 500 million, total principal under the plan amount of Baht 3,527.5 million and interest amount of Baht 80.3 million, totally Baht 3,607.8 million.

The Company's debtors, B.S. Metal Co., Ltd. or Sahaviriya Panich Corporation Co., Ltd. suffered the financial trouble and lack of liquidity from the normal business operation or due to unfavorable business conditions, resulted to such receivables could not settle debt to the Company.

The debtors receivables, B.S. Metal Co., Ltd. or Sahaviriya Panich Corporation Co., Ltd. has favour financial status or liquidity but debtors did not pay the outstanding debt to the Company and the company followed up the claim, including any necessary legal proceedings. For example, it the attorney has already issued a letter for requesting or suspending a transaction temporality.

Collection from related companies receivable

In accordance with rehabilitation plan, the Company must follow up debt of B.S. Metal Co., Ltd. and Sahaviriya Panich Corporation Co., Ltd. not less than the amount of Baht 300 million per annum to be completed within 7 years from the year 2017 onwards and in 2019 both debtors must make total outstanding debt settled (the existing and new debt is not exceeding than Baht 2,640 million). However as at 31 December 2019, the outstanding debt of both companies combined is Baht 3,580 million but the Company has performed the debt follow up process, hence not in default.

In 2019 receivable outstanding of two related companies is Baht 3,580 million. The Company collected repayment in 2019 by amount of Baht 118.9 million. The Company have fully set up allowance for doubtful accounts of such receivables. This action is not complied with the Rehabilitation plan under No. 23 (4.4). However, the incident is not the cause of default because the Creditor committee not yet notice for such defaulting. During 2018, the Company has sent notice to follow up debt by 3 times. Currently, the Company still follow up for collection and negotiate the repayment condition.

26. Share capital

Movements of share capital for the year ended 31 December 2019 and 2018 are as follows:

| | Par value per share (in Baht) | 2019 | | 2018 | |
|---------------------------|---|--------------------|------------------|--------------------|--------------------|
| | | Number | Amount | Number | Amount |
| | | Thousand shares | Thousand Baht | Thousand shares | Thousand shares |
| | | | | | |
| <i>Authorized</i> | | | | | |
| ordinary shares | | | | | |
| As at 1 January | 1 | 11,113,018 | 11,113,018 | 11,113,018 | 11,113,018 |
| Share increase | 1 | - | - | - | - |
| As at 31 December | 1 | 11,113,018 | 11,113,018 | 11,113,018 | 11,113,018 |
| | | | | | |
| <i>Issued and paid-up</i> | | | | | |
| ordinary shares | | | | | |
| As at 1 January | | 11,113,018 | 11,113,018 | 1,113,018 | 1,113,018 |
| Share increase | | - | - | 10,000,000 | 10,000,000 |
| As at 31 December | 1 | 11,113,018 | 11,113,018 | 11,113,018 | 11,113,018 |

Increase in ordinary shares

On 28 March 2018, the Company has converted debt to equity No. 1 to the creditors as determined in the Plan by issuing new 10,000,000,000 ordinary shares at the par value of Baht 1 each to 4 creditors who expressed their wishes at the price of Baht 0.05 per share, amounting to Baht 500 million and the Company has filed the amendment of Memorandum of Association with the Ministry of Commerce.

Thus the abovementioned decrease and increase share capital must be complied with the stipulation in the Plan.

Transactions effected from decrease share capital

Moments of capital and reserves are presented in statements of changes in shareholders' equity.

Share discount on ordinary shares

| | Unit : Thousand Baht |
|------------------------|----------------------|
| As at 1 January 2019 | (9,500,000) |
| Increase | - |
| As at 31 December 2019 | <u>(9,500,000)</u> |

27. Segment information

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment

| | |
|-----------|---------------------------------|
| Segment 1 | Manufacture of hot rolled coils |
| Segment 2 | Maintenance services |
| Segment 3 | Deep-sea port services |

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

Information about reportable segments

Information about segment income and profit for the year ended 31 December 2019 and 2018 are as follows:

| | Manufacture of hot rolled coils | | | | Maintenance services | | Deep-sea port services | | Elimination | | Total segment | |
|--|------------------------------------|------------|---------|---------|----------------------|-----------|------------------------|------------|-------------|------------|---------------|------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | | (Restated) | | | | | | (Restated) | | (Restated) | | (Restated) |
| External revenue | 24,662,945 | 30,864,280 | 339,526 | 355,403 | 196,928 | 208,470 | - | - | 25,199,399 | 31,428,153 | | |
| Inter-segment revenue | - | - | 359,389 | 343,771 | 64,154 | 71,587 | (423,543) | (415,358) | - | - | | |
| Segment profit (loss) before income tax | (2,398,675) | 960,989 | 52,807 | 49,654 | 73,853 | 95,388 | 524,383 | (193,025) | (1,747,632) | 913,006 | | |
| Reportable segment assets as at 31 December | 20,708,779 | 25,199,347 | 388,718 | 390,932 | 1,255,695 | 1,286,352 | (465,437) | (967,761) | 21,887,754 | 25,908,870 | | |
| Reportable segment liabilities as at 31 December | 63,003,581 | 65,022,402 | 222,068 | 262,572 | 61,584 | 58,846 | (141,277) | (77,303) | 63,145,956 | 65,266,517 | | |

Unit : Thousand Baht

Geographical segments

- Segment 1 - is managed and operates manufacturing facilities and sales offices in Thailand
- Segment 2 and 3 - operate principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Geographical information

| | Unit : Thousand Baht | |
|----------|----------------------|-------------------|
| | 2019 | 2018 |
| Income | | |
| Domestic | 25,171,934 | 31,268,714 |
| Overseas | 27,465 | 159,439 |
| Total | <u>25,199,399</u> | <u>31,428,153</u> |

Major customer

For the year ended 31 December 2019, revenues from 3 customers of the Group's segment 1 represent approximately Baht 11,013 million (2018: 3 customers amounted to Baht 12,036 million).

28. Expenses by nature

| | Consolidated | | Separate | |
|--|----------------------|------------|----------------------|------------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Changes in inventories of finished goods and work in progress | 914,725 | (92,349) | 918,902 | (96,997) |
| Raw materials and consumables used | 22,215,507 | 27,539,690 | 21,991,379 | 27,253,521 |
| Employee benefit expenses | 1,109,860 | 933,999 | 783,968 | 672,400 |
| Fuel oil and electrical expenses | 660,322 | 694,714 | 651,651 | 688,167 |
| Depreciation and amortization | 723,033 | 746,090 | 617,842 | 638,009 |
| Maintenance expenses | 282,806 | 311,320 | 277,143 | 306,795 |
| Transportation expenses | 467,061 | 505,199 | 467,061 | 505,199 |
| Professional fee | 290,990 | 142,008 | 159,221 | 122,605 |
| Minimum lease payments recognized as an operating lease expenses | 46,981 | 35,143 | 35,313 | 29,651 |
| Bad debt and doubtful accounts | 843,311 | 4,547 | 843,311 | 4,547 |
| Advertising and public relation expenses | 14,626 | 16,003 | 14,626 | 16,003 |
| Penalties | 911 | 8,125 | 911 | 8,125 |
| Loss on devaluation of inventories | 35,404 | 431,971 | 35,404 | 431,971 |
| Loss on onerous contracts (reversal) | (1,073) | 382 | (1,073) | 382 |
| Loss on impairment of intangible assets | - | 95,475 | - | 95,475 |
| Loss on impairment of investments in joint venture | - | - | 530,887 | - |

Unit : Thousand Baht

29. Income tax

Income tax recognized in profit or loss

| | Consolidated | | Unit : Thousand Baht | |
|------------------------------------|----------------------|----------|----------------------|--------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Current income tax | | | | |
| Current year | (36,904) | (21,872) | - | - |
| Deferred tax expense | | | | |
| Movements in temporary differences | 7,560 | 8,552 | (3,116) | 17,384 |
| Total tax (expense) income | (29,344) | (13,320) | (3,116) | 17,384 |

Reconciliation of effective tax rate

| | Unit : Thousand Baht | | | |
|---|-----------------------------------|-------------|----------|-----------|
| | Consolidated financial statements | | | |
| | 2019 | | 2018 | |
| | Tax rate | Amount | Tax rate | Amount |
| | (%) | | (%) | |
| Gain (loss) before income tax | | (1,747,632) | | 913,006 |
| Income tax using the Thai corporation tax rate | 20 | (349,526) | 20 | 182,601 |
| Income not subject to tax | | (15,515) | | (39,716) |
| Expenses not deductible for tax purposes | | 480,830 | | 45,143 |
| Double taxable expenses | | (4,593) | | (287) |
| Unrecognised deferred tax assets and deferred tax liabilities during the year | | 7,442 | | 2,023 |
| Under tax provided in prior year, (lower) over | | 3,668 | | (164) |
| Tax loss | | (151,650) | | (202,920) |
| Total | - | (29,344) | - | (13,320) |

Unit : Thousand Baht

| | Separate financial statements | | | |
|---|-------------------------------|------------------|----------|----------------|
| | 2019 | | 2018 | |
| | Tax rate | Amount | Tax rate | Amount |
| | (%) | | (%) | |
| Gain (loss) before income tax expense | | (740,395) | | 288,643 |
| Income tax using the Thai corporation tax rate | 20 | (479,735) | 20 | 192,198 |
| Income not subject to tax | | (13,511) | | (27,211) |
| Expenses not deductible for tax purposes | | 583,184 | | 30,491 |
| Unrecognised deferred tax assets and deferred tax liabilities during the year | | 7,442 | | 17,384 |
| Tax losses | | (100,496) | | (195,478) |
| Total | - | (3,116) | - | 17,384 |

Income tax recognition depends on the best estimates of the management in respect of the weighted average of tax rate for the year which expected for the period, using revenues before interim income tax, effective rate of the Group. The Company has the effects from these factors as following:

- Taxable losses and temporary differences incurred during the period which deferred tax assets were not recorded since the management deems that there is no direction to utilize the future taxable profit.
- Certain net profit of the Group incurred from the promoted business activities that net profit of such activities were exempted from income tax.
- Losses of some subsidiaries of the Group cannot be netted with profit of other subsidiaries in income tax calculation.

30. Earnings (loss) per share

Basic earnings (loss) per share

The calculations of basic earnings per share for the period were based on the profit for the period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period

For the year ended 31 December 2019 and 2018 as follows:

| | Consolidated | | Separate | |
|---|----------------------|------------|----------------------|------------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| | | (Restated) | | (Restated) |
| Profit (Loss) for the year attributable to ordinary shareholders of the Company (Thousand Baht) | (1,802,878) | 866,652 | (2,401,791) | 978,373 |
| Number of ordinary shares issued as at 1 January | 11,113,018 | 1,113,018 | 11,113,018 | 1,113,018 |
| Effects of shares issued during the year | - | 7,616,438 | - | 7,616,438 |
| Weighted average number of ordinary shares outstanding (basic) (Thousand shares) | 11,113,018 | 8,729,456 | 11,113,018 | 8,729,456 |
| Basic earnings (loss) per share (Baht) | (0.16) | 0.10 | (0.22) | 0.11 |

31. Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to (1) the manufacture of hot rolled coils and hot rolled pickled and oiled coils (2) the provision of marine shipping services (3) the provision of high-powered tug boat services (4) the manufacture of industrial machinery and equipment, mechanical parts, and the repair and improvement of industrial machinery and equipment and steel structures for industrial use.

The privileges granted include:

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of import duty on essential raw materials and supplies imported;
- (c) exemption from payment of income tax for sales of hot rolled coils and hot rolled pickled and oiled coils, to the extent that the amount sold does not exceed 1.6 million tons a year, for a period of 8 years from the date on which the income is first derived from such operations (13 May 2004)

- (d) exemption from payment of income tax on net income from the provision of marine shipping services, for a period of 8 years from the date on which the income is first derived from such operations (14 November 2006) to the extent that the amount of tax exempted does not exceed 100 percent of the total investment made, excluding the price of land and working capital. The amount of income tax exempted thus must not exceed Baht 1,146 million, and such cap is to be adjusted according to the actual capital investment (excluding land cost and working capital) as of the started date operation of the project commences. In addition, the privilege also includes an exemption from payment of import duty on machinery approved by the Board;
- (e) exemption from payment of income tax on net income from the provision of high-powered tug boat services, for a period of 8 years from the date on which the income is first derived from such operations (4 July 2012) to the extent that the amount of tax exempted does not exceed 100 percent of the total investment made, excluding the price of land and working capital. The amount of income tax exempted thus must not exceed Bath 300 million, and such cap is to be adjusted according to the actual capital investment (excluding land cost and working capital) as of the started date operation of the project commences; and
- (f) exemption from payment of income tax on net income from manufacture of industrial machinery and equipment, mechanical parts, and the repair and improvement of industrial machinery and equipment and steel structures for industrial use, for a period of 8 years from the date on which the income is first derived from such operations, to the extent that the amount of tax exempted does not exceed 100 percent of the total investment made, excluding the price of land and working capital. The total amount of income tax exempted thus must not exceed Baht 167 million, and such cap is to be adjusted according to the actual capital investment (excluding land cost and working capital) as of the started date operation of the project commences.

As promoted companies, the Group must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses for the year ended 31 December 2019

Unit : Thousand Baht

Consolidated financial statements

| | 2019 | | | 2018 | | |
|---------------------------|------------------------|----------------------------|-------------------|------------------------|----------------------------|-------------------|
| | Promoted Businesses | Non-promoted Businesses | Total | Promoted Businesses | Non-promoted Businesses | Total |
| Export sales and services | - | 27,465 | 27,465 | - | 125,628 | 125,628 |
| Local sales and services | 1,296 | 25,594,181 | 25,595,477 | 2,548 | 31,715,335 | 31,717,883 |
| Eliminations | - | (423,543) | (423,543) | - | (415,358) | (415,358) |
| Total revenues | 1,296 | 25,198,103 | 25,199,399 | 2,548 | 31,425,605 | 31,428,153 |

Unit : Thousand Baht

Separate financial statements

| | 2019 | | | 2018 | | |
|---------------------------|------------------------|----------------------------|-------------------|------------------------|----------------------------|-------------------|
| | Promoted Businesses | Non-promoted Businesses | Total | Promoted Businesses | Non-promoted Businesses | Total |
| Export sales and services | - | 7,731 | 7,731 | - | 33,811 | 33,811 |
| Local sales and services | - | 24,655,214 | 24,655,214 | - | 30,830,469 | 30,830,469 |
| Total revenues | - | 24,662,945 | 24,662,945 | - | 30,864,280 | 30,864,280 |

32. Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

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

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (Notes 19 and 23). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates and uses derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest rates on borrowings.

For liabilities under Rehabilitation Plan, interest as stipulated in the Plan. Portion of interest would be waived if the Company can comply with certain condition.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

Unit : Thousand Baht

| | | Consolidated financial statements | | |
|--|--------------------|-----------------------------------|-------------|------------|
| | Effective interest | | | |
| | rate | Within 1 year | Over 1 year | Total |
| 2019 | (% per annum) | | | |
| Current | | | | |
| Finance lease liabilities | 4.44-6.50 | 2,332 | - | 2,332 |
| Current portion of liabilities under rehabilitation plan | 1-MLR | 1,766,345 | - | 1,766,345 |
| Non-current | | | | |
| Finance lease liabilities | 4.44-6.50 | - | 1,803 | 1,803 |
| Liabilities under rehabilitation plan | 1-MLR | - | 55,226,829 | 55,226,829 |
| Total | | 1,768,677 | 55,228,632 | 56,997,309 |
| | | | | |
| 2018 | | | | |
| Current | | | | |
| Finance lease liabilities | 4.44-6.50 | 17,402 | - | 17,402 |
| Current portion of liabilities under rehabilitation plan | 1-MLR | 1,618,229 | - | 1,618,229 |
| Non-current | | | | |
| Finance lease liabilities | 4.44-6.50 | - | 4,131 | 4,131 |
| Liabilities under rehabilitation plan | 1-MLR | - | 57,061,855 | 57,061,855 |
| Total | | 1,635,631 | 57,065,986 | 58,701,617 |

Unit : Thousand Baht

| | | Separate financial statements | | |
|--|--------------------|-------------------------------|-------------|------------|
| | Effective interest | | | |
| | rate | Within 1 year | Over 1 year | Total |
| 2019 | (% per annum) | | | |
| Current | | | | |
| Finance lease liabilities | 4.52 | 649 | - | 649 |
| Current portion of liabilities under rehabilitation plan | 1-MLR | 1,774,336 | - | 1,774,336 |
| Non-current | | | | |
| Finance lease liabilities | 4.52 | - | 680 | 680 |
| Liabilities under rehabilitation plan | 1-MLR | - | 55,226,829 | 55,226,829 |
| Total | | 1,774,986 | 55,227,509 | 57,002,494 |
| 2018 | | | | |
| Current | | | | |
| Finance lease liabilities | 4.52 | 625 | - | 625 |
| Current portion of liabilities under rehabilitation plan | 1-MLR | 1,626,290 | - | 1,626,290 |
| Non-current | | | | |
| Finance lease liabilities | 4.52 | - | 1,325 | 1,325 |
| Liabilities under rehabilitation plan | 1-MLR | - | 57,061,855 | 57,061,855 |
| Total | | 1,626,915 | 57,063,180 | 58,690,095 |

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. The Group primarily utilised forward exchange contracts with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases, denominated in foreign currencies, for the subsequent period.

Aa at 31 December, the Group and Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

| | Consolidated | | Unit : Thousand Baht | |
|---|----------------------|---------------------|----------------------|---------------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| <i>United States Dollars</i> | | | | |
| Cash and cash equivalents | 318 | 306 | 318 | 306 |
| Trade accounts receivable | - | - | - | - |
| Short-term borrowings from financial institutions | (5,841) | - | - | - |
| Trade accounts payable | (4,660,572) | (5,319,611) | (4,660,572) | (5,310,608) |
| Provisions under guarantee agreement and others | (25,815,560) | (24,240,094) | (25,815,560) | (24,240,094) |
| Other current payables | - | (50) | - | (50) |
| Balance sheet exposure | (30,481,655) | (29,559,449) | (30,476,450) | (29,550,446) |
| Forward contracts | (7,150) | (1,304,592) | - | (1,304,592) |
| Net exposure | (30,488,805) | (30,864,041) | (30,476,450) | (30,855,038) |
| <i>(GBP) Great Britain Pound Sterling</i> | | | | |
| Trade accounts receivable | 403 | 419 | - | - |
| Trade accounts payable | (11,609) | (47) | (11,473) | (47) |
| Interest-bearing liabilities | - | - | - | - |
| Other current payables | - | (5,918) | - | (5,918) |
| Balance sheet exposure | (11,206) | (5,546) | (11,473) | (5,965) |
| Forward contracts | - | - | - | - |
| Net exposure | (11,206) | (5,546) | (11,473) | (5,965) |

Unit : Thousand Baht

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-----------------|----------------------------------|-----------------|
| | 2019 | 2018 | 2019 | 2018 |
| Euro | | | | |
| Cash and cash equivalents | 65 | 235 | 65 | 235 |
| Trade accounts receivable | 1,156 | 590 | - | - |
| Short-term borrowings from financial institutions | (345) | - | - | - |
| Trade accounts payable | (27,748) | (22,751) | (27,748) | (22,663) |
| Other current payables | - | (4,898) | - | (4,898) |
| Gross balance sheet exposure | (26,872) | (26,824) | (27,813) | (27,326) |
| Forward contracts | - | - | - | - |
| Net exposure | (26,872) | (26,824) | (27,813) | (27,326) |
| YEN | | | | |
| Trade accounts payable | (294) | (313) | (268) | (285) |
| Other current payables | - | - | - | (1,128) |
| Gross balance sheet exposure | (294) | (313) | (268) | (1,413) |
| Forward contracts | - | - | - | - |
| Net exposure | (294) | (313) | (268) | (1,413) |

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

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

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of trade and other short-term receivables is taken to approximate the carrying value.

The fair value of investments in equity and debt securities, which are held for trading, held to maturity and available for sales, is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

The fair value of financial assets and liabilities, together with the carrying values shown in the statement of financial position at 31 December were as follows:

| | Unit : Thousand Baht | | | |
|--|--------------------------|-------------------|--------------------------|-------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | Fair value level 2 | Carrying Value | Fair value level 2 | Carrying value |
| 2019 | | | | |
| Current | | | | |
| Forward exchange contracts - liabilities | - | - | - | - |
| Total | - | - | - | - |
| 2018 | | | | |
| Current | | | | |
| Forward exchange contracts - liabilities | 1,296,475 | 1,304,592 | 1,296,475 | 1,304,592 |
| Total | 1,296,475 | 1,304,592 | 1,296,475 | 1,304,592 |

33. Commitments and contingent liabilities

| | Unit: Million Baht | | | |
|--|----------------------|-----------|----------------------|------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Capital commitments | | | | |
| <i>Contracted but not provided for</i> | | | | |
| Machinery and equipment | 82 | 57 | 104 | 109 |
| Total | 82 | 57 | 104 | 109 |

As at 31 December 2019, the Group had capital expenditures amount of Baht 35 million, USD 0.2 million and EUR 1.2 million (2018 : Baht 40.1 million, USD 0.4 million, EUR 0.3 million) in relation to the acquisition and installation of machinery and equipment.

As at 31 December 2019, the Company had capital expenditures amount of Baht 57 million, USD 0.2 million and EUR 1.2 million (2018 : Baht 93 million, USD 0.1 million, EUR 0.4 million) in relation to the acquisition and installation of machinery and equipment.

| | Unit: Million Baht | | | |
|--|----------------------|--------------|----------------------|--------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Non-cancellable operating lease commitments | | | | |
| Within one year | 12 | 13 | 5 | 9 |
| After one year but within five years | 3 | 5 | 4 | 1 |
| Total | 15 | 18 | 9 | 10 |
| Other commitments | | | | |
| Raw materials purchases | 6,511 | 2,722 | 2,194 | 2,722 |
| Letter of credit | 43 | 10 | - | - |
| Other agreements | 569 | 720 | 513 | 689 |
| Total | 7,123 | 3,452 | 2,707 | 3,411 |

As at 31 December 2019, the Group had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 309 million, USD 2.9 million, EUR 4.0 million, GBP 0.04 million and JPY 34.6 million (2018: Baht 347 million, USD 3.1 million, EUR 4.8 million, JPY 5.8 million and GBP 0.3 million).

As at 31 December 2019, the Company had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 277 million, USD 2.9 million, EUR 4.0 million, GBP 0.04 million and JPY 34.6 million (2018: Baht 145 million, USD 3.1 million, EUR 4.8 million and JPY 5.8 million).

Contingent liabilities

a) As at 31 December 2019 and 2018, the Group was liable to banks in respect to the following guarantees:

| | Consolidated | | Separate | |
|------------------------|----------------------|------------|----------------------|------------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Electricity supply | 104 | 107 | 104 | 104 |
| Performance guarantees | 43 | 79 | - | - |
| Others | 4 | 16 | 4 | 5 |
| Total | 151 | 202 | 108 | 109 |

Unit: Million Baht

As at 31 December 2019 and 2018, the Group had outstanding bank guarantees issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of the business. These included letters of guarantee for:

- To the Customs Department in respect of the establishment of a wharf and go-downs amounting to Baht 11 million (2018: amount of Baht 11 million);
- The contractual performance amounting to Baht 43 million (2018: amount of Baht 79 million)
- Electricity usage amount of Baht 104 million (2018: amount of Baht 107 million)

b) As at 31 December 2019, the Company has contingent liabilities from guarantee under agreement and damages under agreement amount of USD 31 million with the condition that the Company will make payment whenever the environment damages incurred and in conformity with environment responsibility conditions in accordance with purchase and sales of still mill and integrated steel agreement dated 24 February 2011.

Disputation and litigation

Land in Prachuapkhirikhan

- a) On 9 July 2010, the Prachuabkirkhan Provincial Land Office, Bangsaphan Branch ("the Land Office") ordered the Company and a subsidiary to submit the Certificates of Utilisation (Nor. Sor. 3 Kor) ("the Certificates") for various plots of land, with an aggregate value of Baht 123.1 million for the Company and Baht 187.6 million for the subsidiary, for cancellation. Later, the Land Office announced that it was issuing replacement certificates for the Certificates. The Company and the subsidiary filed a lawsuit against the officers of the Land Office with the Central Administrative Court "CAC", petitioning the CAC to order the cancellation of the announcement of the Company and the subsidiary. The Company and the subsidiary also petitioned the CAC to identify measures to provide them with temporary relief. The Court accepted the lawsuit for consideration.

On 1 September 2010, the Company and the subsidiary filed a lawsuit against the Director-General of the Department of Lands and the Deputy Permanent Secretary of the Ministry of Interior with the CAC, petitioning the Court to order the revocation of the order of the Director-General of the Department of Lands issued on 5 January 2010, which ordered the revocation and recharting of the area under the Certificates, and the withdrawal of the appeal decision of the Deputy Permanent Secretary of the Ministry of Interior. Also, the Company and the subsidiary requested the Court to suspend the execution of a sentence of the CAC. On 6 August 2013, the Central Administrative Court ordered to stay the execution ordering the Company and its subsidiary to vacate from the National Forest and to undertake no activities on that land. Subsequent on 23 December 2014, the CAC reversed the ordering to relieve the execution which ordered the Company and its subsidiary to vacate from the National Forest.

In addition, the Court ordered to try this case together with the case in which the Company and subsidiary filed a lawsuit against the abovementioned officer of Land Department. Prachuap Kiri Khan Province, Bang Saphan Branch.

On 29 August 2017, the Central Administrative Court has dismissed the case, subsequent on 27 September 2017, the Company and subsidiary filed the appeal to protest the judgment to the Administrative Supreme Court.

These are currently being considered by the Court.

- b) On 20 December 2010, the Bangsaphan Sheriff, as the official responsible for the oversight and care of the National Forest, Klong Mae-Rumphueng forest, Prachuabkirikhan province ("the Forest"), issued a written order for the Company and the subsidiary to vacate the land for which the Director-General of the Department of Lands ordered revocation of the Certificates and for which the Land Office issued replacement certificates for the Certificates within 30 January 2011.

On 30 March 2011, the Company and the subsidiary filed a lawsuit petitioning the CAC to order the cancellation of written order of the Bangsaphan Sheriff on 20 December 2010, for the Company and the subsidiary to vacate from the Forest and to undertake no activities on that land.

On 20 February 2018, CAC has dismissed the case abovementioned. Subsequent on 19 March 2018, the Company and subsidiary filed an appeal against the judgment of Supreme Administrative Court.

These are currently being considered by the Court.

However, the management of the Company and subsidiary believe that the trial result will not affect the future operations of the Company and subsidiary which is still pending the Court's trial. However, in the preparation of financial statements, the Company and subsidiary recorded provision for impairment of land and assets located on such land in full in 2007 and 2008 respectively.

34. Events after the reporting period

On 4 February 2020, according to the minutes No. 2/2020 of Board of directors' meeting as a plan rehabilitation administrator resolved that;

1. Approved the Company to grant Bridging loan to Cork Gully LLP, which was nominated by the Bank debtor (Sahaviriya Steel Industries UK Limited) ("SSI UK") to purchase 50% of ordinary shares of Redcar Bulk Terminal limited ("RBT"), operating harbor business in UK, from British Steel Limited ("BSL"), totaling amount of GBP 11.356 million or Baht 463 million. This is under the condition that Cork Gully LLP, as shares receiver, must use the received shares as the Company's borrowings collateral. On 24 February 2020, SSI UK received ordinary shares of RBT from BSL. As the results, SSI UK increases its shares proportion in RBT from 50% to 100%.
2. Approved the Company to lend short-term borrowings without collateral from Prachup Port Co., Ltd., which is its subsidiary, for not more than Baht 200 million (with the interest rate of MLR per annum) to use as the Company's working capital. On 5 February 2020, the Company received the stated borrowings totaling amounts of Baht 100 million.

35. Financial statements approval

These financial statements were approved and authorized for issue by the Company's Board of directors on 28 February 2020.



Sahaviriya Steel Industries Public Company Limited

Head Office:

28/1 Prapawit Building, 2nd - 3rd Floor,
Surasak Road, Silom, Bangrak,
Bangkok 10500

Tel.: 0-2238-3063-82,
0-2630-0280-6

Fax: 0-2236-8890,
0-2236-8892

Factory:

9 Moo 7, Mae Ramphueng, Bangsaphan,
Prachuap Khiri Khan 77140

Tel.: 0-3269-1403,
0-3269-1411,
0-3269-1413-14,
0-3269-1419-20

Fax: 0-3269-1416,
0-3269-1421

www.ssi-steel.com

