

2020 ANNUAL REPORT

รายงานประจำปี 2563

Business Goals

The main goal of the Company is to become a domestic steel entrepreneur that can produce and distribute steel product as a One-Stop Service Center that is well-known. The Company has a policy to produce and distribute products with manufacturing process that meets the Thai industrial standard using standard machinery, and to respond to customers' requirement quickly and efficiently for the highest customer satisfaction.

Production policy of the Company is set to perform at the highest capability and to control cost of production so it is at the lowest level. Lowering losses in manufacturing process, running at full capacity, and performing machinery maintenance regularly will be a cost advantage and increase its competitive advantage in the long run. This will lead to the highest return to the Company's shareholders.



"A Reliable Steel Supplier"



1. To produce and procure a diversified and complete suit of steel products for the customers.
2. To develop effective logistics system to serve customers more conveniently, quickly and cost-effectively through cooperation with business partners.
3. To develop and encourage personnel to uphold morality, have high performance and be happy in the organization.



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Financial Highlights

<i>Consolidate (MB)</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
Revenue form sales	5,449.51	5,396.27	5,603.03
Gross income	357.49	406.31	737.37
Net - income	105.55	133.38	410.20
Total Assets	1,857.46	1,766.51	2,204.94
Total Liabilities	543.27	388.84	449.33
Shareholders' Equity	1,315.88	1,379.55	1,757.48
Issued and paid-up shares	450	450	450

<i>Financial Ratio</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
Gross Profit Margin (%)	6.56	7.53	13.16
Net Profit Margin(%)	1.93	2.46	7.29
Earning per Share (Baht)	0.23	0.30	0.91
Book Value per Share (Baht: Share)	0.23	0.30	0.3611
Return on Asset (%)	2.92	3.07	3.90
Return on Equity (%)	7.67	9.38	24.78
Debt to Equity ratio (times)	8.13	9.90	26.15
Interest coverage ratio (times)	0.41	0.28	0.26
Current Ratio (times)	14.73	32.46	48.76
Average collection period (Day)	2.48	3.39	3.66
Average inventory (Day)	23	24	20
Gross Profit Margin (%)	50	43	60

Statistics

F/S Period (As of Date)	31/12/20	31/12/19	31/12/18
P/E	5.54	5.67	9.46
P/BV	1.29	0.55	0.76
EV/EBITDA	4.80	4.77	8.05
% Dividend Yield	4.95	8.33	6.31
Market Cap. (M. Baht)	2,275.50	756.00	999.00

Messages from the Board of Directors

The situation of the Coronavirus 2019 (COVID-19) epidemic has severely affected the global economy due to the simultaneous interruption of supply and demand. Each sector, people, business and government are vigilant in learning and adapting to economic activities under a new way of life. As a result of changes in the global economic structure, the company has closely monitored and assessed the situation and reviewed risks that may affect the organization both from external and internal factors to adapt to the new economic structure on the principle of good corporate governance, along with studying and using resources worthily and carefully.

In 2020, the company has adjusted its management strategy to be in line with the rapidly changing situation by bringing the right technology to support business strategy. This allowed the company to maintain satisfactory performance with sales revenue of 5,603 million baht and net profit of 410.2 million baht, increasing for the third consecutive year amid all-round economic, political and social challenges.

Each committee jointly supervises, promotes and monitors the organization to comply with corporate governance policy, anti-corruption policy and business ethics to ensure that all operations within the organization are ethical and transparent. This includes all processes from preparation of financial reports, reviewing the internal control system to promoting practices that complying with relevant rules, regulations and laws.

Finally, on behalf of the management committee and employees of the company. We thank you, all shareholders, business partners, financial institutions, relevant government and private agencies and all stakeholders who have always been very supportive. The company will remain committed and dedicated to operating the business to sustainably grow under principles of ethics, good corporate governance principles, along with skill development and environmental conservation, all in balance.

Dr. Kanchit Singсуwan
Chairman

Background

The Company was established in 1992 under the name of Southern Steel Company Limited with an initial registered capital of Baht 50 million to engage in production of cold-rolled structural steel comprising steel sheet, steel pipe and C-channel steel. Its head office and factory are located in Bang Klam District, Songkhla Province. In 1996, the Company started procurement for distribution business covering such products as galvanized steel pipe, angle bar, H-beam, I-beam, channel, checkered plate, rolled steel, reinforcing bar, etc, to better fulfill customers' demand.

In 2006, the Company increased its registered capital to Bt. 85 million for invest in Neastern Steel Co., Ltd. ("the Subsidiary") with 99.99% shareholding. The objective is to expand manufacturing base and also customer base to the northeastern region and its plant is located in ChaloemPhraKiat District, Nakhonratchasima Province. The Subsidiary engages in the same type of business as the Company

As the business ongoing expansion, The company became a Public Company in 2008 and also increased its registered capital from Bt. 140 million to Bt. 200 million by issuing common stocks offering to the public with the total of 60 million shares. The Company became a listed company in the Market of Alternative Investment (MAI) of the Stock Exchange of Thailand and started its first trading day on 2 September 2009. At present, the Company's paid-up capital was Baht 449,999,095 at par value Baht 1 per share.

Nature of Operations

The company is a big sole producer of formed steel in the south such as steel sheet, steel pipe, C-channel steel, angle bar, etc. and trading of other formed steel products such as galvanized steel pipe, equal angle, H-beam, I-Beam, channel, checkered plate, hot rolled coil, cold round bar, etc., or steel pipe, C-channel, and wire mesh which are of the size cannot be produced by the Company. The head office and plant are located in Bangklam District, Songkhla Province with the total area of approximately 33 rai and 420 square wa and the combined production capacity of all types of products of approximately 152,640 tons a year (excluding slitting coil)

Neastern Steel Co., Ltd. the subsidiary became to the Original equipment manufacturer (OEM) for the Company since 2010. The objective is to enhance the Marketing and Sale Management under the pattern. Its head office and the plant located in Chaloem PhraKiat District, Nakhonratchasima Province which is in a center of economic in the northeastern region and a gate to the Neighboring Countries. At present, the subsidiary has the combined area is approximately 59rai, 2 ngan, and 82 square wa and the combined production capacity of all types of products of approximately 177,000 tons a year (excluding slitting coil).

At present, the Company have 4 suitable locations of warehouse, Hat-Yai, Surathani, Korat Nakhonratchasima Province and Bangkok (Phutthamonthon 3 rd.) Therefore, the Company set up another subsidiary Mega Trans and Logis Co., Ltd. to handle the transportation to benefit of those 4 zones are more convenience and economical to deliver of each zone.

The Company enter into a share purchase of the common shares of Grand Steel Pipe Co.,Ltd. (GSP) which is registered under the law of Lao PDR. The producer of steel products and trading of steel. Its head office and the plant located in Xiengkhouan Village, Hadsayfong, District, Vientiane Capital, Lao PDR. with the total areas of approximately 10 rai and the combined production capacity of all types of products of approximately 24,000 tons a year.

Business Overview

Management Discussion and Analysis

Shareholding Structure

2S Metal Public Company Limited

Neastern Steel Co., Ltd.
99.9%

Address : 147 Moo 9, Nong-Ngulueam,
ChaloenPhraKiat, Nakhonrat
chasima Province 30330
Telephone : 044-207247-51 Facsimile :
044-207272

Nature of Business : Original Equipment
Manufacturer (OEM) for the
Company.

Paid-up Capital : Baht 90,000,000
Par value : 50 Baht /share

Mega Trans and Logis Co.,Ltd.
99.9%

Address : 8/5 Moo 14, Tha-chang, Bangklam
District, Songkhla Province 90110
Tel : 074-800111 Facsimile : 074-801286

Nature of Business : Transportation

Paid-up Capital : Baht 30,000,000
Par value : 100 Baht /share

Grand Steel Pipe Co.,Ltd.
97%

Address : 121/10 part2, Xiengkhouan
Village, Hadsayfong, District,
Vientiane Capital, Lao PDR.
Telephone : +856 21 820112-3

Nature of Business : Manufacturing and
Distribution of steel products

Paid-up Capital : LAK 28,000,000,000
Par value : 8,000 LAK /share

Revenue Structure

Revenue from sales of the company comprise 2 businesses, which is Manufacturing of steel products and trading of steel products. Revenue structure classified by type of products for 3 years are as follows:

Type of products	Consolidated					
	2018		2019		2020	
	Bt. Million	%	Bt. Million	%	Bt. Million	%
Revenues from sales of formed steel	3,811.83	69.95	3,679.17	68.18	3,766.65	67.23
Steel products for trading	1,534.96	28.17	1,602.68	29.70	1,717.51	30.65
Income from by-products ¹	102.72	1.88	114.42	2.12	118.86	2.12
Total revenues from sales	5,449.51	100.00	5,396.27	100.00	5,603.02	100.00

Remark :

By-products refer to B-grade and C-grade steel that have defects or have the length not up to the standards.

The Company's business operations can be classified into manufacture and distribution of steel products and trading of steel products as below:

Formed steel products

Hot Rolled Coil (HRC) or steel wire will go through different forming processes according to manufacturing standard such as Steel Sheet, pipe, C-Channel or other form.

➤ Steel Sheet

By cutting Hot Rolled Coil to the sizes required by customers. Generally, steel sheets being sold are approximately 1.22 and 1.52 metres wide, 2.44, 3.05, and 6.10 metres long, and 1.20-2500 metres thick. At present, the Company and subsidiary have approximately capacity of 12,000 and 30,000 tons/year respectively. Applications of steel sheet are in a variety of industries, eg. Construction, furniture manufacturing, ship building and many others. It is the material used for component parts of various products, for example; floor slab, partition, shelf, cabinet, safe, ship structure, etc.



➤ C - Channel Steel

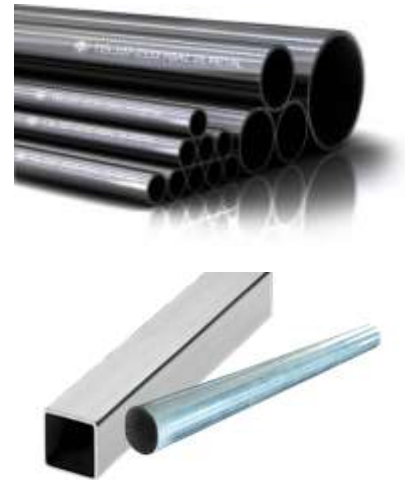
By processing HRC to generate slitting coil of the size required and then forming into the C letter shape with different thickness and width. The sizes are varied from 3" – 8" wide and 1.4 – 4.0 millimeters thick.

The Company and subsidiary have production capacity approximate of 38,400 tons per year and 76,000 tons per year, respectively. C-Channel steel is mainly used as roof structure in construction industry



➤ Steel Pipe

The Company produce steel pipe in all three shapes which are round steel pipe with $\frac{1}{2}$ " – 3" diameter and 1.20 – 4.00 millimetres thick, rectangular steel pipe with $\frac{3}{4}$ " x $\frac{3}{4}$ " – 3" x 3" and 1.20 – 4.00 millimetres thick, and square steel pipe with 2" x 1" – 4" x 2" and 1.20 – 4.00 millimetres thick. Hot rolled coil is cut into slitting coil of required sizes which later goes through a forming process to form round pipe, square pipe, and rectangular pipe. The Company and subsidiary currently have production capacity of around 84,000 tons per year and 82,500 tons per year, respectively. Applications of steel sheet are in a variety of industries, e.g. construction, furniture and automobile, etc. It is used as component part of various products, for example, water pipe, electric wire pipe, desk, chair, roll structure, electric pole and etc.

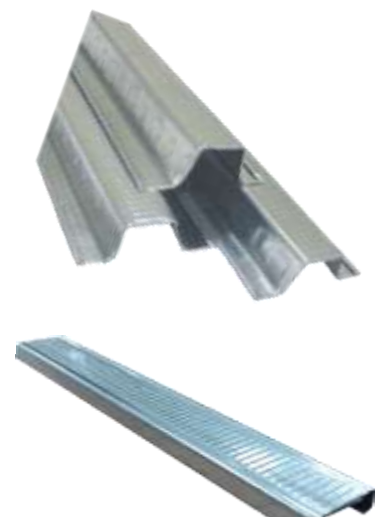


➤ Wire Mesh

By stretching steel wire and welding it to generate wire mesh with diameter of 3.6 – 5.5 millimeters and maximum width of 3.0 meters. Currently, the Company and subsidiary have production capacity approximate of 15,300 and 1,800 tons per year respectively. Wire mesh is used to reinforce concrete to prevent contraction (Temperature steel) or prevent cracking for concrete work and road surfacing work.

➤ Other formed steel Products

The Company also produces and distributes other formed steel products, e.g. angle bar, flat bar, light lip channel and U channel, by cutting HRC into slitting coil of the size required which is similar to production of C-channel steel. The slitting coil is then fold into various shapes according to customers' demand. And new product Galvanized Steel Bar, Metal Framework and C-line.



Trading of steel products

The Company also procure and then distribute other types of steel products. These include galvanized steel pipe, equal angle, H beam, I beam, channel steel, checkered plate, HRC, cold round bar, etc., or steel pipe, light lip channel and wire mesh, which are of the sizes cannot be produced by the Company. This could match up to various needs of the customers who are steel wholesalers, and customers in construction and furniture industries, thereby the products are used as structures of buildings, residences, factories or bridges

Marketing Strategy

➤ Product and Service

The manufacturing product of the Company achieved the certification of Thai Industrial Standard Institute. By the main goal to provide efficient service for customers' highest satisfaction and a policy to produce and distribute products as a One-Stop Service Center of South and East with 4 warehouses in different areas; Songkla Province, Suratthani Province, Nakhonratchasima Province and Bangkok, thus delivering of steel products can be done on-time.

Standard Products



Mandatory Standards

1. มอก. 528-2548
(Quality level : HR1) Carbon Seteel for Forming
2. มอก. 1479-2541
(Quality level : SS400) Hot Rolled Carbon Steel, Sheet, Rolled
3. มอก. 1228-2561
Cold forming, C type
4. มอก. 1227-2539
Hot forming – Beam, Angle bar, Channel steel
5. มอก. 20-2543
Reinforcement, round bar
6. มอก. 24-2548
Round bar-reinforced, Deformed Bar



General Standards

1. มอก. 107-2561
Round pipe
2. มอก. 737-2549
Wire -mesh reinforced
3. มอก. 747-2531
Cold Drawn Wire
4. มอก. 277-2532
Gavanized Pipe

➤ Price

The Company has set a pricing policy to sell its products a suitable price base on supply and demand in the market at the time, cost of raw materials using in the manufacturing process, and future trend of supply and demand, in order to be able to set the price that is suitable according to market situation and able to compete in the market. However, the Company does not have a policy to reduce the price to gain advantage in a competitive market but will focus on quality and variety of steel product to meet customer's requirement. The Company's policy to compete in the market is to be differentiated other than lowering the price.

➤ Place

Since technology is now far advanced, the company has used technology to develop and expand its distribution channels for dealers, both wholesalers and retailers. In the era when internet is one of the biggest parts of daily life, the company can use technology to create more channels to communicate with customers or prospects and share product information via Facebook, D-connect application via mobile phone, and e-order system on company's website. In term of shipping, since the company is a steel manufacturer with factories located in the southern and northeastern regions, it is convenient to provide continuous services for customers and fast product deliver. It also helps the Company to build and maintain good relationship with dealers, both wholesalers and retailers.



➤ **(Promotion)**

The Company has promotion for both wholesalers and retailers. Customers with orders of high quantity will get discount, where as customers with good credit will get advertisement and public relation to build up brand awareness and acceptance. The Company has done public relation through its website at www.ss.co.th and also accessing target customers directly.

Nature of Customers

There are different groups of customers which are steel shops, construction businesses, furniture businesses, modern trade businesses and end users, which are mainly located in the northeastern and southern regions. The company does not rely on any one customer who has sales volume of more than 10% of the sales revenue.

Sources of Supply

- **Raw materials:** The main raw materials used in production are divided into 2 groups;
1. Hot rolled steel and galvanized rolled steel for the production of C- channel steel pipes and cut-to-size steel sheet
 2. Wire rod for the production of wire mesh sieve

The company purchases the mentioned types of steel from both domestic and foreign steel manufacturers and distributors, considering on the quality, delivery and reasonable price. To place order, the company has to pre-order from 15 to 45 days in advance in order to have sufficient raw materials for production.

The two subsidiaries i.e. Neastern Steel Ltd. and Grand Industry Steel Processing Co., Ltd. have the same raw material purchasing policy and under the same management. By pooling the purchase of all the companies together, the resulting higher volume contributes to better purchasing terms and conditions.

➤ **Production**

At present, the Company and subsidiaries have 5 plants and warehouses. The total capacities 359,100 tons/year and storing finished goods and raw material (HRC) for production line approximate 15-30 days. These can reduce the price fluctuates in line with the global demand-supply situation and products are sufficient to delivery customers.

Location	Type	Area
Songkhla Province (HQ)	Factory and Warehouse	Apx. 33rai -1-0, 3 Buildings
Suratthanee province	Warehouse and	Apx. 3rai -0-84, 2 Buildings
Nakornratchaseema Province	Factory and Warehouse	Apx. 59rai -2-82 , 3 Buildings
Bangkok	Warehouse and	Apx. 2rai -3-0 / 2 Buildings
Vientiane Capital, Lao PDR.	Factory and Warehouse	Apx. 9rai -3-2 / 2 Buildings

Manufacturing policy of the Company and the Subsidiary is a made to order production and inventory for distribution. Starting from production planning according to orders the sales department received from customers, the manufacturing department will take into consideration production capacity from the orders together with an estimation of the market demand to have an economy of scale; lead time and amount of raw materials that the

procurement department is responsible to provide with quality; and product volume required by customers. The plant can run for 20 hours a day dividing into 2 shifts. When the product is ready, the quality control department will perform a test in accordance with the industrial standard and the Company's policy in quality control before storing the product in the warehouse to be delivered to the customers.

In 2020, The company and Neastern Steel Ltd. has actual capacity utilized of all machines were 40.0% and 52.9% (excluded slitting coil), its slightly decreased from 2019.

Grand Steel Pipe Co.,Ltd. has actual capacity utilized were 41.1% of the full capacity decreased 7.7% from the previous year due to closed of work in April 2020, according to the Outbreak of novel Coronavirus (COVID-19) in Lao PDR.

Investment Promotion Privileges

2S Metal Public Company Limited

Promotion certificate number 62-0968-1-01-1-0, on 15 July 2019, received benefit of the exemption of corporate income tax on net profits derived from the business operation for a total of not more than 50 percent of the investment value. This benefit is given out to improve production efficiency (Solar Roof) which it will not include the cost of land and working capital in a period of 3 years, starting from the date of income collecting after receiving the promotional certificate.

Neastern Steel Co., Ltd. (subsidiary)

Investment Promotion no. 2488(2)2557 was issued on August 25th 2014, under the Investment Promotion Act BE 2520, Section 25 26 28 31 34 35(3), 8-year entitled corporate income tax exemption for the net profit 100% of investment excluding land and working capital. According the income tax exempted under Section 31, Paragraphs 1 and 3, with a value not exceeding Baht 28.97 million for manufacturing of steel products by 31,200 tons/year which effectively February 29th 2016 until February 28th 2024.



ปัจจัยเสี่ยง

1 Executives of the Company and the Subsidiary having close relatives engaged in similar businesses

The Company and the Subsidiary's executives, Mr. Sombat Leeswadtrakul has close relatives operating business relating to steel products in line with the family backgrounds, i.e. being directors and/or major shareholders of companies engaging in steel products, hence similar business to that of the Company and the Subsidiary and considered the competitors thereof which could lead to conflict of interest.

However, the customer base of the Company and the Subsidiary is mainly in the South and the Northeast, while that of the relatives' mainly in the Central region, hence not overlapping target groups. Also, transportation cost is one of the key factors as customers normally buy products from the manufacturers in the close proximity to save such cost.

The Company's shareholder structure comprises shareholders that are not related to or have influence on one another. Also, the Board of Directors is composed of 10 members which have 1 independent directors. This can ensure balance of power and protection of maximum benefit to the Company. In this regard, the Board has delegated power and authority to Mr. Sangrungs Nitipawachon (Managing Director), who is not a close relative, to administer the business relating to steel products, or the Executive Committee, excluding the members with vested interest in certain transactions, to approve related transactions.

2 Raw material procurement

Hot Rolled Coil (HRC) is an important raw material for the Company's steel processing. The main domestic producers are Sahaviriya Steel Industries PLC, G Steel PLC and GJ Steel. Due to the limitations of having only 3 manufacturers in the country, together with the production capability that may not be sufficient to meet the demand in the country, as well as the purchase of raw materials at the spot price, the company might be exposed to risks arising from the lack of raw materials in the country and price competition issues if the company is unable to procure raw materials from other sources to meet the demand.

However, the company has a policy of storing sufficient raw materials for the production of approximately 15-30 days and orders raw materials approximately 15-45 days in advance. With good and long relationship with the 3 raw material manufacturers, we have been sharing information which has been useful in raw material warehouse management. As a result, the company has never encountered a shortage of raw materials.

3 Price fluctuation in raw material

The cost of HRC, the major raw material in the steel product manufacturing, Although the supply is procured domestically, HRC price fluctuates in line with the global demand-supply situation. Such price fluctuation will pose material impact on the revenues and gross profit margin, particularly if the Company cannot adjust its product selling prices in line with the higher raw material prices.

However, the Company has placed importance to managing such risk, with regular and consistent tracking of HRC price changes to predict HRC supply and price trends and ensure proper raw material and finished product management. This can relieve the impact from price fluctuation in raw material to a certain extent.

4 Anti-dumping Measure and Steel Standard Control

In 2020, Department of Foreign Trade and Ministry of Commerce have considered preparing to issue measures to collect anti-dumping duties and subsidies of cold roll GI steel. While waiting for a summary of the duty collection guidelines, it is already affecting the cost management of imported raw materials and may cause a shortage of raw materials in the event that domestic producers are unable to meet the qualifications or quantities for higher demand.

Moreover, the announcement of the enforcement of the steel standard by Thai Industrial Standards Institute (TISI) has request steel importers or producers to reapply for a standard license to get standard certification. In addition to the situation of COVID-19, the authorities were unable to inspect the production plant, which TISI has waived the practice guidelines by allowing importers and producers to send samples of imported raw

materials to submit for certification. This process causes material release period to be longer. If the process of applying for certification becomes more complicated, it could result in a delay in bringing raw materials into the production line by expected schedule.

Nevertheless, the company has closely monitored and assessed the situation by planning and preparing for each step. Together with the company's policy of storing raw materials, it has helped reduce the risks and impacts from both anti-dumping measures and regulatory standards for the company to have sufficient raw material inventory for production on expected schedule.

5. Risk from fluctuation of foreign exchange

The company imports some raw material and machinery thus exposed to foreign exchange risk. In order to minimize such risk, the company utilizes financial hedging tools e.g. forward and option.

6. Information Technology and Communication

As the world is rapidly evolving, technology is applied and utilized in the company to support business operations and enhance the ability to manage all departments. On the other hand, it could also pose serious risks to both the business and all stakeholders as well.

The company places great importance on education and training of Information Technology (IT) personnel to always be up-to-date with today's technology so they are capable of planning and assessing risks that are

IT-related. IT-related risks could range from ill-developed software system, inadequate system responsiveness to data leaks which the company's trained IT personnel are responsible and capable of identifying and minimizing these risks to an acceptable level.

7. Risk from Providing credits to customers

Risk factors are related to customer credit volumes and selling prices that fluctuate and trade debtors not paying on time. The company has taken measures to reduce such risks by establishing credit line, by analyzing customer demand for products and the ability to repay debt. This must be approved in writing by the executive authority in the matter. According to COVID-19 in 2020, the Company has trade accounts receivable Bt. 275.40 million which decreased 21.11% from previous year. Such these factors did not significantly affect liquidity of the company.

8. Risk from the change in regulations, policies, guidelines in the countries where the Company has investments

In connection with the company's investment in Laos PDR, there may be risk of change in law, guidelines, regulation, policies of that country which is unavoidable e.g. laws on stamp duty, labor laws, environmental laws etc. Nevertheless, the company has already consulted legal counsel in Lao PDR to seek alternative in reducing the risk.

Management Discussion and Analysis**Company's Performance**

In 2020, the company had a net profit of 410.20 million baht, an increase of 276.92 million baht or 207.77% compared to the net profit in 2019 due to lower production expenses, selling expenses and finance costs.

Total Revenue from Sales

Total revenue from sales in 2020 amounted to 5,603.03 million baht, an increase of 3.83% with a 4.75% increase in sales volume, while the average selling price fell 0.87%. There are two main businesses, namely steel processing business accounting for approximately 70.0% and steel product procurement business accounting for approximately 30.0%. Revenue from the steel processing business amounted to 3,766.65 million baht, an increase of 87.48 million baht or an increase in 2.385% while revenue from procurement business has 7.16% increase.

The share of sales was from both in Thailand and Lao PDR. Sales volumes from head office branch (southern region) decreased by 1.35%. Korat branch (Northeastern region) increased 6.94% and Bangkok branch increased 24.49%. Sales volumes in Lao PDR increased with 2.54% in 2020, despite a temporary suspension during the COVID-19 epidemic.

Cost of Sales

In 2020, the company had total cost of sales of 4,865.66 million baht or 86.84% of the revenue from sales, decreased at a rate of 2.49% compared to year 2019 due to a decrease in production expenses. The cost of sales can be divided into cost of goods sold from steel processing, accounting for about 65-70%, most of which is the cost of raw materials used. For example, hot-rolled coil cost which fluctuates in line with global steel prices. The other cost of sales is operating costs such as cost of transportation of raw materials, direct labor, production costs, etc.

On the other hand, the cost of sales from the business of procuring steel products for distribution accounts for 25-

30% of the total cost of sales. Increase or decrease will vary according to the value of steel products that the company sells.

Gross Profit

The company had a gross profit of 737.37 million baht, accounting for 13.16% gross profit to total sales, an increase from 2019 with a 7.53% gross profit margin due to lower cost of raw materials in the warehouse used for production. This resulted in higher profitability for the company.

Operating Expenses

The company's significant costs of sales are related to transportation, fuel and promotional expenses. The costs of sales amounted to 137.56 million baht, a 4.57% decrease compared to the year 2019 due to more efficient sales management.

Administrative expenses amounted to 109.94 million baht, an increase from the year 2019 by 10.24 million baht with a proportion of revenue from sales of 1.96%. The administrative expenses consisted of employee salary, directors' remuneration, bonus and employee benefits (According to TAS 19) including allowance for doubtful accounts.

Loss from currency exchange amounted to 20.79 million baht, equivalent to 0.37% of sales revenue. The loss is the result from currency exchange of a subsidiary in Lao PDR for debt repayment and payment of goods to the company.

Finance Cost – Interest Expense

The company had interest expenses of 7.96 million baht, a decrease from the year 2019 at the rate of 30.24% due to repayment of loan from financial institutions to use as working capital during the downturn period.

Financial Status

Asset

The company has total assets of Bt. 2,204.94 million, an increase of 24.82% compared to the total assets at end of 2019. The total assets can be divided into current assets and non-current assets. The current assets total Bt. 1,492.26 million or 67.68% of total assets. Current assets consist of Bt. 1,056.06 million inventory and Bt. 275.40 million trade account receivables, accounting for 47.9% and 12.49% of total assets; as for product deposits, it amounted to 11.08 million baht, decreased by 92.15% due to the adjustment of the payment conditions.

For non-current assets, the company has non-current assets of Bt. 712.68 million, an increase of Bt. 133.72 million from 2019, which is an increase from bank deposits used as collateral for the company, land and buildings, and equipment in forms of machine and warehouse in Hat Yai and Korat branches.

As a result, the return on assets in 2020 is 20.66%, an increase from the year 2019 with a 7.36% return on assets.

Inventory

The company has net inventory in the amount of Bt. 1,056.06 million, an increase from the year 2019 or 89.51%. The company's inventory is in the forms of materials, finished products and incoming products.

From steel price status in 2020, there was an increase in steel prices at the end of the year. As a result, the allowance for the cost of goods was higher than the net realizable value at the end of 2020, decreasing to Bt. 0.29 million (find detail in section "Loss from cost of goods higher than obtaining value"). The period of selling is roughly 60 days. Nevertheless, the company has a policy to manage inventory to be more efficient and suitable with sales volume by considering product price direction and customer demand altogether.

Account receivables and Note receivable - net

In 2020, the company had trade account receivables in the amount of 275.39 million baht, representing a ratio of trade receivables to total assets of 12.49%. Trade account receivables in 2020 decreased by 73.69 million baht or 21.11% compared to that of the end of 2019. There has also been an additional allowance for doubtful accounts compared to 2019.

For selling and giving credit to customers policy, the company has a clear policy of considering giving credit term to each customer. In case of a new customer, the company will only accept cash. Whereas, if the company is dealing a long-term customer, the company will start giving out short-credit term before considering to extend it later with credit duration of 7-60 days

	2018		2019		2020	
	Million Bt.	%	Million Bt.	%	Million Bt.	%
Trade AR - general customers						
Not yet due	298.69	82.06%	278.01	77.73%	236.54	80.45%
Past due						
Less than 3 months	54.60	15.00%	63.20	17.67%	37.58	12.78%
3 - 6 months	0.23	0.06%	6.13	1.71%	1.14	0.39%
6 - 12 months	0.50	0.14%	0.68	0.19%	3.78	1.29%
Over 12 months	9.98	2.74%	9.67	2.70%	15.02	5.11%
Total	364.00	100.00%	357.69	100.00%	294.06	100.00%
Less Allowance for doubtful accounts	(10.12)	(2.78%)	(8.62)	(2.41%)	(18.68)	(6.35%)
Trade AR - general customers and related companies - net	353.88	97.22%	349.07	97.59%	275.38	93.65%

The Company has criteria in place to analysis Ageing of trade accounts and assessment to be done by the Managers of Accounting Department and Marketing Department and proposed to Managing Director for approval before setting allowance for doubtful accounts. Criteria for setting allowance for doubtful accounts consist of:

1. Trade accounts with over 4 months up to 6 months overdue receivables, who are still contactable and show intention to pay, will be monitored closely and sales may be suspended temporarily probably together with other acceleration measures to be taken. However, if there is a tendency that the debt may not be collected in full, 25% of total overdue debt value will be set aside as allowance. In case of accounts that cannot be contacted, legal actions will be taken and 50% of total overdue debt value will be set aside as allowance for doubtful accounts.
2. In case of trade accounts with over 6 months up to 1 year of overdue receivables, who are still contactable and show intention to

pay, 50% of the total overdue debt value will be set aside as allowance for doubtful accounts. However, if there is a tendency that the customers cannot be reached, or show intention to avoid payment, or are under prosecution and possibly be unable to pay the debt in full, 75% of the total overdue debt value will be set aside as allowance for doubtful accounts. In the worst case, if the debt could possibly be completely uncollectable, 100% allowance will be set aside.

3. In all cases of trade accounts with over 1 year of overdue receivables, 100% allowance will be set aside.

Property, Plants and Equipment

Property, plant and equipment - net at the end of 2020, it amounted to 605.19 million baht, an increase of 53.16 million baht from the year 2019, representing an increase of 9.63% from new buildings and equipment of the company and its subsidiaries.

Liquidity

In 2020, the company had net cash from operating activities of 306.21 million baht, from which the company had net profit before corporate income tax of 484.01 million baht and adjusted the net profit to cash received (paid) from operations. Most of which was an adjustment from depreciation of 46.68 million baht, resulting in operating profit before changes in operating assets and liabilities amounted to 546.04 million baht. There were adjustments in operating assets and liabilities which consisted of a decrease in trade account receivables of 63.63 million baht, a decrease of deposit for goods payment of 130.01 million baht, a decrease of cash received from operating activities using inventory of 495.78 million baht add interest expenses and corporate income tax of 8.58 million baht and 35.28 million baht, respectively.

While the company had net cash used from investing in activities of 166.41 million baht and net cash used from financing activities amounted to 138.79

million baht, resulting from repayment of loan from financial institutions amounting to 106.00 million baht and dividend payment of 31.50 million baht, it resulted in an increase of the cash and cash equivalents of 2020 by 0.26 million baht, with cash and cash equivalents as of December 31, 2020 in the amount of 132.11 million baht.

When considering the liquidity ratio in 2020, the proportion is approximately 3.66 times and quick turnover ratio of 1.00 times due to the company's use of working capital to support the increased sales volume and increased investment-related expenditures.

Capital Structure

The company's capital structure in 2018 - 2020 has a debt-to-equity ratio of approximately 0.41 times, 0.28 times and 0.26 times, respectively. Considering past performance, the ratio shows that the company has a strong financial status.

Debt

As of the end of 2020, the company had total liabilities of 449.33 million baht, consisting of current liabilities of 406.89 million baht and non-current liabilities of 42.44 million baht. The total liabilities in 2020 increased by 60.48 million baht or 15.55% compared to the end of 2019. This was mainly an increase in trade payables and accrued corporate income tax.

Equity

At the end of 2020, the company has shareholders' equity of 1,755.61 million baht, equivalent to 79.62% of total assets. When considering return on equity, the rate is 26.18% for 2020 which relies on company's net profitability for each installment and the factors mentioned above.

Factors that may affect Financial Position and Operating Result***Risk from fluctuations of Raw Material prices***

Prices of hot rolled coil, the main raw material in production, change according to the global supply and demand situation. If the raw material prices increase, and the Company cannot, partially or fully, pass on the rising cost to the customers through selling price adjustment, the Company's future profitability would be affected. The company's gross profit margin during 2018-2020 was 6.56%, 7.53% and 13.16% respectively.

Shareholder Structure

Organize Structure

Shareholder Structure

Company's Securities as of February 17th 2021 were as follows;

Registered capital *	:	549,999,244 Baht
Paid-up capital	:	449,999,095 Baht
Ordinary Shares	:	449,999,095 shares
Par Value	:	1 Baht per share

*Included the remaining of Baht 99,999,695 ordinary shares for supporting the exercise of warrants to purchase ordinary shares of the Company no. 1 (2S-W1).

Major of Shareholders top 10 shareholders as at the book closing date on February 17th 2021 are as follows;

No	Name	No. of Shares	% of total shares
1	Mr. Sombat Leeswadtrakul	82,380,645	18.31
2	Mr. Sangrung Nitipawachon	26,198,179	5.82
3	Ms.Thanika Tungpoonponvivat	21,373,200	4.75
4	Mr. Preeda Wongsatitporn	20,157,449	4.48
5	Ms. Nisa Rungrattana-ubon	16,706,250	3.71
6	Ms. Bunsri Panyapiamsak	13,875,550	3.08
7	Ms. Umporn Nitipawachon	13,723,514	3.05
8	Mr. Sunt Amornlertvimarn	13,620,974	3.03
9	Ms. Sivaporn Nitipawachon	12,425,512	2.76
10	Mrs. Suporn Nitipawachon	12,371,841	2.75
Total		232,833,114	51.74

Controlling Shareholders

No.	Name	No. of Shares	% of total shares
1	Mr. Sombat Leeswadtrakul	82,380,645	18.31
	Miss Supatsorn Leeswadtrakul	10,000,000	2.22
2	Nitipawachon group	77,106,396	17.13
	Mr. Sangrung Nitipawachon	26,198,179	5.82
	Ms. Umporn Nitipawachon	13,723,514	3.05
	Ms. Suporn Nitipawachon	12,371,841	2.75
	Ms. Sivaporn Nitipawachon	12,425,512	2.76
	Ms. Chonsita Vacharaphunjit	2,950,025	0.66
	Ms. Chonlada Nitipawachon	3,889,950	0.86
	Mr. Jirayu Nitipawachon	945,000	0.21
	Ms Punyavee Nitipawachon	1,558,175	0.35
	Ms Punchika Nitipawachon	1,524,700	0.34
	Ms Gunyamanee Nitipawachon	1,519,500	0.34

No.	Name	No. of Shares	% of total shares
3	Punyapiamsak group	31,062,187	6.90
	Ms. Bunsri Panyapiamsak	13,857,550	3.08
	Mr. Vichai Panyapiamsak	4,725,000	1.05
	Mr. Sombat Panyapiamsak	6,911,437	1.54
	Mr. Somporn Panyapiamsak	2,500,000	0.56
	Ms. Boonchuay Panyapiamsak	3,043,200	0.68
	Ms Lalita Panyapiamsak	25,000	0.01

Other Securities

-none-

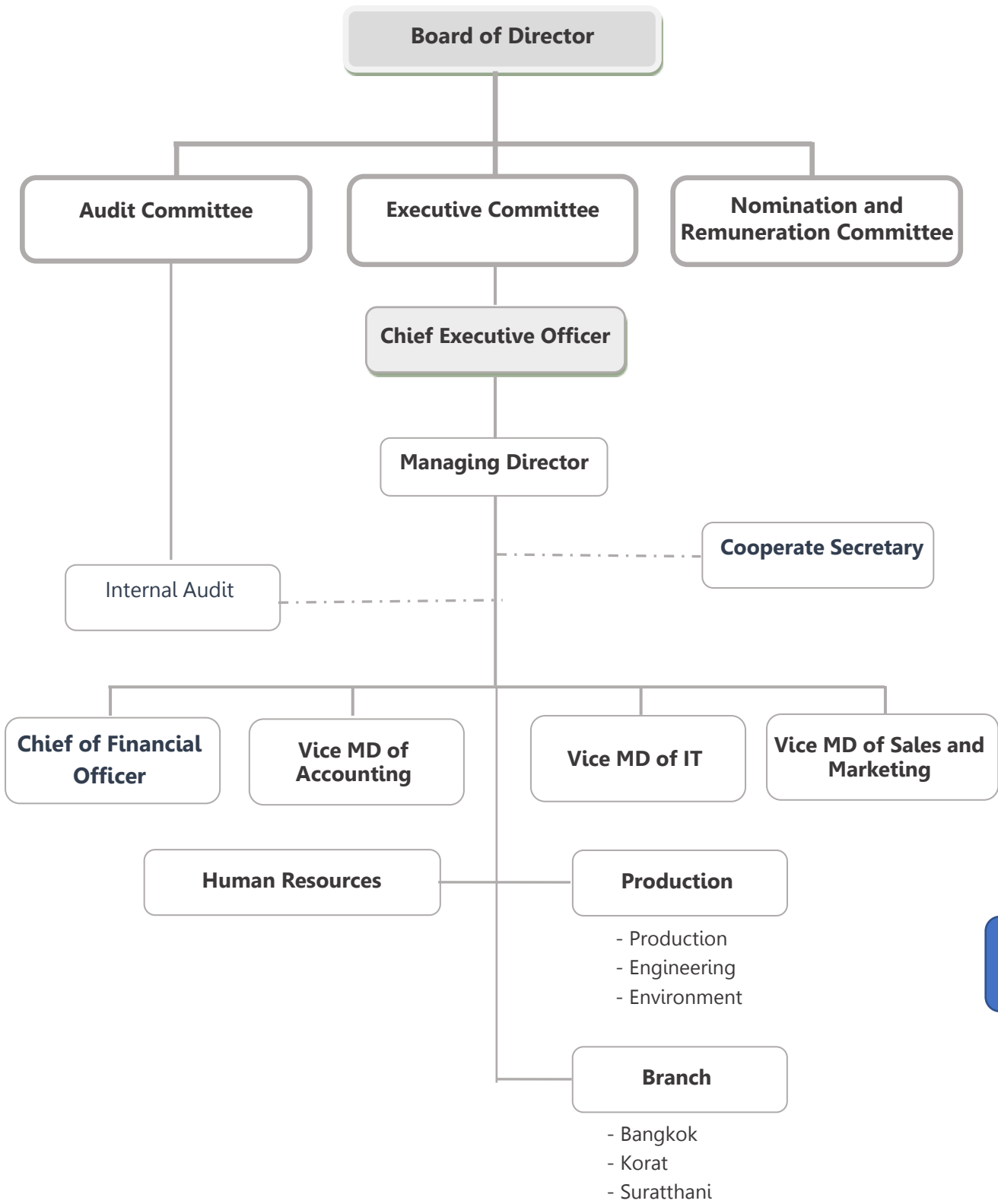
Dividend payment Policy

The Company has a policy to pay dividend at the rate of at least 40% of net profit after corporate income tax of the Company's Financial Statements and after statutory reserve and other reserve as specified by the Company. Such dividend payment may change subject to the Company's financial position, operating performance, investment plan, and other factors considered necessity and appropriate in the future and as deemed proper by its Board of Directors and/or the Shareholders' meeting. The Subsidiary also has dividend payment policy same as the Company.

Comparison of the dividend payment

Separate Financial Statement	2019	2018	2017
- Net Profit (Million Bt.)	118.12	104.22	276.73
- Basic profit per share (Baht/share)	0.30	0.23	0.69
- Dividend payable per share (Baht/share)	0.14	0.14	0.2850
- Total dividend payable (million Baht)	63.0	70.00	114.00
- Dividend payout (%)	53.33	60.45	41.20

Organization Chart as of February 2021



Board of Director as of December 31st 2020. The Company's Directors consisted of 10 members as follows;

	Board of Director	Audit Committee	Nomination and Remuneration Committee	Executive Committee
*1. Mr. Kunchit Singсуwan	ประธาน	✓		
2. Mr. Sombat Leeswadtrakul	✓		✓	ประธาน
3. Mr. Sangrung Nitipawachon	✓			กรรมการ
*4. Mr. Surapon Satimanont	รองประธาน	ประธาน		
*5. Mrs. Chintana Techamontrikul	✓	✓	✓	
6. Ms. Bunsri Panyapiamsak	✓			✓
*7. Gen. Phairat Phoubon	✓		ประธาน	
8. Mr. Tanatat Chawaldit	✓			
9. Mr. Preeda Wongsathitporn	✓			
*10. Mr. Woravit Chailimpamontri	✓		✓	

* Independent Director

Authorized Directors of the Company

Authorized directors for company legal obligation are Mr. Sombat Leeswadtrakul or Mr. Sangrung Nitipawachon or Ms. Bunsri Panyapiamsak, any two of these 3 persons sign out accompanying with the company's seal.

Management As of February 1st, 2021 The Company's management consisted of 10 members as follows;

Name	Position
1. Mr. Sombat Leeswadtrakul	Chief Executive Officer
2. Mr. Sangrung Nitipawachon	Managing Director
3. Ms. Bunsri Panyapiamsak	Chief Financial Officer
4. Ms. Tassanee Phunuch-Aphai	Vice MD of Sales and Marketing
5. Mr. Pakorn On-Kaew	Vice MD of Accounting
6. Ms. Jaruwan Janpra-ob	Vice MD of Information Technology
7. Mr. Pongdech Lersithisak	Branch Manager (Bangkok)
8. Ms. Kannika Anguravirote	Branch Manager (Korat)
9. Mr. Teerasak Onrachorn	Plant Manager
10. Ms. Ajchara Ampaichaichoke	Human Resources Manager

Company Secretary

Ms. Pornnicalertithibaht was appointed by the resolution of the Board of Directors No.5/2008 which held on June 10th, 2008.

Profile of Board of Directors and Managements



Dr. Kanchit Singasuwan

Chairman /Audit Committee and Independent Director

Age 58 years

Tenure of Directorship : November 15th 2007

Education Background

- Doctoral degree in International Business and Administration, Alliant International University, San Diego, CA, USA
- Bachelor of Laws, Chulalongkorn University, Thailand
 - Executive Development Program: EDP #8/2012, Fiscal Policy Research Institute Foundation.
 - CEO #1/2013, Leadership Succession Program (LSP), Institute of Research and Development for Public Enterprises
 - Director Accreditation Program (DAP) #68/2551 from IOD
 - LED 1-8, Singapore Institute of Directors
 - Financial Advisory, Association of Thai Securities Company (ASCO)
 - Corporate Valuation program & Corporate Finance Law & Restructuring program, Asia Connect

Shareholding Proportion (17 February 2021)

- Personally -none-
- Spouse / minor Children -none-

Family Relationship with the other directors

- None -

Working experience in the past 5 years:

Listed Company (2)

- 2020 - present Chairman of Board of Director and Audit committee, Yong Thai Pcl.
- 2019 - present Ind. Director, Nautic AWT Pcl. , SGX (Catalist Exchange)

Non-Listed Companies (1)

- 2017 - present Managing Director, Baupost Associates Co.,ltd.
- 2017 - 2019 Managing Director, Upventure Co.,ltd.
- 2016 - 2017 Managing Director, EEGC Waste Management Corp., Ltd.
- 2016 - 2017 Acting Deputy Managing Director, SAJJA INSURANCE PLC



Mr.Sombat Leeswadtrakul

Director, Chief Executive Officer, Nomination & Remuneration Committee

Age 61 years

Tenure of Directorship : May 29th 1994

Education Background

- MBA, Mahidol University, Thailand
 - Thailand National Defence College #5222
 - The 8th: Top Executive Program, Capital Market Academy, Thailand
 - The program for Senior Executive on Justice Administration (Batch 12)
 - Director Accreditation Program (DAP) #68/2008, Thai Institute of Directors

Shareholding Proportion (17 February 2021)

- Personally 82,380,645 shares (18.31%)
- Spouse / minor Children -none-

Family Relationship with the other directors

- None -

Working experience in the past 5 years:

Listed Company (-)

Non-Listed Companies (2)

- 1994 - present Chairman and Chief Executive Officer, Neastern Steel Co., Ltd.
- 2015 - present CEO, Grand Steel Pipe Co.,Ltd.



Mr. Surapon Satimanont

Vice of Chairman /Chairman of Audit Committee and Ind. Director

Age 60 years

Tenure of Directorship : November 15th 2007

Education Background

- MBA, Webster University, USA
- Master of Laws (LL.M.),Howard University School of Law, USA
- Master of Laws (LL.M.),Southern Methodist University, USA
 - Director Certification Program (DCP) #40/2004, Thai Institute of Directors
 - Anti - Corruption for Executive, July 2014 from Thai Institute of Directors

Shareholding Proportion (17 February 2021)

- Personally -none-
- Spouse / minor Children -none-

Family Relationship with the other directors
- None -

Working experience in the past 5 years:

Listed Company (2)

- 2002 - present Director and Audit Committee, Ratchthani Leasing Public Co., Ltd.
- 2006 - present Director and Chairman of Audit Committee, Baan Rock Garden PCL.

Non-Listed Companies (3)

- 2015 - present Director and Audit Committee, Sumitomo Mitsui Trust (Thailand) Bank PLC.
- 2018 - present Chairman, S & Manont Limited.
- 2018 - present Director, Audit Committee, JSSR Group PCL.
- 2017 - 2020 Director, Audit Committee, Hybrid Energy Co.,Ltd.
- 2015 - 2019 Director, Amethyst Asia Focused Fund



Mr. Sangrungs Nitipawachon

Managing Director / Executive Director

Age 50 years

Tenure of Directorship : May 29th 1994

Education Background

- MBA , Chulalongkorn University, Thailand
- MBA, Prince of Songkla University, Thailand
 - Director Accreditation Program (DAP) # 68/2008 from IOD

Shareholding Proportion (17 February 2021)

- Personally 82,380,645 shares (18.31%)
- Spouse / minor Children 450,000 shares

Family Relationship with the other directors
- None -

Working experience in the past 5 years:

Listed Company (-)

บริษัททั่วไป (2)

- 2006- present Director and Managing Director, Neastern Steel Co., Ltd.
- 2015 - present Authorized Director, Grand Steel Pipe Co.,Ltd.



Mrs. Chintana Techamontrikul

Audit Committee/ Nomination and Remuneration Committee /Ind. Director

Age 66 years

Tenure of Directorship : November 15th 2007

Education Background

- MBA (Finance), Kasetsart University, Thailand
- MBA, University of the Thai Chamber of Commerce, Thailand
- M.A. (Economic law), Faculty of Law, Chulalongkorn University, Thailand
- Director Certification Program (DCP) 4/2000 from Thai Institute of Directors

Shareholding Proportion (17 February 2021)

- Personally -none-
- Spouse / minor Children -none-

Family Relationship with the other directors

- None -

Working experience in the past 5 years:

Listed Company (-)

Non-Listed Companies (2)

1993 - present Managing Director, C&A Auditing

2018 - present Director, Audit Committee, JSSR Group PCL.



Miss Bunsri Panyapiamsak

Executives Director / Chief of Financial Officer

Age 58 years

Tenure of Directorship : November 15th 2007

Education Background

- High vocational Certificate, Technological and Vocational College, Southern Technical Campus
 - Director Accreditation Program (DAP) 75/2008 from Thai Institute of Directors
 - TFSR Program, Federation of Accounting Professions
 - Accounting principles compared to business taxation principles #2, FAP

Shareholding Proportion (17 February 2021)

- Personally 13,875,550 shares (3.08%)
- Spouse / minor Children -none-

Family Relationship with the other directors

- None -

Working experience in the past 5 years:

Listed Company (-)

Non-Listed Companies (2)

2011 - present Director and Executive committee, Neastern Steel Co., Ltd.

2015 - present Authorized Director, Grand Steel Pipe Co.,Ltd.



Gen. Phairat Phoubon

Chairman of Nomination and Remuneration committee / Ind. Director

Age 64 years

Tenure of Directorship : 15 December 2015

Education Background

- The National Defence College (NDC #52)
- Chulachomklao Royal Military Academy (CRMA#27)
- Bachelor of Engineering, Royal Thai Survey Dept.
- Directorate of Education and Training, RTAF #39
- Director Accreditation Program (DAP) 123/2016 from Thai Institute of Directors

Shareholding Proportion (17 February 2021)

- Personally -none-
- Spouse / minor Children -none-

Family Relationship with the other directors

- None -

Working experience in the past 5 years:

Listed Company (1)

2002 - present Chairman, Rich Sport Public Co., Ltd.

Non-Listed Companies (4)

2020- present Director, SermSang Power Corporation Ltd.

2518- present Director, Automate Asia Co.,Ltd.

2017 - present Director, Council of The War Veterans Organization of TH.

2017 - present Subcommittee on Strategic, Defense Technology Institute

2017 - 2020 Honorary Advisor, Royal Thai Armed Forces Headquarters Saving and Credit Cooperative Limited.

2016 - 2020 Advisor of Chairman, CAT Telecom PCL.



Mr. Woravit Chailimpamontri

Nomination and Remuneration committee / Ind. Director

Age 51 years

Tenure of Directorship : 4 April 2018

Education Background

- M.B.A. (International Business Management), Schiller International University, London, England
- B.B.A. (Marketing), Bangkok University
- Cert. of Thailand Government Savings Bank Management Leadership Program,
- Marshall School of Business, University of Southern California
- Top Executive Program, Capital Market Academy (CMA) #8/2009
- Top Executive Program in Commerce and Trade, Commerce Academy, Class 3/2010
- Director Certification Program (DCP) #100/2008 and Advanced Audit Committee Program (AAP) #30/2018, Thai IOD

Shareholding Proportion (17 February 2021)

- Personally -none-
- Spouse / minor Children -none-

Family Relationship with the other directors

- None -

Working experience in the past 5 years:

Listed Company (3)

2018 - present Audit Comm., Siam Future Development Public Co., Ltd.

2017 - present Director and Executive director, International Research Corporation Public Co., Ltd

2018 - present Director and Vice Chairman of Executive Committee, Sabuy Technology PCL

Non-Listed Companies (1)

2017 - present Director and Chairman of Audit Committee, National Power Supply Public Co., Ltd.



Mr. Preeda Wongsathitporn

Director

Age 65 years

Tenure of Directorship : 10 August 2011

Education Background

- Wattana Colledge
- Director Accreditation Program (DAP) #92/2011, Thai IOD

Shareholding Proportion (17 February 2021)

- Personally 20,157,449 shares (4.48%)
- Spouse / minor Children -none-

Family Relationship with the other directors

- None -

Working experience in the past 5 years:

Listed Company (-)

Non-Listed Companies (4)

- 2006 - present Authorized Director, Tor. Vijjbulsin Woods Co., Ltd.
- 2006 - present Authorized Director, Thanapol Laminate Co., Ltd.
- 2006 - present Authorized Director, ChaivasithParawood (2002) Co., Ltd
- 2008 - present Director, Neastern Steel Co., Ltd.



Mr. Tanatat Chavaldit

Director

Age 53 years

Tenure of Directorship : 21 May 2008

Education Background

- MBA, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Director Accreditation Program (DAP) # 68/2008, Thai IOD

Shareholding Proportion (17 February 2021)

- Personally 12,150,308 shares (2.70%)
- Spouse / minor Children -none-

Family Relationship with the other directors

- None -

Working experience in the past 5 years:

Listed Company (-)

Non-Listed Companies (4)

- 2002 - present Director, Relax Comfort Co., Ltd.
- 2001 - present Director and Vice President, Golden (Thai) Teak Co., Ltd.
- 2001 - present Director and Vice President,SB Furniture Houses Co., Ltd.
- 2001 - present Director and Vice President,SB Furniture Industry Co., Ltd

Ms.. Tassanee Phunuchapai	Mr.Pakorn Onkaew
Vice MD of Sales and Marketing	Vice MD of Accounting /Accountant
Age 46 years	Age 46 years
Tenure of Directorship : 1 February 2021	Tenure of Directorship : 1 February 2021
Education Background	Education Background
<ul style="list-style-type: none"> MBA, Prince of Songkla University, Thailand B.A. (Finance),Prince of Songkla University 	<ul style="list-style-type: none"> B.A. (Accounting), Had Yai Community College <ul style="list-style-type: none"> Accounting principles compared to business taxation principles #2, FAP
Shareholding Proportion (17 February 2021)	Shareholding Proportion (17 February 2021)
<ul style="list-style-type: none"> Personally -none- Spouse / minor Children -none- 	<ul style="list-style-type: none"> Personally 49,500 shares (0.01%) Spouse / minor Children -none-
Family Relationship with the other directors	Family Relationship with the other directors
- None -	- None -
Working experience in the past 5 years:	Working experience in the past 5 years:
<u>Listed Company</u> (-)	<u>Listed Company</u> (-)
<u>Non-Listed Companies</u> (-)	<u>Non-Listed Companies</u> (1)
2004-2020 Marketing Manager, 2S Metal PCL.	2013- present Director and Managing director, Mega Trans and LogisCo.,Ltd.
	2007-2020 Accounting Manager, 2S Metal PCL.

Ms. Jaruwan Janpra-Ob	Ms. Kannika Angruvirote
Vice MD of IT	Branch Manager
Age 42 years	Age 55 years
Tenure of Directorship : 1 February 2021	Tenure of Directorship : 1 March 2010
Education Background	Education Background
<ul style="list-style-type: none"> Master of Science, ICT, Prince of Songkla University, 	<ul style="list-style-type: none"> B.A. Faculty of Arts, Silpakorn University
Shareholding Proportion (17 February 2021)	Shareholding Proportion (17 February 2021)
<ul style="list-style-type: none"> Personally 101,250 shares (0.02%) Spouse / minor Children -none- 	<ul style="list-style-type: none"> Personally -none- Spouse / minor Children -none-
Family Relationship with the other directors	Family Relationship with the other directors
- None -	- None -
Working experience in the past 5 years:	Working experience in the past 5 years:
<u>Listed Company</u> (-)	<u>Listed Company</u> (-)
<u>Non-Listed Companies</u> (-)	<u>Non-Listed Companies</u> (-)
2010- 2020 ICT Manager, 2S Metal PCL.	

Mr. Pongdech Lersithisak	Mr. Teerasak Onrachorn
Branch Manager Age 53 years Tenure of Directorship : 1 March 2010 Education Background <ul style="list-style-type: none"> B.A. (Faculty of Business) Chulalongkorn University Shareholding Proportion (17 February 2021) <ul style="list-style-type: none"> Personally -none- Spouse / minor Children -none- Family Relationship with the other directors - None -	Branch Manager Age 37 years Tenure of Directorship : 1 July 2018 Education Background <ul style="list-style-type: none"> B.A. (Electrical Engineering), King Mongkut's University of Technology Thonburi. Shareholding Proportion (17 February 2021) <ul style="list-style-type: none"> Personally -none- Spouse / minor Children -none- Family Relationship with the other directors - None -
Working experience in the past 5 years: <u>Listed Company</u> (-) <u>Non-Listed Companies</u> (2) 2008- present Director and Executive , Wattana Mansion 2016 – present Director, Grand Steel Pipe Co.,Ltd.	Working experience in the past 5 years: <u>Listed Company</u> (-) <u>Non-Listed Companies</u> (-) 2016 – 2018 Plant Manager, Samchai Steel Co.,Ltd.
Miss Ajchara Ampaichaichok	Miss Pornnica Lertithibaht
Human Resources Manager Age 48 years Tenure of Directorship : 1 August 2019 Education Background <ul style="list-style-type: none"> B.A. ,Prince of Songkla University Shareholding Proportion (17 February 2021) <ul style="list-style-type: none"> Personally -none- Spouse / minor Children -none- Family Relationship with the other directors - None -	Corporate Secretary Age 48 years Tenure of Directorship : 1 July 2008 Education Background <ul style="list-style-type: none"> B.A., Marketing, Bangkok University Company Secretary Program (CSP) #27/2008 from Thai Institute of Directors Shareholding Proportion (17 February 2021) <ul style="list-style-type: none"> Personally -none- Spouse / minor Children -none- Family Relationship with the other directors - None -
Working experience in the past 5 years: <u>Listed Company</u> (-) <u>Non-Listed Companies</u> (-)	Working experience in the past 5 years: <u>Listed Company</u> (-) <u>Non-Listed Companies</u> (-)

Labor Dispute

The total of company employees as on December 31, 2020. This consists of the employee according to the working lines as follows:

Division	No.of Employees		Division	No.of Employees	
	2020	2019		2020	2019
1 Plant	112	110	6 Information Technology (IT)	15	12
2 Sales and Marketing	47	45	7 The office of Committee	1	1
3 Accounting	8	7	8 Internal audit	1	1
4 Financial	3	3	9 Warehouses (4)	65	59
5 Personnel	13	12	Total	265	250

3 Subsidiaries consisted Neastern Steel Co.,Ltd., Maga Trans and LogisCo.,Ltd. and Grand Steel Pipe Co.,Ltd. have total employee 265 persons which excluded management.

In a period of the past 3 years, The company did not have any conflict about labor

Employee's compensation of 2020

The total compensation of the company's employees (excluded management) was 90.03 Bt. million. This compensation was the form of salary, bonus wage, overtime wage, provident fund and other welfare.

The total compensation of 3 subsidiaries, Neastern Steel Co.,Ltd., Maga Trans and Logis Co.,Ltd. and Grand Steel Pipe Co.,Ltd. was 28.53 and 15.60 and 7.57 Bt. Million respectively. This compensation was the form of salary, bonus wage, overtime wage, provident fund and other welfare.

Personnel Development Policy

The Company has the policy regarding personnel development to advance the employees' knowledge and skill for better performance and higher quality service. Necessary trainings and seminars will be arranged regularly. This will help the staff to be able to apply the knowledge and perform their task efficiently. The Company also has the policy to set compensation at appropriate levels to keep the qualified persons to work with the Company for a long term. In addition, various activities to promote unity of employees have been carried out continuously as details on Section "Corporate Social Responsibility", Respect for human rights.

Good corporate governance

Corporate Governance Policy

In current social environment and economic conditions, there are many changes. Guidelines and principles of corporate governance are developed to be comprehensive and clear, in line with changes that occur. The Board of Directors therefore agreed to review and improve the content of the Corporate Governance Handbook. The handbook content is developed in accordance with the changes that have occurred by applying the principles of good corporate governance (CG Code) of the Securities and Exchange Commission. The principles are applied as a guideline for determining and improving the corporate governance manual to be more universal by adopting CG Code, all 8 practices as guidelines for deploying in the business context of the company. This includes adopting the right innovation and technology to support the business strategy, covering all the factors that change around, taking into account "stakeholders" in both impact and value that will occur for managing important resources (Details of the practices appear in the Corporate Governance Manual on the Company's website).

- Principle 1 Establish Clear Leadership Role and Responsibilities of the Board
- Principle 2 Define Objectives that Promote Sustainable Value Creation
- Principle 3 Strengthen Board Effectiveness
- Principle 4 Ensure Effective CEO and People Management
- Principle 5 Nurture Innovation and Responsible Business
- Principle 6 Strengthen Effective Risk Management and Internal Control
- Principle 7 Ensure Disclosure and Financial Integrity
- Principle 8 Ensure Engagement and Communication with Shareholders

Compliance with the principles of good corporate governance

In 2019, the company developed its production lines to be more productive while maintaining important resources by investing in a solar energy project. This investment benefited the business in both production costs and energy conservation by using energy to its maximum benefit. The company also developed software to enhance marketing and sales performance. The Board of Directors supervised business operation with regard to long-term results and benefits for all "Stakeholders" in all parties.

The company's corporate governance covered the implementation of CG principles of 5 sections as follows;

Section 1 The Rights of Shareholders

The Company realizes and values fundamental rights of shareholders, both as the Company's owner and investors, such as right to buy, sell, or transfer stocks, right to receive significant information, right to receive dividend, right to attend meetings and vote, right to give opinion, right to decide in any significant matter of the Company, e.g. dividend payment.

In practice, the directors encourage the shareholders to exercise their rights by voting in shareholders meetings regardless of whether the issue involves new appointment or removal of directors, the rights to fix directors' compensation package, the right to select and fix compensation package of external auditor or to decide on dividend payment. The shareholders have the prerogative to ask about the company's performance including information on various developments that may have an impact on the company. The directors offer the opportunity to shareholders to exercise their full rights by disclosure the criteria and methods through the SET's [SETLINK](#) system more than 30 days which sufficient duration to propose agendas and to nominate persons to be elected as the Company directors. They can contact the company including its directors via letters or the company secretary or investor relations at the company's website www.ss.co.th/th/contactusir or by postal mail.

Section 2 The Equitable Treatment of Shareholders)

The Annual General Shareholders Meeting of 2020 was held in the Outbreak of Coronavirus Disease 2019 (COVID-19) on 25 June 2020 at Sathorn room, Qhouse Lumpini 4flr., with the preventive measures against COVID-19 for facilitate the shareholders to have access the right, vote or sharing the comments and suggestion.

Prior calling the Meeting The basic rights abovementioned, the company offers the opportunity to the shareholders to propose new agenda for discussion at the shareholders' meeting including proposing new directors or in case if shareholders have any question on the meeting agenda such question can be submitted to the directors in advance of the meeting together with any relevant documents. The company's secretary shall collect such questions for discussion at the meeting. Nevertheless, the directors reserve the right to screen the questions such that only the ones that benefit the shareholders in general and are manageable by the directors without violating any law, guidelines, regulations will be tabled for the meeting's discussion. For the questions that were excluded from the meeting agenda, the company's secretary shall contact and explain the reasons to the individuals who made such proposals.

In addition, the Company disclosed on the Company's website to invite all minority shareholders to nominate qualified persons to be appointed as the Company's directors from 15 December, 2020 to 31 January, 2021. However, no shareholder nominated any person to be the Company's director.

Organizing the Meeting The company will organize the meeting within 4 months from end of each year. The company will notify the annual shareholders' meeting via SET Community Portal (SCP) on the day such date is finalized by the directors. The shareholders will be notified in Thai and English up to 30 days in advance before the meeting date via the company's website that enable shareholders to study the information before the meeting. Subsequently, a written notification will be sent via postal mail.

Sending of invitation letters to shareholder: The company assigned the Thailand Securities Depository Co., Ltd. which is the company's registrar to dispatch invitation letters to shareholders 7 days in advance of the meeting date and there will be similar announcement in the newspaper for 3 consecutive days of more than 7 days in advance of the meeting date

The right of shareholder in the Meeting The company has already informed the shareholders on the conditions and method to register for the meeting as enclosed with the invitation letter. The document reveals the time to register, explain how to empower a proxy and how to cast a vote at the meeting.

The company has been promoting the exercise of shareholders' rights at the meeting including casting votes. Those shareholders not convenient to join the meeting can give power of attorney in type B (POA) for others to attend on their behalf. The company explains the required documents/evidence in which a proxy must show together with the POA which were also provided in English for foreigners. The conditions on using a proxy are simple and uncomplicated. In the circumstance where the shareholders are not convenient to attend the meeting and wish to give proxy to a director to exercise the voting on their behalf, the company has already proposed the names of independent directors so the shareholders can consider giving the POA to them. All above documents are enclosed with the invitation letters. Further the POA in type A and type C, the company would post on the website for any shareholders choose match their requirement.

Managing the Meeting To facilitate the meeting, the company will make use of computers to assist in registering the shareholders and the vote casting process which contain the names of shareholders in attendant and the eligible number of votes categorized for each agenda. The process also covers vote counting for each agenda whilst the shareholders can register to join the meeting throughout the whole meeting. The computer will update the votes during the registration and will close before the voting of the final agenda.

Before commencement of the meeting, the master of ceremony will inform the audience on the make-up of the quorum consisting of the number of attendants, the number of votes and guidelines on voting including counting. The meeting will proceed according to the order of the agenda which are

informed via the invitation letter. There will not be any reshuffle of the agenda order, any addition or change without having informed the shareholders in advance.

Chairman of the meeting will act as the moderator to ensure that the meeting proceeds smoothly by arranging an appropriate time for each agenda to enable the participants to express their opinions, recommendations including fielding questions on various issues relating to the meeting. The chairman allows sufficient time for the directors or concerned management members to clarify the questions raised by the participants. In order to respect the rights of all participants, the chairman may have to control the meeting such that there is not excessive time spent on each issue. As such, if any issue raised is not related to the meeting agenda, the clarifications may need to be made after the meeting.

Preparing Minutes of the Meeting and disclosed of the Meeting decisions The company's secretary is responsible for preparing minutes of the meeting disclosing the date, time, quorum and place of the shareholders' meeting. This includes the number of shares and shareholders and the proxies, names of the directors attending the meeting, guidelines on vote casting and counting, meeting agenda together with the decisions based on the votes which will be divided into 'agreed', 'disagreed' or 'abstained' including details on the questions from shareholders and respective explanation from directors, opinions & recommendations from shareholders etc.

After the meeting is over, the company will disseminate the decisions by the participants via the SET system followed by submitting the meeting report to the SET which is also accessible via the company's website within 14 days after the meeting to enable those shareholders who did not attend the meeting to stay informed whilst allowing the shareholders who attended the meeting to review and express opinions without having to wait until the next meeting.

Section 3 The Role of Stakeholders

The Company places an importance to the right of all stakeholders, either inside stakeholders, i.e. employees and administrators, or outside stakeholders, i.e. competitors, partners, and customers. The Company realizes that support and suggestion from all stakeholders are valuable and will benefit the Company's business operation and development. We have complied with the relevant laws and regulations for that the rights of such stakeholders are well taken care of. In addition, cooperation between the Company and each group of the stakeholders is promoted to build confidence in the Company in the following manners: (see more details on the Company's Ethic Business)

- Shareholders** : The company aims on being good representative of the shareholders in managing the business to create satisfaction to shareholders by taking into account the long term growth and in transparency of information disclosure that is reliable. The shareholders can inform or file complaint on issues that may cause damage to the company via the company's website.
- Employees** : The company is aware of the importance of the company's staff, a major asset of the company. The company will fairly appoint individuals to various positions in the company by considering the qualifications for each position, education background, experience and other necessary conditions for the job.
- Competitors** : Avoid unfair competition, and practice on business ethics.
- Business Partners** : The company does transactions with business partners strictly on good faith basis, abiding by the terms of the agreement and the commitment given. Its staff will not demand any favor from any business partner and will treat all of them as equal without any bias.
- Customers** : Manufacture and deliver products that meet standard quality. Emphasize product development and services to be of high quality with transactions done fairly and mutually beneficial for both parties. The company seriously commits to safeguard the customer's confidential information and not act to derive self-benefits from the privilege of knowing such information. All in all, it should create satisfaction and trust from the customers.
- Creditors** : The Company realizes that maintaining good relationship with the creditors to create confidence and trust as well as honestly following loan agreement are its responsibility.

Community and the society : Consistently organize activities that promote the society, community and the environment so the community nearby the company's office has a better quality of life. Such activities can be carried out by the company solely or in cooperation with the state and the community itself. The company cultivates in its staff a sense of responsibility to the society and environment including in efficiently and effectively using the natural resources.

Conflict of Interests

The Board of Directors has established internal guidelines to prevent anyone using internal information for personal gains in violation of business code of conduct, covering the directors, management and general staff, which forms a part of the orientation trainings for new directors, management and staff. Such code of conduct is broadcast in the company's website with the following gist:

1. The Board of Directors and management members must not derive gain or loss in engaging in business transaction with the company or in business transaction that is competing against the company regardless of whether directly or indirectly.
2. The Board of Directors and management members must perform their duty and avoid any conflict between personal's interest and the company's interest. He/she must declare any potential conflict of interest before entering into any transaction with the company or its subsidiaries. The above benefits include the followings:
 - Not derive personal gains from holding director position
 - Not use the company's confidential information in unlawful ways or unethical ways.
 - Not accepting a director position in a rival company.
 - Not derive personal gains from entering into a contract with the company.
3. The Board of Directors must not engage in or be a significant shareholder or having family members become a director or become a major shareholder in a company or any business that is similar to the company and competing against the company regardless of whether for own benefit or for other's benefits.
4. Prohibit any company's staff with conflict of interest to have the authority to enter into any contract on behalf of the company in order to prevent any conflict of interest that could happen.
5. In any meeting to consider an agenda where the participant i.e. a company's director, management member or staff has a conflict of interest with the company, that participant is not eligible to vote for that agenda.

In each quarter, the Internal Audit Department will compile information on related transactions and present it in the audit committee meeting. All transaction details and transparency matters will be reported to the Board of Directors for good corporate governance.

To support stakeholders, both inside and outside stakeholders of the company can participate in the business operation of the company. Therefore, if there are suspicious sightings or suspected acts of violation or non-compliance with laws, regulations, codes of conduct, and policy such as corruption, all stakeholders are eligible to report petition and complaint with detailed evidence to the company or entities involved in the following channels

Whistle bawling

- Postal : Audit Committee
 2S Metal Public Company Limited
 No. 1788 Singha Complex (Regus) 30 Flr., New Petchburi Rd.,
 Bang kapi, Huaykwang
 Bangkok 10310
- Email : auditcom@ss.co.th

CONDITION AND CONSIDERATION

1. Petition and detail need to be based on reality or considered investigatable for future investigation.
2. Petitioner or whistleblower are allowed to be anonymous of their name, address, and phone number in case of their personal insecurity or potential damage from disclosure. However, the company suggests it would be easier and faster to conduct investigation with disclosed identity of petitioner or whistleblower.
3. The information received will be treated as confidential and anonymous unless consented for disclosure.
4. Petitioner and whistleblower, either insider or outsider of the organization, will receive protection from the company.
5. The processing period after reporting petition or complaint will be subjected on the complexity of matter, the sufficiency of evidence given by petitioner or whistleblower.
6. The recipient of petition and complaint and those involved in the review process will ensure the confidentiality of information and will only reveal extent necessary for the process of investigation with regard to safety and damage to the petitioner and whistleblower who cooperated in the investigation, sources of information or related parties.
7. Petitioner and whistleblower have the right to reject to participate in further investigation that may be unsafe or suffer them or anyone who cooperated in the investigation. Petitioner who wishes to participate in further investigation is eligible to request for the protection from the company, if it is likely to cause suffering damage or insecurity. In some cases, the company may define protective measure for those considered appropriate.
8. Those who have suffered damage will be mitigated by appropriate and fair compensation. People who wish to inform or file petitions or complaints on issues that may cause damage to the company can report them via the company's http://www.ss.co.th/th/about_th/corporate-governance_th/การแจ้งเบาะแส-การร้อง/

Section 4 Disclosure and Transparency

The Company realizes the importance of disclosure of such information as financial report and general information, that is accurate, complete, and transparent, according to regulations set by the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as other information that has an effect on the Company's stock price which has influence on decision making of the Company's stakeholders and investors. The Company has published related information through different channels and media provided by the Securities and Exchange Commission and the Stock Exchange of Thailand, and also on the Company's website at www.ss.co.th.

For the investor relations, Mr. Sombat Leesawadtrakul (Chairman of the Executive Committee) and Mr. Sangrung Nitipawachon (Managing Director) are responsible for communicating with investors, shareholders, analysts and relevant government sectors. For matters of investor relations, Secretary of Company Committee will be the point of contact which can be reached via phone number 02-0883618 or email pornnica@ss.co.th or <http://www.ss.co.th/th/contactusir/>

The Board of Directors is responsible for consolidated financial statement of the Company and the Subsidiary and financial information as appeared in the Annual Report. Such financial statement has been prepared in accordance with the accounting standard of Thailand. The Company abides to appropriate accounting policy and discloses financial information sufficiently. The Audit Committee will verify the quality of financial report and internal control system, as well as sufficiently disclosing of important information in the Notes to Financial Statement.

Insider Trading

The Company has drawn up policies to prohibit the company's directors and management from using unreleased information for personal gain and investment or selling purposes.

- The company's directors and management is obligated to report their shareholding status including those of their spouse and children who are under the age of 20 to the Office of the Securities and Exchange Commission and SET according to section 59 and the provision of a law according to section 275 of securities and Exchange Act B.E. 2535
- The company's directors and management is obligated to report their shareholding status to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand according to section 59 and the provision of a law according to section 275 of securities and Exchange Act B.E. 2535 as well as send a copy of such document to the company on the same date.
- The company will distribute a memo to inform the Management that executives who receive any significant internal information that may affect the stock's price are refrained from any trading activities for 1 month before such information or the financial statements are made public. In this regard, the company's directors and management are prohibited from releasing such information.
- The company has set the penalties concerning the use of internal information for personal gain and for releasing such information in a wrongful manner. Penalties include verbal warning, written warning, probation and dismissal depending on a case by case basis.

The movement of share holding of 2020

	17 February 2020		Changing	17 February 2021		% of Capital
	Personally	Spouses and minor Children		Personally	Spouses and minor Children	
1. Mr. Kunchit Singsuwan	-	-	-	-	-	-
2. Mr. Surapon Satimanont	-	-	-	-	-	-
3. Mr. Sombat Leeswadtrakul	82,380,64	-	-	82,380,6	-	18.3%
4. Mr. Sangrung Nitipawachon	26,198,17	945,000	-	26,198,1	945,000	6.03%
5. Mrs. ChintanaTechamontrikul	-	-	-	-	-	-
6. Ms. Bunsri Panyapiamsak	13,875,55	-	-	13,875,5	-	3.08%
7. Mr. Tanatat Chawalait	12,150,30	-	-	12,150,3	-	2.70%
8. Mr. Preeda Wongsathitporn	20,157,44	-	-	20,157,4	-	4.48%
9. Gen. Phairat Phoubon	-	-	-	-	-	-
10 Mr. Worwit Chailimpamontri	-	-	-	-	-	-
11 Mrs. Tassanee Phunuchaphai	-	-	-	-	-	-
12. Mr. Pakorn OnkaewAge	49,500	-	-	49,500	-	0.01%
13 Mrs. Kannika Angruvirote	-	-	-	-	-	-
14 Mr.Pongdech Lersithisak	-	-	-	-	-	-
15 Ms.Jaruwan Janpra-Ob	101,250	-	-	101,250	-	0.02%

Section 5 Responsibilities of the Board of Directors

5.1 Board's Compositions

The Board of Directors consists of individuals with a wide range of skills, knowledge and abilities in different areas such as management, law, finance and accounting which all jointly supervise the operations of the company, policy formulation and organization overview. The Board also plays an important role in the auditing and evaluation of the company's performance to be in accordance with the plan. (find details in the section " *The Organize Structure*").

At present, the Board of Directors consists of 10 people, 7 men and 2 women. 3 of which are executive directors and 7 non- executive directors, 5 of which are qualified as independent directors. This balance results in fair voting and consideration of various business matters. The Board of Directors has appointed 3 sub-committees: Audit Committee, Executive Committee and Nomination and Remuneration Committee to perform specific duties and propose matters to the Board of Directors for consideration or acknowledgment. Each sub-committee has the rights and duties as specified in the powers and duties of each committee. The qualifications of each committee are listed in the section " Nomination and Appointment of Directors and Executives".

Definition of the Independent Director and Audit Committee

1. Holding shares no more than 1% of registered and paid- in capital of the Company and related companies, including shares held by related persons of the committee members;
2. Having neither conflict of interest with the Company and related companies nor gain/lost in terms of financial or business management either in the past or at the present, as well as not being a member of independent committee in such nature as,
 - An executive director, an employee, a staff, an advisor who receives salary, or an authorized person of the Company.
 - A professional such as auditor, law consultant, financial consultant, or asset appraiser
 - Any related person that has business relationship with the Company such as buy/ sell product and service, buy/ sell assets, give/receive financial support
3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company and its Subsidiary;
4. Having no business relationship with the Company, the Subsidiary, or juristic person who may have conflicts of interest, in the manner which may interfere with his/ her independent judgment, and in a manner that prevents the committee member from presenting the opinion freely about the Company's operation;
5. Not being a member of the audit committee or any committee in other public companies such have type of business same the Company.

The term of Independent Directors will be as the term of Company's director, eventhough its over 9 years of tenure of Directorship but suitable for comment freely and perform in accordance with the relevant guidelines.

Audit Committee consists of independent committee of at least three persons. The term of office is three years. In addition, at least one of the Independent Committee who is a member of the Audit Committee must has sufficient knowledge and experience in accounting or financing to be able to perform duty in examining the reliability of the financial statement. The Company will also consider other qualification such as business experience and expertise, and ethics as well.

Selection of the Board of Directors and Top Executive

Director, according to the Company's regulations, at every annual general shareholder meeting, one third of the directors must leave the Board. Every year the Company will invite the Company's shareholders to propose person to be elected as the Company's director which will be considered the qualification of the candidate by the Nomination and Remuneration Committee for propose the Annual General Shareholders Meeting.

1. The directors must perform their duties according to laws, objectives, and regulations of the Company, as well as the resolutions of the shareholder meetings.
2. The Board of Directors must consist of no less than five persons and more than half of the Board members must be residences of Thailand. All of the Board members must have qualification as required by laws.
3. The Board of Directors must compose of independent committee members of no less than one third of all members and no less than three persons. The Independent Committee must hold shares no more than 1% of the registered and paid-up capital of the Company and related companies, including shares held by related persons of the committee members. Directors who are independent committee members of other related companies must disclose such information and remuneration receiving form that company as well.
4. The shareholder meeting is responsible for appointing directors on the basis of majority votes under the following rules and methods,
 - 4.1 A shareholder shall have one vote for each share held.
 - 4.2 Committee election can be made through an individual or a group to be committee according to shareholder meeting. To vote, no matter individual or group who the shareholder vote will be the voice according to the number of stocks that the shareholder holds under Item 1 in which the mentioned shareholder cannot divide their voices to any individual more or less than others.
 - 4.3 Candidates shall be decided on the basis of majority of the vote cast. In case of a tie of votes, the Chairman presiding over the meeting shall have the casting vote to decide who will win the tie.

5. In case there is a vacant seat in the Board because of a particular reason other than expiration of terms, the Board shall select a person who meets qualification and qualified by laws according the Public Company Limited Act B.E. 2535 to be an acting board member for the next meeting, unless the term of the Board is less than two months. The acting board member will be in position for the remaining term of the member being replaced. The resolution of the Board of Directors must be from the vote of no less than three-fourth of the remaining members of the Board.
6. The shareholder meeting may vote to have any of the directors to leave the Board of Directors before the end of the term. The vote must be no less than three-fourth of the number of shareholders attending the meeting and having rights to vote with the total number of shares no less than half of total numbers of shares of all shareholders who attend the meeting and have rights to vote.

Nomination of Chief Executive Officer/ Managing Director The Nomination and Remuneration Committee will nominate qualified candidate with skills, competence, expertise and experience in the specific field of the Company's business, under the following criteria:

1. Have qualifications according to Section 68 of the Public Limited Companies Act, B.E. 2535 and notifications or regulations of the Stock Exchange of Thailand ("SET") and Office of the Securities and Exchange Commission ("SEC").
2. Have specific skills, competence and expertise and diversified experience beneficial to the efficient business operation of the Company.
3. Have personal traits that support corporate governance principles, such as be a person with morality, independence, assertiveness, creativity, prudence, honesty and full dedication to performance of duty for the Company.

Succession of Executive Director

At the monthly management meeting for discussing and exchange information, planning and strategies, will assign work to create continuity in the management

5.2 Roles, Duties and Responsibilities

The Board of Directors consists of persons with knowledge, expertise, experience, and also leadership, being well accepted in the business circles. The Board of Directors participates in defining vision, mission, strategy, business direction policy, and controlling and monitoring the Company's operation to conform to laws, objectives, regulations, and resolutions of the shareholder meetings. For better monitoring and controlling of the Company's operation,

The Company has clearly defined roles, duties, and responsibilities amongst the Board of

Directors and Executives. The Board is responsible for defining policy and monitoring executives' performance and operation. The Executives take care of management of the Company in different aspects to be in line with the Company's policy. Thus, the Chairman of the Board of Directors and the Managing Directors are different person. Both positions must be selected by the Board of Directors to get the most suitable persons for the job. Further information about their scope of work, duties, and responsibilities is detailed in Scope of Responsibilities, page 42

5.3 Meeting of the Board of Director

The directors normally meet every 3 months and may convene special meetings as necessary. The meeting dates are fixed 1 year in advance. For each meeting, the company will send invitation letter together with accompanying documents not less than 7 days before the meeting date to allow the directors sufficient time to review the information, unless there is a case of urgency. Written minutes of meeting and acknowledge documents have to be compiled for future reference and examination.

The company requires the minimum participant number to be not less than 50% of all the appointed directors and the agenda for discussion will be announced by the chairman. Chairman and the Managing Director involve in defining agenda and considering the matter for the Board of Directors meeting. Each director has a chance to propose any issue to be considered as the meeting agenda.

The Chairman will allow directors to give their opinion freely. For some agenda, there may be executives or expertise attending to provide additional useful information and also to acknowledge the policy directly to be able to perform their task efficiently. Resolution of the meeting is decided by a majority vote. Each

director has one vote. Any director who may has conflict of interest will not attend the meeting and/or not vote for that issue. If numbers of votes are equal, the Chairman will vote to make a final decision.

In 2020, the company amended the Articles of Association of the Company in regard of holding a board meeting via electronic media, in accordance to the rules and procedures prescribed by the law. According to information security standards stipulated in the law, the company can deliver meeting invitation letters as well as supporting documents via electronic mail for convenience and work efficacy. This way is convenient and fast for the committee to receive information for consideration more than 7 days before meeting date.

In November 2020, the independent directors attended a meeting without management participation. The meeting was held before the commencement of the board of directors meeting to exchange ideas about management or issues of independent interests, to bring opinions that were jointly discussed and to present those opinions and comments to the Board of Directors for acknowledgment.

The Meeting attendance of the directors in 2020 are as follows;

	Attendance / No. of Meeting				
	Board of Director	Audit Committee	Nomination & Remuneration	Shareholder Meeting	Ind. Director
1. Mr. Kunchit Singsuwan	5/5	4/4		1/1	1/1
2. Mr. Sombat Leeswadtrakul	5/5	-	2/2	1/1	-
3. Mr. Sangrungs Nitipawachon	5/5	-	-	1/1	-
4. Mr. Surapon Satimanont	5/5	4/4		1/1	1/1
5. Mrs. Chintana Techamontrikul	5/5	4/4	2/2	1/1	1/1

	Attendance / No. of Meeting				
	Board of Director	Audit Committee	Nomination & Remuneration	Shareholder Meeting	Ind. Director
6. Ms. Bunsri Panyapiamsak	5/5	-	-	1/1	-
7. Mr. Tanatat Chawalalit	5/5	-	-	1/1	-
8. Mr. Preeda Wongsathitporn	5/5	-	-	1/1	-
9. Gen. Phairat Phoubon	5/5	-	2/2	1/1	1/1
10. Mr. Woravit Chailimpamontri	5/5	-	1/2	1/1	1/1

5.4 Compensation for Directors and Executives

The Company has set guidelines and payment rates for directors to be at appropriate levels. Remuneration for directors and executives would be based on their scope of responsibility, the Company's overall performance, and conform to similar business/ industry. Directors' and executives' remuneration packages should be attractive enough to keep the qualified persons, and should be comparable to that of other companies in similar industries. Directors and Executives being assigned more duties and

responsibilities will receive more compensation accordingly.

In 2020, Nomination and Remuneration Committee determined the remuneration data of the listed company in SET compared with the evaluation of performance to set the transparently remuneration before propose to the shareholder meeting.

Remuneration in Cash

Compensation of 2020 was solved from the Annual General Meeting of Shareholders of 2020, held on 25 June 2020. Total amount must not exceed Bt. 4.0 million excluded the executive director, which consisted of monthly salary for the Chairman and Directors at the amount of Bt. 50,000 and Bt. 30,000, respectively. The allowance was amount Bt. 20,000 per meeting for chairman of AC and chairman of Nomination - Remuneration and Bt. 15,000 per meeting for another. For the special compensation or bonus will be depend on the Company's operation but must not exceed Bt. 4.0 million per year.

Name	Compensation	
	2020	2019
1. Mr. Kunchit Singsuwan	750,000.-	735,000.-
Salary	600,000	600,000
Meeting allowance	150,000	135,000
2. Mrs. ChintanaTechamontrikul	540,000.-	525,000.-
Salary	360,000	360,000
Meeting allowance	180,000	165,000
3. Mr. Surapon Satimanont	530,000.-	495,000.-
Salary	360,000	360,000
Meeting allowance	170,000	135,000
4. Mr. Tanatat Chawalalit	450,000.-	435,000.-
Salary	360,000	360,000
Meeting allowance	90,000	75,000
5. Mr. Preeda Wongsathitporn	450,000.-	445,000.-
Salary	360,000	360,000
Meeting allowance	90,000	75,000
Allowance from Subsidiaries	20,000	20,000

Name		Compensation	
		2020	2019
6.	Gen. Phairat Phoubon	490,000.-	465,000.-
	Salary	360,000	360,000
	Meeting allowance	130,000	105,000
7.	Mr. Woravit Chailimpamontri	275,000.-	435,000.-
	Salary	240,000	360,000
	Meeting allowance	45,000	75,000
		3,675,000	3,525,000

Management Remuneration

	2020		2019	
	Person	Amount (MB.)	Person	Amount (MB.)
Salary	10	16.25	11	16.00
Bonus	10	7.13	10	6.55
Others –Commission and Provident fund	10	0.75	10	0.80
** Allowance from Subsidiaries		3.27		3.27
Total		27.28		26.62

** Only management who seat in Subsidiaries such Neistern Steel Co.Ltd., Megga Trans and Logist Co,Ltd and Grand Steel Pipe Co.,Ltd

Other Remunertation

-None-

5.5 Report of the Board of Directors

The Audit Committee is appointed to reviewed the financial statements together with accounting manager and propose to the Board of directors' meeting as opinion on each quarter. The Board of Directors is responsible for the consolidated balance sheets of the Company and its subsidiaries. Such balance sheets shall be executed according to the accounting standard. The applicable accounting method shall be appropriate and consistent.

5.6 Corporate Governance and Business Ethics

The committee operate business within good corporate governance and ethical framework for sustainability and international acceptance. Therefore, the company has created a good corporate governance handbook which consists of related contents such as business ethics, good business operations, and anti-corruption policy. These topics are set to discuss in orientations for new directors, executives, and employees to study and use as a guideline to conduct business sustainably. http://www.ss.co.th/th/about_th/corporate-governance_th/

The Board of Directors has revised and improved the Company's Code of Conduct (2018 edition) which could be divided into 10 categories and covers all stakeholders.

- Respect and comply with laws and regulations
- Human rights
- Stakeholders and conflicts of interest
- Responsibility to all stakeholders
- The use of inside information and keeping information confidential
- Intellectual property and the use of information and communication technology

- Giving and accepting gifts, assets or any other benefits
- Safety, Health and Environment
- Internal control and internal audit
- Political rights

5.7 Preventing the Insider Information

The Company has set guidelines concerning the use and protection of inside Information for trading of the Company's securities by related persons which include directors, executives, and employees in departments that have connection with such inside information (including spouse and underage child of such persons). Selling or buying of the Company's stock by such related persons is prohibited for at least one month before disclosure of quarterly financial statements and annual financial statements. Stock trading by relevant parties can be done after the information is disclosed to the public more than 24 hours.

The Company has informed the directors and executives about their duties to report their holding of the Company's stocks, penalty according to the Securities and Exchanges Act B.E. 2535 and regulations set by the Stock Exchange of Thailand. In case the directors or executives of the Company sell or buy the Company's stocks, they must report to the Securities and Exchange Commission about securities holding of themselves, and their spouse and underage child, according to the laws within three days. This information will later be announced to the public.

5.8 Orientation for new director

A newly appointed director will be advised of the important rules & guidelines of the Board of Directors and various special director groups including the company's major policies and information e. g. director manual, good supervision practice, ethical and moral code of conducts for directors and management including

an introduction to the nature of the business and the company's approach in doing business. The company encourages the new directors to participate in trainings of at least one course i.e. Directors Certification Program (DCP), Directors Accreditation Program (DAP) and Audit Committee Program (ACP).

5.9 Development Programs for Directors and Executives

The Board of Directors has a policy to promote and facilitate training and educating directors who are involved in the corporate governance system of the company such as directors, audit committees, executives, etc. in order to continuously improve their operations and develop the organization.

Training for Directors and Executives 2020

Dr.Kanchit Singsuwan Attended

Mr. Boonsri PanyaPiamsak Attended

Mr. Pakorn Onkaew Attended

Listed Entity Director Essentials (LED) 1-8, Singapore Institute of Directors

" *Insight of financial reporting standards according to accounting principles compared with the principles of business taxation*" Class 2 of the Federation of Accounting Professions

" *Insight of financial reporting standards according to accounting principles compared with the principles of business taxation*" Class 2 of the Federation of Accounting Professions

Update new laws and effects on net profit calculation and revenue

5.10 Evaluation for the performance of the Board of Directors

The company has assessed the performance of their Board of Directors at least 1 time per year with the aim to focus on the evaluation that reflects the efficiency of the operation, according to the principles of corporate governance. The goal is for the joint committee to review performance and improve the next solution.

Nomination and Remuneration Committee considered and reviewed the criteria for assessing conformity to the business and guidelines of the Stock Exchange of Thailand through self-evaluation of the entire Board of Directors. The topics consist of

1. Structure and qualifications of the Committee	92.7%
2. Roles and responsibilities of the Committee.	93.5%
3. The Board Conference	95.8%
4. Duties of Directors and relationship with management	95.7%
5. Development of directors and development of directors.	90.4%

The self-assessment of sub-committee consisting of three topics

1. Structure and qualifications of the Committee.	94.6%
2. The Board Conference	97.9%
3. Role and responsibilities of the board.	
• Audit Committee	100.0%
• Nomination	95.3%
• Remuneration	100.0%

The self-assessment of Individual consisting of three topics

1. Structure and qualifications of the Committee.	98.8%
2. The Board Conference	94.4%
3. Role and responsibilities of the board.	94.5%

Company Secretary was assigned to gather the assessment from all directors every year and calculate the assessment result for the Board to acknowledge. The goal is to comment update guidelines for overall improvement. In 2020, self-assessment of the Board of Director, Sub-Committee and Individual resulted an average 93.58%, 97.57 and 95.23% respectively.

Scope of Responsibilities

Duties and Responsibilities of the Board of Director

The Board of Directors shall have duties and responsibilities to manage the Company according to the laws, objectives and regulations of the Company. According to factors that change all around, Board of Director reviewed the roles and responsibilities to cover and clarify in August 2018.

1. Define vision, mission, operation strategy, objectives, KPIs, policy planning, operation planning, budget planning, business direction, and also developing the capable to the universal competition.
2. Monitoring and corporation to Management team or authorized person to perform their duties in accordance with the policy efficiently and effectively for highest benefit of the Company and shareholders with fair to all stakeholders and awareness the Social Responsibilities Environment and Natural Resources.
3. Arrange Board of Directors meeting at least 3 times a month, and The Annual General Meeting of Shareholder within 4 months since the ending of the Company's fiscal year.

Also to attend the Meeting unless there is the force majeure, the Chairman and Company's Secretary should be notified.

4. Responsible and authority to run their duties according to laws, objectives, and the regulations of the Company as well as the resolution of the shareholder meetings by honestly, carefully.
5. Have the authority to verify and approve policy, course and plan for large investment project of the Company as proposed by the sub-committee and/or the executives.
6. Responsible to shareholders and operate the business with the shareholders' highest benefit in mind, and make sure that information being disclosed to investors and shareholders is complete, accurate, meet required standard, and transparent.
7. To ensure the processing of Nomination and Collecting person to be the Company's Director are transparently, several qualifies match to the Company's business. To set the guidelines of Directors compensation rate to be at appropriate levels. Appoint, assign, and

advise sub-committee or task force to consider or perform in such cases as the Board of Directors see fit.

8. Monitoring and Improving the Company's Corporate Governance to be more universal for created of Sustainable business value. Supporting and to be role model for employees to perform accordance with CG, Code of Conduct and Anti-Corruption policy.
9. Set up the Risk management policy and monitoring an internal audit unit to work efficient in internal control system, risk management and reliable financial reports. Appoint the internal audit unit to cooperate with the Audit Committee.
10. Prepare the Board of Director's Annual Report and be responsible to preparing and disclosing of financial statement to report to the shareholder meetings.
11. Monitoring and set the assessed the performant of Director every year, evaluation and review their perform in team of Directors.
12. Directors must inform the Company right away if directors have a vested interest in any contract, directly or indirectly, or hold more or less debenture of the Company or the Subsidiary.
13. Directors must inform the Company right away if directors have a vested interest in any contract, directly or indirectly, or hold more or less debenture of the Company or the Subsidiary.
14. Have the authority to consider and approve such transactions that are necessary and related to the Company or any transactions the directors see fit and bring benefit to the Company. The following activities require an approval from the shareholder meetings.

a) Activities that require approval from the shareholder meetings as required by relevant laws, and

b) Transactions that the directors may have vested interest. Such transactions require approval from the shareholder meetings as designated by relevant laws or regulations from the Stock Exchange of Thailand.

Other than that the following transactions require approval from the shareholder meetings and at least 3 out of 4 votes from shareholders who attend the meetings and have right to vote.

- a) Selling or transferring of some significant parts or all of the Company's business to other persons.
- b) Buying or receiving businesses from other public or private companies.
- c) Amending or canceling contracts concerning renting out some significant parts or all the Company's business, delegating other persons to manage the Company or merging business with other persons with the objective to share profit and loss.
- d) Editing the memorandum or the Company's regulation
- e) Increasing capital, decreasing capital, issuing debenture of the Company
- f) Merging or seizing the operation.
- g) Other issues according to the laws

Directors who have a vested interest or conflict of interest with the Company or the Subsidiary in any transaction will have no right to vote in such agenda.

In addition, the directors have to make sure that the Company abides to laws and regulations of the Stock Exchange of Thailand

Duties and Responsibilities of the Chairman

1. Be responsible as the Company's director and the Board of Director's leader
2. Controlling and monitoring management's and sub-committee's operating to achieve the operating object.
3. Call the Meeting of Board Directors and/or Shareholders Meeting
4. Be a Chairman of the Board of Directors meeting and/or Shareholders Meeting and controlling the meeting to properly and achievement
5. Supporting directors and shareholders to express their opinions independently.

Audit Committee

- | | |
|---------------------------------|-----------------------------|
| 1. Mr. Surapon Satimanont | Chairman of Audit Committee |
| 2. Mrs. Chintana Techamontrikul | Audit Committee |
| 3. Mr. Kunchit Singsuwan | Audit Committee |

* Mrs. Chintana has knowledge and experience to review creditability of the Financial Reports.

Duties and Responsibilities of the Audit Committee

1. Check that the company has the correct financial report and sufficiently presented by coordinating with the auditors from outside, and the responsible administrators to create a financial report, including every quarter and annually. The audit committee might suggest the auditors to investigate or check any list that seems necessary and important during the account in being investigated.
2. To review and ensure the Company's internal control and internal audit systems are appropriate and effective, and consider the independence of the internal audit work unit, as well as give consent to the appointment, rotation and termination of employment of head of internal audit work unit or any other work unit in charge of internal audit function.
3. To review the Company's compliance with laws of securities and exchange, regulations of the stock exchange, and laws relating to the Company's business.
4. To consider, select and nominate independent person/party as the Company's auditor and recommend the auditing fee by thinking of the reliability, sufficient amount of resources, and amount of investigating projects of the company's account audit office. as well as have meeting with the auditor without the participation of any management member at least once a year.
5. To consider the related transactions or transactions that could create a conflict of interest is comply to law and SET regulation to ensure that transaction is reasonable and give highest benefit to the company.
6. To prepare Audit Committee report to be published in the annual report. This report must be signed by the Chairman of the Audit Committee, and must contain at least information as follow:
 - (a) Comment about making process and revealing the information in the financial report of the company in a correct, complete and reliable way.
 - (b) Comment about the sufficiency of the internal control system within the company.
 - (c) Opinions concerning the operations according to law, including assets and stock exchange, regulation of the stock exchange or law, or law concerning the company's business.
 - (d) To opinion about qualification of auditor.
 - (e) The opinion about transactions that could create a conflict of interest.
 - (f) Time of audit committee meeting and time attendance of each audit committee member.
 - (g) Opinion or notice which audit committee had received comply to audit committee's charter.
 - (h) Other relevance information which Shareholders and general investor should acknowledge.
7. To perform any other duty as assigned by the Board of Directors and with the consent of the Audit Committee.
8. To have power to examine and investigate certain issues as deemed necessary and which may materially impair the Company's financial status and operating results, comprising:
 - a) Issue that has conflict of interest
 - b) Issue of fraud or irregularities or material defect in the internal control system
 - c) Breach or violation of the laws of securities and exchange, regulations of the stock exchange, and laws relating to the Company's business.

If it's necessary, Audit Committee has an authority to seek the independent opinion from the professional consultant under the Company's expense in order to complete the mission. Audit Committee has duty to report the investigating result to the Company Board of Director in order to make an improvement within the appropriate time determined by Audit Committee.

Nomination and Remuneration Committee

1. Gen. Phairat Phoubon	Chairman of the Committee
2. Mr. Sombat Leeswadtrakul	Member
3. Mrs. Chintana Techamontrikul	Member
4. Mr. Woravit Chailimpamonti	Member

Duties and Responsibilities of the Nomination & Remuneration Committee

1. To determine the scope of work and method on the selection and recruitment of the Company's directors or the sub-committee whose retired by rotation or seat is vacantly for approval and/ or to the shareholders' meeting, as the case may be.
2. The determine necessary and appropriate compensation both in terms of money and other benefits for the directors, sub-committee's directors and the executive directors each year. The compensation proposal shall be forwarded to the Board of Directors for approval, or to the shareholders' meeting, as the case may be;
3. to consider the criteria for performance appraisal in order to determine appropriate annual compensation To be accountable to the Company's Board of Directors by explaining and answering the questions regarding the directors' compensation during the shareholders' meeting.
4. Arrange the meeting at least once a year, Teleconference is available to consider its matters.
5. To execute any other works as assigned by the Board of Directors.

Executive Committee

1. Mr. Sombat Leeswadtrakul	Chief Executive Officer
2. Mr. Sangrungs Nitipawachon	Managing Director
3. Ms. Bunsri Panyapiamsak	Chief of Financial Officer

Duties and Responsibilities of the Executive Committee

1. Prepare and present business policy, objectives, operation plan, business plan, investment plan, and annual budget of the Company to get an approval from the Board of Directors.
2. Follow up, manage, and monitor the Company's operation to ensure that the operation is effective and conforms to the Company's goals or business direction in order to strengthen the Company's business; screen topics to be presented to the Board for consideration; and conduct the business as assigned by the Board; as well as report the results to the Board.
3. Supervise and monitor the Company's business operation to conform to policy, objectives, operation plan, business strategy, and budget as approved by the Board.
4. Consider and determine organization structure and management authorization, compensation policy, and salary structure to cover all details including selection, employment, compensation and benefit, transfer, training, and layoff.
5. Plan and screen both long-term and short-term plan to fulfill the Company's objectives and goals.
6. Appoint or assign one person or more to conduct a business in place of the executive committee as see fit, whereas the executive committee can cancel, withdraw, change, or revise such authorization.
7. Have the authority to approve any operation or expenses for business operation which is exceed the amount of the normal operation or the amount that the administrators can authorize according to the Company's regulations or annual budget approved by the Board.
8. Consider regulations regarding authorization for management level and operation level which cover financing, accounting, procurement, investment, mortgage and loan, guaranty, selling and transferring of assets, signing contract or agreement, and other operation as see fit.

9. Perform their duties as being assigned by the Board.
10. Perform their duties according to laws, objectives, rules and regulations of the Company.
11. Plan and screen financial management for financial relief and stronger financial structure.
12. Plan and screen proactive public relation for good and sustainable image.

However, approval of any transaction by the Executive Committee will not include approval of such transactions that the Executive Committee or persons who may have conflicts of interest with the Company and/ or the Subsidiary; transactions that have to get consent of the shareholders for related transactions; and trading of important assets of the Company and/ or the Subsidiary; to comply with laws relating to the Company's business and regulations set by the Securities and Exchange Commission and the Stock Exchange of Thailand.

Duties and Responsibilities of the Company Secretary

- 1) preparing and keeping the following documents:
 - a) a register of directors;
 - b) a notice calling director meeting, a minutes of meeting of the board of directors and annual report of the company
 - c) a notice calling shareholder meeting and minutes of the shareholders' meeting
 - 2) Keeping a report on interest filed by a director or an executive,
 - 3) Performing any other acts as specified in the notification of the Capital Market supervisory board.

Supervision the operations of subsidiaries

Subsidiaries consist of Neastern Steel Co., Ltd., Mega Trans and Logis Co., Ltd., and Grand Steel Pipe Co.,Ltd. was held by the company more 90% of registered capital. Hence the management policy will be set by the company to match the business. The directors in subsidiaries are the representatives from the company to determine the operation policy.

3 subsidiaries use same both the Internal Control and Statement of compliance with TFRSs, including Related Transactions.

	NES	MEGA	GSP
Mr. Sombat Leeswadtrakul	Chairman		Chairman
Mr. Sangrung Nitipawachon	Managing Director		Director
Miss Bunsri Panyapiamsak	Director		Director
Mr. Montian AmornLertvimarn	Director		
Mr. Swad Panapongwasin	Director		
Mr. Supot Wongstitporn	Director		
Mr. Preeda Wongstitporn	Director		
Mr Pakorn Onkeaw		Managing Director	
Mrs. Chuthamas Pewnuan		Director	
Miss Kulwarint Saphu		Director	
Mr. Pongdet Lersithisak			Director / GM

NES : Neastern Steel Co., Ltd.
MEGA: Mega Trans and Logis Co., Ltd.
GSP: Grand Steel Pipe Co.,Ltd.

Report of the Nomination and Remuneration Committee

The Nomination and Remuneration committee consisted of 4 directors with 3 Independent Directors included, conducted the task assigned by the Board of Directors under the responsibilities on the selection, recruitment of the Company's directors and Top Executives. Also determine the appropriate compensation, welfare and other benefits for the directors.

In 2020, The Nomination and Remuneration committee arranged 2 meetings to determine significant issues of their responsibilities and forwarded comments and suggestion to the Board of Directors, which are summarized as following

1. To nominated and selected persons to be the Independent Director and replaced the Company's directors whose retired by rotation. Which determine persons who complied with regulations of the Securities and Exchange Commission, Thailand and non prohibited characteristics, also considering based on the criteria of knowledge, accountability, experience to benefit for the Company then proposed to the Board of Director prior the shareholders' meeting.
2. To considered the director's remuneration by comparing with the same level in the same Industry and the Company's performance in the economy situation.
3. To reviewed the criteria for minority shareholders to nominate qualified persons to be appointed as the Company's director to propose the Annual General Shareholder meeting
4. To reviewed the appropriated of directors' performance evaluation forms, the Board of Director assessment, Individual director assessment and sub-committee assessment.

Gen. Phairat Phoubon

Chairman of the Nomination and Remuneration Committee

Corporate Social Responsibility (CSR)

Policy Overview

The Company is well aware that the society and the environment are the key factors leading to the sustainable development in the long run. The Board of Directors intends to apply to its business management the 8 principles of the criteria and framework for report of social and environmental responsibility (" CSR") for all stakeholders, and to promote employees' awareness and consciousness of initiating CSR activities starting from the society and community closest to them, which would be developed as a corporate culture.

Business operation and preparation of reports

The company prepares reports along the line of the SET's Responsibility. To The Society report in order to demonstrate the approach taken by the company and its subsidiaries which are vigilant on those who may gain or lose and develop each area for sustainable business growth. The company has compiled the information in 2020 to inform the shareholders and investors so they can understand how accountable the company is in each dimension i.e. economic, society and environment that has been referred to by this report.

Clause 1. Conduct of business with fairness

Business ethics policy has been put in place to support the Company's business operation with ethics, compliance with laws, having no beneficial interest or conflict of interest, keeping confidentiality of inside information, and prevention of use of inside information for personal benefits. It comprises code of conduct for directors and management members, code of conduct for employees, and that toward stakeholders. Such policy and procedure information has been disseminated via the Company website http://www.ss.co.th/th/about_th/corporate-governance_th/จรรยาบรรณธุรกิจ/ for acknowledgment and adherence by all stakeholders, i.e. directors, management members, employees, business partners and other concerned parties of both the Company and its subsidiaries. Training courses on this issue have also been provided for orientation of new joiners and as refreshing courses for management members and employees organization- wide to ensure their awareness and understanding.ฝ่ายมีความตระหนักและเข้าใจอยู่เสมอ

Clause 2. Anti-corruption

A part of sustainable social and environmental development is to jointly prevent and combat corruption. Corruption is a major problem and obstacle because not only can it reduce business competitiveness, but also cause damage to society and the nation as a whole. The company has established an anti-corruption policy to be one of the corporate governances and publicized policy details, measures and guidelines to prevent fraud on the company's website so that all parties and stakeholders are informed of company's code of ethics and guidelines

http://www.ss.co.th/th/about_th/corporate-governance_th/

In 2019, the Board of Committee and management division directed the company to carry out various activities according to the company's guidelines to prevent frauds including

1. Communicated, publicized, and created manual to show the intention to combat corruption to both insiders and outsiders through activities such as orientations, letter issuing to business partners, and implementing "No Gift Policy".
2. Reviewed the risk of potential corruption, improved procedures and internal work system to control and audit all activities effectively and eliminate the risk of corruption.
3. The Internal Audit Department evaluated activities in the third quarter and reported to the audit committee regarding topics of gifts reception, entertainment activities, and coordination with government agencies. There was no result of frauds or corruption in the audit report.

4. Throughout the year 2020, the company and the Board of Directors have not received any complaints or suspicions in regards to corruption.

Clause 3. Respect for human rights

The Company has set employee regulations under the principle of respect for basic human rights according to international standards, without discrimination as regards birth place, race, religion, sex, age, skin color, disability, status, educational institute, or any other status not related directly to the work performance, including also respect for individuals and human dignity, as part of business ethics toward stakeholders. So far, the Company has had no record of being complained of violating human rights.

Clause 4. Fair labor treatment

The company realizes that every employee is a valuable resource. It is one of the success factors of achieving the company's goals. The company, therefore, set a code of practice in the code of conduct for stakeholders to operate fairly in terms of opportunities, remuneration, appointment, transfer and appropriate welfare. Other areas that need fair treatments are;

- Wage management, compensation and benefits

By taking principles of motivating employees into account, it will motivate them to do their best work. Always act in ways that conforms to legal requirements and has a uniform system of conduct. It is standard practice to perform assessment and analysis of work value, appropriateness of levels of duties and responsibilities in line with business operations and the company's level of competition comparing with other businesses in the same industry.

- Skill development

The company has set up annual personnel development training courses for its employees and its subsidiaries so that employees can apply their knowledge and develop in their work for efficiency and productivity.

Since COVID-19 virus outbreak situation in 2020, the company has organized a total of 13 training courses for departments including management, marketing and sales, engineering, totaling 138 hours through the E-Learning system. Comparing the training rate to TN of each course category, it averages at 81.76% which can be categorized into;

- * Basic category - basic work training for new employees
- * Skill and potential improvement
- * New knowledge and learning

- Safety and hygiene in the workplace

The company cares about life and health of all employees. There are morning exercise activities before work for employees to be healthy and ready for work. Since the business is involved with the machinery, the company manages safe working environment in a way that provides employees with safety and good hygiene better than legal standard.

Occupational Health and Safety Policy established and published since October 2014 is a topic in one of the basic training courses that all employees must learn as the company is highly involved with the use of machines.

Occupational Safety Statistics (The Company / Subsidiaries)

	Unit	2020	2019	2018
No. of work accidents	Times	18 / 27	16 / 13	17 / 18
No. of stop working	Person	12 / 21	14 / 10	9 / 10
No. of deaths from work	Person	-	-	-
No. of days of absence	< 3 days	8 / 11	10 / 9	3 / 5
	> 3 days	4 / 10	4 / 1	7 / 5

policy of Occupational Health and Safety

2S Metal Co.,Ltd produced and distributed metal products with Occupational Health and Safety management system which was critical to the business and that led the company to implement policies as follows:

1. Commit to improve and innovate management system with regard to Occupational Health and Safety in workplace in accordance with the legal requirements laws of Thailand including international laws and other related requirements.
2. Inform all employees about the importance of work. Prioritize safety especially personal safety and fire incidents.
3. Review and improve workplace, machinery, tools, and equipments to protect personal safety to be available to use at full capacity at all time.
4. Inform all employees of all levels and sectors to follow the safety rules established by the company
5. Support human resources in appropriate manners suitable with the nature of their work in regard of the Occupational Health and Safety principle. Aim to develop the company's human resources with knowledge and build ethical foundation in term of health and safety, and work environment.
6. The company places importance on safety at top priority in overall performance assessment. The Directors of all levels are responsible to supervise and support safe operation and efficient performance. All employees should also fully cooperate in operating safety principles.

Dated 15 October 2014

- Relationship building activities

In addition to remuneration in the form of salary, the company believes that relationship building activities will enhance personal potential development and create awareness of organizational value. The company supports the organization of relationship building activities to stimulate the relationship of employees which have affect in terms of social stewardship and social responsibility.

2S Market is a project created for the employees where employees are able to offer, exchange and share their products, no matter new or old. With *Happy* ❤️ *Happy* concept, the market can create space for social bonding and increase employees' income.



The New Year party with focus on rewarding the dedication and sacrifice of workers/staffs for their work throughout the past year.

กำหนดการ
วันเสาร์ ที่ 26 ธันวาคม 2020
17.00 - 20.00 น. ร่วมรับประทานอาหาร (โต๊ะจีน)
จับรางวัล ชมกิจกรรมบนเวที



'Yoga Na-rain' is organized weekly in the company's free space afterwork. The activity benefits not only employees' health, but also their concentration ability

Clause 5. Responsibility for consumers

The company accords high importance in serving customers and is conscientious of their needs and their satisfaction. The company conducts annual survey to assess the customers' satisfaction on its products and services. The feedback is used to improve the product quality and enhance efficiency of the services in the future. In 2020, the outcome of the random survey on customer's satisfaction of a sample of 686 customers from all branches including Had Yai, Bangkok and Korat achieve average satisfaction score of 84.7%. The customers rated their interests on three main issues: Quality of products with 44.46%, reasonable price 60.05% and prompt delivery of goods 49.7%.

Apart from this, the company arranged many channels to disseminate useful information to customers about the products or its business and on the safety of steel products. Customers can conveniently use the same channel to lodge any complaint or feedback to the company.

Clause 6. Taking care of the environment

The company places importance and pay attention to the environment, both noise and air pollution. The company started environmental management in the production line prior to factory's annual inspection where it involves the use of resources and environment. Development and investment have been made in projects that can create the maximum benefits in the efficient and cost-effective use of resources. Currently, the company is working and campaigning in 3 projects as following:

- Turning off lights and computer screen at lunch time from 12: 00-13:00 and change light bulbs to LED
- Installing wind turbine system to generate electricity
- Installing solar roof top where the solar energy is used in production activities producing very little carbon dioxide emission. Based on regular monitoring and control, by 2020, the electricity generated by the solar roof top system was 1288 GWh, which is equivalent to a reduction of Co2 emissions of 1,284 Ton.

According to factory operation criteria in regards to standards for administration and management of occupational safety, health and environment about heat, light and sound, year 2006, the company will arrange an environmental inspection by outsourcing a company registered by the Department of Labor Welfare to inspect. The inspection resulted that the factory is operated in the way that aligns with the standard set by the law.

Water pollution The company uses a water recycling system which is the system where water is used throughout the production process. The water is cooled down by air and will be reused which is the cycle that will not cause water pollution.

Air pollution According to air quality measurement result, the company is rated to produce air pollution lower than what is specified in the standard. This is due to good production process. The company has installed a smoke treatment system from machine combustion and regularly inspect truck condition.

Noise pollution The annual environmental inspection resulted 64.7dB (A) of machinery noise that affects outside the company's area. The standard prohibits the rate to exceed 70dB (A). This means the factory does not cause harm to communities surrounding the it. In addition, the employees are equipped with ear muff for sound protection throughout working period.

Production waste There are wastes produced from production such as iron scrap, iron dust, wrapping paper, etc. The company has a process of eliminating these wastes by dividing them into value-added waste. For example, scrap that will be sold to the buyers with license from the Department of Factory and waste and will be disposed for the company to comply to the Department of Industrial Works standard.

Clause 7. Participation in community and social development

Community and social development activities in various areas have been categorized to facilitate supports and development thereof.

Society and environment category starts from factory internal environment and nearby community through volunteering ie. Organize blood donation, activities in emergency case, flooding for Conservation of Nature Korat - Chaiyapoom "dedicated to reforestation, building dams for The Nation's Father"

Society. Repairing roads in the community to improve traffic safety.

- * Give gifts on Children's Day in Children's festival at Wat Noon Mhun with SAO to honor the King.
- * Support the Officer in the "Drink don't Drive" campaign on Songran Festival
- * Support steel for the construction of a parking garage at Non Soong police station



Flooding, Nakornratchsima province

Religion and culture category as the company promotes the mindset of employees to maintain cultures and religions, make donation to restore or reconstruct temples, build sermon halls, and hold merit-making events.

Clause 8. Use and sharing of innovation from the operation that is responsible for the society, the environment and stakeholders

Throughout 2020, the situation of COVID- 19 outbreak, the Company has adopted technology to improve the allocation and use of resources to be more efficient, also reduce the impact on Society, environment and stakeholders.

Education Category In every year, the company places importance on youth development and decided to create a project to support children for them to acquire proper education. This includes helping schools in remote areas which lack basic facilities and donating old computers to schools and polytechnic colleges for educational purpose. Visiting polytechnic college will also help youths study the actual production processes and operation in the system.



Sanitaion mask 2,800 and face shield for medical personnel, Police during the COVID- 19 outbreak situation

Business Operation That May Affect Social Responsibility

The Company and its subsidiaries give priority to and conduct factory and environmental inspection according to the standard procedure regularly every year. Furthermore, for protection against noise pollution, all concerned employees are instructed to wear safety equipment such as earmuffs all the time while working.

Internal Control and Risk Management

There is an internal audit unit in internal operation which is responsible for monitoring performances of all departments in the company to be in accordance with the company's policy and criteria. The audit's responsibilities include assessing the efficiency of the internal control system of each department and reporting to the Audit Committee to conduct a review to ensure the company has a sufficient and efficient internal control system before presenting matters to the Board of Directors.

In 2020, the Audit Committee and the Board of Directors jointly evaluated the company's internal control system according to the Securities and Exchange Commission's internal control system adequacy assessment form. It is viewed that the Company's internal control system is sufficient and appropriate for the operations to meet the goals, objectives and relevant laws and regulations of the 5 components as follow:

1. Internal Control - The company has a clear organizational structure and scope of management. With management meetings held, the company was able to determine core company goals and annual goals and to use past performances to review and set operational goals for the years to come. In addition, the company has established business ethics as a guideline for executives and employees to follow and has set penalties in the employee handbook.
2. Risk Management - The management of each department assesses risk at least once a year and performs revision regularly to analyze both internal and external risk factors that may occur to keep up with today's rapidly changing situations and find measures to reduce those risks. They will notify relevant departments to acknowledge and cooperate to prevent or reduce the risks that may occur.
3. Operational Control - The company has clearly defined and assigned scope of duties and authorities for each level of management in writing with assessment system use.

At present, the company has adequate and concise internal control system for transactions with major shareholders, directors, executives and related persons. The company has been making sure that transactions made are always reasonable

transactions. There is a process of price comparison from at least 2 vendors that are legally reliable with general commercial terms. The company will always ensure that there is no conflict of interest involved in any transactions with approval from authorities who have no interest in the matter and opinions from the Audit Committee in accordance with the regulations of the Stock Exchange of Thailand.

In addition, the Audit Committee has reviewed and approved the annual audit plan that covers all operational processes with high risks. The company is confident that all departments have sufficient operational control system that covers both financial operation and compliance with the laws, rules and regulations.

4. Information and Communication System - It is an important part of supporting an effective internal control. The meeting of the Board of Directors and the sending of meeting invitations together with supporting documents were conducted not less than 7 days in advance as required by the laws. Accounting-related operation, information storage, and daily operation were managed and assisted by the company's information and communication system to keep in place and up to date at all time.
5. Tracking system - The company holds a weekly meeting for management to follow up on business and KPI and to discuss solutions in case set goals have not been achieved with opinions from internal Audit Department to examine matters and report independently to the Audit Committee.

In addition, the company's certified accountants have assessed the effectiveness of the internal control system and audited the financial statements of the company and its subsidiaries for the year ended December 31, 2020. There were no deficiencies in the internal control system found that would have a major effect on expressing an opinion on the financial statements of the company and its Subsidiaries.

Related transaction

Every quarter, the internal audit department gathers information about business activities and transactions between the company and all companies involved. The information will be reported to the audit committee and board of directors to consider the reasonability and appropriateness by general trading terms and standards. Transactions should be conducted in professional fashion that aligns with company's policy with no conflicts of interest which in the fiscal year 2020 ending on December 31, 2020, transaction activities are summarized as followed.

➤ **Normal business transaction of Steel product**

	Nature of Relationship	Description	Value (Bt. million)
Neastern Steel Co., Ltd.	The subsidiary,	The Company has sold the finished products such as square tube , round tube for maintenance	12.31
		- accounts receivable	0.00
Grand Steel Pipe Co.,Ltd.,Ltd (Lao PDR.)	The subsidiary,	The Company has sold the finished products such as square tube , round tube for trading	190.25
		- accounts receivable	51.33
Mega Trans and Logis Co.,Ltd.	The subsidiary,	The Company has sold the finished products and tools for business.	0.45
		- accounts receivable	0.00
United Steel Pipe Co.,Ltd.	Group of Executive management has hold the Company's share	The Company has sold raw material.	164.58
		- accounts receivable	0.00
		The Company has bought the finished goods for trading.	373.70
City Metal Co.,Ltd.	Group of Executive management has hold the Company's share	- accounts payable	17.51
		The Company has sold raw material.	35.74
		- accounts receivable	0.00
Panich Swad Co.,Ltd.	Group of Executive management has hold the Company's share	The Company has bought the finished goods for trading.	328.66
		- accounts payable	1.39
		The Company has bought the finished goods for trading.	326.07
		- accounts payable	0.00

➤ **Equipment and Others**

	Nature of Relationship	Description	Value (Bt. million)
Nana Watsadu Furnitures Co.,Ltd.	Director is the close relationship with the company's management	Company has bought some facilities for production, such glove, glue, etc.	0.05
		- accounts payable -	0.01
Kwangfha Lohakit	Director is the close relationship with the company's management	Company has bought some facilities for production, such Steel welding mark, brush paint, Stone grinding, etc.	0.03
		- accounts payable-	0.00
		The Company has sold Welding Rods	0.02
		- accounts receivable	0.00

➤ **Properties**

United Steel Pipe Co.,Ltd.	Group of Executive management has hold the Company's share	Warehouse rental, Period 3 years for Baht 100,000 per month.	1.20
		- accounts payable-	0.00
Neastern Steel Co., Ltd.	The subsidiary,	Warehouse rental (included crane and equipment), Period 3 years for Baht 740,000 per month.	6.76
		- accounts payable-	0.04
Mega Trans and Logis Co.,Ltd.	The subsidiary,	Mega rent area and office supply, Period 5 years for Baht 21,700 per month (included Utilities)	0.26
		- accounts receivable	0.00

➤ **Loan**

Mega Trans and Logis Co.,Ltd.	The subsidiary,	Mega loans for operations	32.80
		- accounts receivable	1.21
Neastern Steel Co., Ltd.	The subsidiary,	The Company loans for working capital	0.00
		- accounts payable-	0.03
		Neastern loans for new warehouse	0.00
		- accounts receivable-	0.11

➤ **Engagement**

Mega Trans and Logis Co.,Ltd.	The subsidiary,	Transportation service for the Company's products	66.39
		- accounts payable-	1.30
Neastern Steel Co., Ltd.	The subsidiary,	Neaster produces products for the Company.	98.68
		- accounts payable-	8.20

Approval Process of Related Transactions

At present, the Company's approval process of related transactions is in line with Securities and Exchanges Act, and regulations, announcements, directions, and provisions of the Stock Exchange of Thailand. Directors or related parties who may have a vested interest or conflict of interest with the Company or the Subsidiary in any transaction have no right to vote in such matter.

Future Related Transactions

Normal business transactions and other supporting transactions with general business conditions

Selling and purchasing of steel products between the related companies and the Company and the Subsidiary occur continuously. The Company and the Subsidiary will take necessary action when consider that there is a necessity to meet the customers' demand and benefit can be gained from such transactions at an appropriate rate.

The Company and the Subsidiary place policy in related transactions to comply with normal course of business. Price and conditions are clear and justified and can be compared to market price of unrelated persons thus transfer of profit cannot occur. However, the internal audit department will review and inspect such transactions and prepare reports for the Audit Committee to consider and give opinion about price and transaction reasonability in every quarter.

As the persons with possible conflict of interest of the Company and/or the Subsidiary are largely involved in the steel industry and the Company and the Subsidiary have high possibility to make the related transaction of the steel product. Therefore, the Company has set stringent measure on delegation of approval authority for such related transactions of the Company and the Subsidiary to ensure transaction transparency and reasonableness and pricing appropriateness, as summarized below.

The total amount per approval of 1 related transaction per 1 person with possible conflict of interest	Authorized persons
Not exceed Bt. 10,000,000 per week	The Managing Director Reports to the Board of Directors in a meeting in which the Audit Committee is also attending. Such transactions will be reported quarterly.
More than Bt. 10,000,000 but not exceed 25,000,000 per week	The Board of Directors Reports to the Board of Directors in a meeting in which the Audit Committee is also attending. Such transactions will be reported quarterly.
More than Bt. 25,000,000 per week	The Board of Directors Informs the Audit Committee about details of such transactions prior to processing of the transaction.

Note: An initial approval of transaction by an authorized person will not include an approval of a transaction that an authorized person or a person with possible conflict of interest is a stakeholder or a person that has any conflict of interest with the Company and/or the Subsidiary; a related transaction that must receive a written consent of shareholders; and an acquisition or disposition of important assets of the Company and/or the Subsidiary. So it is conforming to regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, or any regulations related to the business.

All members of the Audit Committee are aware of such duty regarding approval of related transactions. In case of an appointing of a new audit committee member in the future, the Board of Committee or the Managing Director will inform the candidate about this duty prior to the nomination.

Normal business transactions and other supporting transactions without general business conditions

The Company expects that in the future such transactions may occur in both the Company and the Subsidiary. Therefore, the Company and the Subsidiary will ensure transaction transparency and fairness and make sure that there is no transfer of profit related to such transactions in order to comply with Securities and Exchanges Act, and regulations, announcements, directions, and provisions of the Stock Exchange of Thailand. The Company and the Subsidiary will also follow regulations regarding disclosure of related transactions and acquisition or disposal of corporate assets. Stringent measurement on delegation of approval authority for such related transactions will be set so that persons with conflicts of interest will have no involvement in considering and approving of such matters. The Audit Committee shall give opinion regarding the related transactions and present to the Board of Directors and/or the shareholders meeting to use as support information for consideration and approval of the transaction. In addition, disclosure of related transactions shall be followed up to make sure its compliance to the Company's policy and the result shall be reported in the Notes to Financial Statements audited by the Company's auditors, as well as Form 56-1 and Annual Report.

The Details of Internal Audit Supervisor

Miss Karawan Maitreepirom

Internal Audit Manager

Age 59 yrs.

Education Background

- B.A. (Accounting), Ramkhamhaeng University
- Internal Audit Procedure, The Institute of Internal Auditors of Thailand
- Tools and Techniques for the audit Manager, The Institute of Internal Auditors of Thailand
- Audit Report Writing, The Institute of Internal Auditors of Thailand

Shareholding proportion (at 17 February 2021) 67,500 shares

Family Relationship with the other directors - None –

Working experience in the past 5 years: -

Report of the Audit Committee

The Audit Committee is appointed by the Board of Directors composing of 3 independent committee. Each meets the required qualification standardized by the Office of the Securities and Exchange Commission regulations. In 2020. The Audit Committee held a meeting, a total of 4 times independently within the scope of authority as stipulated in the charter of the Audit Committee and has been authorized by the Board of Directors with the cooperation of all parties involved. The results of the meeting of the Audit Committee are summed as following

1. Review the critical information of quarterly financial reports and the finances in the year 2020, together with the auditors, and executives involved. This ensures that the financial report of the company has been prepared properly as it should, in all material respects with the accounting standards and financial reporting standards. There is adequate disclosure, both complete and reliable, with hearing statements from the auditors, account managers and executives involved. Information on financial reporting. The auditor has approved unconditionally.
2. Review the operation of the internal audit unit to be based on internal audit plan for the year 2020 which was approved. Follow the report from the audit of the Company's internal audit department and progress in improving upon the recommendations of the auditors and the internal audit unit.
3. Review compliance with the Securities and Exchange Law, the requirements of the Stock Exchange As well as other laws related to the Company Quarterly.
4. Consider the nomination and the remuneration to the Auditor for the year 2021 to the Board of Directors for the General Meeting of Shareholders to consider and approve. Further, in the Audit Committee meeting was arranged without executive team also.
5. Consider connected transactions or transactions that may have conflicts of interest in accordance with the laws and regulations of the Stock Exchange of Thailand. The company has disclosed information correctly. The mentioned transactions relating to aspects such as policies and procedures are operated correctly and ethically. There are generally fair and reasonable commercial terms which do not pose a conflict of interest.
6. Be acknowledge the activities regarding Anti-Corruption, which the Company has been certified as a Thai Private Sector member of the Coalition Against Corruption (CAC) in the 3rd quarter of 2019

The Audit Committee is of the opinion that the company's corporate governance and internal controls are appropriate. The result of the financial report of the Company is managed in accordance with generally accepted accounting standards and the disclosure is managed in accordance with the laws and regulations involved.

Mr. Surapon Satimanont
Chairman of Auditcommittee

The responsibility of the Board of Directors on the Financial Statement

Board of Directors was liable to manage and consolidate the company's financial statements and financial information presented in the annual report. The financial statements and notes accompanying the financial statements were prepared in the line with the generally accepted accounting standards. With the Directors lending their supports, the financial report presented best estimation and adequate disclosure of important information in the notes to financial statements to benefit the company's shareholders and investors.

Year 2020, the preventive measures against COVID-19. It affects the Auditor's access to the Company's information. However, the others of warehouse audited that the Auditor had performed before the 2nd COVID-19 outbreak. The transmission of Accounting information and other supporting documents via electronics. Which the Company has set the appropriate the efficient of internal control and risk management to be reliable that the accounting information is accurate and complete.

Board of Directors entrusted Audit committees that included independent auditors, to be responsible to review and oversee the company's accounting policies and the quality of financial report, review the internal control system and disclose of pertinent information with the Board of Directors' opinion presented in the annual financial report.

The company and its subsidiaries' financial statements were reviewed by the auditors from Grant Thornton LLP in the line with the generally accepted accounting standards. In the auditing process, the Board of Directors of the company lend support by supplying the information and other related documents to enable the auditors to thoroughly review information and express comments which appeared in the annual financial report. The Board of Directed agreed that the company's overall internal control management and control structure were overall regarded as satisfactory. This builds confidence with supporting rationales that the company and its subsidiaries' financial statements of the year 2020, ended on 31, December 2020 are reliable according to the generally accepted accounting standards.

Mr. KunchitSingsuwan
Chairman

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of 2S Metal Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of 2S Metal Public Company Limited and its subsidiaries (the "Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2020, the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of 2S Metal Public Company Limited and its subsidiaries as at 31 December 2020, and its consolidated and separate financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are 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.

Key audit matters	How the matter was addressed in the audit
<p><u>Impairment of investments in subsidiaries and goodwill</u></p> <p>As at 31 December 2020, the separate financial statements include investments in subsidiaries amounting to Baht 216.77 million, and the consolidated financial statements include a goodwill of Baht 15.09 million which arose from a business combination in year 2015. In accordance with Thai Financial Reporting Standards, goodwill is required to be tested annually for impairment and investments in subsidiaries are required to be tested when there is an indicator of impairment.</p> <p>An impairment assessment requires significant judgement by management, specifically in determining the assumptions to develop the cash</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - Obtaining an understanding of how management identified impairment indicators and the testing process - Reviewing the supporting documents prepared by management to assess whether the goodwill is impaired at the end of year and assess the appropriateness of the valuation model and key assumptions used by management - Assessing the reasonableness of the discount rate applied to the estimated future cash flows - Testing the calculation of the recoverable amount

Key audit matters	How the matter was addressed in the audit
<p>flows projections of the subsidiary and the selection of the of discount rate which may be affected by changes in the economic condition, market situation and specific risks.</p> <p>Refer to Notes 4.20, 11 and 18 which provide details of the impairment testing performed by management.</p>	<ul style="list-style-type: none"> - Review the sensitivity analysis provided by management and considered the impact to recoverable amount <p>Considering the adequacy and appropriateness of the disclosure of the assumptions, methodology and recoverable amount of goodwill and investment in subsidiary.</p>
<p><u>Inventories</u></p> <p>As at 31 December 2020, the Group and the Company have ending inventories of Baht 1,056.06 million and Baht 1,013.68 million, respectively.</p> <p>Inventories are carried in the financial statements at the lower of cost and net realizable value. The Group's management has estimated the net realizable value from the estimated selling price after the deduction of direct costs.</p> <p>However, steel prices are highly volatile depending on the demand and supply in the global market. As such the Group's managements have to highly use judgments in determining the selling prices of products and the determination of the net realizable values of inventories for preparation of the financial statements.</p> <p>Refer to Notes 4.12, 4.20 and 9 which provides details of the valuation of inventories.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - Obtaining an understanding of the process to determine the net realizable value of inventories through inquiry of the Company's management and the tests of the current market prices of inventories and the purchase and sale commitments that may exist. - Evaluating the design of the internal control process and testing the operating effectiveness of the controls. - Performing substantive testing on a sample basis on the net realizable value of inventories - Reviewing the actual results for the year with the Company's historical estimation of allowance for declined value of inventories and future operating plan to evaluate the appropriateness of the Company's estimation relating to the valuation of inventories; and - Considering in the adequacy of the Company's disclosure in accordance with Thai Financial Reporting Standards

Other Information

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Preparation of the Company's Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines 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 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 financial reporting process.

Auditor's Responsibilities for the Audit of the Company's Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional scepticism 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 to 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 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 ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group 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.

Independent Auditor's Report

Financial Statement

Notes of the financial statement

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

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

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

Mr. Somckid Tiatragul

Certified Public Accountant

Registration No. 2785

Grant Thornton Limited

Bangkok

25 February 2021

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION

(Unit : Thousand Baht)

		Consolidated F/S		Separate F/S	
	Notes	31 December 2020	31 December 2019	31 December 2020	31 December 2019
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and cash equivalents	7	132,111	131,850	119,255	91,549
Trade and other accounts receivable - net	6, 8, 30	275,391	349,077	313,869	444,777
Inventories - net	9	1,056,060	557,246	1,013,683	490,734
Deposits for purchase of goods		11,079	141,092	11,079	141,092
Short-term loans and accrued interest receivable - subsidiary	6, 30	-	-	32,802	17,416
Refundable value added tax		10,012	257	10,012	-
Refundable income tax		1,682	2,350	298	298
Other current assets		5,926	5,673	2,797	2,204
Total Current Assets		1,492,261	1,187,545	1,503,795	1,188,070
NON-CURRENT ASSETS					
Restricted deposits with banks	10, 30	72,357	1,052	72,357	1,052
Investments in subsidiaries	11	-	-	216,770	216,770
Long-term loans receivable - subsidiary	6	-	-	-	15,386
Property, plant and equipment - net	12	605,188	552,032	280,489	256,336
Rights-of-use assets - net	3, 13	13,547	-	87,270	-
Investment property - net	14	1,609	1,946	-	-
Prepaid land rental expense - net	15	-	4,003	-	824
Leasehold rights - net	3, 16	-	2,254	-	-
Intangible assets - net	17	1,303	1,647	1,055	1,454
Goodwill	18	15,086	15,086	-	-
Other non-current assets		1,541	941	1,537	938
Deferred tax assets	24	2,047	-	-	-
Total Non-Current Assets		712,678	578,961	659,478	492,760
TOTAL ASSETS		2,204,939	1,766,506	2,163,273	1,680,830

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION

(Unit : Thousand Baht)

		Consolidated F/S		Separate F/S	
	Notes	31 December 2020	31 December 2019	31 December 2020	31 December 2019
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term loans from financial institutions	19, 30, 31	176,240	282,234	176,240	282,234
Short-term loans and accrued interest payable -subsidiary	6, 31	-	-	-	5,000
Trade and other accounts payable	6, 20, 30	149,090	28,605	155,582	34,772
Current portion of liabilities under finance lease agreements	6, 13, 30, 31	2,776	-	5,092	-
Accrued income tax		45,343	-	45,343	-
Value added tax payable		2,735	2,481	-	1,149
Accrued expenses	21	27,274	30,156	21,595	24,674
Other current liabilities		4,791	6,904	2,840	5,921
Total Current Liabilities		408,249	350,380	406,692	353,750
NON-CURRENT LIABILITIES					
Employee benefits obligation	6, 22	22,303	20,625	18,455	16,925
Liabilities under finance lease agreements - net	6, 13, 30, 31	5,702	-	82,890	-
Deferred tax liabilities - net	24	13,077	17,836	3,694	6,013
Total Non-Current Liabilities		41,082	38,461	105,039	22,938
Total Liabilities		449,331	388,841	511,731	376,688
SHAREHOLDERS' EQUITY					
Share capital - common share at Baht 1 par value					
- Registered 549,999,244 shares		550,000	550,000	550,000	550,000
- Issued and paid - up 449,999,095 shares		449,999	449,999	449,999	449,999
Premium on share capital		121,762	121,762	121,762	121,762
Retained earnings					
- Appropriated for legal reserve	25.1	50,000	45,000	50,000	45,000
- Unappropriated		1,109,614	735,949	985,399	642,999
Other components of shareholders'		26,108	26,840	44,382	44,382
Shareholders' equity of the Company		1,757,483	1,379,550	1,651,542	1,304,142
Non-controlling interests in subsidiaries		(1,875)	(1,885)	-	-
NET SHAREHOLDERS' EQUITY		1,755,608	1,377,665	1,651,542	1,304,142
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,204,939	1,766,506	2,163,273	1,680,830

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER

		(Unit : Thousand Baht)			
		Consolidated F/S		Separate F/S	
	Notes	2020	2019	2020	2019
REVENUES					
Revenue from sales		5,484,167	5,281,847	5,428,829	5,256,993
Revenue from sales of by-product		118,858	114,427	114,452	109,306
Total revenues	6, 27, 28	5,603,025	5,396,274	5,543,281	5,366,299
COSTS OF SALES					
Costs of sales	6, 9, 26	(4,865,660)	(4,989,967)	(4,869,570)	(4,999,210)
Gross profit		737,365	406,307	673,711	367,089
Interest income	6, 27	2,059	1,478	3,375	2,764
Gain on exchange rate		-	-	436	-
Other income	6	20,837	16,188	22,418	18,681
Profit before expenses		760,261	423,973	699,940	388,534
Selling expenses	6, 26	(137,563)	(144,144)	(143,158)	(147,318)
Administrative expenses	6, 26	(109,944)	(99,697)	(91,246)	(80,245)
Loss from exchange rate	6, 26	(20,783)	(10,237)	-	(6,362)
Total expenses		(268,290)	(254,078)	(234,404)	(233,925)
Profit before finance costs		491,971	169,895	465,536	154,609
Finance costs	6, 27	(7,957)	(11,408)	(10,517)	(11,633)
Profit before income tax		484,014	158,487	455,019	142,976
Income tax expense	23	(73,817)	(25,212)	(76,119)	(24,857)
Profit for the year		410,197	133,275	378,900	118,119
OTHER COMPREHENSIVE INCOME					
Items to be reclassified subsequently to profit or loss					
Actuarial loss - net of tax		-	(4,053)	-	(2,741)
Translation adjustment for foreign currency financial statement - net of tax		(754)	(2,744)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		409,443	126,478	378,900	115,378
ALLOCATION OF PROFIT FOR THE YEAR					
Portion of the Company's shareholders		410,165	133,382	378,900	118,119
Portion of non-controlling interests		32	(107)	-	-
		410,197	133,275	378,900	118,119
ALLOCATION OF TOTAL COMPREHENSIVE INCOME					
Portion of the Company's shareholders		409,433	126,664	378,900	115,378
Portion of non-controlling interests		10	(186)	-	-
		409,443	126,478	378,900	115,378
BASIC EARNINGS PER SHARE					
Profit of the Company's shareholders (Baht : Share)		0.91	0.30	0.84	0.26
Weighted average number of common shares (Unit : Thousand Shares)		449,999	449,999	449,999	449,999

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Thousand Baht)

Shareholders' equity of the Company												
Notes	Paid - up Share Capital	Premium on Share capital	Retained earnings		Other components of equity							
			Legal Reserve	Unappropriated	Surplus on revaluation of land	Translation adjustment for foreign currency financial statements	Discount on dilution of investment in subsidiaries company	Total Other components of equity	Shareholders' equity of the Company	Non-controlling interests	Total	
Consolidated F/S												
Balance as at 1 January 2019	0	449,999	121,761	45,000	669,620	59,322	-	(29,817)	29,505	1,315,885	(1,699)	1,314,186
Changes in shareholders' equity												
Warrant conversion to common share	-	-	1	-	-	-	-	-	-	1	-	1
Cash dividend paid	25.2	-	-	-	(63,000)	-	-	-	-	(63,000)	-	(63,000)
Total transactions with shareholders	-	-	1	-	(63,000)	-	-	-	-	(62,999)	-	(62,999)
Comprehensive income for the year	-	-	-	-	129,329	-	(2,665)	-	(2,665)	126,664	(186)	126,478
Total comprehensive income for the year	-	-	-	-	129,329	-	(2,665)	-	(2,665)	126,664	(186)	126,478
Balance as at 31 December 2019		449,999	121,762	45,000	735,949	59,322	(2,665)	(29,817)	26,840	1,379,550	(1,885)	1,377,665
Balance as at 1 January 2020		449,999	121,762	45,000	735,949	59,322	(2,665)	(29,817)	26,840	1,379,550	(1,885)	1,377,665
Changes in shareholders' equity												
Appropriation for legal reserve during the year	25.1	-	-	5,000	(5,000)	-	-	-	-	-	-	-
Cash dividend paid	25.2	-	-	-	(31,500)	-	-	-	-	(31,500)	-	(31,500)
Total transactions with shareholders	-	-	-	5,000	(36,500)	-	-	-	-	(31,500)	-	(31,500)
Comprehensive income for the year	-	-	-	-	410,165	-	(732)	-	(732)	409,433	10	409,443
Total comprehensive income for the year	-	-	-	-	410,165	-	(732)	-	(732)	409,433	10	409,443
Balance as at 31 December 2020		449,999	121,762	50,000	1,109,614	59,322	(3,397)	(29,817)	26,108	1,757,483	(1,875)	1,755,608

Consolidated F/S

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Thousand Baht)

	Notes	Paid - up Share Capital	Premium on Share capital	Retained earnings		Other components of equity		Total
				Legal Reserve	Unappropriated	Other comprehensive income	Surplus on revaluation of land	
Separate F/S								
Balance as at 1 January 2019	0	449,999	121,761	45,000	590,621		44,382	1,251,763
Changes in shareholders' equity								
Warrant conversion to common share		-	1	-	-		-	1
Cash dividend paid	25.2	-	-	-	(63,000)		-	(63,000)
Total transactions with shareholders		-	1	-	(63,000)		-	(62,999)
Comprehensive income for the year		-	-	-	115,378		-	115,378
Total comprehensive income for the year		-	-	-	115,378		-	115,378
Balance as at 31 December 2019		449,999	121,762	45,000	642,999		44,382	1,304,142
Balance as at 1 January 2020		449,999	121,762	45,000	642,999		44,382	1,304,142
Changes in shareholders' equity								
Appropriation for legal reserve during the year	25.1	-	-	5,000	(5,000)		-	-
Cash dividend paid	25.2	-	-	-	(31,500)		-	(31,500)
Total transactions with shareholders		-	-	5,000	(36,500)		-	(31,500)
Comprehensive income for the year		-	-	-	378,900		-	378,900
Total comprehensive income for the year		-	-	-	378,900		-	378,900
Balance as at 31 December 2020		449,999	121,762	50,000	985,399		44,382	1,651,542

The accompanying notes form an integral part of these financial statements.

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Thousand Baht)

	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before income tax	484,014	158,487	455,019	142,976
Adjustments to reconcile profit before income tax to net cash provided from operating activities:				
Provision (reversal of allowance) for doubtful debts	10,059	(1,497)	10,066	(417)
Reversal of allowance for decline value of inventories	(3,030)	(9,982)	(3,030)	(9,982)
Depreciation	46,682	42,223	21,034	15,705
Loss (gain) on disposal and written off of fixed assets	(106)	(439)	(105)	28
Amortization	593	2,165	426	1,112
Interest income	(2,059)	(1,478)	(3,375)	(2,764)
Interest expense	7,957	11,408	10,517	11,633
Provision for post employee benefits obligation	1,934	5,112	1,655	4,212
Cash flows provided from operations before changes in operating assets and liabilities	546,044	205,999	492,207	162,503
Decrease (increase) in operating assets:				
Trade and other accounts receivable	63,627	6,341	120,842	(7,033)
Inventories	(495,784)	84,746	(519,919)	72,932
Deposits for purchase of goods	130,013	61,908	130,013	61,908
Refundable value added tax	(9,755)	6,983	(10,012)	4,385
Refundable income tax	668	-	-	-
Other current assets	(254)	(1)	(593)	568
Other non-current assets	(600)	-	(599)	-
Increase (decrease) in operating liabilities:				
Trade and other accounts payable	120,485	8,669	120,810	9,941
Accrued expenses	(2,259)	(58)	(2,456)	(433)
Value added tax payable	254	104	(1,149)	1,149
Other current liabilities	(2,113)	1,967	(3,081)	2,784
Employee benefit paid	(256)	-	(125)	-
Cash received from operating activities	350,070	376,658	325,938	308,704
Interest payment	(8,581)	(10,794)	(11,140)	(11,023)
Income tax paid	(35,280)	(32,235)	(33,095)	(29,393)
Net cash provided from operating activities	306,209	333,629	281,703	268,288

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Thousand Baht)

	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Cash flows from investing activities				
Interest received	2,060	1,513	3,375	2,799
Decrease (increase) in restricted deposits with banks	(71,305)	16,293	(71,305)	16,293
Acquisition of building and equipment	(97,067)	(48,647)	(39,855)	(7,102)
Sale of equipment	152	837	152	37
Addition to intangible assets	(249)	(1,316)	(27)	(1,137)
Receipt of repayment of loans to subsidiary	-	-	12,000	2,693
Short-term loan granted to subsidiary	-	-	(12,000)	(2,400)
Net cash provided from (used in) investing activities	(166,409)	(31,320)	(107,660)	11,183
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(105,994)	(169,536)	(105,994)	(169,536)
Repayment of short-term loans from subsidiary	-	-	(5,000)	(13,512)
Proceeds from short-term loans from subsidiary	-	-	-	10,009
Repayment for liabilities under finance lease agreement	(1,291)	(7)	(3,843)	(7)
Proceeds from conversion of warrants to common shares	-	1	-	1
Cash dividend payment	(31,500)	(63,000)	(31,500)	(63,000)
Net cash used in financing activities	(138,785)	(232,542)	(146,337)	(236,045)
Translation adjustment for foreign currency financial statement	(754)	(2,744)	-	-
Net increase in cash and cash equivalents - net	261	67,023	27,706	43,426
Cash and cash equivalents at beginning of year	131,850	64,827	91,549	48,123
Cash and cash equivalents at end of year	132,111	131,850	119,255	91,549
Supplemental disclosure for cash flows information				
Non - cash item :				
Recognition of rights-of-use assets and long-term lease liabilities	9,769	-	42,599	-

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the years ended 31 December 2020 and 2019

1. NATURE OF OPERATIONS

The Company

2S Metal Public Company Limited is principally engaged in the manufacturing of steel pipes, steel plates, light lip channel and steel wire mesh and trading of steel products. The Company has following 3 subsidiaries that are engaged in its business supporting.

Its subsidiaries

- Neastern Steel Co., Ltd., registered in Thailand, is engaged in the manufacturing of steel pipes, steel plates, light lip channels and steel wire mesh.
- Mega Trans and Logis Co., Ltd., registered in Thailand, is engaged in providing transportation services.
- Grand Steel Pipe Industry Co., Ltd., registered in Lao People's Democratic Republic, is engaged in the manufacturing of steel pipes, steel plates and light lip channel and trading of steel products.

2. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH TFRS

2S Metal Public Company Limited is a public limited company incorporated and domiciled in Thailand. The address of its registered business office is 8/5 Moo 14, Tambon Thachang, Amphur Bangklam, Songkhla Province. The Company has three warehouses located in Nakhon Ratchasima, Bangkok and Suratthani Provinces.

The accompanying consolidated and separate financial statements have been prepared in accordance with the Accounting Act B.E. 2543, Thai Financial Reporting Standards ("TFRS") issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Thai Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. These financial statements are officially prepared in the Thai language. The translation of these financial statements to another language must conform to the official report in Thai.

The consolidated and separate financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

<i>Items</i>	<i>Measurement bases</i>
Land	Fair value
Net defined benefit liability	Present value of the defined benefit obligation as explained in Note 22

Coronavirus disease 2019 pandemic

The Coronavirus 2019 pandemic has affected economic slowdown and adversely impact most businesses and industries. This situation brought about uncertainties and has impacted the industry in which the Group operates. The Group's management has continuously monitored ongoing situation and assess the financial impact in respect of the revenues and expenses, valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved, using the best information obtained up to the date of this report. However, the Coronavirus 2019 pandemic does not have much effect on the Group's operations during the year.

3. CHANGES IN ACCOUNTING POLICIES

- 3.1 New and revised financial reporting standards, interpretations and guidance which effective from 1 January 2020.

3.1.1 Thai Financial Reporting Standards related to "Financial instruments"

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

The above standards define the new requirements on the classification and measurement of financial assets and financial liabilities, impairment consideration method and hedge accounting, replacing the accounting standards, guidance and interpretations relevant to financial instruments which were formerly used.

The Group's management has assessed the potential impact on the financial statement of Thai Financial Reporting Standards related to "Financial instruments" as follow:

Classification and measurement of financial assets and financial liabilities

Financial assets

Financial assets for debt instrument are classified into three principal classification categories: measured at amortized cost, fair value to profit or loss, fair value to other comprehensive income, based on the business model of the Group in which they are managed and based on the cash flow characteristics of the financial assets with following consideration:

Financial assets measured at amortized cost interest is calculated using effective interest rate in statement of profit or loss.

Financial assets for equity instrument measured at fair value to profit or loss - the Group considered to recognize financial assets at fair value to other comprehensive income that will not be reclassified subsequently to profit or loss.

Financial liabilities

Financial liabilities classified and measured at amortized cost - Interest expense is calculated by using effective interest rate in statement of profit or loss, except for derivative liabilities classified and measured at fair value to profit or loss unless hedge accounting is applied.

The classification and measurement under previous standards and TFRS 9, including reconciliation of the carrying amounts of each class of the Group's financial assets and financial liabilities as at 1 January 2020 are as follows:

(Unit: Thousand Baht)

Consolidate F/S		
Classification under previous standards at 31 December 2019		Classification under TFRS 9 at 1 January 2020
Description	Carrying amounts	Amortized cost - net
Financial assets		
Cash and cash equivalent	131,850	131,850
Trade and other receivables - net	349,077	349,077
Restricted bank deposit	1,052	1,052
Total	481,979	481,979
Financial liabilities		
Short-term loans from financial institutions	282,234	282,234
Trade and other account payable	28,605	28,605
Total	310,839	310,839

(Unit: Thousand Baht)

Separate F/S		
Classification under previous standards at 31 December 2019		Classification under TFRS 9 at 1 January 2020
Description	Carrying amounts	Amortized cost - net
Financial assets		
Cash and cash equivalent	91,549	91,549
Trade and other receivables - net	444,777	444,777
Restricted bank deposit	1,052	1,052
Total	537,378	537,378
Financial liabilities		
Short-term loans from financial institutions	282,234	282,234
Trade and other account payable	34,772	34,772
Total	317,006	317,006

Financial assets and financial liabilities which are measured at amortized cost is closed to fair values.

Impairment – Financial assets and contract assets

The Group has assessed the impairment of financial assets and contract assets by forward-looking 'expected credit loss' (ECL) model. It is no longer necessary for a credit event to occur before credit losses are recognized and judgement about how changes in economic factors affect expected credit loss and probability - weighted basis. However, the new assessment is applied only for financial assets measured at amortized cost and fair values to other comprehensive income.

The Group determines the application of TFRS 9 as follows:

- Trade and other receivables the Group applies simplified approach for measurement by expected credit loss for the receivable.
- Loan to related parties the Group applies general approach by 12-months expected credit loss / lifetime expected credit loss.

However, the adoption of these new standards has no significant impact on the financial statements of the Group.

Hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequently changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or unrecognized from commitments (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

3.1.2 Thai Financial Reporting Standard No.16 "Leases" (TFRS 16)

TFRS 16 defines new principles for the recognition of leases, replacing Thai Accounting Standard No. 17 "Leases", and several leases-related Interpretations. Under this new standard, leases are to be recorded in the statement of financial position in the form of "rights-of-use asset" with corresponding "lease liabilities", except for short-term leases agreement with covering period of less than 12 months or with low value of asset, and provides additional guidance in many areas.

Under the Thai Financial Reporting Standard No. 16 "Leases", there is no significant changes to the accounting for lessors.

The Group recognizes the right-of-use assets and lease liabilities that affects the change in nature of expenses related to those leases whereby the Group recognizes depreciation expense from the right-of-use assets and interest expense of lease liabilities instead of expenses from lease agreements.

The Group also considers to recognize payments of short-term lease or leases of low-value assets as expenses in profit or loss on a straight-line basis over the lease term.

The Group used the modified retrospective approach for the first - time adoption of TFRS 16 to recognize the rights-of-use assets and lease liabilities. This method will have no effect on the retained earnings as at 1 January 2020 and no restatement to the comparative information is required.

The measurement of lease liabilities at 1 January 2020 are as follow:

	(Unit : Thousand Baht)	
	Consolidated F/S	Separated F/S
Operating lease commitments disclosed as at 31 December 2019	3,798	2,400
Add: Right of purchase or extension options reasonably certain to be exercised	7,200	54,240
	10,998	56,640
Less: Deferred interest expenses	(1,229)	(14,041)
Lease liabilities from TFRS 16 adoption	9,769	42,599
Finance lease liabilities as at 31 December 2019	-	-
Lease liabilities as at 1 January 2020	9,769	42,599
Classification of lease liabilities;		
- Current portion of long-term lease liabilities	1,467	3,102
- Long-term lease liabilities - net	8,302	39,497
Total	9,769	42,599

3.1.3 Impact on the financial information

The adoption of Thai Financial Reporting Standards No. 16 impacts the Group's statements of financial position as of 1 January 2020 as follows:

	(Unit: Thousand Baht)		
	Consolidated F/S		
	Based on former accounting policies	Adjustments	As Restated
Statement of financial position			
Rights-of-use assets	-	16,026	16,026
Prepaid land rental expense	4,003	(4,003)	-
Leasehold rights	2,254	(2,254)	-
Long-term lease liabilities	-	9,769	9,769

	(Unit: Thousand Baht)		
	Separate F/S		
	Based on former accounting policies	Adjustments	As Restated
Statement of financial position			
Rights-of-use assets	-	43,423	43,423
Prepaid land rental expense	824	(824)	-
Long-term lease liabilities	-	42,599	42,599

The right-of-use assets classified by types of assets are as follow:

	(Unit : Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 1 January 2020		
Land and land improvements	7,552	3,001
Warehouse	8,474	40,422
Total right-of-use assets	16,026	43,423

3.2 Financial Reporting Standards, Interpretations, and guidance which are effective from 1 January 2021

3.2.1 Thai Accounting Standard No.1 "Presentation of financial statements" and Thai Accounting Standard No. 8 "Accounting policies, Changes in Accounting Estimates and Errors"

This standard amends the definition of "Materiality" to comply with the Financial Reporting Standards and frameworks, including the explanation that clarified the materiality application to Thai Financial Reporting Standard No.1. The amendment also causes consequential amendments to other TFRS including TAS 8, TAS 10, TAS 34 and TAS 37.

3.2.2 Thai Financial Reporting Standard No.3 "Business combinations"

- Provide an option for the entity to use "Concentration Test" that allows a simplified assessment of whether a transaction is an acquired of assets or a business combination.
- The amendment definition of "Business" that define the business combination must include, at a minimum, an input and a substantive process that are collective significantly contribute to the ability to create outputs. Furthermore, amendment definition of "Outputs" is focusing on goods and services provided to customers and removing the reference to an ability to lower the costs.

3.2.3 Thai Financial Reporting Standard No.9 "Financial instruments" and Thai Financial Reporting Standard No.7 "Disclosure of Financial instruments"

This standard changes specific hedge accounting requirements for relief the uncertainties arising from impact of interest rate benchmark reform such as Interbank offer rates – IBORs. In addition, the amendment requires the entity to provide information of all hedging relationships directly affected by such uncertainty.

3.2.4 Conceptual Framework for Financial Reporting

The amendment conceptual framework in definition of assets and liabilities and criteria for recognizing assets and liabilities in financial statements. The principles and practices are as follow:

- Measurement including factors to be considered when selecting a benchmark basis
- Presentation and disclosure including classification of revenue and expenses in other comprehensive income.
- Derecognition assets and liabilities from financial statements.

In addition, this framework describes responsibilities, conservatism, and measurement uncertainty in preparation of financial reporting. The revised conceptual framework also affects the revision in others framework including TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS 2, TFRS 3, TFRS 6, TFRIC 12, TFRIC 19, TFRIC 20, TFRIC 22 and TSIC 32.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Overall consideration

The consolidated and separate financial statements have been prepared using the significant accounting policies and measurement basis summarized below.

4.2 Basis of consolidation

The Company prepares the consolidated financial statements from those of the Company and all its subsidiaries for which all subsidiaries have the same reporting date as the Company at 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-group asset sales are reversed in the consolidation, the underlying asset is also tested for impairment from the group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the Company and the non-controlling interests based on their respective ownership interests.

4.3 Business combinations

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the seller. For each business combination, the Company measures the non-controlling interest, in the acquiree either at fair value or at the proportionate share of the seller's identifiable net assets.

Goodwill is measured at fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

4.4 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Thai Baht, which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all asset, liabilities and transactions of Group entities with a functional currency other than Thai Baht are translated into Thai Baht upon consolidation.

4.5 Segment reporting

The Group has two operating segments: production and trading. In identifying these operating segments, management generally follows the Group's operations representing its main products (see Notes 1 and 27).

Each of these operating segments is managed separately as each requires different marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in standalone sales of identical goods.

For management purposes, the Group uses the same measurement policies as those used in its financial statements.

4.6 Related parties

Related parties comprise enterprises and individuals that control, or are controlled by the Group, whether directly or indirectly, or which are under common control with the Group. They also include associated companies and individuals which directly or indirectly own voting interest in the Group that gives them significant influence over the Group, key management personnel, directors, and officers with authority in the planning and directing the Group's operations.

4.7 Revenue

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

Sale of steel products and by-product

Revenue from sale of steel products and by-products are recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data.

Interest and other income

Interest and other income are recognized on accrual basis.

4.8 Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or as incurred.

4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized over time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expended in the period in which they are incurred and reported as part of finance costs.

4.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and highly liquid cash in banks (which do not have restriction of use) that are readily convertible to cash with insignificant risk of change in value.

Restricted deposits with banks are presented under non-current assets in the statement of financial position.

4.11 Accounts receivable

Accounting policies applicable from 1 January 2020

A receivable is recognized when the Group has an unconditional right to receive consideration.

Trade receivables are amounts due from customers for goods sold or service performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at its present value.

The Group applies the TFRS 9 simplified approach to measuring expected credit losses with the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, and accordingly adjusts the historical loss rates based on expected changes. The impairment losses are recognised in profit or loss within administrative expenses.

Accounting Policy applicable before 1 January 2020

A receivable is recognized when the Group has an unconditional right to receive consideration. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade accounts receivable is presented at the net realizable value. The Group record allowances for doubtful accounts from accounts receivable which might be uncollectible. Allowance for doubtful accounts is provided for on the basis of collection experience and payment ability of the debtors at the end of year.

4.12 Inventories

Inventories are stated at the lower of cost (by using the moving average method) or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

4.13 Investments in subsidiaries

Investments in subsidiaries in the separate statement of financial position are accounted for by the cost method. The Company recognizes gain or loss on sale of investment in the statement of profit or loss in the year the investment is sold. In the case of impairment, the Company will recognize the loss from impairment as an expense in the statement of profit or loss. The Company recognizes dividend income upon the subsidiary's declaration of the payment.

4.14 Property, plant and equipment

Land

Land held for use in production is stated at revalued amounts. Revalued amounts are fair values based on appraisals of independent professional appraisers once the market factors indicate a material change in fair value (see Note 12). Any revaluation surplus is recognized as other comprehensive income and credited to the revaluation reserve under equity. To the extent that any revaluation decreases, or impairment loss (if any) has previously been recognized in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognized in other comprehensive income. Downward revaluations of land are recognized upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrement recognized in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Buildings and other equipment

Buildings and other equipment are initially booked at acquisition cost or construction cost, including any costs directly attributable to bringing assets to the location and condition necessary for operation in the manner intended by the Group's management. Buildings and

other equipment are subsequently measured at cost less accumulated depreciation and impairment losses (if any).

Depreciation is recognized on a straight-line basis to write down the cost over the following estimated useful lives.

Land improvement	5 - 20 years
Buildings and construction	15 - 50 years
Machinery and factory tools	5 - 20 years
Furniture and office equipment	5 - 10 years
Vehicles	5 - 15 years

Asset residual value estimates and estimated useful lives are updated as required, but at least annually.

Gains or losses arising from disposal of property, plant and equipment are determined based on the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss as other income or other expenses.

4.15 Investment property

Investment property is measured initially at its cost including related transaction costs and valued at cost less accumulated depreciation and allowance for impairment (if any). The depreciation for building is computed by straight-line method at the useful lives of 15 years.

4.16 Intangible assets

Computer software is presented at cost less accumulated amortization. Amortization is calculated by reference to cost on a straight-line basis over the estimated time frame of 5 - 10 years.

4.17 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses (if any). Refer to Note 18 for a description of impairment testing procedures.

4.18 Lease assets

Accounting policies applicable from 1 January 2020

Leases - where the Group is the lessee

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

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated and separated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term to obtain an asset of equivalent value.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

After the initial measurement, the lease liability will be reduced from the payment and increased from interest expense. This is a measure to reflect a new appraisal or adjustment or significant changes to the fixed lease. When the lease liability is remeasured, the right-of-use assets have decreased to be zero, the lessee must recognize the remainder of the remeasurement in profit or loss.

The rent paid under short-term leases and low value asset leases are recognized as expense on a straight-line method. The short-term lease is a lease with a lease term less than or equal 12 months, the assets with low value comprises small office equipment lease.

Accounting Policy applicable before 1 January 2020

Leases of equipment where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are recorded as long-term liabilities. The finance charge is charged to the statement of profit or loss over the lease period. Assets under finance lease agreements are depreciated over its useful lives.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss on a straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, penalty is recognized as an expense in the period in which termination takes place.

4.19 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

The Group financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

Classification and initial measurement of financial assets

Financial assets are initially recognized at fair value plus or less directly costs attributable to the acquisition of the asset. For financial assets measured at fair value through profit or loss (FVTPL), the Group recognizes the associated costs as an expense in profit or loss.

The Group classify financial assets measurement by amortized cost method, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL) the classification is determined by both as follow:

1. The entity's business model for managing the financial asset, and
2. The contractual cash flow characteristics of the financial asset (SPPI).

The Group classified revenue and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions.

1. They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
2. The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than hold to collect contractual cash flows or hold to collect contractual cash flows and sell financial assets are

categorized at fair value through profit or loss (FVTPL). Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at financial assets at fair value through profit or loss. All derivative financial instruments fall into this category.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group accounts for financial assets at fair value through other comprehensive income if the assets meet the following conditions:

1. The Group held under a business model whose objective is "hold to collect" the associated cash flows and sell, and
2. the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI) on the specified day.

Any gains or losses recognized in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

Since 1 January 2020, the Group has considered impairment for financial assets that are measured at amortized cost. And measure fair value through other comprehensive income (FVOCI).

The Group uses a simplified approach to recognize impairment of assets that do not have significant financing elements and contractual assets. According to estimates of credit losses over the life of such assets since the Group recognize.

In determining the expected credit loss, management grouped receivables by type of customers and consider credit risks that are of a common nature. The expected credit loss rate is determined by the nature of the payment in the past. Information of credit losses from experience, external factors, and future factors that may affect debtor payment.

The Group assesses credit risk of financial assets at the end of every period whether there has been a significant change.

The Group considers and recognizes the expected credit loss by taking into account the past experience and anticipating the future. The recognized credit losses arise from the weighted average credit loss probability estimate. The amount of cash expected to be discounted the effective interest rate.

Losses and reversals of impairment losses are recorded in profit or loss separately.

Classification and measurement of financial liabilities

The Group classifies the financial instruments issued by the Group as financial liabilities or equity instruments considered based on contractual obligations to deliver the financial assets to other persons or entities.

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs of financial liability.

Subsequent measurement of financial liabilities

Financial liabilities are subsequent measured at amortized cost. Interest expense is to be calculated by using effective interest rate and charged to statement of profit or loss except for derivatives liabilities are measured at fair value through other comprehensive income (FVOCI).

4.20 Impairment testing of assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset recoverable amounts are estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

Calculation of recoverable amount

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

Impairment losses 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 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.

4.21 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.

4.22 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

4.23 Equity

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on the issuance of share capital. Any transaction costs associated with the issuance of shares are deducted from share premium, net of any related income tax benefits.

Other components of shareholders' equity include the following:

Other comprehensive income

- revaluation of land reserve – comprises gains and losses from the revaluation of land (see Note 4.14)
- translation adjustment for foreign currency financial statement – comprises gains and losses from the translation of foreign operations entity with a functional currency other than Thai Baht (see Note 4.4)
- discount on dilution of investment in subsidiaries company - comprises dilution loss arose on shares issued by the subsidiaries and sold to third parties.

Retained earnings includes all current and prior period retained profits.

All transactions with owners of the Company are recorded separately as part of equity.

Dividend distributions payable to equity shareholders are included in other liabilities when general meeting of shareholders or the Company's Board of Directors meeting approved prior to the reporting date.

4.24 Post-employment benefits and short-term employee benefits

Post-employment benefit plans

The Group provides post-employment benefits through various defined contribution and retirement benefit plans.

Defined contribution plans

The Group has set up a registered provident fund that is contributed to by employees and by the Group for which assets are held in a separate trustee fund and managed by an authorised fund manager. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognized as an expense in the period that related employee services are received.

Retirement benefit plans

The Group has a legal obligation to pay retirement benefits by reference to the employee's length of service and the latest payment of salary. The liability recognized in the statement of financial position for retirement benefit plans is the present value of the retirement benefit obligation at the reporting date.

Management estimates the retirement benefits annually by reference to the calculation of the independent actuary. This is based on salary growth rate, turnover and mortality. Discount factors are determined close to each year-end by reference to Thai government bonds with terms to maturity approximating the terms of the related pension liability. Gains and losses resulting from remeasurements of the net retirement benefit liability under the new regulation are included in other comprehensive income and directly transferred to the retained earnings.

Short-term employee benefits

Short-term employee benefits, including salaries, wages, bonuses and contribution to the social security as expenses when incurred.

4.25 Income tax

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax is the expected tax payable or claimable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of earlier years.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary differences will be utilized against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognized in full, except for the exemption under TAS 12: "Income Taxes". As a result of these exemptions, the Group does not recognize deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

4.26 Basic earnings per share

Basic earnings per share are computed by dividing the income for the year by the weighted average number of common shares outstanding during the year.

4.27 Provisions, contingent assets and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4.28 Significant management judgement in applying accounting policies and uncertainty of the estimates

When preparing the financial statements, management makes various judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Actual results may be substantially different.

Accounts receivable

The Company sets an allowance for doubtful accounts to reflect impairment of trade accounts receivable resulting from possible non-collection of receivables. The allowance is based on a review of the expected credit loss. Management groups receivables by types of customers and considers credit risks that are of a common nature. The expected credit loss rate is determined by the nature of the payment in the past. Information of credit losses from past experience, external factors, and future factors that may affect debtor payment. The Group assesses credit risk of financial assets at the end of every period whether there has been a significant change.

Inventories

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by global market changes that may reduce future selling prices.

Building and equipment, investment property and computer software

Management determines the estimated useful lives and residual values of the Company's building and equipment, investment property and computer software and will revise the depreciation and amortization charges where useful lives and residual values previously estimated have changed or are subject to be written down or if they are no longer in use.

Leases

Determine the lease terms

The Group shall determine the lease term only when it is reasonably certain that the Group will exercise an option to extend a lease, or not to exercise an option to terminate a lease. The Group shall consider all relevant environments and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The Group shall revise the lease term if there is a change in the non-cancellable of a lease that may be caused by the Group's using (or not exercising) rights. The reasonably certain assessment of certainty upon the occurrence of either a significant event or a significant change in circumstances. This has an impact on assessment of the lease term and is under the control of the group.

Determination of the discount rate on lease liabilities

The Group assesses interest rate of incremental borrowing of lessee by using information provided by third-party financing of each leasing entity and updating information obtained to reflect changes in the tenant's financial factors, if possible.

Impairment of investments in subsidiaries and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Uncertainty in the estimation relates to assumptions about future operating results and the determination of a suitable discount rate (see Notes 11 and 18).

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carryforwards can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (see Note 4.25).

Defined employee benefit obligation

Management's estimates of the defined employee benefit obligation based on number of critical underlying assumptions such as standard rates of inflation, mortality rate, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined employee benefit obligation amount and the annual defined benefit expenses (see Note 22).

Fair value measurement

Management uses valuation techniques to determine the fair value of land. This involves developing estimates and assumptions consistent with how market participants to price the assets. Management determines the assumptions based on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved on an arm's length transaction at the end of year.

Allowance for doubtful accounts to reflect impairment

The Group sets an allowance for doubtful accounts to reflect impairment of trade accounts receivable resulting from possible non-collection of receivables. The allowance is based on a review of the expected credit loss. Management groups receivables by type of customers and considers credit risks that are of a common nature. The expected credit loss rate is determined by the nature of payments in the past. Information of credit losses from experience, external factors, and future factors that may affect debtor payment which is considered at the end of every period.

5. INTERESTS IN SUBSIDIARIES

Composition of the group

Details of the subsidiaries held directly by the Company are as follow:

Subsidiary companies	Country of incorporation and business	Proportion of ownership interest held by the Group at year ended (percentage)		Principal activity
		2020	2019	
Neastern Steel Co., Ltd.	Thai	99.99	99.99	Manufacturing of steel pipes, steel plates, light lip channels and steel wire mesh
Mega Trans and Logis Co., Ltd.	Thai	99.99	99.99	Transportation services for heavy products
Grand Steel Pipe Industry Co., Ltd.	Laos	97.11	97.11	Manufacturing and sale of steel pipe, steel plates and light lip channel and trading of steel products.

Subsidiary

A subsidiary is an entity controlled by the Company. The Company controls an entity when it has exposure to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entities. 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.

6. RELATED PARTY TRANSACTIONS

The Group has transactions with related parties that are related through common shareholding and/or directorship. Thus, the consolidated and separate financial statements reflect the effects of those transactions on the basis agreed upon between the Group and its related parties, which might be different from the basis used for transactions with unrelated parties.

Nature of relationship

Name of entities	Country of incorporation/ nationality	Nature of relationship
<i>Related parties</i>		
Nana Watsadu Furniture Co., Ltd.	Thailand	Co-shareholders
Panichsawad Co., Ltd.	Thailand	Co-related party
United Steel Pipe Co., Ltd.	Thailand	Co-shareholders
City Metal Co., Ltd.	Thailand	Co-shareholders

Name of entities	Country of incorporation/ nationality	Nature of relationship
Kwangfha Lohakit	Thailand	Co-shareholders
<i>Key management</i>	Thailand	Directors and managements
<i>Related person</i>	Laos	Person who is a close member of the family of a director and management of a subsidiary

Pricing policies

Transactions	Pricing policies
Revenue from sales, purchase of goods, and transportation service	Agree-upon basis based on market price
Rental of assets and other service income and expenses	Mutually agreed
Interest income and expenses	As specified in agreement
Manufacturing cost	Cost plus margin 22% - 23%

Significant balances with related parties as at 31 December 2020 and 2019 are as follows:

	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Trade and other accounts receivable				
Subsidiary companies	-	-	51,331	103,382
Related company	-	41,570	-	41,570
Total	-	41,570	51,331	144,952
Short-term loans and interest receivable				
Subsidiary company	-	-	32,802	17,416
Long-term loans receivable				
Subsidiary company	-	-	-	15,386
Total loans and interest receivable	-	-	32,802	32,802

Significant movements in loans to subsidiary and accrued interest income for the year ended 31 December 2020 are as follows:

	1 January 2020	During the year		31 December 2020
		Increase	Decrease	
Subsidiary companies	32,802	12,000	(12,000)	32,802

(Unit: Thousand Baht)

Short-term loans to subsidiary in Thailand have been granted without collateral and bear interest at MRR per annum and are repayable on demand.

Long-term loans to the subsidiary in Thailand have been granted without collateral and bear interest at 4.00 percent per annum. The interest is payable monthly while the principal amount is due at the end of year 2021.

(Unit: Thousand Baht)

	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Short-term loans and accrued interest payable				
Subsidiary company	-	-	-	5,000
Trade and other accounts payable				
Subsidiary companies	-	-	9,541	10,121
Related parties	18,914	11,510	18,914	11,510
Total	18,914	11,510	28,455	21,631
Lease Liabilities				
Subsidiary companies	-	-	80,863	-
Related parties	5,362	-	5,362	-
Total	5,362	-	86,225	-
Employee benefits obligation				
Key management personnel				
- Post-employment benefits	13,647	12,656	10,781	9,973

Significant movements in loan and accrued interest payable to subsidiary for the year ended 31 December 2020 are as follows:

(Unit: Thousand Baht)

	1 January 2020	During the year		31 December 2020
		Increase	Decrease	
Subsidiary company	5,000	2,001	(7,001)	-

Loans from subsidiary in Thailand have been obtained without collateral and bears interest at rate of 3.40 percent per annum which approximate market rates in Thailand, and are repayable on demand.

Significant transactions with the related parties for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Thousand Baht)

Transaction	Consolidated F/S		Separate F/S	
	(Unit: thousand Baht)			
	For the years ended 31 December			
	2020	2019	2020	2019
Revenue from sales				
Related parties	526,412	407,220	526,412	407,220
Subsidiary company	-	-	202,992	227,123
Total	526,412	407,220	729,404	634,343
Rental assets and other service income				
Subsidiary company	-	-	325	260
Interest income				
Subsidiary companies	-	-	1,323	1,315
Purchase of goods and service				
Related parties	702,445	704,138	702,445	704,138
Manufacturing cost				
Subsidiary company	-	-	98,685	89,931
Transportation service				
Subsidiary company	-	-	66,395	67,991
Rental assets and other service expenses				
Related parties	1,200	1,200	1,200	1,200
Subsidiary company	-	-	-	5,341
Total	1,200	1,200	1,200	6,541

Transaction	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2020	2019	2020	2019
Interest expense				
Subsidiary company	-	-	26	225
Key management personnel compensation				
Short-term employee benefits	31,348	30,191	24,133	23,373
Post-employment benefits	991	4,185	808	2,297
Total	32,339	34,376	24,941	25,670

A subsidiary company jointly guaranteed the Company's credit facilities granted by a financial institution totaling Baht 37.98 million by mortgaging land amounting to Baht 6 million as a secondary guarantee.

7. CASH AND CASH EQUIVALENTS

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Cash on hand	156	621	40	44
Cash at banks				
- Current account	47,288	59,922	40,951	29,895
- Saving account	84,667	71,307	78,264	61,610
Total	132,111	131,850	119,255	91,549

8. TRADE AND OTHER ACCOUNTS RECEIVABLE – NET

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Trade accounts receivable	275,38	307,497	262,537	299,825
Trade accounts receivable – related companies	-	41,570	51,331	144,952
Total	275,382	349,067	313,868	444,777
Other accounts receivable - general customers	9	10	1	-
Total	9	10	1	-
Total trade and other accounts receivable - net	275,391	349,077	313,869	444,777

Aging analysis of the trade accounts receivable - general customers and related companies as at 31 December 2020 and 2019 are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
<u>Trade accounts receivable - general customers and related companies</u>				
Not yet due	236,537	278,005	272,091	335,026
Past due				
Less than 3 months	37,584	63,204	34,565	101,893
3 - 6 months	1,142	6,135	7,097	6,135
6 - 12 months	3,784	678	3,780	678
Over 12 months	15,017	9,668	14,888	9,532
Total	294,064	357,690	332,421	453,264
<u>Less</u> Allowance for doubtful accounts	(18,682)	(8,623)	(18,553)	(8,487)
Trade accounts receivable - general customers and related companies - net	275,382	349,067	313,868	444,777

During the years, the movements in the allowance for doubtful accounts are as follows:

(Unit : Thousand Baht)

	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Balance as at 1 January	(8,623)	(10,120)	(8,487)	(8,904)
<u>Add</u> Allowance for doubtful accounts during the year	(11,193)	(983)	(11,193)	(983)
<u>Less</u> Reversal of allowance for doubtful accounts	1,134	2,480	1,127	1,400
Balance as at 31 December	(18,682)	(8,623)	(18,553)	(8,487)

9. INVENTORIES – NET

(Unit : Thousand Baht)

	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Raw materials	394,486	162,749	383,705	155,105
Work in process	53,683	62,749	51,682	56,983
Finished goods	410,325	326,562	384,250	276,657
Materials and goods in transit	190,883	3,844	190,883	3,844
Factory supplies	6,969	4,658	3,449	1,461
Total	1,056,346	560,562	1,013,969	494,050
<u>Less</u> Allowance for decline values	(286)	(3,316)	(286)	(3,316)
Net	1,056,060	557,24	1,013,683	490,734

During the years, the movements in allowance for cost of goods anticipated to be higher than net realizable value are as follows:

(Unit : Thousand Baht)

	Consolidated and Separate F/S	
	2020	2019
Balance as at 1 January	(3,316)	(13,298)
<u>Add</u> Additional allowance during the year	(5,061)	(28,082)
<u>Less</u> Reversal of allowance during the year	8,091	38,064
Balance as at 31 December	(286)	(3,316)

Items included in the costs of goods sold are as follows:

(Unit : Thousand Baht)

	Consolidated F/S		Separate F/S	
	2020	2020	2020	2020
Costs of goods sold	4,868,690	4,999,949	4,872,600	5,009,192
<u>Add</u> Allowance for cost of goods anticipated to be higher than net realizable value	5,061	28,082	5,061	28,082
<u>Less</u> Reverse of allowance for cost of goods anticipated to be higher than net realizable value	(8,091)	(38,064)	(8,091)	(38,064)
Total costs of sales	4,865,660	4,989,967	4,869,570	4,999,210

10. RESTRICTED DEPOSITS WITH BANKS

As at 31 December 2020 and 2019, the Company's saving and fixed deposits with term of maturity of 12 months with interest at 0.65 – 1.05 percent per annum, have been pledged as collateral for the use of electricity and short-term credit line from financial institutions.

11. INVESTMENTS IN SUBSIDIARIES - NET

(Unit : Thousand Baht)

	Paid-up capital		Percentage of shareholding		Separate F/S			
					2020 Investments		2019 Investments	
	2020	2019	2020	2019	At cost	Dividend income	At cost	Dividend income
Neastern Steel Co., Ltd.	90,000	90,000	99.99	99.99	99,000	-	99,000	-
Mega Trans and Logis Co., Ltd.	30,000	30,000	99.99	99.99	30,000	-	30,000	-
Grand Steel Pipe Industry Co., Ltd.	121,970	121,970	97.11	97.11	87,770	-	87,770	-
Total					216,770	-	216,770	-

12. PROPERTY, PLANT AND EQUIPMENT – NET

(Unit : Thousand Baht)

	Consolidated F/S						
	Land and improvement	Buildings and construction	Machinery and factory tools	Furniture and office equipment	Vehicles	Assets in transit and in progress	Total
Cost							
1 January 2020	180,796	281,557	518,775	25,072	119,265	-	1,125,465
Acquisitions	-	39	4,804	1,107	17,813	73,304	97,067
Disposals	-	-	(1,676)	(25)	(314)	-	(2,015)
Transfer in / (out)	3,059	39,751	30,243	-	8	(73,061)	-
31 December 2020	183,855	321,347	552,146	26,154	136,772	243	1,220,517
Accumulated depreciation							
1 January 2020	(13,419)	(140,836)	(342,018)	(21,595)	(55,565)	-	(573,433)
Depreciation for the year	(1,480)	(11,295)	(22,054)	(1,238)	(7,798)	-	(43,865)
Depreciation for disposals	-	-	1,653	2	314	-	1,969
31 December 2020	(14,899)	(152,131)	(362,419)	(22,831)	(63,049)	-	(615,329)
Net book value							
31 December 2020	168,956	169,216	189,727	3,323	73,723	243	605,188
Depreciation for the year 2020							
Cost of goods sold							27,375
Administrative expenses							16,490
Total							43,865

(Unit : Thousand Baht)

	Consolidated F/S						
	Land and improvement	Buildings and construction	Machinery and factory tools	Furniture and office equipment	Vehicles	Assets in transit and in progress	Total
Cost							
1 January 2019	179,746	254,410	465,608	23,868	108,885	47,660	1,080,177
Acquisitions	-	1,549	4,600	1,165	12,860	28,473	48,647
Disposals	-	-	-	(879)	(2,480)	-	(3,359)
Transfer in / (out)	1,050	25,598	48,567	918	-	(76,133)	-
31 December 2019	180,796	281,557	518,775	25,072	119,265	-	1,125,465
Accumulated depreciation							
1 January 2019	(12,009)	(130,090)	(320,144)	(21,318)	(50,610)	-	(534,171)
Depreciation for the year	(1,410)	(10,746)	(21,874)	(1,091)	(7,102)	-	(42,223)
Depreciation for disposals	-	-	-	814	2,147	-	2,961
31 December 2019	(13,419)	(140,836)	(342,018)	(21,595)	(55,565)	-	(573,433)
Net book value							
31 December 2019	167,377	140,721	176,757	3,477	63,700	-	552,032
Depreciation for the year 2019							
Cost of goods sold							27,492
Administrative expenses							14,731
Total							42,223

(Unit : Thousand Baht)

	Separate F/S						Total
	Land and improvement	Buildings and construction	Machinery and factory tools	Furniture and office equipment	Vehicles	Assets in transit and in progress	
Cost							
1 January 2020	112,174	131,338	224,624	13,813	8,152	-	490,101
Acquisitions	-	23	1,303	884	1,749	35,896	39,855
Disposals	-	-	(1,668)	(25)	(314)	-	(2,007)
Transfer in / (out)	-	11,895	23,758	-	-	(35,653)	-
31 December 2020	112,174	143,256	248,017	14,672	9,587	243	527,949
Accumulated depreciation							
1 January 2020	(4,270)	(51,606)	(158,967)	(11,688)	(7,234)	-	(233,765)
Depreciation for the year	(557)	(5,733)	(8,143)	(770)	(452)	-	(15,655)
Depreciation for disposals	-	-	1,644	2	314	-	1,960
31 December 2020	(4,827)	(57,339)	(165,466)	(12,456)	(7,372)	-	(247,460)
Net book value							
31 December 2020	107,347	85,917	82,551	2,216	2,215	243	280,489
Depreciation for the year 2020							
Cost of goods sold							10,955
Administrative expenses							4,700
Total							15,655

(Unit : Thousand Baht)

	Separate F/S						Total
	Land and improvement	Buildings and construction	Machinery and factory tools	Furniture and office equipment	Vehicles	Assets in transit and in progress	
Cost							
1 January 2019	112,174	104,267	220,516	12,440	8,452	26,237	484,086
Acquisitions	-	1,549	1,113	773	533	3,134	7,102
Disposals	-	-	-	(254)	(833)	-	(1,087)
Transfer in / (out)	-	25,522	2,995	854	-	(29,371)	-
31 December 2019	112,174	131,338	224,624	13,813	8,152	-	490,101
Accumulated depreciation							
1 January 2019	(3,710)	(45,893)	(150,673)	(11,190)	(7,616)	-	(219,082)
Depreciation for the year	(560)	(5,713)	(8,294)	(688)	(450)	-	(15,705)
Depreciation for disposals	-	-	-	190	832	-	1,022
31 December 2019	(4,270)	(51,606)	(158,967)	(11,688)	(7,234)	-	(233,765)
Net book value							
31 December 2019	107,904	79,732	65,657	2,125	918	-	256,336
Depreciation for the year 2019							
Cost of goods sold							11,089
Administrative expenses							4,616
Total							15,705

As at 31 December 2020 and 2019, the Company's and subsidiary's land and construction thereon, and machinery used for manufacturing with book values of Baht 106.47 million and Baht 111.07 million, respectively, in the consolidated financial statements, and Baht 96.06 million and Baht 100.02 million, respectively, in the separate financial statements have been mortgaged as collaterals for bank overdrafts, loans and other credit facilities with financial institutions as mentioned in Notes 19 and 29.2.

As at 31 December 2020 and 2019, the cost of fully depreciated assets that are still in use are Baht 354.47 million and Baht 283.94 million, respectively, in the consolidated financial statements and of Baht 167.09 million and Baht 151.48 million, respectively, in the separate financial statements.

13. LEASE

13.1 Rights-of-use- assets

During the year ended 31 December 2020, the Company and subsidiaries have the following condensed movements in rights-of-use assets:

	(Unit: Thousand Baht)	
	Consolidated F/S	Separate F/S
Cost		
1 January 2020 – previous	-	-
Adjustments for TFRS 16	16,026	43,423
1 January 2020 – as adjusted	16,026	43,423
Addition	-	49,226
31 December 2020	16,026	92,649
Accumulated depreciation		
1 January 2020 – previous	-	-
Adjustments for TFRS 16	-	-
1 January 2020 – as adjusted	-	-
Depreciation for the year	(2,479)	(5,379)
31 December 2020	(2,479)	(5,379)
Net book value		
31 December 2020	13,547	87,270
Depreciation for the year 2020		
Administrative expenses	2,479	5,379

13.2 Lease liabilities

	(Unit: Thousand Baht)	
	Consolidated F/S	Separate F/S
	2020	2020
Lease liabilities		
Not over 1 year	3,098	9,205
Over 1 year but not over 5 years	6,200	36,220
Over 5 years	-	79,478
Total	9,298	124,903
Less Deferred interest	(820)	(36,921)
	8,478	87,982
Less Current portion	(2,776)	(5,092)
Net	5,702	82,890

The Company entered into lease agreements with subsidiary and related parties to lease warehouse for 3 - 15 years and the Group entered into land rental agreement for 30 years.

Lease payment not recognised as a liability

The Group has elected not to recognize a lease liability for short-term leases (leases with an expected term of 12 month or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

The expenses related to the lease not included in the measurement of the lease liability is as follows:

	(Unit: Baht)	
	Consolidated F/S	Separate F/S
Leases of low value assets	1,029	769

14. INVESTMENT PROPERTY – NET

	(Unit : Thousand Baht)
	Consolidated F/S
Cost	
1 January 2019	5,060
31 December 2019	5,060
31 December 2020	5,060
Accumulated depreciation	
1 January 2019	(2,777)
Depreciation for the year	(337)
31 December 2019	(3,114)
Depreciation for the year	(337)
31 December 2020	(3,451)
Net book value	
31 December 2019	1,946
31 December 2020	1,609

15. PREPAID LAND RENTAL EXPENSE – NET

During the years ended 31 December 2020 and 2019, the Company has the following movements in prepaid land rental expense:

	(Unit : Thousand Baht)					
	Consolidated F/S			Separate F/S		
	Building	Land improvement	Total	Building	Land improvement	Total
Cost						
1 January 2019	8,656	5,450	14,106	8,656	67	8,723
31 December 2019	8,656	5,450	14,106	8,656	67	8,723
Transfer Out	(8,656)	(5,450)	(14,106)	(8,656)	(67)	(8,723)
31 December 2020	-	-	-	-	-	-
Accumulated depreciation						
1 January 2019	(7,430)	(1,800)	(9,230)	(7,430)	(67)	(7,497)
Amortization for the year	(402)	(471)	(873)	(402)	-	(402)
31 December 2019	(7,832)	(2,271)	(10,103)	(7,832)	(67)	(7,899)
Transfer Out	7,832	2,271	10,103	7,832	67	7,899
31 December 2020	-	-	-	-	-	-
Net book value						
31 December 2019	824	3,179	4,003	824	-	824
31 December 2020	-	-	-	-	-	-
Amortization for the year 2019						
Administrative expenses			873			402
Amortization for the year 2020						
Administrative expenses			-			-

As at 31 December 2019, the prepaid land rental expense of the Company amounting to Baht 0.82 million represents the construction cost of two warehouses on the land leased under two lease agreements from an outsider for 15 years. When the land - lease agreements expire, the ownership of the warehouse which are located on leased land will become the properties of the lessor. The Company amortizes prepaid land rental expense based on the straight-line method in accordance with the lease agreement.

As at 31 December 2019, the prepaid land rental expenses of a subsidiary in Lao People's Democratic Republic amounted to Baht 3.18 million represents the right to use land under two lease agreements from another person for 15 - 30 years. The subsidiary amortizes the prepaid land rental expense based on the straight-line method in accordance with the lease agreement.

As at 1 January 2020, the Group transferred prepaid land rental expense from the adoption of TFRS 16 to recognize the right-of-use assets (as mention note 3.1.3)

16. LEASEHOLD RIGHT – NET

The movements in leasehold right for the years ended 31 December 2020 and 2019 are as follow:

	(Unit : Thousand Baht)
	Consolidated F/S
Cost	
1 January 2019	3,039
31 December 2019	3,039
Transfer Out	(3,039)
31 December 2020	-
Accumulated amortization	
1 January 2019	(609)
Amortization for the year	(176)
31 December 2019	(785)
Transfer Out	785
31 December 2020	-
Net book value	
31 December 2019	2,254
31 December 2020	-

As at 1 January 2020, the Group transferred leasehold right from to the adoption of TFRS 16 to recognize the right-of-use assets (as mention note 3.1.3)

17. INTANGIBLE ASSETS – NET

The movements in computer software for the years ended 31 December 2020 and 2019 are as follow:

	(Unit :Thousand Baht)	
	Consolidated F/S	Separate F/S
Cost		
1 January 2019	6,580	5,872
Addition	1,316	1,137
31 December 2019	7,896	7,009
Addition	249	27
31 December 2020	8,145	7,036
Accumulated amortization		
1 January 2019	(5,470)	(4,845)
Amortization for the year	(779)	(710)
31 December 2019	(6,249)	(5,555)
Amortization for the year	(593)	(426)
31 December 2020	(6,842)	(5,981)
Net book value		
31 December 2019	1,647	1,454
31 December 2020	1,303	1,055

18. GOODWILL

Goodwill of Baht 15 million as at 31 December 2020 and 2019 arose from the business acquisition of Grand Steel Pipe Industry Co., Ltd. in 2015.

Impairment testing

During the year 2020, for the annual impairment testing, management assessed the recoverable amount of investment using the value in use calculation. The calculation is based on 5 years cash flows projection based on a financial and business plan.

Key assumptions used in the recoverable amount assessment include:

	Consolidated F/S
Growth rate (%)	1
Discount rate (%)	12

The basis of the key assumptions are as follows:

Cash flow assumptions

Due to the volatility of steel prices, management projects sales volume using the average selling prices and fix the profit margin similar to the historical experience of the parent company. Management believes that those assumptions are the best available input for this projection.

Growth rate

Weighted average growth rate is based on the country economic growth. Weighted average growth rate is used to extrapolate cash flows after cash flow projection of 5 years period.

Discount rate

Discount rate is expected to reflect the current market assessments of the time value of money and specific risks to assets.

From the consideration of the above factors for the calculation of the recoverable amount of investment in Grand Steel Pipe Industry Co., Ltd., management is not aware of any other probable changes that would necessitate changes in its key estimates in year 2020. However, the estimated recoverable amount is particularly sensitive to the discount rate. If the discount rate used for calculation increased/decreased by 1%, the value – in - use will decrease/increase by Baht 10.81 million and Baht 12.99 million, respectively. The results of the valuation indicated that the recoverable amount was Baht 123.85 million which is more than investment value. The Company therefore does not have to consider impairment loss in investment, and there would still be no impact on the carrying value of goodwill as at 31 December 2020.

19. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	(Unit : Thousand Baht)	
	Consolidated and Separate F/S	
	2020	2019
Promissory notes	150,000	150,000
Liabilities under trust receipt agreements	26,240	132,234
Total	176,240	282,234

The Company has short-term loans from financial institutions which bear interest at MIT, MLR – 3% to MRR per annum.

These are collateralized by the mortgages of land and construction thereon and machinery as mentioned in Note 12, the transfer of the right to receive insurance claims, and cross guarantees among the Group totaling Baht 840 million.

20. TRADE AND OTHER ACCOUNTS PAYABLE

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Trade accounts payable – general suppliers	124,884	11,353	124,884	11,302
Trade accounts payable – related companies	18,900	11,503	28,398	21,590
Other accounts payable – general suppliers	5,292	5,742	2,243	1,839
Other accounts payable – related companies	14	7	57	41
Total	149,090	28,605	155,582	34,772

21. ACCRUED EXPENSES

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	2020	2019	2020	2019
Accrued bonuses	15,240	13,209	11,955	10,660
Accrued transportation	5,828	8,186	5,828	8,186
Accrued salary and other employee benefits	2,180	3,776	1,584	3,013
Accrued utilities	2,776	2,943	1,274	1,365
Accrued other expenses	1,085	1,254	789	662
Accrued interest	165	788	165	788
Total	27,274	30,156	21,595	24,674

22. POST - EMPLOYMENT BENEFIT PLANS

22.1 Defined benefit plans

During the years ended 31 December 2020 and 2019, movements in employee benefits obligation are as follow:

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	2020	2019	2020	2019
Beginning Balance	20,625	10,447	16,925	9,287
Provision expense recorded in the statement of profit or loss				
- Current service costs	1,407	665	1,207	601
- Past service costs	-	4,097	-	3,296
- Financial costs	527	350	448	315
Employee benefits paid	(256)	-	(125)	-
Loss from actuarial estimates charged to other comprehensive income	-	5,066	-	3,426
Ending Balance	22,303	20,625	18,455	16,925

Principal actuarial assumptions are as follows:

	Consolidated F/S	Separate F/S
Discount rate for salary	2.02-2.47 percent per annum	2.47 percent per annum
Discount rate for wage	2.02-2.47 percent per annum	2.47 percent per annum
Mortality rate	Thai Mortality Table 2017	Thai Mortality Table 2017
Future salary expense increment rate	5.84-6.04 percent per annum	5.84 percent per annum
Future wage expense increment rate	2.71-4.87 percent per annum	2.71 percent per annum
Normal retirement age	60 years	60 years
Number of employees	411 persons	274 persons

Sensitivity analysis

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

(Unit: Thousand Baht)

	The defined benefit obligation	
	Consolidated F/S	Separate F/S
Discount rate (0.5% increment)	(760)	(685)
Discount rate (0.5% decrement)	816	736
Future salary growth (0.5% increment)	831	742
Future salary growth (0.5% decrement)	(781)	(695)
Employee turnover (1.0% increment)	(1,144)	(942)
Employee turnover (1.0% decrement)	1,281	1,057

22.2 Defined provident fund plan

The Group and their employees have jointly established a provident fund plan in accordance with the Provident Fund Act B.E. 2530. The Group and their employees contributed to the fund monthly at the rate of 3.00% of basic salaries. The fund is managed by Kasikorn Asset Management Co., Ltd. and SCB Asset Management Co., Ltd. and will be paid to the employees upon termination in accordance with the fund rules.

For the years ended 31 December 2020 and 2019, the Group contribution amounted to Baht 1.35 million and Baht 1.26 million, respectively, in the consolidated financial statements and Baht 1.00 million and Baht 0.92 million, respectively, in the separate financial statements.

23. INCOME TAX

Reconciliation of income tax expenses are as follows:

			(Unit: Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Profit before tax	484,014	158,487	455,019	142,976
Applicable tax rate (Percentage)	20	20	20	20
Tax multiplied by applicable tax rate	96,803	31,697	91,004	28,595
Adjustment for:				
Non-deductible expenses	2,151	900	2,099	834
Tax-exempted income and additional expendable expense	(5,659)	(5,050)	(3,684)	(3,072)
Profit from promoted operation	(13,705)	(350)	(13,300)	-
Tax from taxable losses of previous year	(702)	(382)	-	-
Related transaction	(614)	(103)	-	-
Change in tax rate	(2,410)	-	-	-
Tax benefit previously unrecognized as deferred tax assets	(2,047)	(1,500)	-	(1,500)
Income tax	73,817	25,212	76,119	24,857
Income tax consisted of:				
Current income tax	80,623	28,848	78,438	27,384
Deferred tax from temporary differences	(6,806)	(3,636)	(2,319)	(2,527)
Total income tax	73,817	25,212	76,119	24,857

24. DEFERRED TAX

Deferred income tax asset and liability

The movements in deferred income tax assets/liabilities are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S			
	Recognised as income (expense)			
	1 January 2020	Profit or loss	Other comprehensive income	31 December 2020
Deferred tax assets from:				
Provision for allowance doubtful of accounts receivable	1,697	2,013	-	3,710
Provision for employee benefits obligation	4,125	336	-	4,461
Taxable loss carried forward	-	2,047	-	2,047
Deferred tax liabilities from:				
Surplus from fair value of land, buildings and equipment	(23,658)	2,410	-	(21,248)
Deferred tax liabilities, net	(17,836)	6,806	-	(11,030)

	(Unit : Thousand Baht)			
	Consolidated F/S			
	Recognised as income (expense)			
	1 January 2019	Profit or loss	Other comprehensive income	31 December 2019
Deferred tax assets from:				
Provision for allowance doubtful of accounts receivable	-	1,697	-	1,697
Provision for employee benefits obligation	2,103	1,009	1,013	4,125
Deferred tax liabilities from:				
Surplus from fair value of land, buildings and equipment	(24,588)	930	-	(23,658)
Deferred tax liabilities, net	(22,485)	3,636	1,013	(17,836)

	(Unit : Thousand Baht)			
	Separate F/S			
	Recognised as income (expense)			
	1 January 2020	Profit or loss	Other comprehensive income	31 December 2020
Deferred tax assets from:				
Provision for allowance doubtful of accounts receivable	1,697	2,013	-	3,710
Provision for employee benefits obligation	3,385	306	-	3,691
Deferred tax liabilities from:				
Surplus from fair value land	(11,095)	-	-	(11,095)
Deferred tax liabilities, net	(6,013)	2,319	-	(3,694)

	(Unit : Thousand Baht)			
	Separate F/S			
	Recognised as income (expense)			
	1 January 2019	Profit or loss	Other comprehensive income	31 December 2019
Deferred tax assets from:				
Provision for allowance doubtful of accounts receivable	-	1,697	-	1,697
Provision for employee benefits obligation	1,870	830	685	3,385
Deferred tax liabilities from:				
Surplus from fair value land	(11,095)	-	-	(11,095)
Deferred tax liabilities, net	(9,225)	2,527	685	(6,013)

As at 31 December 2020, the Company and subsidiaries have not recognized deferred tax assets in the consolidated financial statements and separate financial statements for the effect on allowance for decline value of inventories of Baht 0.29 million (2019: Baht 3.32 million). This does not have significant effect to the financial statements.

25. EQUITY

25.1 Legal reserve

Pursuant to Section 116 of the Public Limited Company Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5% of its net income for the year after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered capital. The legal reserve is not available for dividend distribution.

25.2 Dividend payment

At the Board of Director Meeting No. 2/2020 held on 25 March 2020, the board of directors passed a resolution to approve the payment of interim dividend from non-promoted profit and retained earnings as at 31 December 2019 of Baht 0.07 per share for 450 million common shares totalling Baht 31.50 million. The interim dividend was paid on 21 April 2020.

At the Annual General Meeting for the year 2019 held on 24 April 2019, the shareholders passed a resolution to pay dividend from net profit for the second half of the year (July – December of 2018) from non-promoted business for 450 million common shares at Baht 0.07 per share, totalling Baht 31.50 million. The dividend was paid on 23 May 2019.

At the Board of Director Meeting No. 3/2019 held on 14 August 2019, the board of directors passed a resolution to pay interim dividend from non-promoted income for the six-month period ended 30 June 2019 of Baht 0.07 per share for 450 million common shares, totalling Baht 31.50 million. The interim dividend was paid on 12 September 2019.

26. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2020	2019	2020	2019
Salaries, wages and other employee benefits	121,947	117,663	74,096	75,239
Executives' remuneration	32,339	34,376	24,941	25,670
Depreciation and amortization	47,275	44,388	21,460	16,817
Transportation expenses	85,346	83,461	117,060	111,440
Manufacturing service costs	5	-	98,690	89,931
Reversal of allowance excess of cost of goods over net realizable value	(3,030)	(9,982)	(3,030)	(9,982)
Loss from exchange rate	20,783	10,237	-	6,362
Raw material and supplies used	2,977,397	3,181,260	2,959,844	3,139,355
Purchase of finished goods	1,865,239	1,716,369	1,865,239	1,716,369
Change in finished goods and work in process	(74,697)	7,941	(102,292)	12,941

27. SEGMENT REPORTING

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company and subsidiaries' business operations are categorized mainly into 2 principal segments: (1) trading of steel products including raw material and (2) production and distribution of steel products. Below are revenues of the Company and subsidiaries for the years ended 31 December 2020 and 2019.

(Unit : Million Baht)

Consolidated F/S								
For the years ended 31 December								
	Trading of products (include raw materials)		Production and distribution of steel products		Eliminated		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenues from external customers	1,717.52	1,602.13	3,885.50	3,794.14	-	-	5,603.02	5,396.27
Revenues from inter-segments	198.39	221.21	98.68	90.48	(297.07)	(311.69)	-	-
Total revenue	1,915.91	1,823.34	3,984.18	3,884.62	(297.07)	(311.69)	5,603.02	5,396.27
Interest income	1.05	0.90	2.36	2.12	(1.35)	(1.54)	2.06	1.48
Interest expense	3.63	3.84	8.21	9.11	(3.88)	(1.54)	7.96	11.41
Depreciation and amortization expenses	-	-	50.95	44.52	(3.68)	(0.13)	47.27	44.39
Segment profits	84.99	31.86	320.82	100.77	4.38	0.64	410.19	133.27
Segment assets	716.00	564.29	1,488.94	1,202.22	-	-	2,204.94	1,766.51
Increased (decreased) of segment non-current assets	-	-	133.72	(11.12)	-	-	133.72	(11.12)
Segment liabilities	-	-	449.33	388.84	-	-	449.33	388.84

The Group disclosed the revenue disaggregated by primary geographical as follows:

(Unit : Million Baht)

Consolidated F/S								
	Trading (include raw materials)		Production and distribution of steel products		Eliminated		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Local	1,915.03	1,823.34	3,726.93	3,632.89	(296.56)	(311.69)	5,345.40	5,144.54
Lao People's Democratic Republic	0.88	-	257.25	251.73	(0.51)	-	257.62	251.73
Total	1,915.91	1,823.34	3,984.18	3,884.62	(297.07)	(311.69)	5,603.02	5,396.27

Major Customer

The Group does not have sales to any customer more than 10 percent of total revenues in the consolidated and separate financial statements.

28. INVESTMENT PROMOTION PRIVILEGES

The Company and subsidiary have privileges under investment certificates covered by the Promotion of Investment Act B.E. 2520 (A.D. 1977), as follows:

Certificate No.	Date	Promoted activity types	Commence date of revenues generated	Expiry date
<u>The Company</u>				
62-0968-1-04-1-0	15 July 2019	Cold formed structural steel sections	4 September 2019	3 September 2022
<u>The subsidiary</u>				
2488(2)/2557	25 August 2014	Cold formed structural steel sections	29 February 2016	29 February 2024

The Company and subsidiary have privileges as follows:

- Exemption from import duty on approved imported machinery.
- Exemption from corporate income tax on profits from the promoted activity not exceeding 50% and 100% of assets, excluding land and capital, for a period of three years and eight years, respectively commencing the date that income was first derived.
- Exemption from income tax on dividends paid to the shareholders from the profit of the promoted operations during the period in which the corporate income tax is exempted.

As a promoted company, the Company and subsidiary must comply with certain conditions and restrictions provided for in the promotional certificates.

Based on the Announcement of the Board of Investment No. Por 14/1998 dated 30 December 1998 regarding revenue reporting of a promoted industry, the subsidiary is required to report the revenues separately for promoted and the non-promoted businesses. The revenue for the years ended 31 December 2020 and 2019 are follows:

Thousand Baht				
	Consolidated F/S			Total
	Promoted business	Non-promoted business	Eliminated	
2020				
Revenue from sales	1,053,379	4,846,718	(297,072)	5,603,025
2019				
Revenue from sales	398,544	5,309,419	(311,689)	5,396,274

Thousand Baht			
	Separate F/S		Total
	Promoted business	Non-promoted business	
2020			
Revenue from sales	1,038,723	4,504,558	5,543,281
2019			
Revenue from sales	377,562	4,988,737	5,366,299

29. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2020, the Company has commitments and contingent liabilities as follows:

29.1 The Company has purchase orders for raw materials and finished goods which products have not yet been received for Baht 402.95 million and Baht 154.40 million, respectively, in the consolidated and separate financial statements.

29.2 As at 31 December 2020 and 2019, the credit facilities of the Company and subsidiary are as follows:

(Unit : Million)							
	Currency	Consolidated F/S					
		31 December 2020			31 December 2019		
		Total	Utilised	Remained	Total	Utilised	Remained
Letters of guarantee	Baht	9.86	2.62	7.24	2.61	2.61	-
Bank overdraft	Baht	10.00	-	10.00	15.00	-	15.00
Promissory notes and trust receipt agreement	Baht	990.00	176.24	813.76	990.00	282.23	707.77

(Unit : Million)

		Separate F/S					
		31 December 2020			31 December 2019		
Currency		Total	Utilised	Remained	Total	Utilised	Remained
Letters of guarantee	Baht	1.05	1.05	-	1.05	1.05	-
Bank overdraft	Baht	10.00	-	10.00	10.00	-	10.00
Promissory notes and trust receipt agreement	Baht	990.00	176.24	813.76	990.00	282.23	707.77

The above obligations are collateralized by the same assets as for the credit facilities received from the financial institution as mentioned in Note 19.

30. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, restricted deposits with banks, trade and other accounts receivable and payable and loans. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 4 to the financial statements.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The significant financial assets and liabilities are classified below, according to interest rate type:

(Unit : Thousand Baht)

(Unit : Thousand Baht)

	Consolidated F/S						
	2020						
	Fixed interest rate			Floating	Non		Interest
	Within 1 year	More than 1–5 years	More than 5 years	Interest rate	Interest rate	Total	Rate (% per annum)
Financial assets							
Cash at banks	-	-	-	84,667	47,288	131,955	0.05 - 0.25
Trade and other accounts receivable - net	-	-	-	-	275,391	275,391	-
Restricted deposit with banks	72,357	-	-	-	-	72,357	1.05
Total	72,357	-	-	84,667	322,679	479,703	
Financial liabilities							
Short-term loans from financial institutions	-	-	-	176,240	-	176,240	MIT, MLR-3 to MRR
Trade and other accounts payable	-	-	-	-	149,090	149,090	-
Lease liabilities	2,776	5,702	-	-	-	8,478	4.51 – 4.84
Total	2,776	5,702	-	176,240	149,090	333,808	

(Unit : Thousand Baht)

	Separate F/S						
	2020						
	Fixed interest rate			Floating	Non		Interest
	Within 1 year	More than 1 – 5 years	More than 5 years	Interest rate	Interest rate	Total	Rate (% per annum)
Financial assets							
Cash at banks	-	-	-	78,264	40,951	119,215	0.05 – 0.25
Trade accounts receivable and other - net	-	-	-	-	313,869	313,869	-
Loan to subsidiary company	32,802	-	-	-	-	32,802	2.80 - 4.00
Restricted deposit with banks	72,357	-	-	-	-	72,357	1.05
Total	105,159	-	-	78,264	354,820	538,243	
Financial liabilities							
Short-term loans from financial institutions	-	-	-	176,240	-	176,240	MIT, MLR-3 to MRR
Trade and other accounts payable	-	-	-	-	155,582	155,582	-
Lease liabilities	5,092	22,309	60,581	-	-	87,982	4.51 – 4.84
Total	5,092	22,309	60,581	176,240	155,582	419,804	

(Unit : Thousand Baht)

	Separate F/S						
	2019						
	Fixed interest rate			Floating	Non		Interest
	Within	More than	More than	Interest	Interest	Total	Rate
	1 year	1 – 5 years	5 years	rate	rate		(% per annum)
Financial assets							
Cash at banks	-	-	-	61,610	29,895	91,505	0.10 - 0.70
Trade accounts receivable and other - net	-	-	-	-	444,777	444,777	-
Loan to subsidiary company	17,416	15,386	-	-	-	32,802	2.80 - 4.00
Restricted deposit with banks	1,052	-	-	-	-	1,052	1.05
Total	18,468	15,386	-	61,610	474,672	570,136	
Financial liabilities							
							MIT, MLR-3 to
Short-term loans from financial institutions	-	-	-	282,234	-	282,234	MRR
Trade and other accounts payable	-	-	-	-	34,772	34,772	-
Loan from subsidiary companies	5,000	-	-	-	-	5,000	3.40
Total	5,000	-	-	282,234	34,772	322,006	

Exchange rates risk

The Company and its subsidiaries sometimes execute transactions in foreign currencies. However, as at 31 December 2020 and 2019, the Company and subsidiaries have assets and liabilities in the foreign currencies. The Company and its subsidiaries use forward exchange contracts to manage foreign exchange risk.

As at 31 December 2020, the Company and subsidiaries have assets and liabilities in the foreign currencies are as follows:

(Unit : Thousand Baht)

	Consolidated F/S	
	2020	
	Foreign currency	Average exchange rate
<u>Cash at banks</u>		
USD	1,001	29.77

(Unit : Thousand Baht)

	Separate F/S	
	2020	
	Foreign currency	Average exchange rate
<u>Cash at banks</u>		
USD	1,001	29.77
<u>Trade and account receivable</u>		
USD	1,724	29.77

Credit risk

Risk from non-collection incurs if customers are not able to settle obligations to the Group within the normal terms of trade. The Group sales are mainly made to customers with a sound financial position and with good records of debt payment capability. The Group has also established a long-term relationship with these customers. In addition, the Group periodically assesses the financial viability of customers. Moreover, the appropriate expected credit loss over lifetime of receivables has been set up by the Group. The Group believes that accounts receivable at the reporting date is recoverable.

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The amendment to TAS 7, effective 1 January 2018, require the Group to provide disclosures about the changes in liabilities from financing activities. The Group categorizes those changes into changes arising from cash flows and non-cash changes with future sub-categories as required by TAS 7.

The changes in the Group's liabilities arising from financing activities can be classified as follows;

(Unit : Thousand Baht)

Consolidated F/S				
	Short-term loans from financial institutions	Short-term loans from subsidiary	Liabilities under lease agreement	Total
1 January 2020	282,234	-	-	282,234
Cash-flows:				
Repayment	(4,035,228)	-	(1,291)	(4,036,519)
Proceeds	3,929,234	-	-	3,929,234
Non-Cash				
Additional lease liabilities from TFRS 16	-	-	9,769	9,769
Acquisition	-	-	-	-
31 December 2020	176,240	-	8,478	184,718

(Unit : Thousand Baht)

Consolidated F/S				
	Short-term loans from financial institutions	Short-term loans from subsidiary	Liabilities under lease agreement	Total
1 January 2019	451,770	-	7	451,777
Cash-flows:				
Repayment	(4,399,813)	-	(7)	(4,399,820)
Proceeds	4,230,277	-	-	4,230,277
31 December 2019	282,234	-	-	282,234

(Unit : Thousand Baht)

Separate F/S				
	Short-term loans from financial institutions	Short-term loans from subsidiary	Liabilities under lease agreement	Total
1 January 2020	282,234	5,000	-	287,234
Cash-flows:				
Repayment	(4,035,228)	(7,001)	(3,843)	(4,046,072)
Proceeds	3,929,234	2,001	-	3,931,235
Non-Cash				
Additional lease liabilities from TFRS 16 adoption	-	-	42,599	42,599
Acquisition	-	-	49,226	49,226
31 December 2020	176,240	-	87,982	264,222

(Unit : Thousand Baht)

	Separate F/S			
	Short-term loans from financial institutions	Short-term loans from subsidiary	Liabilities under lease agreement	Total
1 January 2019	451,770	8,503	7	460,280
Cash-flows:				
Repayment	(4,399,813)	(13,512)	(7)	(4,413,332)
Proceeds	4,230,277	10,009	-	4,240,286
31 December 2019	282,234	5,000	-	287,234

32. FAIR VALUE MEASUREMENT

Fair value is the price that would be received from sale of asset or paid for liability in orderly transactions between market participants at the measurement date.

Number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The fair values are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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

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 carrying value of financial assets and liabilities of the Group are considered to approximate their fair value.

Non-financial assets measured at fair value as at 31 December 2020 is as following;

(Unit : Thousand Baht)

	Consolidated F/S			
	Level 1	Level 2	Level 3	Total
Non - financial assets				
Revaluation of land	-	151,921	-	151,921

(Unit : Thousand Baht)

	Separate F/S			
	Level 1	Level 2	Level 3	Total
Non - financial assets				
Revaluation of land	-	104,157	-	104,157

The Group re-measured land in 2015 using the Market Approach. The fair value calculated by the market approach was based on the comparable land price, then adjusted with factors which impact both the land and the comparable land. The Weighted Quality Score (WQS) is then used to defend the land fair value.

As at 31 December 2020 and 2019, the Company has forward exchange contract with a commercial bank to hedge the receipt and payment of foreign currencies. The Company has not recorded the forward exchange amount in the financial statements. The maturity dates of open forward exchange contracts which are not over 1 year are detailed as follow:

Contract Value		Contract Value	
Million USD currency		Million BAHT currency	
CONSOLIDATED and SEPARATE F/S		CONSOLIDATED and SEPARATE F/S	
2020	2019	2020	2019
0.50	6.00	15.67	181.55

The fair value, (level 2), of the derivatives with an open status at years ended are as follow:

	(Unit : Million Baht)	
	Consolidated and Separate F/S	
	2020	2019
Fair value of forward foreign currency contract	0.05	0.98

33. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's objectives in the management of capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment policy or issue new shares or new debentures to finance debts or sell assets to reduce debts.

34. EVENTS AFTER THE REPORTING PERIOD

At the Board of director's meeting No. 1/2021, held on 25 February 2021, the meeting passed the resolution to propose to the Annual General Meeting of Shareholders 2021 for approval to pay dividend from its net profit after tax year 2020 for 449,999,095 common shares as follow:

Dividend	Baht per share	Numbers of shares (Million shares)	Amount (Million Baht)
Stock dividend (at in the ratio of 9 existing shares per 1 stock dividend)	0.1111	450.00	50.00
Cash dividend	0.2500	450.00	112.50
Total	0.3611		162.50

35. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated and separate financial statements for the year ended 31 December 2020 (including comparative financial statements) were approved by the Board of Directors on 25 February 2021.

Audit fee

In 2020, the Company and its subsidiary paid for audit fee to the auditor as following;

Company	Audit Fee	Auditor
2S Metal Public Company Limited	Baht 1,845,000	Grant Thornton Limited
Neastern Steel Co.,Ltd.	Baht 305,000	Grant Thornton Limited
Mega Trans and Logis Co.,Ltd.	Baht 245,000	Grant Thornton Limited
Grand Steel Pipe Co.,Ltd.	Baht 91,150	TBS Accounting Consultant Service Co., Ltd

Non-Audit fee

The Company and its subsidiary paid for accommodation and travel expenses to the auditor of Baht 120,197 and 36,154 respectively



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