



Structure of Sustainability



Annual Report 2019
รายงานประจำปี 2562



บริษัท ทีเอ็มที สตีล จำกัด (มหาชน)
TMT STEEL PUBLIC COMPANY LIMITED



Sustainability

▶ Good Corporate Governance



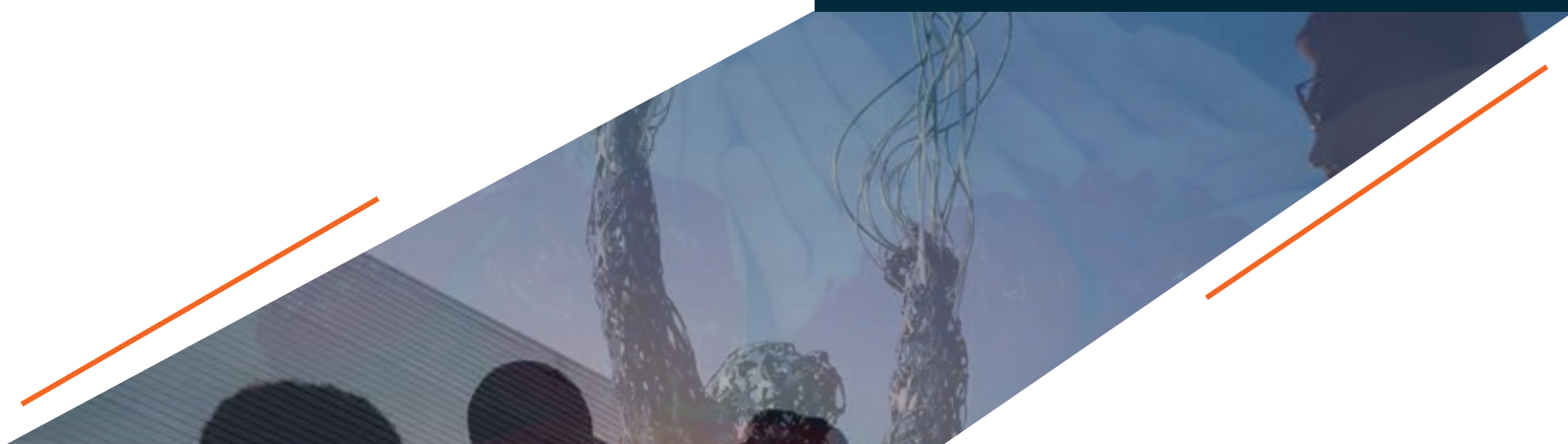
▶ Profit & Economy



▶ People & Society



▶ Planet & Environment





Good Corporate
Governance



Profit
& Economy



People
& Society



Planet
& Environment



► Message from the Board of Directors



Mr. Chai Jroongtanapibarn
Chairman of the Board

Business overview

In 2019, Thailand faced economic challenges in all aspects, both in terms of domestic factors and the uncertain world economy. As the figures of Thailand's Gross Domestic Product (GDP) in 2019 showed a small growth, just only 2.4%, lower than in 2018, which was 4.1%. The domestic consumption dropped substantially while the household debt remained at a very high level resulting in less spending power. Besides, the amount of private investment has been decreasing and the investment of large-scale government projects delayed than prior anticipated. Moreover, lots of Thai exporters have been affected widely by reduced global demand due to the trade war between two world-leading economic nations that seems unlikely to settle in a short time. Accordingly, Thai exporters in many industries have already planned to cut more production capacity, especially in the automotive industry and electrical appliances that have received the decreasing orders in the last quarter of the year. This situation generally anticipated to continue through 2020. Consequently, Thailand's steel industry was also affected by low domestic consumption, and the steel price has dropped continuously throughout the year 2019. Additionally, the intense competition and the high level of steel inventories accumulated in the market since the beginning of the year, needed a much longer time to be gradually digested, and this has reflected in a weak balance sheet of most Thai steel companies last year.

Business Operations

TMT's revenue of 16,480 million baht in 2019, is lower compared to the year before due to the slump in steel prices worldwide and the weak domestic demand all across the country. That resulted in a tight gross profit margin and eventually made the net profit lower than the previous year to be 230 million baht. However, TMT's market share increased its sales volume from the year-earlier by approximately 2.90% or close to 780,000 metric tons and has proven our right strategy in determining to provide the high-quality standard of products and services that can fulfill our customers' business objectives effectively. Our continuous improvement for many years through all levels of the work processes by integrating modest technology with a highly efficient information system and many creative new business models considered to be an effective strategy to support the diversity of our customer businesses successfully. Nowadays, we admitted that the technologies have been changing rapidly and more efficiently. We are cautious of these changes and cause, will wisely adopt any of those possibilities to improve TMT's best performances to deliver the highest benefits and values to both customers and the company itself. Our policy is to serve the best for our customers with our expertise in steel manufacturing and a fully comprehensive range of steel products. We firmly believe that we are more ready to challenge any possibilities ahead despite the uncertainty of the present economic environment. With our ready to serve and product mixes policy as well as to manage risks are the key strategies in 2020.

Determination for Sustainable Development

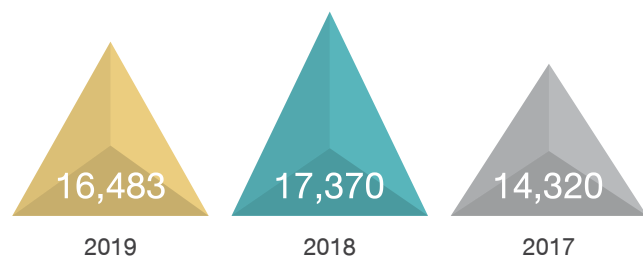
Under those challenges, TMT is well aware of conducting business based on sustainable development principles, good corporate governance, society, and environment that will be resulting in a sustainable economy for all stakeholders. Toward sustainable growth, people development is a top priority by encouraging knowledge sharing among employees through the TMT Academy programs and various training curriculums with more than 194 courses. Furthermore, we are also sharing knowledge and experiences with others, such as educational institutions and many other organizations. For the environmental aspect, we have been consistently improving our plants and operational facilities, for example, to reduce the noise impact from the production process, to enhance eco-friendly building by natural light and better ventilation, to reduce the consumption of power and energy. We have also increased green areas around the plants which about 27 rai to filter air pollution and created a pleasant environment both within the plant and surrounding society. As a result in 2019, TMT was awarded ESG100 as a listed company with outstanding performance in environment, society, and governance by Thaipat Institute for the 4th consecutive year. Proudly, we were also certified the Organization's Carbon Footprint by Thailand Greenhouse Gas Management Organization for the 3rd successive year. TMT aims to operate businesses with strict adherence to corporate social responsibilities and we have participated in the Sustainable Development Journey Project by the Stock Exchange of Thailand in order to proceed to the next level of Thailand Sustainable Development Index.

The Board of Directors, management and employees of TMT Steel Public Company Limited would like to express our appreciation to the shareholders, customers, business alliances and all-important stakeholders that have shown confidence in our company throughout the past. The company will continually strive for business success and to be a structure for the sustainable growth of all industries in Thailand.

► Financial Highlights

As at 31 December 2019

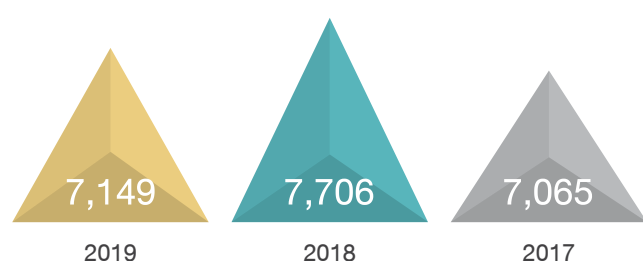
Sales Revenue (Baht: Million)



Net Profit (Baht: Million)



Total Assets (Baht: Million)



(Baht: million)

Summary	2019	2018	2017
Sales Revenue	16,483	17,370	14,320
Gross Profit	898	1,044	1,284
Net Profit	230	406	641
Total Assets	7,149	7,706	7,065
Total Liabilities	4,244	5,001	4,244
Total Shareholder's Equity	2,905	2,704	2,821
Paid-up Capital	871	435	435
Financial Ratio			
Gross Profit Margin	5.45%	6.01%	8.97%
Net Profit Margin	1.40%	2.34%	4.48%
Return on Assets (ROA)	3.22%	5.27%	9.07%
Return on Fixed Assets (ROFA)	7.90%	15.69%	29.67%
Return on Equity (ROE)	7.92%	15.01%	22.72%
Current Ratio (Time)	1.29	1.21	1.11
Debt to Equity Ratio (Time)	1.46	1.85	1.50
Net Interest Bearing Debt to Equity Ratio (Time)	1.27	1.60	1.26
Interest Coverage Ratio (Time)	3.36	5.46	13.43
Collection period (Day)	57	54	56
Inventory turnover period (Day)	37	38	46
Book Value per share (Baht)	3.34	6.21	6.48

► Corporate Profile

TMT STEEL PUBLIC COMPANY LIMITED

Stock Code : TMT
Type of Business : Integrated Steel Service Center
Head Office : 179 Bangkok City Tower 22nd Floor,
South Sathorn Rd., Thungmahamek,
Sathorn, Bangkok 10120 Thailand
Tel : 0 2685 4000
Fax : 0 2670 9090-2

Rama III Plant and
Distribution Center : 129, 131 Rama III Rd.,
Bangkholaem, Bangkok 10120

Wangnoi Plant and
Distribution Center : 332-333 Moo 5, Paholyothin Rd.,
Lamsai, Wangnoi, Ayutthaya 13170

Investor Relations : Tel : 0 2685 4000 ext. 6002
E-mail : ir@tmtsteel.co.th

Designated Directors as Fax : 0 2670 9093

Shareholders' representative : E-mail : ind_dir@tmtsteel.co.th

Homepage : www.tmtsteel.co.th

References

Share Registrar : Thailand Securities Depository Company Limited
93 SET Building, Ratchadaphisek Rd.,
Dindaeng, Bangkok 10400
Tel : 0 2009 9999 Fax : 0 2009 9991

Debenture holders'
Representative &
Registrar : Bank of Ayudhya Public Company Limited
1222 Rama III Rd., Bang Phongphang,
Yan Nawa, Bangkok 12120
Tel : 0 2296 2000 Fax : 0 2683 1304

Auditor : Pricewaterhouse Coopers ABAS Company Limited
179, 15th Floor Bangkok City Tower,
South Sathorn Rd., Thungmahamek, Sathorn, Bangkok 10120
Tel : 0 2344 1000 Fax : 0 2286 5050

Legal Consultant : Seri Manop and Doyle Company Limited
21 Soi Amnuaiwat, Suthisan Rd.,
Samsennok, Huaikhwang, Bangkok 10310
Tel : 0 2693 2036 Fax : 0 2693 4189

► Registration Number :
0107547000800

► Registered Capital :
Baht **870,758,034**

► Issued and Paid-up Capital :
Baht **870,758,034**

► Policy and Business overview

“Providing Structure of your imagination”

This vision statement is what we believe in, and we strive every single day to live up to this commitment. To be different, we challenge ourselves at all times to come up with new creative ideas to provide better solutions to customers and to keep improving our business functions, in order to respond to the ever-changing demand.



Providing
structure
of your
imagination

...We provide the structures for architects to materialize great design concepts...

...We provide the structures for customers to achieve their success...

...We provide the structures for countless industries to thrive...

...We provide the structures for the Thai economy to prosper...

...all for a strong, sustainable growth of Thai society today, tomorrow and beyond...

“Not just only adding more value to our products and services, it is also our strong commitment to support customers in achieving their success.”

Positioned as a leading integrated steel solution provider, TMT is geared up and ready to provide an all-inclusive steel-related service to our customers. Besides supplying quality products, we offer consultation, business solutions and material planning. These are aimed at creating greater values in order to benefit our customers. In other words, we are transforming a conventional steel business into a fully integrated steel solution.

TMT is operated based on a sophisticated management system which has proven to be capable, efficient and able to meet all requirements. In addition to these comprehensive facilities, technologies, and good quality control system, we are also concerned regarding to social and environmental responsibilities. Furthermore, the company has an excellent logistics system in place which offers reliability, inventory management and on time delivery to our customers. All of the above implementations are further complemented by a high performing information system and a hi-speed data communication network to ensure that all customers' requirements will always be treated with great care and fulfilled.

Corporate goal

The Company aims to be one of the best and largest steel service center in Thailand as a total steel solution provider for customers. As being a part of customers' success, the Company will not only focus on deliver the quality steel products as customers' requirement, but also emphasize to develop and enhance the services to assist the customers in utilizing their capacity efficiently and effectively. As the goal, the Company plans to increase the sales by 10% at least 3 years during the year of 2017-2022 as the 5 years investment plan. To reach this target, the Company has planned to build its capacity up to one million tons. In 2019, the Company completed the expansion of 5 factory and warehouse buildings and the commissioning of more production lines with automation system. In addition, The Company has also continued its constructive people development by focusing on the staff's competency, knowledge, skill and experience enhancement. These also aim to build a reliable professional mindset to provide the best solutions for customers and create the value of determination, reliability, challenging ideas and responsive actions through the way of thoughts and practices in order to achieve the goal.

History and Background

Mr. Soon Tarasansombat founded “Soon Huat Iron Work Limited Partnership” in 1976. The business had initially been focused on only steel trading until 1986, when it was transformed to “Soon Huat Steel Co., Ltd.”. The company eventually was reformed to a new business model in 1992 as “Thai Metal Trade Company Limited”.

Thai Metal Trade Company Limited (TMT) was established on April 17, 1992, with an initial paid up capital of 5 Million Baht. The Company was positioned as a fully integrated steel service center. Being able to cover a full range of steel products, expertise in steel trading, a manufacturing and an excellent distribution system, plus proactive marketing strategies, Thai Metal Trade was rapidly on its way to guarantee long-term growth.

On September 1, 2004, TMT became a public company and listed company on the Stock Exchange of Thailand since February 18, 2005. This was a bold step forward to enhancing creditability, widening financial instruments and greater business opportunities, and reinforcing sustainable growth.

On April 9, 2019, TMT changed its Company's name to align with the current business model and future business expansion to be "TMT STEEL PUBLIC COMPANY LIMITED"

On April 18, 2019, TMT changed its paid-up capital from Baht 435,379,017 to Baht 870,758,034 resulting from the stock dividend payment at the ratio of 1 existing share per 1 new share.

The Company's first plant and distribution center is located on Rama III Road, and the substantial investment of over One Billion Baht has been spent in the beginning on a plot of 135 rai compound in Ayutthaya, to increase capacity of warehouse and production. Currently, the Company expands its investment up to a total area of 334 rai with Three Billion Baht of investment. We are now one of the Thailand's largest integrated steel solution provider whose business priority lies on increasing the value of our partnership with customers, rather than on mere product sales.

Significant of changing and development, in 2019 as follows:

- TMT changed its Company's name to align with the current business model and future business expansion to be "TMT STEEL PUBLIC COMPANY LIMITED"
- TMT changed its paid-up capital from Baht 435,379,017 to **Baht 870,758,034** resulting from the stock dividend payment at the ratio of 1 existing share per 1 new share.
- Implementing the **Auto Robot technology** into the slitting blade changing process for the Slitter machine which used to takes a lot of time in manual process while it requires a high precision on setting. As a result, a very effective time usage has been saved and enhancing its efficiency by unlocking its bottle-neck of labor process.
- Started the project to implement **AI (Artificial Intelligence)** technology in the steel pipe production planning to increase the efficiency of dynamic planning and production operation, expect to be complete in the second quarter of 2020.
- The project of **3 new pipe machines** was completed in the first quarter of 2019 providing additional pipe production's capacity 90,000 tons per annual.
- **Revamping the warehouse** by connecting 2 buildings to the 1 building in order to increase inventory space and loading efficiency of approximately 1,000 Square meters, expect to be completed in the 1st quarter of 2020.
- Started the project to replace H.I.D Lamp High Bay lamp into **180W LED Lamp**, resulting in decreasing electricity usage by 52,287 Watts per year or 351,523 Units annually and saving electricity costs of approximately 1,330,000 Baht per year.
- TMT was selected into 2019 **ESG100 Company** Universe for those who has an outstanding Environmental, Social and Governance performance from 2016-2019 for 4 consecutive years which was evaluated from 771 listed company by ESG Rating service of THAIPAT institute.
- TMT received the **CSR-DIW Continuous Award 2019** at the Eco Innovation Forum 2019 from Department of Industrial Work. The award and certificate were given to the Company that has developed and maintained the Corporate Social Responsibility activities continuously.
- TMT has been certified standard of **Carbon Footprint** from Thailand Greenhouse Gas Management Organization (Public Organization) as to be a part of private organization to reduce the greenhouse gases emission from all activities directly or indirectly in order to utilize an effective power consumption and environmental protection.
- TMT received the "**Healthy Organization 2019**" from the Thai Health Promotion Foundation (Sor Sor Sor.) 2019 in recognition and praise as an organization that has developed into a Health Organization.
- TMT awarded the Certificate of "**Standard Practices for Prevention and Problem Solving from Drugs in Corporate**" from the Office of Ayutthaya Labor protection and Welfare. This project inspires and encourages the workers themselves to engage voluntarily in prevention and problem solving from drugs and establishes the sustainable drugs prevention surveillance.

► Nature of Business



Our Products & Services

The principal activity of the Company is to act as total steel solution provider. The Company places priority on serving the needs of customers and providing the type of product customers require through its management and warehousing system. The Company also delivers products at a pre-specified time and place. These activities comprise value-added for customers in terms of providing product variety, quality, optimal cost and convenience with professionalism and dependable expertise which are at the core of all TMT operations, and that is why we are proudly referred to as Thailand's one-stop integrated steel solution service. The Company's solution can be divided into categories, as follows:

1.

Steel Distribution Center

Our customers are fully served domestically and internationally with all kinds of steel products, from raw materials to finished products. The TMT distribution center is situated at a strategic location that increases our capabilities to transport products all across the board to most destinations within the shortest time. This apparently results in minimizing inventory management costs to our customers.

2.

Steel Processing

We are capable of handling virtually all kinds of steel orders, even ones with specific requirements. With our state-of-the-art machinery and teams of professionally trained mechanics, we can cater for shearing, slitting and cutting to any specific requirements as needed.

3.

Cold Forming Process

As a one-stop integrated steel solution provider, TMT is equipped with comprehensive cold forming production lines to produce various types of general structural steel for construction.

4.

Constantly Adding Value to Our Products

At TMT, we strive to constantly add greater value to our existing and future offerings whenever we can, relentlessly making it worthwhile for customers to choose our products and services. This is evident in our recent successful development of the water based corrosion resistant coating system to be applied to our cold forming products. The system has proven to be safe and eco-friendly because it does not contain any hazardous volatile or solid substances, and it is a clear proof of our genuine commitment to corporate environmental friendliness. We, also, empathize with the pain points of customer that the steel flat sheet when it was processed in customer's production line, the tension inside the steel sheet will be occurred and caused it bent which make it loosen its flatness. That is a key problem that waste production time to rework or adjust the material feeding in automatic line and create, more waste eventually. Therefore, with a most modern technology in Thailand, we invest in a stretcher machine to produce a new product with a brand "STAY FLAT" to solve these customer's pain points The STAY FLAT product will keep its flatness in steel processing line and utilizing with minimum lost in waste as well as making an automatic line material feeding smoothly and continuously.

As the fully integrated steel service center with a supreme quality of products and services, TMT was certified a Quality Management Systems Standard - ISO 9001:2015 together with TIS Standard. Moreover, our products with "Verified by TMT" mark will ensure and guarantee the quality that all the products have passed the finest quality control by the expert in every steps of our production line.

Marketing and Competition

With a complex requirement of customer which is diverse as its industrial needs and variety of its business application, it creates a complicated need not only in pattern, quality, standard or utilization to meet their requirement, but also a need of services which can ensure a committed delivery, secured source of material and valuable recommendation on alternatives of efficient material planning. In the mean time, this management should be synchronized and conformed to upstream material management in both local and foreign mills' constraints and conditions which are described as below:

Mills' Needs	Customers' Needs
<p>1. Quantity Mills prefer mass production and require a minimum quantity in order to control production costs and achieve economies of scale.</p>	<p>1. Quantity Customers, such as construction companies, manufacturers of parts, automobile parts, require limited quantities of products for a certain period of time which may not meet the minimum quantity requirement of mills. In addition, customers need various types of products at one time.</p>
<p>2. Pattern Mills prefer standard pattern orders which require a normal production process in order to ensure efficiency in the production process.</p>	<p>2. Pattern Each customer requires different types of products. Some products cannot be completed in a mill's production process and need additional processing.</p>
<p>3. Delivery Mills prefer mass volume for each delivery together with few shipments and few destinations in order to control transportation costs.</p>	<p>3. Delivery Customers generally require a one-time delivery of several types of products in one order. In addition, many customers mean many destinations.</p>
<p>4. Order Mills prefer to have a confirmed order in advance and lead time in order to fix the production planning.</p>	<p>4. Order Consumers may require the product immediately or at a shortened period, making it difficult to place orders in advance.</p>

The Company, as a full service center and distribution center, manages and serves the varying preferences of both mill and consumers to meet their requirement at the same time by placing orders to mills in a large volume, with some products maintained in its warehouse and others were reprocessed in order to provide various products to customers in each industry. The Company assists its customers in saving time, reducing handling and storage costs and expenses by providing a product sourcing service. The Company also helps mills reduce transportation costs by delivering the products to each consumer directly.

Sources of Supply

In 2019 the Company's products were from its production and procurement from other sources which were raw materials for use in its production and finished goods for sale, described as follows:

The Production

The Company has factory and warehouse totally 18 buildings. In the year 2019, the company completely installed three new pipe production lines. Additionally, the existing machines were also revamped to increase their productivity; together with work process improvement to enhance more efficiency. Consequently, the total capacity of all machines is expanded to 962,919 tons per annual with the production utilization rate of 82.68%.

Raw Material Sourcing

Hot Rolled Coil is the main raw material for the Company's production. The Company purchased Hot Rolled Coil from various domestic and foreign mills where the domestic sourcing was accounted to 67.49% and the import sourcing was 5.66% of total products purchasing amount in 2019.

Products for Sale sourcing

The Company sources the products for sale as the customer's requirement which cannot be produced itself or some can be produced but not match with its production planning as the following:

1. Hot Rolled Steel Section

The Company purchased Hot Rolled Steel Section products from various domestic mills, accounting to 18.48% of the 2019 total products purchase. These products are H or I Sections, Equal and Angle.

2. Cold Forming Steel Section

Though the Company can produce some types of this Cold Forming Steel Section, TMT also purchase the others mostly are Pipes from various domestic manufacturers which accounted to 1.30% of the total products purchase in 2019.

3. Hot Rolled Plate

This product type is not the production from Hot Rolled Coil or cannot be processed through the Company's production line. Therefore, the Company purchased from various domestic and foreign mills at 5.74% of total products purchase amount.

4. Other Steel Products

As a Total Steel Solution Provider, TMT has to source and procure to serve the variety of customers' needs such as D Formed Bars, Steel Rods, Stainless Steel, Wire Mesh, etc., amounting 1.34% of the total products purchase in 2019.

Revenue structure

The Company's revenue structure over the past three years covering its financial period ended 31 December 2017 to 2019 is as follows:

Product Category	2019		2018		2017	
	Baht thousands	%	Baht thousands	%	Baht thousands	%
Trading						
1. Hot-Rolled Coil	333,983	2.02	315,624	1.81	289,314	2.01
2. Hot Formed Shape Steel	3,029,208	18.29	3,339,473	19.15	2,789,597	19.34
3. Steel Pipe and C-Channel	233,558	1.41	414,418	2.38	364,194	2.53
4. Sheet and Plate Steel	735,861	4.44	863,134	4.95	483,208	3.35
5. Others*	108,987	0.66	166,684	0.96	157,635	1.09
Total	4,441,597	26.82	5,099,333	29.24	4,083,948	28.32
Processing						
1. Steel Sheet (Cutting)	3,192,941	19.28	3,590,906	20.59	3,463,370	24.01
2. Steel Sheet (Shearing and Pressing)	2,874,987	17.36	2,993,346	17.17	2,653,378	18.40
3. Slit Coil	510,192	3.08	506,870	2.91	405,310	2.81
Cold Formed Steel Processing						
4. Steel Pipe	4,163,521	25.14	3,593,848	20.61	2,558,160	17.74
5. C-Channel	1,328,679	8.02	1,604,139	9.20	1,194,707	8.28
Total	12,070,320	72.90	12,289,109	70.47	10,274,925	71.24
Other Income**	46,448	0.28	49,915	0.29	63,393	0.44
Total Revenue	16,558,365	100.00	17,438,357	100.00	14,422,266	100.00

Notes: * Such as deformed bar, special size and special grade steel

** Such as processing service, delivery service and interest income

► Risk Factors

Risk factors that may have an adverse effect on TMT's business, financial position or operating results are as follows:

1. Risk associated with reliability on major steel producers

During 2019, the Company purchased hot-rolled coil from domestic manufacturers, local and foreign traders. Mainly, domestic purchase was from Sahaviriya Steel Industries Plc. and GJ Steel Plc. which accounted for a combined 63.87% of its total purchase, comparing with 62.13% in 2018. The import in year 2019 and 2018 were 5.66% and 0.20% of the total purchase respectively. Furthermore, in year 2019, the Company also purchased structural steel products from Siam Yamato Steel Co., Ltd., the largest structural steel producer in Thailand, accounting for 7.11% of the total purchase compared with 9.72% in 2018.

As there are only three domestic hot-rolled steel coil producers as well as an import restriction caused by the extending of an anti-dumping measure and the Department of Foreign Trade has imposed the Anti-circumvention (AC), there still may be a risk if these major domestic steel producers are unable to deliver their products to the Company as scheduled or the producer's operation is halted with any causes and if the Company is unable to provide substitute products or procure from alternative sources to fill its customers' orders.

However, the Company is able to mitigate this risk through its minimum stock policy of 30 days to 60 days and its policy to place orders approximately 30 days to 60 days in advance by coordinating with its steel producers to share the information on customers' needs that might be easy for producers to fix the production planning. Moreover, the Company has maintained a close relationship with its producers and distributors both in local and global in order to secure and reserve the alternative material sources for the Company.

2. Risk associated with impacts from Anti-Dumping Measures

According to the Ministry of Commerce has extended the effectiveness of the anti-dumping duties on imports of hot-rolled steel from 19 countries and the Department of Foreign Trade has also imposed the Anti-circumvention (AC), such measures led to a rise in the cost of imported hot-rolled coil (HRC) from such countries, an increase in the trading volume of HRC produced domestically, which may cause a shortage of supply in the future if the local domestic producers could not produce their products to respond the market needs.

The Company still mitigates the risk through its minimum stock policy of 30 days to 60 days and place orders approximately 30 days to 60 days in advance.

3. Risk associated with fluctuations in the price of Hot-rolled Coil (HRC)

In 2019 and 2018, the Company's main revenue stemmed from trading and processing HRC, accounted for 80.77% and 79.61% of total revenue respectively. The Company's total purchase of HRC from domestic producers was 92.26% and 99.71% of its total HRC purchased in 2019 and in 2018 respectively. Therefore, the volatility of domestic HRC price, which fluctuates with the world price, will have an impact on the Company's cost of goods sold, price of products, and inventory management.

The Company has done a best effort to minimize the fluctuating price impact by setting its selling prices at a level whereby it can maintain its spread margin. The Company closely monitors the steel price to evaluate the market trend and understand its situation which can support efficiently in marketing and purchasing strategic planning as well as its effective inventory management.

4. Risk associated with Accounts Receivable

As at 31 December 2019, the Company had accounts receivable in the amount of Baht 2,430.89 million representing 14.75% of total sales, the average collection period was 57 days, while accounts receivable which was not due was Baht 1,659.39 million representing 68.26% of net accounts receivable. Hence, the Company may encounter a delinquency risk in the event that customers have a poor operating performance, and this may affect the Company's profitability and financial status.

The Company periodically reviews the credit quality of its customers and sets aside provisions for no guarantee doubtful accounts aged overdue more than 180 days, or if the Company detects that a client has a problem in making a payment definitely, even if does not exceed 180 days, the Company will also set aside provisions for such doubtful debt. The Company focuses on providing credit which was considered by Credit Committee to grant a credit line for its own customers and allows for a credit extension for customers with a good credit history and long-term relationship. In the case of new customers, customers in high-risk industries or who place unusually large purchase orders, the Company will request a bank guarantee, aval or letter of credit. The Company also has a diversified revenue base and a large number of customers without having to rely on any one specific customer group. Risk is also minimised as no large proportion of credit is provided to any one sector or industry.

5. Risk associated with interest rates

As at 31 December 2019, the Company's liabilities were short-term loans from financial institutions totaling Baht 2,953.86 million representing 69.61 % of its total liabilities. The short-term financing consisted of short-term loans from financial institutions, trust receipts and letters of credit which were used as working capital to purchase raw material from its suppliers and its loan tenors was usually longer than the aging of the Company's account receivable.

Any changes in market interest rate may effect to the Company's interest expense and net profit. However, the interest expense in 2019 was equaled to 0.70% of total sales revenue while in year 2018 was 0.59%. The interest coverage ratio was 3.36 times in year 2019 while in year 2018 was 5.46 times when compared with earning before interest and tax.

6. Risk associated with exchange rate

For the fiscal year 2019 and 2018, the Company's total imports are in US dollar terms accounted for 6.73% and 0.20% of total purchases, respectively. This exposes the Company to a risk of fluctuations in foreign currency. However, the Company has a policy to hedge this risk by making forward contracts or converting to be Baht debt or making early payment depending on the level of cash on hand.

The Company will continue to import some of its raw material requirement while maintaining its hedging policy to manage foreign exchange risk exposure whenever the Company deems appropriate.

7. Risk associated with natural disaster

A natural disaster is an event that may occur and cannot be predicted in advance. As the flood situation in 2011, the Company had been affected to its manufacturing operations and transportation of Wangnoi plant which made the operation halted for a month. The Company has insured all risks including risks from flood which effected to inventory, buildings and machines with limited coverage of flood disaster. However, the Company has completely set up an action plan and preventive system to prevent a future disaster by making permanent and mobile concrete dikes around the plant area and each factory building together with centralized drainage system and necessary equipments to prevent water leak into the factory. Additionally, the Company will also conduct the preventive plan to cover this risk for any new expansion project in the near future.

► Shareholders Structure / Dividend Policy

The Top 10 Shareholders of the Company as of March 7, 2019⁽¹⁾

No.	Shareholders	Number of shares	Percentage of shareholding
1	Mr. Soon Tarasansombat	97,750,000	22.45
2	Mr. Chamnan Tarasansombat	56,556,000	12.99
3	Mr. Paisal Tarasansombat	51,174,700	11.75
4	Ms. Patitta Tarasansombat	34,692,300	7.97
5	Mr. Komsan Tarasansombat	33,000,075	7.58
6	Mrs. Pornjit Tarasansombat	32,000,000	7.35
7	Mrs. Panlapa Tarasansombat	17,810,500	4.09
8	Mr. Thongchai Srisan	6,380,000	1.47
9	CREDIT SUISSE AG, SINGAPORE BRANCH	6,000,000	1.38
10	Mr. Kiat Techapongtada	4,900,000	1.13
11	Other Shareholders	95,115,442	21.84
Total		435,379,017	100.00

Source: Thailand Securities Depository Company Limited

⁽¹⁾ Record date for the rights to attend the Annual General Meeting of Shareholders for the year 2019

Dividend Policy

The Company's dividend payout policy is to pay not less than 50 percent of its net profit after legal reserve deduction which may be changed; depending on the company's financial position, operating results and future business plans.

Dividend payment for last 5 years are as follows.

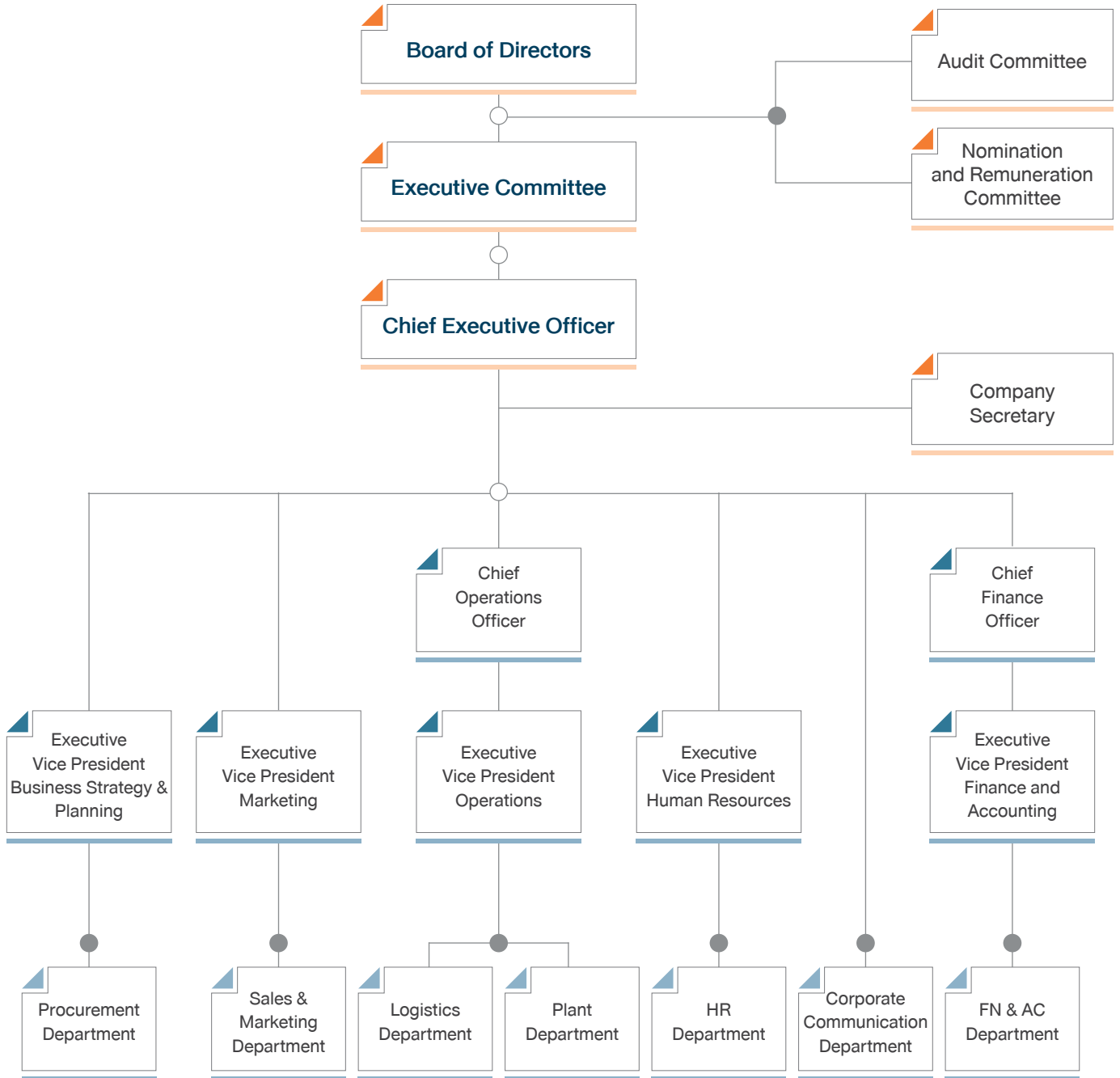
Performance Year	Net Profit (Baht)	Net Profit per share (Baht)	Dividend per share (Baht)	Dividend Yield	Total Dividend Payment (Baht) ⁽²⁾	Dividend Payout ratio (%)
2018	405,883,466	0.93	1.07 ⁽³⁾	8.05%	465,855,548.19	114.78%
2017	641,038,206	1.47	1.20	7.10%	522,454,820.40	81.50%
2016	908,949,758	2.09	1.50	8.29%	653,068,525.50	71.85%
2015	320,632,886	0.74	0.65	6.91%	282,996,361.05	88.26%
2014	334,380,090	0.77	0.65	6.13%	282,996,361.05	84.63%

⁽²⁾ Calculated from the number of paid-up shares multiplied by dividend per share.

⁽³⁾ Paid by stock dividend at the rate of 1 existing share: 1 stock dividend (par value of 1 Baht / Share) and cash 0.07 Baht / Share

► Management Structure

Organization Chart as of December 31, 2019



Board of Directors

As of December 31, 2019, the Board of Directors consisted of seven members as follows:

Name	Position
1. Mr. Chai Jroongtanapibarn	Chairman of the Board and Independent Director
2. Mr. Soon Tarasansombat	Director
3. Mr. Paisal Tarasansombat	Director
4. Mr. Komsan Tarasansombat	Director
5. Mr. Somjate Tretarnthip	Director
6. Mrs. Ratanavalee Gorsanan	Independent Director
7. Mr. Anake Pinvanichkul	Independent Director

Authorized Directors:

1. Mr. Paisal Tarasansombat
2. Mr. Komsan Tarasansombat
3. Mr. Somjate Tretarnthip

Any above two of three directors jointly sign along with the Company's seal affixed

Scope, Duties, and Responsibilities of the Board

The Board of directors has its duties and responsibilities to perform in compliance with the laws, objectives, and the Company's Articles of Association as well as resolutions of shareholders' meeting with honesty and due care of the Company's benefits, except the transactions that must be approved by shareholders' meeting before conducting such as transactions that required by laws to obtain the majority votes of shareholders' meeting, the connected transaction and the acquisition or disposal of assets in accordance with the regulations specified by SET or any issues defined by government agencies etc. In this regards, the Board of directors may assign any one director or other person to act on behalf of the Board of directors. The Scope, Duties, and Responsibilities of the Board of directors are as follows:

1. To hold the Company's annual general meeting of shareholders within no later than four months from the end of the Company's fiscal year;
2. To hold the Company's Board of directors' meeting at least once every three months;
3. To arrange the preparation of financial statement as at the end of the Company's fiscal year which is audited by auditor, and then shall propose to the shareholder's meeting for their consideration and approval;
4. The Board of directors may delegate their authority to any one or several directors or other person to take any action on their behalf and under the supervision of the Board of directors, or empower such person/persons to have power according to the Board of directors deem appropriate and within time limit as the Board of directors indicate. The Board of directors may cancel, revoke, change, or amend such authorities whenever it deems appropriate. The Board of Directors may authorize the Executive Committee to manage any operations, which was already described in scope, duties, and responsibilities of executive committee, however, such authorization shall not include the consideration and approval of any transaction in respect of which his or any persons have interest or conflict of interests with the Company or its subsidiary, except where the transactions are in accordance with policies and measures as considered and approved by the Board of directors;
5. To set target, guideline, policy, business plan and budget of the Company as well as to monitor the operation and management of executive committee to ensure that they perform in compliance with such policies, except the following matters which must be approved by the meeting of shareholders before conducting : the issue that required by laws to obtain the majority votes of shareholders' meeting such as capital increasing, capital reduction, debenture issuance, the sale or transfer of business of the Company in whole or in essential part to other persons or the purchase or acceptance of transfer of business of other companies, and the amendment of the Company's memorandum of association. Furthermore, the Board of directors has its duty to conduct the Company to perform in compliance with the Securities

and Exchange laws and rules issued by SET such as connected transaction and the acquisition or disposal of assets according to the regulations issued by SET, or relevant legislation with the Company's business;

6. To consider the management structure, and to appoint the Executive Committee, Chief Executive Officer, and other Committees as deem appropriate;
7. To supervise and monitor the operating results in order to meet the business plan and budget continuously;
8. The Director is forbidden to operate a business of the same nature as, and in competition with that of the Company, or to enter to be a partner in an ordinary partnership or a partner of limited partnership or a director of a private company or other company which operates a business of the same nature as and in competition with that of the Company, whether for their own or other's benefit, unless the meeting of shareholders has been notified prior to appointment thereto;
9. The Director shall file to the Company a report on his interest which may cause conflict of interest directly or indirectly when the Company enters into a contract, or has any changes in shares or debenture holding in the Company or its subsidiary.

Scope, Duties, and Responsibilities of the Chairman of the Board

1. The Chairman of the Board has scope, duties and responsibilities as a Director
2. Encourage the Board of Directors to work with their utmost ability.
3. Supervise and follow up the work of the Board of Directors and other sub-committees to ensure that work objectives are reached.
4. Call the Board meeting and/or Shareholders' meeting.
5. Conduct as a Chairman in Board of Directors meeting and/or the Shareholders' meeting.
6. Encourage all directors and / or shareholders to participate in the meeting. Provide the opportunity for participants to comment or express the idea independently and creatively and Conduct the meeting to be done successfully as its objectives.
7. Cast a decisive vote in Board meetings and/or the Annual general meeting of shareholder in case of equal votes of both sides.

Approval Authorization of the Board of Directors in compliance to the charter including the following matters.

1. Approve the annual revenue and expenditure budget.
2. Approve the annual budget for any projects that exceeding the approval limit of the Executive Committee.
3. Approve the budget for short term and long term investment that exceeding the approval limit of the Executive Committee.
4. Approve the financing sources for short term and long term that exceeding the approval limit of the Executive Committee.
5. Approve the cancellation of all or part of the budget that exceeding the approval limit of the Executive Committee.
6. Approved the connected transaction according to the size of transaction which is required by law.
7. Approve meeting agenda items to be proposed to the shareholders meeting for approval.

The Board's Meeting:

In year 2019, The Board's meeting held a total of six meetings with directors' attendance as detailed below:

Name	Position	No. of Attendance / No. of Meeting (times)
1. Mr. Chai Jroongtanapibarn	Chairman of the Board and Independent Director	6 / 6
2. Mr. Soon Tarasansombat	Director	6 / 6
3. Mr. Paisal Tarasansombat	Director	6 / 6
4. Mr. Komsan Tarasansombat	Director	6 / 6
5. Mr. Somjate Tretarnthip	Director and Corporate Secretary	6 / 6
6. Mrs. Ratanavalee Gorsanan	Independent Director	5 / 6
7. Mr. Anake Pinvanichkul	Independent Director	6 / 6

Executive Committee

As of December 31, 2019, the Executive Committee consisted of four members as follows:

Name	Position
1. Mr. Paisal Tarasansombat	Chief of Executive Board
2. Mr. Komsan Tarasansombat	Executive Director
3. Mr. Somjate Tretarnthip	Executive Director
4. Mr. Prawas Sontawakul	Executive Director

Scope, Duties, and Responsibilities of the Executive Committee

The Executive Committee has its scope of authorities, duties, and responsibilities to manage the Company's normal business operation as well as to set a policy, business plan, budget, management structure and job authorization, and business protocol in relation with economic conditions in order to propose to the Board of Directors for approval and/or acceptance, including the verification and supervision of the operating results compared with its policies. The Scope, Duties, and Responsibilities of the Executive Committee are as follows:

1. To consider the annual budget allocation as proposed by management team before submit to the Board of directors' meeting for approval, including the consideration and approval of changes in interim expenses in case of emergency item when there is no Board of Directors' meeting, and then report to the next Board of directors' meeting;
2. To approve buying or selling transaction that value of not exceeding Baht 1,000 Million per transaction;
3. To approve the investment expense which is not in the approved annual budget, and not exceeding Baht 50 Million;
4. To approve the expenses for investment as annual budget as approved by the Board of directors or in accordance with the approved principle by the Board of Directors;
5. To provide consultancy to the management in respect of financial, investment, marketing, human resources management, and other operation matters;
6. To allocate pension funds approved by the Board of Directors to employees or any persons employed to work for the Company;
7. To control the operation and/or daily management of the Company.

However, the authorities of the Executive Committee are not included the approval of any transactions in respect of executive committee who has a conflict or any matters in respect of which executive committee or related persons has interest or conflict of interest with the Company or its subsidiary (if any) pursuant to the rules of SET. The approval on such matters shall proposed to the Board of directors' meeting and/or the shareholder's meeting so as to consider and approve those matters according to the Articles of Association of the Company or any relevant laws, except for normal business transactions that are already prescribed by existing guidelines approved by the Board.

Audit Committee

As of December 31, 2019, the Audit Committee consisted of three knowledgeable members as follows:

Name	Position
1. Mr. Chai Jroongtanapibarn	Chairman of the Audit Committee
2. Mrs. Ratanavalee Gorsanan	Audit Committee
3. Mr. Anake Pinvanichkul	Audit Committee

Scope, Duties, and Responsibilities of Audit Committee

The Audit Committee has its scope of authorities, duties, and responsibilities as authorized by the Board of directors, including the report to the Board on following matters:

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine independency of internal audit unit, as well as to approve the appointment, transfer and dismissal of the head of internal audit unit or any other unit in charge of internal audit;
3. To review compliance with the Securities and Exchange Act, regulation of the Stock Exchange of Thailand and any other relevant regulations or laws which related to the Company's business;
4. To consider, select, and nominate or terminate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with the auditor at least once a year;
5. To review the connected transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. To prepare, and to disclose in the Company's annual report, an Audit Committee' report which must be signed by the Chairman of Audit Committee and consist of at least the following information:
 - 6.1 an opinion on the accuracy, completeness and reliability of the Company's financial report,
 - 6.2 an opinion on the adequacy of the Company's internal control system,
 - 6.3 an opinion on the compliance with the law on the Securities and Exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - 6.4 an opinion on the suitability of an auditor,
 - 6.5 an opinion on the transactions that may lead to conflicts of interests,
 - 6.6 the number of audit committee' s meeting, and the attendance of such meetings by each committee member,
 - 6.7 an opinion or overview comment acknowledged by the audit committee from its performance of duties in accordance with the charter , and
 - 6.8 other transactions which, according to the audit committee's opinion, should be disclosed to the shareholders and investors, subject to the scope of duties and responsibilities assigned by the Board.
7. To report the Audit Committee's operation to the Board at least once every quarter;
8. To perform any duties as designated by the Board with the consent of the Audit Committee.

In addition, The Board of directors has fixed the term for members of Audit Committee as follows:

- Chairman of the Audit Committee 3 years
- Audit Committee 3 years

In this regards, when they complete their term, Chairman of Audit Committee or audit committee can be re-appointed to their position.

Audit Committee's Meeting:

In year 2019, Audit Committee's meeting held a total of five meetings with the committee's attendance as detailed below:

Name	Position	No. of Attendance / No. of Meeting (times)
1. Mr. Chai Jroongtanapibarn	Chairman of the Audit Committee	5 / 5
2. Mrs. Ratanavalee Gorsanan	Audit Committee	4 / 5
3. Mr. Anake Pinvanichkul	Audit Committee	5 / 5

Nomination and Remuneration Committee

As of December 31, 2019, the Nomination and Remuneration Committee consisted of five members as follows :

Name	Position
1. Mr. Soon Tarasansombat	Chairman of the Nomination and Remuneration Committee
2. Mr. Chai Jroongtanapibarn	Nomination and Remuneration Committee
3. Mrs. Ratanavalee Gorsanan	Nomination and Remuneration Committee
4. Mr. Anake Pinvanichkul	Nomination and Remuneration Committee
5. Mr. Somjate Tretarnthip	Nomination and Remuneration Committee

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

1. To set the policy, criteria, and method of remuneration payment and nomination process for the Board of directors, Sub-Committee and Chief Executive Officer;
2. To nominate, determine, and propose the suitable directorial candidates as the setting criteria, in order to replace the retired directors of the Board or Sub-Committee, or Chief Executive Officer, or when those positions are vacant as well as the new position set by the Board of directors or set by laws, and then propose to the Board and / or the shareholder's meeting to approve;
3. To draw up guideline for remuneration criteria and fix the remuneration for the Board of directors, Sub- Committee and Chief Executive Officer, either cash or non cash and propose to the Board of directors for approval. The remuneration for the Board of directors will be proposed to shareholders' meeting for final approval;
4. To review the appropriateness of the current remuneration and nomination criteria;
5. To perform any duties as designated by the Board.

Nomination and Remuneration Committee's Meeting:

In year 2019, Nomination and Remuneration Committee's meeting held a total of two meetings with the committee's attendance as detailed below:

Name	Position	No. of Attendance / No. of Meeting (times)
1. Mr. Soon Tarasansombat	Chairman of the Nomination and Remuneration Committee	2 / 2
2. Mr. Chai Jroongtanapibarn	Nomination and Remuneration Committee	2 / 2
3. Mrs. Ratanavalee Gorsanan	Nomination and Remuneration Committee	2 / 2
4. Mr. Anake Pinvanichkul	Nomination and Remuneration Committee	2 / 2
5. Mr. Somjate Tretarnthip	Nomination and Remuneration Committee	2 / 2

Management Team

As of December 31, 2019, the management of the Company consisted of seven members as follows:

Name	Position
1. Mr. Paisal Tarasansombat	Chief Executive Officer
2. Mr. Prawas Sontawakul	Chief Operations Officer
3. Mr. Somjate Tretarnthip	Chief Finance Officer
4. Ms. Petrung Measincee	Executive Vice President - Business Strategy & Planning
5. Mr. Komsan Tarasansombat	Executive Vice President - Operations
6. Mrs. Panlapa Tarasansombat	Executive Vice President - Human Resources
7. Mr. Somsak Tomorakul	Executive Vice President - Marketing

Scope, Duties, and Responsibilities of Chief Executive Officer

The scope, duties and responsibilities of Chief Executive Officer for managing normal business and operation of the Company are as follows:

1. To control and supervise the operation and/or manage day-to-day business of the Company;
2. To operate or carry out the business in respect of execution of policies, business plan, and budgets approved by the Board of Directors and/or the Executive Committee;
3. To act as the attorney of the Company in management to comply with objectives, Articles of Association, policies, guidelines, regulations, orders, resolutions of shareholder's meeting and/or resolutions of the Board of Directors or the Executive Committee.

However, the authorities of Chief Executive Officer are not included the approval of any transactions in respect of Chief Executive Officer has a conflict, or any matters in respect of which Chief Executive Officer or related persons have interest or conflict of interest with the Company or its subsidiary (if any) pursuant to the rules of SET. The approval on such matters shall proposed to the Board of directors' meeting and/or the shareholder's meeting so as to consider and approve those matters according to the Articles of Association of the Company or any relevant laws, except for normal business transactions that are already prescribed by existing guideline approved by the Board of directors.

Corporate Secretary

As of December 31, 2019

Name	Position
Mr. Somjate Tretarnthip	Corporate Secretary

Scope, Duties, and Responsibilities of the Corporate Secretary

Responsible for organizing the meetings of the Board of directors, committees and shareholders, and preparing the minutes of the Board's meeting, the minutes of other Committees' meeting, the minutes of Shareholders' meeting and annual report as well as filing documents as specified by laws. Support and supervise the Company to perform in compliance with the laws and regulation of the Stock Exchange of Thailand.

Remuneration of directors and management

The Nomination and Remuneration Committee is responsible for prescribing and considering the remuneration of directors and executive committee by comparing with the others in the same industry and conforming to the Company's operating results, including the accountabilities and responsibilities of those directors and executive committee. The allocation of remuneration is detailed as below;

1. The Board and Other Sub-committee Remuneration

The annual general meeting of shareholders on April 4, 2019 approved the directors' remuneration for Baht 6,000,000 per annum and bonus for the Board Baht 3,000,000. These remuneration and bonus were considered and allocated to 7 directors by the Nomination and Remuneration Committee as below details:

Name	Position	Directors Allowance (Baht)	Meeting Allowance (Baht)	Bonus from 2018 operating results (Baht)	Total (Baht)
1. Mr. Chai Jroongtanapibarn	Chairman of the Board, Chairman of the Audit Committee, Nomination and Remuneration Committee and Independent Director	1,160,000	40,000	510,000	1,710,000
2. Mr. Soon Tarasansombat	Director and Chairman and Independent Director of Nomination and Remuneration Committee	850,000	40,000	420,000	1,310,000
3. Mr. Paisal Tarasansombat	Director	670,000	40,000	410,000	1,120,000
4. Mr. Komsan Tarasansombat	Director	670,000	40,000	410,000	1,120,000
5. Mr. Somjate Tretarnthip	Director and Nomination and Remuneration Committee	670,000	40,000	410,000	1,120,000
6. Mrs. Ratanavalee Gorsanan	Independent Director, Audit Committee and Nomination and Remuneration Committee	850,000	30,000	420,000	1,300,000
7. Mr. Anake Pinvanichkul	Independent Director, Audit Committee and Nomination and Remuneration Committee	850,000	40,000	420,000	1,310,000
Total		5,720,000	270,000	3,000,000	8,990,000

Remark : The Board and Sub-committee as above mentioned do not receive other benefits except the aforementioned.

2. The Executive Committee and Management Remuneration

In year 2019, the Company paid out the remuneration for 4 executive committees and 7 managements in term of salary, pension fund and bonus, totaling Baht 36,090,750

▶ Board of Directors and Executives

Mr. Chai Jroongtanapibarn

Chairman of the Board, Chairman of Audit Committee,
Nomination and Remuneration Committee and Independent director

Age :	65 years
Education :	<ul style="list-style-type: none"> • Bachelor of Accounting, Chulalongkorn University • Master of Accounting, Thammasat University
Training for Director course of IOD :	<ul style="list-style-type: none"> • Director Certification Program (DCP) : Class 29/2003 • Audit Committee Program (ACP) : Year 2005
Family Relationship between directors and management :	None
Number of shares (include related person as section 258) :	1,045,500 shares or 0.12%
Experience (5 years past)	
Listed Company :	
Nov 18 - Present	Chairman of the Board and Independent Director / Veranda Resort Plc. / Hotel business
May 15 - Present	Chairman of the Board, Chairman of Audit Committee, Nomination and Remuneration Committee and Independent Director / TMT Steel Plc. / Steel Service Center
2007 - Present	Independent Director and Audit Committee / Siam Food Products Plc. / Food processing for export
2006 - Present	Independent Director and Audit Committee / Oishi Group Plc. / Food and Beverage business
2003 - Present	Independent Director / Siam Future Development / Shopping Center
2002 - Present	Independent Director and Chairman of Audit Committee / Major Cineplex Group Plc. / Cinema and Bowling
2000 - Present	Independent Director and Chairman of Audit Committee / Team Precision Plc. / Electronics Board
Non Listed Company :	None
Date of first appointment as a Director :	1 September 2004
Illegal record in the past 10 years :	None

Mr. Soon Tarasansombat

Director and Chairman of Nomination and Remuneration Committee

Age :

78 years

Education :

Mattayom 6

Training for Director course of IOD :

Director Accreditation Program (DAP) : Class 19/2004

Family Relationship between
directors and management :

Father of Mr. Paisal Tarasansombat and Mr. Komsan Tarasansombat

Number of shares
(include related person as section 258) :

259,500,000 shares or 29.80%⁽¹⁾

Experience (5 years past)

Listed Company :

May 15 - Present

Director and Chairman of Nomination and Remuneration Committee /
TMT Steel Plc. / Steel Service Center

Non Listed Company :

1986 - Dec 19

Director / Soon Huat Steel Co., Ltd. / Property Lessor

Date of first appointment as a Director :

1 September 2004

Illegal record in the past 10 years :

None

Mr. Paisal Tarasansombat

Director, Chief of Executive Board and Chief Executive Officer

Age :	54 years
Education :	<ul style="list-style-type: none">• Diploma , Assumption Commercial College• Diploma in Business Study, Eastbourne College of Art & Technology, United Kingdom• Mini IE, Chulalongkorn University• Top Executive Program : Class 10/2010, Capital Market Academy• Top Executive Program in Energy Science : Class 13, Thailand Energy Academy• Business reform and innovation networking : BRAIN Class 2, The Federation of Thai Industries
Training for Director course of IOD :	<ul style="list-style-type: none">• Director Accreditation Program (DAP) : Class 21/2004• Director Certification Program (DCP) : Class 197/2014
Family Relationship between directors and management :	Son of Mr. Soon Tarasansombat, brother of Mr. Komsan Tarasansombat and spouse of Mrs. Panlapa Tarasansombat
Number of shares (include related person as section 258) :	151,970,400shares or 17.45% ⁽²⁾
Experience (5 years past)	
Listed Company :	
Mar 11 - Present	Director, Chief of Executive Board and Chief Executive Officer / TMT Steel Plc. / Steel Service Center
Jun 14 - Jan 20	Chairman of Audit Committee and Independent Director / Master Ad Plc. / Outdoor Advertising
Jun 18 - Dec 19	Independent Director, Audit Committee and Nomination and Remuneration Committee / U City Plc. / Investment and Property Development
Non Listed Company :	
Apr 15 - Present	Director / Thai Listed Companies Association / Independent nonprofit organization
2004 - Present	Director / CONNEX Business Online Co., Ltd. / Software Solution
1986 - Dec 19	Director / Soon Huat Steel Co., Ltd. / Property Lessor
Date of first appointment as a Director :	1 September 2004
Illegal record in the past 10 years :	None

Mr. Komsan Tarasansombat

Director, Executive Director and Executive Vice President – Operations

Age :	51 years
Education :	<ul style="list-style-type: none">• Bachelor of Industrial Engineering, Khon Kaen University• M.B.A. (Finance), Middle Tennessee State University, USA.
Training for Director course of IOD :	Director Accreditation Program (DAP) : Class 19/2004
Training for Director course of TLCA :	Executive Development Program (EDP) : Class 14/2014
Family Relationship between directors and management :	Son of Mr. Soon Tarasansombat and Brother of Mr. Paisal Tarasansombat
Number of shares (include related person as section 258) :	71,000,150 shares or 8.15% ⁽³⁾
Experience (5 years past) Listed Company :	
Mar 11 - Present	Director, Executive Director and Executive Vice President – Operations / TMT Steel Plc. / Steel Service Center
Non Listed Company :	
Oct 17 - Present	Director / Combine Asset Co., Ltd. / Property Lessor
Date of first appointment as a Director :	1 September 2004
Illegal record in the past 10 years :	None

Mr. Somjate Tretarnthip

Director, Nomination and Remuneration Committee, Executive Director,
Chief Finance Officer and Corporate Secretary

Age : 55 years

Education :

- Bachelor of Business Administration, Ramkamhaeng University
- Mini M.B.A., Kasetsart University

Training for Director course of IOD : Director Accreditation Program (DAP) : Class 19/2004

Family Relationship between directors and management : None

Number of shares (include related person as section 258) : 4,000,000 shares or 0.46%

Experience (5 years past)

Listed Company :

Mar 11 - Present

Director, Nomination and Remuneration Committee,
Executive Director, Chief Finance Officer and Corporate Secretary /
TMT Steel Plc. / Steel Service Center

Non Listed Company :

2004 - Present

Director / CONNEX Business Online Co., Ltd. / Software Solution

Date of first appointment as a Director : 1 September 2004

Illegal record in the past 10 years : None

Mrs. Ratanavalee Gorsanan**Audit Committee, Nomination and Remuneration Committee and Independent director**

Age :	55 years
Education :	<ul style="list-style-type: none">• Bachelor of Accounting, Thammasat University• Master of Accounting, Thammasat University
Training for Director course of IOD :	Director Accreditation Program (DAP) : Class 21/2004
Family Relationship between directors and management :	None
Number of shares (include related person as section 258) :	544,000 shares or 0.06%
Experience (5 years past) Listed Company :	
Aug 10 - Present	Audit Committee, Nomination and Remuneration Committee and Independent Director / TMT Steel Plc. / Steel Service Center
Non Listed Company :	
Aug 19 - Present	Finance and Compliance Director / Central Watson Co., Ltd. / Retailer of health and beauty products
Apr 17 - Jul 19	Finance, Compliance and IT Director / Central Watson Co., Ltd. / Retailer of health and beauty products
Feb 12 - Mar 17	Finance Director / Central Watson Co., Ltd. / Retailer of health and beauty products
Date of first appointment as a Director :	1 September 2004
Illegal record in the past 10 years :	None

Mr. Anake Pinvanichkul

Audit Committee, Nomination and Remuneration Committee and Independent director

Age :

55 years

Education :

- Bachelor of Science, Kasetsart University
- MBA, New York University

Training for Director course of IOD :

Director Accreditation Program (DAP) : Class 23/2004

Family Relationship between directors and management :

None

Number of shares
(include related person as section 258) :

544,000 shares or 0.06%

Experience (5 years past)

Listed Company :

Jan 20 - Present

Chairman of the Board (Acting), Chief of Executive Board and Chief Executive Officer / Nex Point Plc. / Electronic components manufacturer
Audit Committee, Nomination and Remuneration Committee and Independent Director / TMT Steel Plc. / Steel Service Center

Aug 10 - Present

Non Listed Company :

Mar 13 - Present

Director / Nadmon Business and Consultant Co., Ltd. / Restaurant Business

Date of first appointment as a Director :

1 September 2004

Illegal record in the past 10 years :

None

Mr. Prawas Sontawakul

Executive Director and Chief Operations Officer

Age :

61 years

Education :

- Bachelor of Engineering (Mechanical Engineering),
- King Mongkut's University of Technology North Bangkok

Training for Director course of IOD :

Director Accreditation Program (DAP) : Class 12/2004

Family Relationship between
directors and management :

None

Number of shares
(include related person as section 258) :

100,000 shares or 0.01%

Experience (5 years past)

Listed Company :

Feb 19 - Present

Executive Director and Chief Operations Officer / TMT Steel Plc. /
Steel Service Center

Mar 11 - Jan 19

Chief Operations Officer / Thai Metal Trade Plc. / Steel Service Center

Non Listed Company :

Nov 12 – Nov 17

Director / Eco Living Co., Ltd. / Home Building

Illegal record in the past 10 years :

None

Mrs. Panlapa Tarasansombat

Executive Vice President – Human Resources

Age :

52 years

Education :

- BBA, Majoring in Accounting, Assumption University
- Mini IE, Chulalongkorn University
- Graduate Diploma in Human Resource Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Training for Director course of IOD :

None

Family Relationship between directors and management :

Spouse of Mr. Paisal Tarasansombat

Number of shares (include related person as section 258) :

151,970,400 shares or 17.45% ⁽⁴⁾

Experience (5 years past)

Listed Company :

Aug 09 - Present

Executive Vice President-Human Resources /
TMT Steel Plc. / Steel Service Center

Non Listed Company :

None

Illegal record in the past 10 years :

None

Ms. Petrung Maesincee

Executive Vice President – Business Strategy & Planning

Age :

54 years

Education :

- Bachelor of Art (Economics), Thammasat University
- Master of Art (Economics), Thammasat University

Training for Director course of IOD :

None

Family Relationship between
directors and management :

None

Number of shares
(include related person as section 258) :

3,031,800 shares or 0.35%

Experience (5 years past)

Listed Company :

Feb 17 - Present

Executive Vice President – Business Strategy & Planning /
TMT Steel Plc. / Steel Service Center

Aug 09 – Jan 17

Executive Vice President - Marketing / Thai Metal Trade Plc. /
Steel Service Center

Non Listed Company :

None

Illegal record in the past 10 years :

None

Mr. Somsak Tomorakul

Executive Vice President – Marketing

Age :	48 years
Education :	<ul style="list-style-type: none">• Bachelor of Business Chinese, Assumption University• Master of Computer Engineering Management, Assumption University
Training for Director course of IOD :	None
Family Relationship between directors and management :	None
Number of shares (include related person as section 258) :	2,308,362 shares or 0.27%
Experience (5 years past) Listed Company :	
Jan 19 - Present	Executive Vice President – Marketing / TMT Steel Plc. / Steel Service Center
Feb 17 – Dec 18	Senior Vice President - Marketing / Thai Metal Trade Plc. / Steel Service Center
Feb 16 – Jan 17	Vice President – Sales & Marketing / Thai Metal Trade Plc. / Steel Service Center
May 06 – Jan 16	Vice President - Sales / Thai Metal Trade Plc. / Steel Service Center
Non Listed Company :	None
Illegal record in the past 10 years :	None

Remarks:

- ⁽¹⁾ Mr. Soon Tarasansombat holds the Company's share of total 195,500,000 shares, which equivalent to 22.45 percent of its total issued and paid up shares, and Mrs. Pornjit Tarasansombat, his spouse, hold of total 64,000,000 shares, which equivalent to 7.35 percent of its total issued and paid up shares.
- ⁽²⁾ Mr. Paisal Tarasansombat holds the Company's share of total 114,349,400 shares, which equivalent to 13.13 percent of its total issued and paid up shares, and Mrs. Panlapa Tarasansombat, his spouse, holds of total 35,621,000 shares, which equivalent to 4.09 percent of its total issued and paid up shares, and Mr. Patis Tarasansombat, the child is underage, holds of total 2,000,000 shares, which equivalent to 0.23 percent of its total issued and paid up shares.
- ⁽³⁾ Mr. Komsan Tarasansombat holds the Company's share of total 66,000,150 shares, which equivalent to 7.58 percent of its total issued and paid up shares, Mrs. Wimol Tarasansombat, his spouse, hold of total 3,000,000 shares, which equivalent to 0.34 percent of its total issued and paid up shares, and Mr. Chanon Tarasansombat, the child is underage, holds of total 2,000,000 shares, which equivalent to 0.23 percent of its total issued and paid up shares.
- ⁽⁴⁾ Mrs. Panlapa Tarasansombat holds the Company's share of total 35,621,000 shares, which equivalent to 4.09 percent of its total issued and paid up shares, Mr. Paisal Tarasansombat, her spouse, holds of total 114,349,400 shares, which equivalent to 13.13 percent of its total issued and paid up shares, and Mr. Patis Tarasansombat, the child is underage, holds of total 2,000,000 shares, which equivalent to 0.23 percent of its total issued and paid up shares.

In this regards, the number of shares and percentage of shareholding of all directors and executives are as of December 31, 2019.

► Report on Good Corporate Governance

The Board of Directors has realized the significance of the Company's good corporate governance by endorsing the moral and ethics as business principles in order to conduct the business with responsibilities, due care, and loyalty to bring efficient, transparent, and trustworthy growth from our shareholders, investors, and stakeholders. The Board therefore established the good corporate governance principle and guidelines so as to preserve such policy which can be divided into 5 chapters as follows;

Chapter 1 : Rights of shareholders

1. Rights to appoint the Board of Directors

The appointment of the Company's Board of Directors is according to the Company's Articles of Association that shareholders' meeting shall elect the directors in accordance with rules and procedures as follows;

- 1.1 Each shareholder shall be entitled to one vote for each shareholding;
- 1.2 Each shareholder shall be entitled to cast all the votes under 1.1 to elect one or several persons to be the Company's director but cannot distribute their votes to any particular person or persons;
- 1.3 Persons who receive the highest votes arranged in order from highest to lowest in a number equal to that of the number of directors to be appointed are elected to be the Company's directors. In the event of a tie at a lower place, which would make the number of directors greater than the required, the Chairman of the meeting shall cast the deciding vote.

Furthermore, prior to the meeting date, one single shareholder or several shareholders together hold the Company's shares of not less than 5 percent of its total issued and paid up shares has the rights to nominate candidates to be elected as the Company's directors in advance according to date, time, and criteria disclosed by the Company via SET's channel and the Company's website. And, this year 2019, no shareholder nominated candidate as said.

In the 2019 Annual General Meeting of Shareholders, shareholders cast their vote to elect the director individually and directors who have conflict of interest could not cast the vote.

2. Rights in shareholders' meeting

- 2.1 The Company sent the notice of the 2019 shareholder's meeting which indicated date, time, place, agenda, opinion of the Board, and supporting documents to all shareholders at least 21 days prior to the meeting date, and also such all relevant information will be posted on the Company's website at www.tmtsteel.co.th at least 30 days prior to the meeting date to support all shareholders, including institutional investors, to attend the meeting and shareholders will have adequate time to study on each agenda thoroughly. In this regards, the meeting agenda and supporting documents as said were provided based on transparent and sufficient information for shareholders to make their best decision.
- 2.2 The Company provided the opportunity to shareholders who are unable to attend the meeting for exercising their rights by appointing other person to attend the meeting and cast the vote on their behalf or appoint an independent director who is appointed by the Company as their proxy. The Company therefore facilitates all shareholders by attaching proxy along with the notice of the meeting.
- 2.3 The Company also published such notice of the meeting in the public daily newspaper for 3 consecutive days and not less than 3 days prior to the meeting date in order to provide multi-channel for receiving information.
- 2.4 The Company provided the best effort to accommodate the most convenience for shareholders in term of the meeting place which the head office of the Company is situated and adjacent to the main public transportation and prepares any supplemental facility such as barcode system, adequate registration desk, spare notice of the meeting for those who do not bring such document, ballot card and staff members available for collecting the ballot card, wireless microphone in order to provide shareholders opportunities to question and presentation of each agenda etc.

- 2.5 At beginning of the meeting, the Company explained how to execute the shareholder's voting rights on each agenda, and announced the number of shareholders attending the meeting together with total shares which are entitled to vote.
- 2.6 The Company invited an independent legal advisor to attend the meeting in order to observe and verify the voting procedure on each agenda.
- 2.7 The Board of Directors gave an opportunity for shareholders to raise any questions and suggestions on each agenda and took as responsibility to clarify for those questions.
- 2.8 The Company published the minute and resolution of the shareholders' meeting via SET's channel and the Company's website within 14 days after the meeting so as to accurately provide the information for shareholders who attended or did not attend the meeting as well as other investors.
- 2.9 The Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, and the executive committee has recognized the importance of attending the meeting and deemed it as important duty and responsibility to proceed. Therefore the 2019 Annual General Meeting of Shareholders dated April 4, 2019, all committee which included the Board of Directors and the aforesaid sub-committees together attended the meeting.

3. Rights to receive the dividend payment

The Company's dividend payment policy for the previous year operating results is not less than 50 percent of its net profit after legal reserve deduction as required by law. In 2019 Annual General Meeting of Shareholders, the meeting approved dividend payment from 2018 operating results at the rate of Baht 1.07 (One Baht and seven satang) or 114.78% of net profit by divided paying as stock dividend with par value at Baht 1 each at the ratio of 1 existing share per 1 new share or dividend pay-out rate of Baht 1 per share, and cash dividend at the rate of Baht 0.07 per share. The payment was paid to the Company's shareholders whose name appear on Record Date which was fixed by the resolution of the Board of Directors' meeting and approved by the shareholder's meeting.

4. Rights to access the adequate Company's information

The Company has disclosed all significant information such as operating results or financial statements via SET's channel as well as published on the Company's website within the date and time stipulated by law in order to provide multi-channel for stakeholder to receive information.

5. Rights to appoint the Company's auditor and fix audit's fee

In 2019, the Board of Directors proposed the shareholder's meeting to appoint the Company's auditor and fix audit fee for the year 2019. The proposed audit company and auditor have no relationship or conflict of interest in the Company, directors, executives and the Company's major shareholders or any related to those parties as said.

Chapter 2 : Equitable Treatment of Shareholders

1. The Company provided an opportunity for shareholders to propose agendas for the shareholders' meeting in advance by fixing that one single shareholder or several shareholders together hold the Company's shares of not less than 5 percent of its issued and paid up shares, can exercise as said. And, in 2019, the Company disclosed the aforementioned above via its website and SET's channel at least 30 days prior to the date of shareholders' meeting, and there is no shareholder proposed the agenda in advance.
2. The Company made the notice of the meeting, all supporting documents, and proxy in both Thai and English for the convenience of both local and foreign shareholders.
3. The Company will not propose the additional agendas without prior notice to shareholders.
4. The Company has authorized an independent director to safeguard interest of its minor shareholders by creating the E-mail address: ind_dir@tmtsteel.co.th for shareholders to express their opinions, suggestions, or complains related to the Company's operating results. The independent director will consider and proceed as deem appropriate.

5. All directors and executives will promptly report the corporate secretary when any conflict of interest of their own or related person occurred according to the Securities and Exchange Acts so that the corporate secretary will gather and submit to the Audit Committee and the Board of Directors to consider such conflict of interest and to decide base on the Company's benefit. In this regards, the director and executive who have conflict of interest with a transaction is not allowed to present in the meeting and have no voting rights.
6. The Board of Directors has recognized the importance of inside information control and protects for internal use of restricted person only, so the Board established the policy and conduct to keep it confidential until it is publicized. The Company also informed directors and executives, who shall have a duty as prescribed in SET and SEC's enforcement, to acknowledge their responsibility and to report their shareholding and related person's shareholding included their spouse and minor children, this also including the report on change in securities holding that shall submit to SEC and SET in accordance with the Securities and Exchange Act for preventing the use of inside information for their own benefit.

Furthermore, the directors and executive directors, including their spouse and minor children, are forbidden to buy, sell or transfer the Company's securities by using inside information which has not yet been disclosed to public. In case those persons buy, sell or transfer the Company's securities without knowing such inside information, such persons are required to report the said transaction to SEC within three days from the transaction date in every time of entering into such transaction and then submit a report In accordance with the rules and procedures specified by the SEC.

However, if any directors, executive directors and the Company's staffs are taking advantage for their own from using inside information and such action has caused any disgrace or damage to the Company, the Company will consider taking an appropriate legal action against such person.

Chapter 3 : Role of Stakeholders

1. Customers

- 1.1 The Company provides consultation, business solutions and material planning. These are aimed at creating greater values in order to benefit customers under an integrated management system which will be able to meet all customers' requirements.
- 1.2 The Company's products are manufactured by modern technology of production processes, and will be passed quality control before the delivery to customer, according to fixed standard and mutual covenants.
- 1.3 The product information which is presented to customer is true fact and having sufficient details. So, it is easy for the customers to make decisions.
- 1.4 The Company recognized the importance of logistics system in place which offers reliability, inventory management and cost control so as to reserve the customer's production and ensure that the customers' requirements will always be treated with great care and fulfilled.
- 1.5 The Company is committed to maintain customer private data confidentiality and prevent from using the aforementioned for personal gain without prior notice to customers.
- 1.6 The company emphasized on the result of evaluation of customer satisfaction, toward company's products and services. The results will be brought to improve and develop for better ability of responding to the customer demands.

2. Employees

- 2.1 The Company has continued its constructive people development by training staff to be capable, knowledgeable, and experienced. These also aim to build a reliable professional to provide better solution for customers and create the value of determination, reliability, challenging ideas and responsive action through the way of thoughts and practices. In the year 2019, the Company achieved in-house training courses as targeted at TMT Knowledge center. The Company also allocated the sufficient budget for all training, in summary; both in-house and external training courses total is 194 courses, and the number of employee joined the training average 23 hours per person.
- 2.2 The Company has regularly organized the activities with sufficient budget in order to promote a collaborative working environment among all staffs with expectation to build a harmony and drive their creativities such as the activities to promote Thai culture in Songkran Festival Day. Furthermore, Anti-drug sports activities and reduce smoking activities are also the activities that promote good health, reducing unnecessary expenses as well as a well-being in the family and preventing the risks from drugs, The Quadrivalent influenza vaccine project for employees to prevent themselves from 4 types of flu and the spread of surrounding people, The “TMT Challenging Run 2019” was also another activity to promote the core value of Challenging. As always, “TMT Day 2019” is organized every year to thank you all staff for what they have contributed to the Company for the past whole year.
- 2.3 The Company supports employees’ welfare by setting a welfare committee which comprised of elected-staff to explore and share their opinions or comments from every levels which will benefit and facilitate properly to their jobs. All the requests, complaints and suggestions will be considered and treated by the related authorized persons to ensure that they will be taken care properly and fairly. In the year 2019, the Company has launched many welfare projects such as canteen renovation project to create a good atmosphere in using the service and also awarded the “Clean Food Good Taste” standard which shows that the company is committed to deliver cleanliness and hygiene in the canteen. Providing scholarships for TMT employees’ children, “TMT Market”, a market place for community and local supplier, where the staff and producers can buy or sell a good quality at reasonable price products and help disabilities people in selling their products without any cost. In addition, the Company also encouraged the staff to participate in dialogue activity to share their information, comments and knowledge among each other as well as how to establish a better living with work-life balance, campaign to the support TMT Core Values, educate for public welfare understanding that affects employees and corporate benefit, etc.
- 2.4 The Company has an employee benefits policy for short term and long term. The short term benefits are considered according to the employment conditions, competency and job responsibility comparing fairly and properly with the operating result and other companies in the same industry. By the way, the provident fund is also provided as a long term benefits which employees can choose their investment policy that match their personal saving plan. In the year 2019, The Company has implemented an extra benefit program for special skills and excellence performance of production staff and the Smart Multi-skill Maintenance Technician program to promote employees to utilize their knowledge, skill and capability efficiently.
- 2.5 The Company has set up the Safety, Health and Working Environment policy and committee to ensure that all working procedures are safe and comply with safety standard as well as set up a training and campaign to promote a good health and good working environment practices. The objective is to be a leader in safety production process by decreasing an accident to zero, and having none in operation finally. In 2019 the Company supported the activities such as “Safety Week”, “TMT Bye Bye Fat”, “Good Safety free Lunch” and “Safety Small Group”, resulting in the company’s safety records effectively : I.F.R (Injury Frequency Rate) decreased by 12% compared to the previous year.

- 2.6 The Company promotes and protects human rights by avoiding any action that may causes human rights violation such as illegal employment, non-permitted alien workers and child labor, or any supports to cause the above action.
- 2.7 The Company has not supported any action that violates copy rights or intellectual property by establishing intellectual policy to prevent our staff and organization from doing any faults related to technology, copy rights and the Company's working regulation.

3. Trading Partners

- 3.1 The Company has created a fair treatment with all partners in compliance with business condition and agreement as mutually agreed to develop and maintain a sustainable relationship.
- 3.2 The Company does not involved in any action that may causes trading conflict or fraud, and not to support any business transaction with any other companies which involved in such actions, for example, collusion, hoard, production restraint or unfair price competition etc.
- 3.3 The Company has determined fair criteria for partner evaluation and selection. The company will not support any actions that may cause conflicts of interests.

4. Shareholders

- 4.1 The Company has intended to extend the sustainable and continuous business growth, based on transparency and fairness, to become the leading company in steel industry and to create confidence and long-term value for shareholders.
- 4.2 The Company has disclosed precisely, completely and punctually information that may effect to shareholders' benefit and decision.
- 4.3 The Company monitored the undeliverable dividend cheque which hadn't been received by shareholders and followed to protect their rights.

5. Creditors

The Company has followed the borrowing condition and truthfully reports the Company's financial status as well as fulfills obligation when payment is due. We also facilitate creditors to have convenience and quick channel in receiving payment, such as payment through cash management centre, transferring into account, or receiving at the company.

6. Independent auditors

The Company strongly supports the independent auditors to perform their duties with independence, transparency and compliance with the requirements of the Securities and Exchange Commission and also provides best cooperation without any conflicts or disagreements as well as direct data or relevant document access and operator interview as the auditors' requirement. The Company also arranges an independent meeting for the Auditors and Audit Committee to meet without the management's attendance.

7. Competitors

The Company has committed to do business under the rules of decent competition and do not falsely disparage the reputation with unfair for competitors.

8. Community, Society, and Environment

- 8.1 The company has operated its business by mainly emphasizing on community, social and environmental care and strictly following the environmental laws and regulations. Therefore, the Company has set a Corporate Social Responsibility policy and Environmental policy which all the employees are communicated and acknowledged as the guideline for their general practices. The both policies are also published on the company's website and introduced in the employee orientation course.

- 8.2 The company has supported and promoted the employee to take part in natural resource's preservation and energy saving, including avoiding any action that may cause environmental pollution both in work time and daily life. In 2019, the Company initiated the project to replace H.I.D Lamp High Bay to 180W LED lamps in some areas of the factory of 155 lamps, which reduce the electricity usage by 52,287 watts/year or 351,523 units per year and save the electricity expense approximately 1,330,000 Baht/Year.
- 8.3 The company has collaborated and promoted the activities with governmental sector, sub-district administration organization or other non-profit organizations as it deems appropriate.

9. Government Sector

- 9.1 The Company has strictly conducted its business complied with Laws, Rules, and other regulations issued by Government sector.
- 9.2 The company is pleased to provide and share any corporate information for government sector to use as it deems appropriate.

Actions on the good governance guideline

The Company issued a Code of Conduct for Directors, Managements and all employees to be a guideline for all operation to be based on right and equitable treatment with all stakeholders in term of integrity and law. Every employee must not perform any duties for self-benefit or look for its benefit from its operations. By the way, the responsibility to community, society and environment shall be everyone's concern. Furthermore, the Company has set a Whistle Blowing Process to prevent and catch up with any risks or abnormal practices that may arise from the internal process or risks that can cause a damage to any assets, life or reputation and also any complaints, Illegal actions or clues which may lead to fraud or corruption within the organizations. In this regard, the Company has established the channels for all stakeholders to submit such information or complaints about the Company's operation directly to Independent Directors at E-mail: ind_dir@tmtsteel.co.th and Facsimile : 02 670 9093

Chapter 4 : Disclosure and Transparency

1. The Board of Directors has monitored for disclosure the significant information related to the Company's financial information and non-financial information in accordance with the regulations of SEC and SET and other relating notification with precisely, completely, on-time, and transparently for the equity of investors and stakeholders through various channel and procedure such as SET's channel, the Annual Registration Statement, Annual Report, and the Company's website. The Company also appointed the corporate secretary to take a duty and responsibility to provide and preserve such information as said.
2. In 2019, the analyst meeting is convened regularly at the Company's head office on a quarterly basis to announce the Company's operating results and financial status on the day after disclosure of financial statement to SET.
3. The Company's financial statement is audited and reviewed by a certified public accountant from Pricewaterhouse Coopers ABAS Company Limited who is independent, specialized and skillful, and is certified by Securities and Exchange Commission Thailand. The Audit Committee was reported by such auditor that they were independent, no difficulties and no disagreements with management while they were conducting a review or audit. The Company has disclosed the audit and other fee in the annual report. Furthermore, the Audit Committee also appointed EY Corporate Services Limited to plan and audit the internal control to ensure that the Company has a proper conduct and control as well as risk management in terms of adequacy and efficiency.
4. The Board of Directors prepared a report on the responsibilities for financial statements which was presented along with the auditor's report in the Annual Report of the Company.
5. The Board of Directors has monitored the disclosure of directors' role and duty, management remuneration and number of attending the meeting of the Board and other sub-committees as individual in the Company's annual report.

6. The Company has set up an Investor Relation Unit to keep in touch with investors, analysts and also government and public sectors. Below are the contact channels;

Telephone No. : 0 2685 4000 ext. 6002

Facsimile No. : 0 2670 9090-2

E-mail : ir@tmtsteel.co.th

Changes in the Shareholding of the Board and Executive

In 2019, the Board of Directors and Executives has changes in the Shareholding as follows;

Name	Position	Share as of		Changes increase/ (decrease)
		1 Jan. 19	31 Dec.19	
1. Mr. Chai Jroongtanapibarn	Chairman of the Board, Chairman of Audit Committee, Nomination and Remuneration Committee and Independent director	522,750	1,045,500	522,750
2. Mr. Soon Tarasansombat	Director and Chairman of Nomination and Remuneration Committee	97,750,000	195,500,000	97,750,000
3. Mr. Paisal Tarasansombat	Director, Chief of Executive Board and Chief Executive Officer	57,174,700	114,349,400	57,174,700
4. Mr. Komsan Tarasansombat	Director, Executive Director and Executive Vice President - Operations	33,000,075	66,000,150	33,000,075
5. Mr. Somjate Tretarthritis	Director, Nomination and Remuneration Committee, Executive Director and Chief Finance Officer	2,000,000	4,000,000	2,000,000
6. Mrs. Ratanavalee Gorsanan	Audit Committee, Nomination and Remuneration Committee and Independent director	272,000	544,000	272,000
7. Mr. Anake Pinvanichkul	Audit Committee, Nomination and Remuneration Committee and Independent director	272,000	544,000	272,000
8. Mr. Prawas Sontawakul	Executive Director and Chief Operations Officer	-	100,000	100,000
9. Ms. Petrung Measincee	Executive Vice President - Business Strategy & Planning	1,515,900	3,031,800	1,515,900
10. Mrs. Panlapa Tarasansombat	Executive Vice President - Human Resources	17,810,500	35,621,000	17,810,500
11. Mr. Somsak Tomorakul	Executive Vice President - Marketing	1,154,181	2,308,362	1,154,181

1. The Board's structure

1.1 The Board of Director

- The Board of Directors has established the board diversity policy which the board should be comprised of appropriate diversity of necessary skills, experience and particular expertise without any discrimination of gender, race, religion or age in order to combine and enhance the various capabilities for the best benefit of the Company and establish the sustainability development for the Company.
- At the end of year 2019, the Board of Directors has its quorum of 7 persons comprised of 3 independent directors, 3 executive directors and 1 director who is not in management position. The Chairman of the Board is independent director. In this regard, such proportion is well counterbalance in the Board and complies with laws. Further Information about their scope of work, duties, and responsibilities is detailed in Management Structure section.
- The term of directorship complied with the regulation detailed in the Company's Articles of Association that in every the Annual General Meeting of Shareholders, one-third of the Board of Directors shall retire by rotation, and if the number of directors can not be divided exactly into three parts, directors in a number close to one-third shall vacate office. The directors who remained in office for longest time shall vacate office and such directors can be re-elected.
- The directors who position in the Board are forbidden to position in the company that may have conflicts of interest in order to perform their duty efficiently, unless the shareholders' meeting had been notified prior to appointment thereto. Further details of member of the Board's working experience provided in Board of Directors and Executives section.

1.2 The Audit Committee

- At the end of year 2019, the Audit Committee who was appointed by the Board of Directors has its quorum of 3 independent directors who had no conflict of interest and connected relationship with the Company, the Board of Directors, management, major shareholders, and any others related parties of aforesaid persons, and posses qualification stated by laws. In this regards, the Audit Committee have adequate expertise and experience to review creditability of the financial statements. Further information about their scope of work, duties, and responsibilities is detailed in Management Structure section.
- The term of directorship of the Audit Committee is 3 years from the date of being appointment. The committee who vacates from the office can be re-elected for another term.

1.3 The Nomination and Remuneration Committee

- At the end of year 2019, the Nomination and Remuneration Committee who was appointed by the Board of Directors has its quorum of 5 persons; consisted of 3 independent directors, 1 chairman who is not in management position and 1 executive director. Further information about their scope of work, duties, and responsibilities is detailed in Management Structure section.
- The term of directorship of the Nomination and Remuneration Committee is 3 years from the date of being appointment. The committee who vacates from the office can be re-elected for another term.

2. An Independent Directors

- The Independent Directors of the Company have possessed the qualification according to the independent standard set forth in the notification of the Capital Market Supervisory Board no. TorChor 4 / 2552 Re: Application for and Approval of Offer for Sale of Newly Issued Shares (No.2),

- All those 3 independent directors are expertise in accounting and finance, experience in high management in other industry and understanding in the Company's business. The directors therefore can review creditability of financial statements and audit work.

3. The Corporate Secretary

The corporate secretary who was appointed by the Board of Directors is responsible for organizing the meetings of the Board of directors, committees and shareholders, and preparing the minutes of the Board's meeting, the minutes of other Committees' meeting, the minutes of Shareholders' meeting and annual report as well as filing documents as specified by laws. Support and supervise the Company to perform in compliance with the laws and regulation of the Stock Exchange of Thailand.

4. The Director's meeting

- In 2019, The Company convened the Board of Directors meeting totally for 6 meetings, the Audit Committee's meeting totally for 5 meetings and the Nomination and Remuneration Committee's Meeting totally 2 meetings and the meetings were convened in every quarter as usual agendas and the others meetings were convened to follow up or review the business direction and the progress of approved projects as well as to review the Company's vision, strategy and risks of the business circumstance and may call for the additional meetings as it deems necessary according to the schedule that was planned and committed in advance since the November of 2018 as follows;

NO	The Board's Meeting	The Audit Committee's Meeting	The Nomination and Remuneration Committee's Meeting
1	15 February 2019	15 February 2019	15 February 2019
2	10 May 2019	10 May 2019	8 August 2019
3	8 August 2019	8 August 2019	
4	4 October 2019	8 November 2019	
5	8 November 2019	13 December 2019	
6	13 December 2019		

All directors have deemed it as important duty and responsibility to proceed. The Chairman of the Board regularly promoted prudent consideration and allocated adequate time for management to present significant issues and sufficient time for directors to express their opinion and discuss significant concerns carefully and neatly in the meeting, and assigned the corporate secretary to prepare and send a notice of meeting along with all related supporting documents to directors at least 7 days prior to the meeting date so as to provide the opportunity to directors to study the detail in each agenda. Details of meetings of the Board of Directors and the Audit Committee are provided in Management Structure section.

- The Board of Directors has set the policy of minimum quorum in the charter that the quorum for voting must be at least two-thirds of the total directors.

5. Director and Management Nomination and Appointment

The Nomination and Remuneration Committee shall fix the nomination process and determine to propose the suitable directorial candidates in order to replace the retired directors or management when those positions are vacant or any new appointment set by the Board of directors or set by laws, and then propose to the Board and / or the shareholder's meeting to approve. The consideration criteria is as follows;

Nomination of New Director or Management

- Qualification must be complied with the related laws & regulations and Company's Articles of Association.
- Qualified with the professional Skill, Knowledge and experience in various duties which are suitable for the benefit of the Company.
- Consider the potential conflicts of interest or any other business conflicts. Other capabilities, skill and qualification that are necessary and suitable for conducting and leading the strategy to achieve the mission of the Company.
- Qualified with good moral and ethics.

Independent Directors

- Proportion of independent director in the board must be in compliance with the criteria set forth by the Securities and Exchange Commission (SEC)
- Qualified in compliance with the definition and qualification of independent director set forth in the notification of the Capital Market Supervisory Board no. TorChor 4/2552 Re: Application for and Approval of Offer for Sale of Newly Issued Shares (No.2)

Nomination of Directors or Management (Existing)

- Past performance of the Directors or Management
- Comments and recommendations that are useful and benefit to the Company
- Time and ability contribution for the Company development.
- Participation in the meeting and other important activities
- Qualified with good moral and ethics.

6. Director and Management Orientation and Training

In case that new director is appointed, and has never been in the position of any committee or executive of the Company before, said director will be oriented by a top management or the corporate secretary for his or her acknowledgement of related code and conduct, corporate profile, nature of business, good corporate governance policy, business ethics, and other important information of the Company. Besides, the Company promotes and supports all directors and executives to obtain any skill or knowledge enhancement courses. In 2019, Directors have attended the Seminar or Training as follows;

Name	Position	Course	Institute
1. Mr. Paisal Tarasansombat	Director, Chief of Executive Board and Chief Executive Officer	Macroeconomic Update: Will Next Year Be More Gloomy?	TDRI
2. Mr. Somjate Tretarnthip	Director, Nomination and Remuneration Committee, Executive Director and Chief Finance Officer	A practical guide to Thailand personal data protection	PwC
		Blockchain Technical Appreciation for Non-Technical	DPU-X RESKILL
		New TFRS	NYC Management Co., Ltd.
3. Mr. Prawas Sontawakul	Executive Director and Chief Operations Officer	Kick-start Your SD Journey	SET
		Digital Industrial (Transforming the industry with the potential of the organization to the digital age)	The Federation of Thai Industries
4. Ms. Petrung Measincee	Executive Vice President - Business Strategy & Planning	Macroeconomic Update: Will Next Year Be More Gloomy?	TDRI
		Conduct a meeting skill	Sathirakoses-Nagapradeepa Foundation
		TDRI EIS Exclusive Briefing on A New Phase of China's Economic Development and its Implications for Thai Business	TDRI
5. Mrs. Panlapa Tarasansombat	Executive Vice President - Human Resources	Leading towards future organization	PwC
		GROWTH BUILDING CAPABILITIES FOR THE FUTURE	TMA
		Communication strategy and branding within the organization While also creating a positive experience for employees To increase business compensation and to attract employees	Asia Business Connect Co., Ltd.
		Kick-start Your SD Journey	SET
6. Mr. Somsak Tomorakul	Executive Vice President - Marketing	Macroeconomic Update: Post-Election Outlook	TDRI
		TDRI EIS Exclusive Briefing on A New Phase of China's Economic Development and its Implications for Thai Business	TDRI
		How Can Startups Help Corporates Innovate and Deal with Technology Disruption?	TDRI

7. Leadership and Vision

The Board of Directors shall possess leadership, vision, and independency on decision-making to set out the business development plan and targets and to consider the operating budget for the optimum benefits to shareholders and for the business growth of the Company. In 2019, the Board of Directors has reviewed the vision, policies and strategies which was implemented during the year and evaluated and followed up the result to make sure that such execution are effective. In the meantime, the target for the year 2019 was delivered and also communicated to the management and staff for their acknowledgement in order to set their KPI together.

8. The Board of Directors and CEO Performance Assessment

The Board of Directors sets the policy to evaluate the performance of both board and individual and CEO at least once a year according to the assessment forms and procedure as follows;

Performance assessment procedure

1. The Board of Directors reviews and approves the Boards and CEO performance assessment forms by separating into various forms as follows;

Board's performance assessment forms in 3 sets as follows;

- Self- Assessment for the board of directors as a whole
- Self- Assessment for the committee as a whole
- Self- Assessment for the board of directors and committee members on an individual basis

The main criteria for assessment are as follows;

1. Structure and qualifications of the Board / Sub-Committee
2. The Board / Sub-Committee meeting
3. The Duties and Responsibilities of the Board and Sub-Committee

CEO's performance assessment forms the main criteria for assessment are as follows;

1. Corporate Goals
 - 1.1 Business results
 - 1.2 Industrial, Economic and Innovation
 - 1.3 Social and Environment
 - 1.4 Good Corporate Governance
2. Performance
3. CEO's development

Criteria for rating in the assessment form, divided into;

- 0 = Strongly disagreed or no action is taken on that matter
- 1 = Disagreeing or having to do little about that matter
- 2 = Agree or proceed with the matter
- 3 = Quite a lot or Well done in that regard
- 4 = Strongly agree or Excellent action on that matter

2. The company secretary submits the assessment forms to the Board, all Sub-Committee and CEO within December of every year.
3. All directors and CEO assess and return to the company secretary within January of every year.
4. The company secretary gathers the assessment data and summarize the results proposing to the Board of Directors for acknowledge within February of every year.
5. The Board of Directors considers, reviews and approves the assessment within February of every year.

In 2019, The Board of Directors, all Sub-Committees and CEO have completely assessed the annual Performance. The company secretary had summarized the assessment results and reported to the Board of Directors for considers, reviews and approves in the Board's meeting No.1/2020.

9. The Remuneration of directors and executives

The remuneration of each committee was determined by the Nomination and Remuneration Committee which can be decomposed into 3 types; director allowance, meeting allowance, and bonus according to the criteria that fixed at an appropriate level and comparable with the same level in the industry and complied with the Company's operating results, experiences, duties, responsibilities, and performances of each directors and executives in order to attract and maintain qualified directors. Policy that the Nomination and Remuneration Committee use as guideline to fix such remuneration is according to the policy prescribed by the Board of Directors. In this regards, such remuneration shall take in to account in the Annual General Meeting of Shareholder for approval.

10. Business Ethics

The Board of Directors has recognized the importance to conduct its business with ethics by issuing the business ethics manual as a guideline for management to carry out their duties with transparency, integrity, considering on all stakeholders, compliance with laws and regulations. It also uses as guideline for employees to operate their work with honesty and properly. The Board regularly monitors the conducting of work whether such guiding principle is followed as expected. The Company has provided the Code of Conduct guideline and practices training to staff and also included as an employee orientation course.

11. Conflicts of Interest

The Board of Directors and the audit committee together took into account and monitored the issue that may cause conflict of interest carefully so as to check reasonability and necessity of entering into the transaction. The Board also arranges the Company to disclose such conflicts to all related stakeholders and agencies after it was approved by the Board.

12. System of Control and Internal Audit

The Company has segregated the authority and duties of operator, supervisor and assessor independently in order to check and balance their performance and control appropriately. Also, the Company has authorized the Audit Committee to review the compliance of operation control with the internal auditor; which was appointed by the committee, EY Corporate Services Limited; who is creditable and independent, to propose and conduct the annual internal audit plan, and to report and recommend according to the result of such audit. This will enhance the system of control and efficiency of work.

13. Report on the responsibilities of the Board of Directors towards the financial report

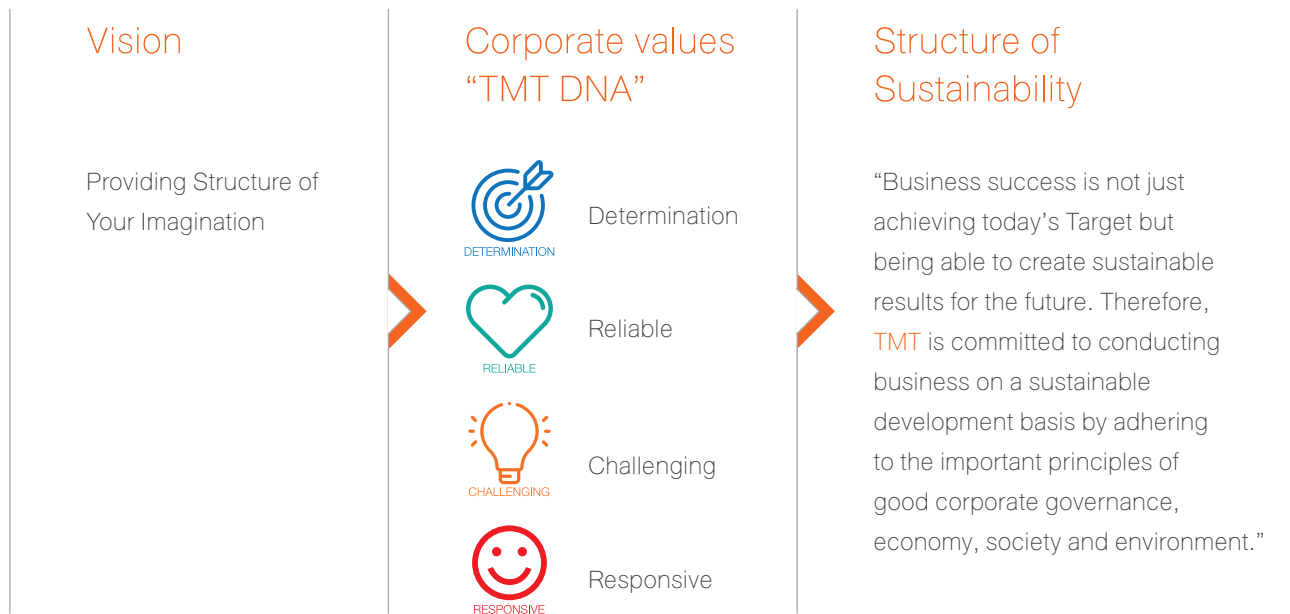
The Board of Directors is responsible for the financial statements and financial information presented in the Annual Report. The aforementioned financial statements have been prepared in accordance with Generally Accepted Accounting Standards in Thailand, based on the appropriate accounting policies and corresponding to its operation and practice regularly, as well as reasonableness in making projections, and adequately disclosing significant information as indicated in the notes of financial statements. The Board of Directors therefore prepared a report on the responsibilities for said matters and presented along with the auditor's report in the Company's Annual Report.

14. The Implementation of new Corporate Governance Code for listed companies 2017 (CG Code)

In 2019, the Board of Directors reviewed the implementation of new CG Code for listed companies and considered that the Company has adopted the most of those new CG practices to be consistent with its business context in order to ensure that the company will conduct its business with efficiency and integrity without any frauds or corruption. The Board of Directors has monitored and supervised the management to conduct its business in compliance with the Good Corporate Governance policy of the company which emphasizes the important of being an obligation for all directors, executives and employees to lead the business with efficiency, effectiveness, sustainability and value creation for the company and all stakeholders continuously and sustainably. The Board's Meeting no. 6/2019 approved to set up the Risk Management and Sustainable Development Committee and the Corporate Governance and Sustainability Committee as well as reviewed and approved the CEO's performance assessment procedure which as the conclusion from the review of new Corporate Governance Code implementation. All these implementation is expected to be complete in first quarter of 2020.



► Sustainable Development Report



TMT Steel Public Company Limited prepared a sustainable development report to communicate the sustainability strategies, operational processes, and the performance regarding important business issues and all stakeholders. 2019 was the first year that the company prepared this sustainable development program with the Board of Directors, Sustainable Development Working Group of the organization and executives, reviewed and assessed the key aspects of sustainable development together. This was integrated in accordance with the United Nations Sustainable Development Target’ (SDGs). Opinions from stakeholders were brought together in parallel with consideration in order to formulate strategies and plans as well as organizational indicators that would lead management of various issues appropriately and respond to the needs of stakeholders.

The content of the sustainable development report for 2019 focused on sustainability issues that were important to the company’s business operations and consistent with the needs of all stakeholders. It also covered economic, social and environmental dimensions that were associated with the vision, “Providing Structure of Your Imagination”. This was implemented in 5 major aspects:

Economy	Society	Environment
<ul style="list-style-type: none"> • Good Corporate Governance • Innovation Promotion 	<ul style="list-style-type: none"> • People Development • Corporate Social Responsibility 	<ul style="list-style-type: none"> • Environmental Management

Business Results in 2019



Revenue

- TMT's revenue of **16,480** million baht
- Sales volume close to **780,000** metric tons



Good Corporate Governance

- CGR Score **88%**



Employee

- People development with an average of **23** hours of training per person/year
- Employee Turnover **24.94%**



Society

- Customer Satisfaction in all aspect equal **86.80%**
- No complaints from society
- No human rights violation issues



Environment

- Solar PV Rooftop **2.5** MW saves **637,064.70** kilowatt-hours / year, equivalent to **2,484,552.31** Baht/year. Reduce CO₂ gas generation equal to **370.84** tons/year.
- Increased green area of **27** rai or **13.46%** of the area in the factory.

Awards and Recognitions



- TMT was selected into 2019 ESG100 Company Universe for those who has an outstanding Environmental, Social and Governance performance from 2016-2019 for 4 consecutive years which was evaluated from 771 listed company by ESG Rating service of THAIPAT institute.



- TMT received the CSR-DIW Continuous Award 2019 at the Eco Innovation Forum 2019 from Department of Industrial Work. The award and certificate were given to the company that has developed and maintained the Corporate Social Responsibility activities continuously.



- TMT has been certified standard of Carbon Footprint from Thailand Greenhouse Gas Management Organization (Public Organization) as to be a part of private organization to reduce the greenhouse gases emission from all activities directly or indirectly in order to utilize an effective power consumption and environmental protection.



- TMT received the "Healthy Organization 2019" from the Thai Health Promotion Foundation (Sor Sor Sor.) 2019 in recognition and praise as an organization that has developed into a Health Organization.

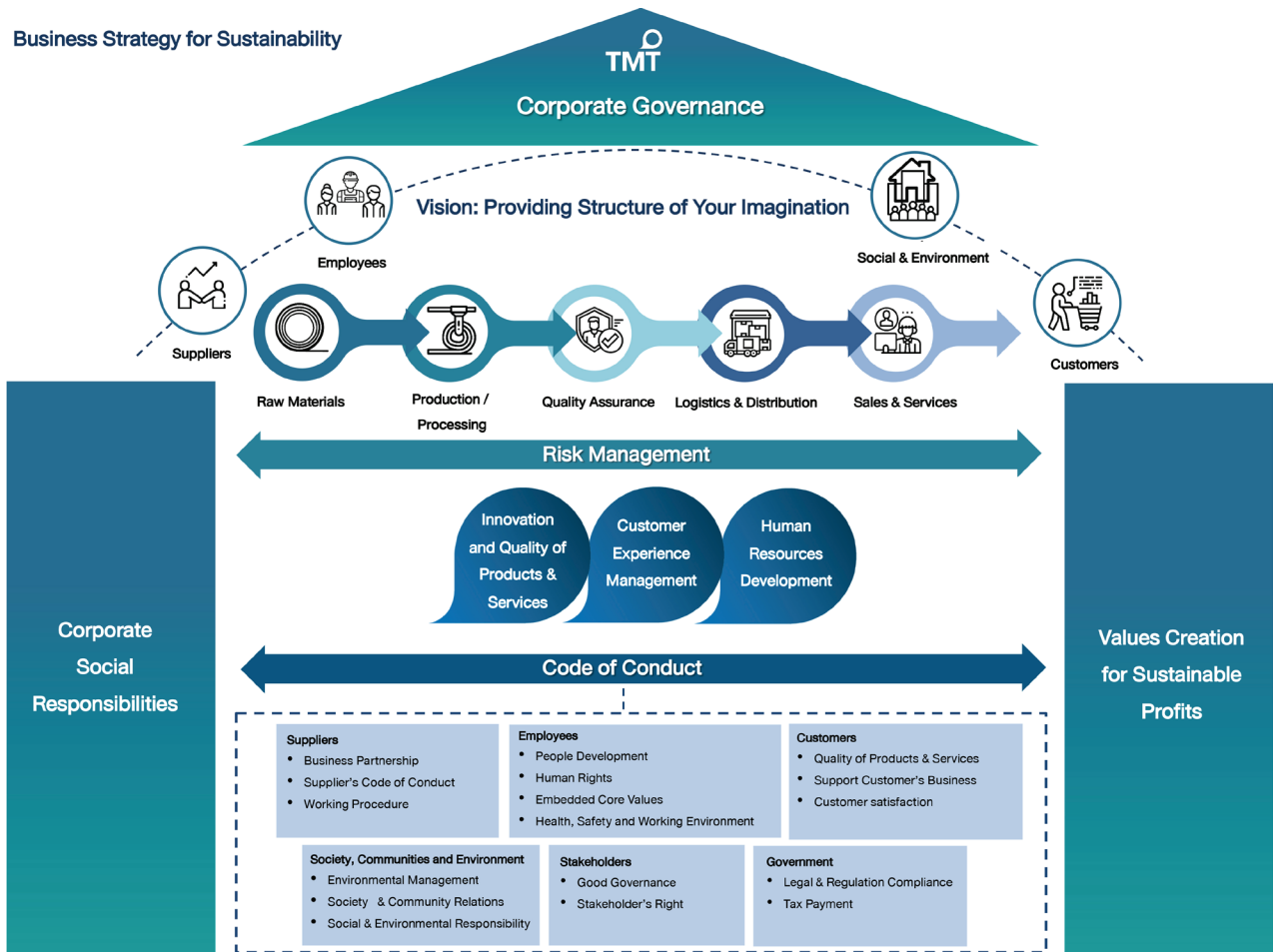


- TMT awarded the Certificate of "Standard Practices for Prevention and Problem Solving from Drugs in Corporate" from the Office of Ayutthaya Labor protection and Welfare. This project inspires and encourages the workers themselves to engage voluntarily in prevention and problem solving from drugs and establishes the sustainable drugs prevention surveillance.





Business Strategy for Sustainability



TMT strives to be the leader in the best integrated steel service center in the country with a vision “Providing Structure of Your Imagination”. The company attaches importance to being a structure for the success of every stakeholder, especially as part of the success of our customers’ business. The company does not only focus on innovation to produce quality products that meet the needs of customers, but focuses on the development of various services in order to help customers maximize the production efficiency, production capacity and maximize the benefits of customer’s business. The company set a sales growth target of 10% for at least 3 years in accordance with the investment plan between 2017 and 2022. The plan was to support growth so that the company could create a production capacity up to 1 million tons. Under these challenges, the company realizes that the business must be conducted on the basis of sustainable development by adhering to good corporate governance principles, economy, society and the environment, along with appropriate risk management which will build business sustainability from within to deliver good value to all stakeholders and enable the company to achieve sustainable growth.






Engaging with Stakeholders

The company analyzed and identified the key stakeholders from the business operations of the company, beginning with the procurement of raw materials, production and processing, product quality inspections, logistics, sales and services. All such activities are important to the company's business operations and are relevant to all stakeholders. Therefore, the company collected the interests of the stakeholders in the plan and sustainability issues which included providing contact methods by establishing channels for comments and suggestions, whether official or unofficial, as well as promoting participation with all stakeholders in order to enable the company to be able to efficiently respond to needs and expectations, continue to create sustainable value and returns. This can be summarized as follows:

Stakeholders	Relevance to Business Processes	Engagement/Frequency	Expectations	Responding to Expectations
Trade Partners/ Suppliers 	<ul style="list-style-type: none"> o Procurement of Raw Materials 	<ul style="list-style-type: none"> o Evaluate trade partners once a year o Visit trade partner factories once a year o Meet Regularly with partners to have plans for purchase order throughout the year 	<ul style="list-style-type: none"> o Fair competition without discrimination o Efficient procurement system that is transparent and verifiable 	<ul style="list-style-type: none"> o Have policies and practice guidelines regarding procurement o Develop trade partners to have good practice guidelines such as Code of Business Conduct of trade partners and anti-corruption policy
Employees 	<ul style="list-style-type: none"> o Production/ Processing o Quality Inspection o Logistics o Distribution and Service 	<ul style="list-style-type: none"> o Channels to receive suggestions, comments and complaints through the company's complaint system throughout the year o Survey of corporate values or employee satisfaction once every 2 years o Internal communication channels such as TMT Magazine, email, Line@, Touch Point and public relations board at least once a month o TMT Talk / TMT Day once a year o Meeting of Welfare Committee in the workplace 4 times per year o Training seminars according to the company's training plan o Talk & Share activities 5 times a year 	<ul style="list-style-type: none"> o Career Advancement o Acquiring development of capabilities o Benefits both monetary and non-monetary o Equality without discrimination o Promote and supervise work safety 	<ul style="list-style-type: none"> o Equitable and fair treatment, and respect for human rights o Communicate business Target and policies via TMT Talk/ TMT Day o Performance evaluations 2 times per year o Develop employees to be promoted o Talent Management o Average staff development is 23 hours/person o Join the wage survey with the HR Center each year o 11 Projects for employee benefits whether monetary or non-monetary.

Stakeholders	Relevance to Business Processes	Engagement/Frequency	Expectations	Responding to Expectations
Customers 	<ul style="list-style-type: none"> o Distribution and Service 	<ul style="list-style-type: none"> o Customer satisfaction survey once a year o Meet regularly with customers through the year to be aware of their needs o Provide regular visits to factories and production processes throughout the year o Train to consistently educate customers throughout the year 	<ul style="list-style-type: none"> o Quality products and services o Complete range of products o Correct usage of steel products o On time delivery 	<ul style="list-style-type: none"> o Develop innovations in products and services o Produce quality products that meet customers' needs o Logistics management to have on time delivery o Provide technical and academic consultations by the Technical Service Team o Systematic inventory management in order to have products ready to instantly respond to customers' needs
Society, the Community and the Environment 	<ul style="list-style-type: none"> o Production/ Processing o Logistics 	<ul style="list-style-type: none"> o 5 community visits per year o Open factories and production processes for visits and provide regular iron education throughout the year o Install a solar rooftop generation system of 2.5 MW to generate electricity from renewable energy o Cooperate with the education sector in providing bilateral education and internships o Cooperate in standards that prevent and solve drug problems in the workplace. 	<ul style="list-style-type: none"> o Caring for the environment around the community o Conduct business that does not negatively impact the community o Share useful thing to promote a good quality of life for people in the community 	<ul style="list-style-type: none"> o Improve the production process and environmentally friendly work processes by controlling air and noise pollution o Improve the environment inside and outside the factory so it is clean and increase green space o Regularly share and provide knowledge for institutions, departments, and organizations on issues that the company has expertise o Support resources and equipment that is useful such as a community drinking water project, steel project for sustainability, etc. o Signing an MOU with educational institutions in bilateral projects. o Project to stop smoking

Stakeholders	Relevance to Business Processes	Engagement/Frequency	Expectations	Responding to Expectations
Shareholders, Investors, Analysts 	<ul style="list-style-type: none"> o Distribution and Service 	<ul style="list-style-type: none"> o Shareholders' Meeting once a year o Analyst Meeting once a year o Provide channels for inquiries through the investor relations website and telephones throughout the year 	<ul style="list-style-type: none"> o Operating results of the company o Transparency in business operations and good corporate governance 	<ul style="list-style-type: none"> o Annual Report o Explanation of operating results through the company website and the Stock Exchange of Thailand o Manage the company's operating results under appropriate risk management o Proceed according to the investment plan o Be selected in the ESG100 group of companies
Government Sectors 	<ul style="list-style-type: none"> o Product/ Processing o Quality Inspection o Logistics o Distribution and Service 	<ul style="list-style-type: none"> o Report business performance and operating results to relevant government agencies at the specified frequency o Continuous participation in government activities and projects 	<ul style="list-style-type: none"> o Comply with regulations, laws and policies of regulatory agencies 	<ul style="list-style-type: none"> o Report business results and provide information that is true, correct and complete as stipulated o Cooperate and support various projects of government agencies o Comply with the laws related to tax management
Competitors 	<ul style="list-style-type: none"> o Distribution and Service 	<ul style="list-style-type: none"> o Joint meetings with associations and organizations that are relevant to the business according to the agenda and appropriate opportunities o Provide channels to regularly receive suggestions, comments and complaints through the company complaint system 	<ul style="list-style-type: none"> o Company business information o Market share o Conduct business transparently and fairly 	<ul style="list-style-type: none"> o Disclose operating results through the company website and the Stock Exchange of Thailand. o Create fair business competition conditions

The Process to Determine the Content of the Report

1. Identify Important Issues

Consider the external factor analysis, challenges in the steel industry, and sustainability issues that are important or affect stakeholders and business (economy, society, and the environment). This includes an analysis of internal factors such as weaknesses, strengths, risk factors, and the company's performance.

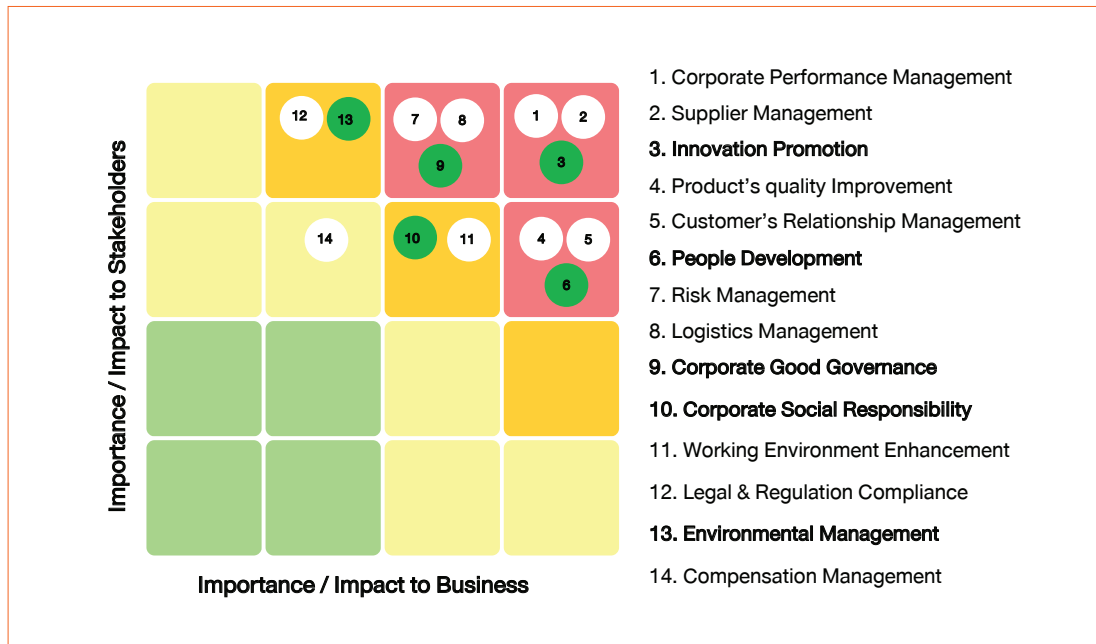
2. Prioritize Matters of Importance:

Consider and prioritize of important issues based on the perspective of the company and external stakeholders whether the opportunity and the impact of each issue that affect the economic, society and the environment.

3. Verification of Issues:

Propose issues that were prioritized to senior executives and the Board of Directors in order to approve the important issues and the content to be presented in the annual report and disseminated on the company website. In addition, the company assigned relevant departments which include the Board of Directors and the Sustainable Development Working Group to consider, verify the accuracy and completeness of the significant issues in order to obtain comprehensive issues that cover economic, social or environmental dimensions. The results of the key issues and the determination of the company's key issues each year were determined by the process of conducting a survey on the interests and expectations of interested parties. The results will be used as important information to make appropriate decisions regarding sustainability policy and strategy.

In 2019, the important issues are as follows:



Due to the preparation of important issues, the company categorized various issues into groups and planned sustainability operations to be in line with the company's business strategy and Target for 2019. This covered the economic, social, environmental dimensions, and important stakeholders in all aspects.



Economy

- Good Corporate Governance
- Innovation Promotion



Society

- People Development
- Corporate Social Responsibility



Environment

- Environmental Management

Economy Good Corporate Governance

Policy

The Board of Directors recognizes the importance of the company's good corporate governance by adhering to the principles of morality and ethics as a guideline for business operations and establishing various policies in order to perform duties with responsibility, caution, honesty and adhering to morals. The company develops products and services that focus on creating value, adding long term value to the business, and treating all stakeholders equally. This will enable the business to move forward with efficiency, transparency and gain the trust of shareholders, investors, interested parties, and all stakeholders. The company has set the following policies, guidelines and various processes:

- Code of Business Conduct
- Good Corporate Governance Policy
- Board Diversity Policy
- Quorum of the Board of Directors Policy
- Performance Assessment for the Board of Directors and CEO Policy

(Details about the mentioned matters are disclosed in the annual report and the company's website at www.tmtsteel.co.th.)

Target



- Received a good corporate governance evaluation with a 5 star rating (excellent)
By the Thai Institute of Directors Association (IOD)



- Selected to be in the "List of Sustainable Stocks" or Thailand Sustainability Investment (THSI) By the Stock Exchange of Thailand (SET)

Strategies

- Comply with the laws regarding the business operations of the company and the whole business chain.
- Improve internal control processes, rules and Company's Article of Association in accordance with the situation at all times.
- Implement Good Corporate Governance Principles for Listed Companies 2017 (CG Code)

Operations

In 2019, the company implemented good corporate governance as follows:

1. Complied with the law regarding business operations of the company and the whole business chain. In 2019, No lawsuits have been filed regarding non-compliance and there are no labor disputes
2. Improved the internal control processes, rules and Article of Association of the company so that they were in accordance with the situation at all times. The Audit Committee appointed EY Corporate Services Company Limited to be responsible for planning, auditing and reviewing the plans that were approved by the Audit Committee. In 2019, EY Corporate Services Company Limited reviewed the internal control system, especially the review of calculations and the cost data reporting. This proceeded as follows:
 - Step 1 – Plan and determine the scope of the project work.
 - Step 2 – Study, collect, analyze and review cost data.
 - Step 3 – Make recommendations regarding cost calculation principles and cost reporting.

This was completed and the assessment results regarding cost calculations and cost data reporting were submitted to the Audit Committee for consideration.

3. Implemented Good Corporate Governance Principles for Listed Companies 2017 (CG Code)

- **Performance Assessment for the Board of Directors and CEO**

The company implemented the performance assessment for the entire Board of Directors, individual committee members, every sub-committee, and the Chief Executive Officer at least once a year in order for the Board of Directors to jointly consider their previous performance and continue to improve and develop. The company Secretary summarized the evaluation results for 2019 and proposed to the Board of Directors to consider, review and approve the evaluation results at the Board of Directors' Meeting No. 1/2020 (criteria and evaluation process were disclosed in the annual report under the topic of good corporate governance).

- **Establishment of a Risk Management Committee and the Corporate Governance and Sustainability Committee**

At the Board of Directors Meeting No. 6/2019, the Board of Directors had a policy to establish a Risk Management Committee and a Corporate Governance and Sustainability Committee to supervise systematic risk management and search guidelines for development and sustainable growth in order to build confidence, credibility with customers and trade partners, for the benefit of business values and a sustainable economy. The Board of Directors assigned a person who is responsible for establishing the committees and determining the charter of the said committees and propose them to the Board of Directors for consideration in Meeting No.1/2020.





















- **Determination of a Remuneration Policy for the CEO**

At the Board of Directors Meeting No. 6/2019, the Board of Directors assigned the Nomination and Remuneration Committee to consider the remuneration policy of the Chief Executive Officer by considering the evaluation results of the performance of the Chief Executive Officer, which was evaluated by the Board of Directors. The evaluation results were considered together with the remuneration guidelines for the Chief Executive Officer of other companies in the same industry by taking into account the success of the company's business operations in accordance with the short-term Target and long-term sustainability strategies in order to motivate the Chief Executive Officer to perform their duties with the highest efficiency and effectiveness for the organization, create value and stability for all stakeholders. The Nomination and Remuneration Committee shall submit the remuneration to the Board of Directors for approval at the Meeting No.1/2020.

Operating Results



TMT received the status of sustainable business practices “ESG100 Company” which was selected as one of the ESG securities that had an outstanding performance regarding the environment, society and governance for the consecutive years between 2016 and 2019. This was from the data assessment of sustainability securities of 771 companies listed on the Stock Exchange of Thailand (year 2019) by the ESG Rating Agency, Thaipat Institute, ESG.

Year	Average score of listed companies	Average SET100 Index score	Average score SET 50 Index	Score TMT receives	Symbol
2019	82%	90%	92%	88%	   
2018	81%	88%	91%	88%	   
2017	80%	87%	90%	85%	   
2016	78%	86%	88%	83%	   
2015	75%	84%	87%	80%	   

Innovation Promotion

Policy

Under rapid technological change, the company sees the importance of bringing innovation to improve product quality and create value in both manufacturing processes and management in order to best meet the different needs of customers and maintain its leadership in the business of manufacturing and distribution of steel products to various industries in Thailand. The company also encourages continual process innovation development from the inside in order to increase productivity, reduce work time, create a safe working environment for employees, and reduce any environmental impact which is a principle for the company's sustainability.

Target

- Customer satisfaction results regarding the products to be more than 80%.
- Increase production capacity to 1 million tons.
- Implement technology to continuously improve the efficiency of work process every year.
- The number of works that result from improvements and developments of employees is 100 tasks per year.

Strategies

- Study and understand the needs of customers.
- Apply technology as a tool to increase efficiency in product development and work processes.
- Assess and review risks and development opportunities in business and work processes.
- Promote a work culture that continually encourages learning, improvement and development.

Operations

1. Product Development of STAY FLAT, the first ultimate-flatted steel sheets in Thailand

Technology is developing rapidly nowadays. The automation system has been used to help increase the efficiency in the manufacturing process. The flatness of the steel sheet remains the most important factor in the production to produce the ultimate workpieces as well as good quality and a reduction of losses. The process that makes steel sheets completely smooth is very important to the customer's success. The company has studied and collected data from customers who use steel sheets and found that manufacturers or users of steel sheets often have problems with steel sheets springing back. That means when the steel sheet that looks flat is cut, it can bend or be deformed. This sometimes causes damage to customer's machinery because the sheets spring back. Thus, we raised the problem statement: "How to produce the perfectly flatted steel sheet", even after continuous processing whether it has been laser or plasma cutting, welding, drilling or forming, etc. According to the above question, the company then studied advanced technology to help solve the problem of steel sheet's springing back and installed a machine to cut steel sheets by using Stretcher Leveling technology in order to produce a completely flat steel sheet which maintains an even flatness across the entire sheet. This helps to increase its efficiency and creates an excellent quality to be best used in the production of various pieces of work in the customer's industry. The company was the first to release the product under trademark  to the steel industry in Thailand in August 2018. The company continually studied customer usage data throughout 2019 to meet the needs and focused on the best benefits for customer's businesses and met the objectives to use the products in various industries. This was found to be helpful and helped increase productivity, reduced working time, and reduced losses of the customer's business.

2. Apply Technology to Increase Efficiency in Work Process Development

The company implemented an automation system and robots in the work process by integrating them into some production steps in order to increase work efficiency and employee safety, reduce the risk of accidents, waste, and the use of energy that may affect the environment. Currently, the automation system and robots are used in the production process, namely **a robotic system**, in the process of changing the blades of the slit machine which requires a lot of time and delicacy. However, this robotic system can reduce working hours and eliminate risk from fatigue that may cause accidents to employees during work. **Automatic strapping** to the steel pipe machine were installed in order to speed up production, increase the packing quality to meet standards, and replace the employee workforce during operations to reduce health risk regarding fatigue and increase employee work safety. In addition, **the steel pipe production model program (COPRA)** was used in the analysis, design, adjustment of rolling set and pipe production simulation to help increase accuracy and reduce work time in the rolling set design process before the actual production in order to reduce losses caused by design errors. In addition, **an application on smartphones** was developed together with start-up companies to manage the machinery maintenance in factories so that they are more efficient and faster, reduce work steps and reduce paper usage by 100%.

3. Promote Work Culture that Encourage Continuous Improvement and Development

The company promoted activities to develop new creativity, whether it was methods, patterns, steps, devices or inventions from improving working procedures of operational staff to the improvement of work processes at the department level in order to improve work in the same format to be more effective, reduce errors, and increase quality or add value to the completed work. This also creates awareness among employees to have continuous work development which is an important factor that leads to sustainable innovation development. The company supports various departments to create projects that improve and develop the work from the work process of employees, starting from employees at the operational level to the level of supervisor. In the past year, employees were able to create and build upon the achievements as follows:

- Improved and developed the work of the employee in production, maintenance and human resources. There were a total of 265 tasks. This helped the company reduce costs by approximately 103,000 Baht.
- Developed internal connection systems to assist in opening orders for specific groups of customers that have a large purchase amount. This enabled the sales support officers to reduce work time and the use of people working with documents by 50% in the process.
- Created holistic work so that relevant departments could use the information to manage the stock of products to be ready for sales. This can reduce a salesperson's work by one step.
- Increased the efficiency of product delivery within the factory through the process of transportation management and gathered products in one place. This resulted in warehouse staff being able to finish work earlier, from 9:30 pm. to 8:30 pm.

Operating Results

- Customer satisfaction result regarding the products was more than 88%.
- Total production capacity increased to 962,919 tons.
- Technology was implemented to help increase efficiency in the work process in a total of 4 areas.
- The number of task that resulted from improvements and developments of employees were 265 tasks.





Society People Development

Policy

TMT employee's potential is one of the most important keys in the company's structure. Thus, we developed our people to be professional, knowledgeable, experienced, have the expertise and be ready to give advice through systematic knowledge management. The company gives everyone opportunities to participate in presenting ideas that lead to action, work methods that are committed to success, supporting technology learning and new innovations in order to support the demand of unlimited steel and making TMT employees ready to be a structure for sustainability.

Target

- TMT employees are developed continuously and receive an average of 25 hours of training per person/year.
- Work behavior that is consistent with corporate values "TMT DNA" is at an average score of 85%.
- The turnover rate is less than 10%.

Strategies

- Analyze the need of staff development in all departments and organize training courses that support the company's Target so that they are consistent with the values and expected behavior along with allocating a sufficient budget for employee development.
- Prepare employees to be able to work professionally, be service minded, and have modern knowledge through job coaching and systematic coaching from experts from inside and outside the organization.
- Promote and develop employees to have career advancement and fully utilize their potential.

Operations

1. Prepare to be Ready for being a "Structure"

The company has been prepared, starting from the recruitment process and has provided facilities for people development systematically and continuously in order to thoroughly increase the knowledge and potential of employees by proceeding as follows:

1.1 Recruit and select employee based on qualifications, attributes, skills, knowledge, abilities and attitudes that are appropriate for the job position and corporate values. Operating in accordance with the requirements of the Thai Labor Standards, support and protect human rights. The company is not involved with human rights violations, hiring illegals and child labor. The company treats employee equally, does not discriminate and gives equal opportunities to everyone. This includes the employment of disabled people and allows women to hold positions in the management, etc. In addition, there is a project called "Friends Recommend Friends" in order to recruit employees with qualifications and attitudes that are suitable for the position and values of the organization. This is considered an additional channel and opportunity to find suitable candidates for certain positions in which the company rewards employees who introduce friends or acquaintances with suitable qualifications to apply for jobs and pass probation. The total number of employees from the Friends Recommend Friends Project was 23 people. Over the past year, the company was able to recruit employees according to the organization's growth target. As of December 31, 2019, the company had a total of 1,235 employees which can be divided into 857 males and 378 females, an increase of 119 people or 10.66% from 2018.

1.2 The TMT Knowledge Center is a center for learning and developing the potential of employees. The company promotes knowledge for employees through the TMT Academy program, which is a basic course that employees gain knowledge and skills needed to perform their work. A survey on the necessity of training and developing employees was done by interviewing managers in each department together with job analysis, performance evaluation, and designing

a training plan in accordance with the Target and strategies of the organization. The company is able to provide training in accordance with the Target of each department. TMT employees received an average of 23 hours of training per person and the company increased learning channels through 22 E-Learning courses in order to enhance knowledge and modern skills, prepare employees to be ready for future growth as well as create quality internal trainers to pass on the knowledge, give advice and encourage employees to learn new things all the time. In addition, the TMT Educational Program (TEP) was continually conducted in cooperation with the Non-Formal and Informal Education Center, Wang Noi District, Phra Nakhon Si Ayutthaya for the 4th year. This aims at employees who want to increase their basic knowledge and qualifications at the elementary and secondary levels in order to have the opportunity to continue studying voluntarily outside of work hours in which the company prepared a place and fully facilitated the teachers. There are a total of 15 graduates and 8 people who are currently studying.

2. Instill TMT DNA to support every “Imaginations”

Corporate values were established as the foundation for the organization's vision. The company communicates and puts an emphasis on employees so that they recognize the value of the organization through communication channels and various mechanisms of the organization on a regular basis. This also creates a corporate culture “TMT DNA” that everyone adheres to as an operational guideline, starting from the top management to the staff. Customers and outsiders can perceive from their experience in working together with TMT by our intention of delivering the best products and services through the 4 values which include determination, challenging, reliable and responsive. The company organized various activities to promote corporate values. They are as follows:

2.1 TMT Challenging Run 2019

This was held for the second consecutive year in order for employees to challenge their potential through various running styles. Employees can choose to apply in accordance with their aptitude. This included virtual runs, single runs and team runs. Moreover, employees saw the importance of exercise for good health. This also contributed good things to the community as a result of 100 Baht application fee from each person. A total of 437 people joined the project which generated an income from application fees without any deductions of 43,700 Baht. The money was used to purchase drinking water filters for Wang Noi School (Phanomyong) and community in village Moo 5 in Lam Sai Sub District (Expect to completely install within March 2020.)

2.2 Reduce Belly, Reduce Disease activity (BYE BYE FAT)

Promote behavioral change regarding weight control that exceeds standards and reduce the risk of disease in the NCDs group. There were 68 employees who enrolled in the project and from this project the company received a “Healthy Organization” plaque from the Office of the Health Promotion Fund (Sor Sor Sor) to encourage and praise the organization that developed into a health promoting organization.

2.3 Think & Talk activities

Invite people to think, talk, exchange, share views and listen to ideas among each other in an informal way. Employees were able to propose topics or issues of interest to join in discussions. This was an exercise in critical thinking and questioning skills. The activity was organized 5 times and there is a target to continue this activity in 2020.

2.4 TMT Day 2019,

“TMT Loves the Earth” was organized to encourage employees to be conscious of the environment by “Start with Us”. These activities created employee participation and had a variety of activities such as waste separation activities, creative dress from waste materials contest, lessons to make a dish from water hyacinth, and tie-dyeing handkerchiefs, etc. Almost all of the TMT executives and employees (99%) attended the event.

2.5 TMT DNA Survey 2019.

In order to ensure that employees recognize the corporate values and express them through work methods, the company organized 2019 TMT DNA Survey. The survey's average score of 4 values was 86.55%. The survey results were communicated and recommended for the self-development of employees through the internal communication channels of the company. The company set a training plan to ensure that all new employees are trained in the TMT DNA program.

3. Prepare for “Growth”:

Provide employees career advancement. The company set career paths for employees at every level and has guidelines to develop the competency of employees in each position. This includes the transfer of the line of work to meet increased capabilities. Employee who move up to the level of supervisor and above must prepare an Individual Development Plan (IDP), follow up and report the results of self-development to executives for acknowledgment systematically. The company establishes talent management program by selecting talents based on knowledge, competency and various dimensions such as performance, working experience, and personal characteristics. This is a form of human resource management that helps employees to have clear development directions, supports the growth of the organization, and motivates people to continue to develop for higher Target. Over the past year, there were a total of 181 employees who were promoted. A total of 13 managerial, 9 supervisors, 50 officers and 109 staff were promoted which was 14.66% of the total employees. In addition, the company provided welfare and various projects to promote a good quality of life, build morale, and increase the corporate commitment to employees. This included 11 projects in both monetary and non-monetary form.

Operating Results

- TMT employees are continually developed, receiving an average of 23 hours of training per person/year
- Working behavior that is consistent with the corporate values “TMT DNA” had an average value score of 86.55%
- The turnover rate of employees equal to 24.94%, decrease from 2018 that was 34.20%



Conducting Business with Corporate Social Responsibility

Policy

The company is aware of working together with the community and society by giving importance to every stakeholder. The company learned to develop and live together with the community through activities that build understanding as well as promoted participation with all stakeholders in order to ensure that the business activities of the company will not affect or cause trouble to individual's normal way of life, communities and the surrounding society. This enables the company to respond to needs and expectations efficiently, create sustainable value and business result together.

Target

- Customer satisfaction in all areas with an average over 80%.
- The Injury Frequency Rate (IFR) decrease continually every year.
- Have 0 external complaints.
- Continually implement projects that create cooperation between the company and society every year.

Strategies

- Create engagement with all stakeholders through the use of resources and the expertise of TMT in order to maximize value.
- Create good experiences for all stakeholders through activities or projects that are mutually beneficial.

Operations

The Company complied with Code of Business Conduct and created participation with stakeholders under the business operations with the following social responsibility:

1. Customers

The company is aware that customers are highly supportive of the company's success and growth. Therefore, the company strives to be ready to meet the needs of customers to create maximum satisfaction. Besides regularly meeting customers and channels to receive suggestions via the company's website, the company continually conducted customer satisfaction surveys in 2019. The results of the customer satisfaction surveys regarding product quality and service had an overall score of 86.80% which was higher than the previous year. Customers were very satisfied to extremely satisfied with the quality of products and services. In order to improve and develop service, the company analyzed the results of the satisfaction score that did not meet the criteria of the company as well as other recommendations. The company has a plan to improve, change, and develop all aspects by assigning responsible departments to implement the guidelines together in order to improve and achieve the set Target. In addition, the company also organized a training program to educate customers about steel products in order to have a better understanding of the use of steel products. The executive management and employees of 12 client companies attended. In addition, customers were invited to visit the factory on a regular basis in order to ensure that the company has products and services that are truly ready to meet all customer needs. In the past year, 106 client companies visited the factory.

2. Employees

Employees are valuable assets of the company, as a result, the company encourages and supports employees at all levels to have a good, safe quality of life, to progress and grow alongside the expansion of the company. The company uses the results from dialogues with employees, meetings of the Welfare Committee at the workplace and surveying

corporate values and forwarded to all relevant parties to consider. The company pays attention to every issues from the employees at all levels, analyzes them and organizes them into various projects which are beneficial to employees, such as an education fund for employees' children, a project to reduce and stop smoking to help build good health and reduce illnesses, promote savings in the family which includes staying away from drugs, a project to give vaccines for the 4 strains of influenza in order to reduce employee illnesses and prevent the spread of illnesses to others, the TMT Challenging Run, etc. In addition, over the past year, the company opened a new air-conditioned cafeteria with an area of more than 1,200 square meters to support the increasing number of employees. It was also equipped with an automatic dishwasher in order to promote the quality of life and good hygiene of employees. There are more healthy food choices on menus for employees as part of the belly reduction program. The new cafeteria also received a Clean Food Good Taste certification from Lam Sai Subdistrict Administration Organization. In order to support advancement in the digital age, the company also installed a high-speed internet network for employees to use in the cafeteria and participate in the company's activities online. The company installed 2 automatic snack and beverage vending machines and installed 6 SMART TVs to serve as a channel to disseminate information and knowledge to employees. The company also prepared space to support recreational activities for employees such as outdoors running track etc. The new cafeteria uses electricity that generate from the TMT's solar rooftop.

The company implemented an occupational health and safety management system (ISO45001: 2018) as a guideline in the management of occupational health and safety. The goal is to be certified in 2020 in order to develop and promote safety mindset for employees. Over the past year, the Safety Department registered 18 occupational safety and health courses under the TMT Academy guidelines and organized training for all employees in accordance with the Safety Skill Matrix. There are assessments about safety risk and opportunities as well as occupational health in all activities. The company has documented procedures for safe operations in order to be communicated with operating staff. In addition to this, safety was organized to promote safe behaviors such as Safety Week, TMT BYE BYE FAT project, Good Safety, free lunches Project, and Safety Small Group activities to instill safe work behavior in employees.

The company encouraged employees to be aware of social responsibilities through activities which were held continuously every year. These included donating blood, safety driving program, saving water and power-off campaigns during lunch breaks, separating garbage and food waste and providing security guards that handle traffic during rush hours or during heavy traffic on the public road in front of the factory in order to create safety for road users in the community. The company also labeled speed control signs in the factory to help drivers in the factory use appropriate speeds and reduce the risk of accidents. TMT Market Project enables employees to buy good quality products at reasonable prices and helps promote income distribution in the community. Most importantly, it is also a direct help to people with disabilities to sell products without charging any fees.

3. Shareholders:

The company realizes and gives importance to shareholders as owners and take care of shareholders' rights in accordance with good corporate governance principles. The company communicated with shareholders through the Annual General Meeting of Shareholders for 2019 and disclosed a variety of information through the channels of the Stock Exchange of Thailand, through a licensed securities analyst and through the company website. This included information for shareholders, contact channels for independent directors and the investor relations department, etc.

4. Business Partners / Suppliers

4 Business Partners / Suppliers are those who have contributed to procure various factors that are necessary for the company's business operations. The company gave partners the opportunity to visit TMT factory and allowed employees to visit the supplier's factories in order to create a good understanding of working together and promote cooperation in

product quality development and long-term business alliances. The company emphasized fair treatment to trade partners in accordance with the commercial conditions and the contract. The company has a channel to receive complaints and listens to opinions through the company's website. In 2019, the company did not receive any complaints from suppliers. In addition, the company prepared a Code of Conduct for business partners for the acknowledgement and to be used as a guideline for mutual sustainable development.

5. The Community and Society

The company supports activities that benefit the community and society along with business operations. The company has a communication channel with the community in which the company went into the area surrounding the factory to talk with the community a total of 5 times. This included Palazetto Village, Wang Noi Hospital, Wang Noi School (Phanom Yong) Community, Village Moo 5 Lam Sai Sub-district and Lam Sai Subdistrict Administrative Organization in order to listen to the opinions and needs in order to create projects that create mutual benefits. These included: **1. Increase green areas and improve scenery around the factory** to create a good environment by planting a line of trees around the fence of the factory and improve the drainage canal in front of the factory to be a lotus pond and install turbines to increase oxygen in the water. **2. Improve the efficiency of transport vehicles** by supporting areas for service providers to repair and inspect vehicles in the factory in order to ensure the readiness of transport vehicles. Improve components and install systems to help keep cargo clean and safe without causing danger or losing items along the way. **3. Support clean drinking water to the community** by using the money from the TMT Challenging Run application fees to purchase equipment and drinking water filters for Wang Noi School (Phanomyong) so that students and teachers have clean drinking water to consume, create good hygiene, reduce illnesses, and reduce costs from buying drinking water. **4. Waste Management project**, the company collaborated with 4 local companies to donate the income from the sale of waste to Lam Sai Subdistrict Administration Organization in order to help the disabled, the elderly and bedridden patients in the area **5. Sustainable steel projects** by supporting structural steel to improve school buildings and build a cafeteria for communities in remote areas such as Mae Hoi School, Mae Chaem District, Chiang Mai Province, through the Northern Thai Volunteer Club of King Mongkut's University of Technology Ladkrabang and renovate the school at the Mae Fah Luang Mountain Community Learning Center, Mae Chaem District, Chiang Mai Province, through the rural development volunteer camp of the University Student Club, Faculty of Engineering, King Mongkut's University of Technology, North Bangkok, which is an institution that company can recruit engineers to work on a regular basis. Currently, there are 19 alumni from both institutions working at the company. **6. Steel University Project**, in 2019, there were more than 10 institutions, departments, organizations, both public and private, that visited TMT and learned the production process in order to jointly share knowledge of the steel business in Thailand to the international level. This was done by welcoming visitors of the South East Asia Iron & Steel Institute and the World Steel Institute in collaboration with the Iron and Steel Institute of Thailand in order to make the company become more internationally known and be able to create more opportunities to do business with foreign partners **7. The Internship Program and Bilateral Projects** in which there were 108 students who attended the internship with the company. This was divided into 37 undergraduate students and 71 vocational degree students who were bilateral project students. This was collaboration between the company and the school. In 2019, the company signed a bilateral project with the Saraburi Technical College to help create educational opportunities and promote the training of professional skills and real work experience for students to be able to use the knowledge they have learned and prepare them before they enter the workforce after graduation. In the past year, the company was able to recruit 13 people from bilateral projects.

6. Related Government Agencies

The company adheres to the guidelines and strictly complies with the laws, rules and regulations of the government in order to be orderly and fair prevent risk and various impacts, promote stability in business operations and a good image for the organization. The company was willing to cooperate through providing information on business operations of the

company to government agencies to be used in various areas as deemed appropriate, comply with the law and regulations correctly and completely, and also report on business performance and operations to the relevant government agencies according to the frequency specified by the department. This includes continuous participation in activities and projects of government agencies such as training, seminars etc. as well as welcoming all 3 relevant government agencies that visit the factory.

7. Business competitors

As for business competitors, the company operates business in accordance with the free and fair competition framework. The company does not damage the reputation or distort information to cause damage to competitors and does not use social issues as a competitive advantage.

Operating Results

- The total satisfaction of customers in all aspects equal 86.80%.
- The Injury Frequency Rate (IFR) of 10.95%, decreased from 11.58% in 2018.
- External complaints equaled 0.
- There were 7 projects that created cooperation between the company and society per year and the projects will continue.



Environment Environmental Management

Environmental Policy

The company is committed to environmental management by reducing emissions, energy consumption and reducing the use of natural resources for a sustainable environment.

Targets

- Reduce greenhouse gas emissions per unit of production (ton CO₂e/ton Product) by 20% compared to the base year (2018) by the year 2027.
- Improve the work environment to reduce the impact of loud noises in the production process. The average noise level is in accordance with the standards in all areas.
- Increase green area by 20% by the year 2027.

Strategies

The company pays attention to environmental protection in parallel with business operations. The company promotes and supports employees to participate in the conservation of natural resources and save energy as well as avoiding any actions that may cause pollution in the environment whether at work or in daily life. This includes cooperation and strict compliance with environmental laws.

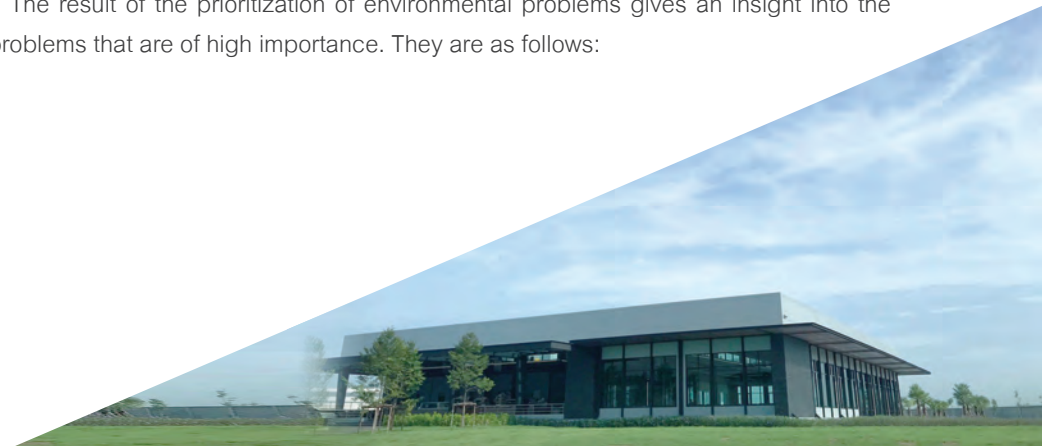
Operations

1. Assessment of Significant Environmental Problems

Assessing environmental problem is considered the first priority in the organization's environmental management. This is a process that makes the organization aware of activities that impact the environment. The company carried out the following activities to search for significant environmental problems because of the business operations of the organization.

1.1 Analyze and evaluate significant environmental problems (environmental aspects). The company analyzes environmental problems by considering the entire life cycle of the product that the company can control. This includes the all of the operations in the company, whether it is normal or abnormal conditions, or emergencies. The company assesses the significance of the enumerated environmental problems in order to find the significant environmental problems of the organization by comparing them with the assessment criteria and then prioritizing the characteristics of the assessed environmental problems.

The criteria used to prioritize included the potential of occurrence, the seriousness of the problem and legal issues and other requirements. The result of the prioritization of environmental problems gives an insight into the characteristics of the environmental problems that are of high importance. They are as follows:



Department/Process/ Activities	Nature of Environmental Problem/Use of Resources	Total Score	Grade (A, B, C)	Law (A, B, C)	Priority (A, B, C)
Acquisition of Raw Materials Steel coil	Iron ore	49	A	C	A
Acquisition of Raw Materials Steel coil	Electricity	49	A	B	A
Acquisition of Raw Materials Steel coil	Fuel	49	A	B	A
Manufactured Long Product Forming	Noisy	35	B	A	A
Manufactured Flat Product Cut coil	Noisy	35	B	A	A
Manufactured Flat Product Folded	Noisy	35	B	A	A

Remark: Priority of environmental problems

Environmental problems can be prioritized into 3 levels as follows:

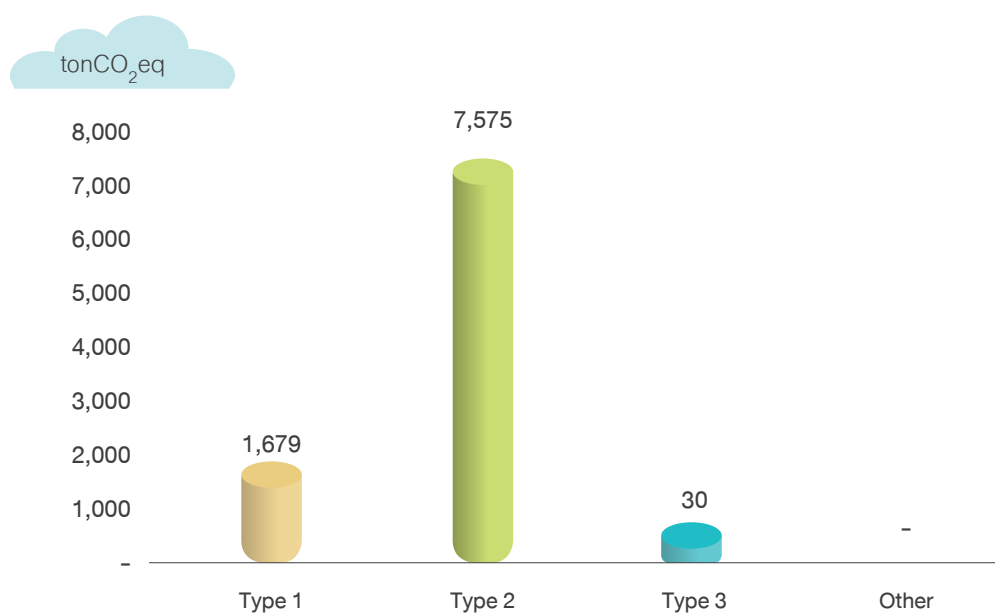
Priority	Characteristics of Pollution/Resource Problems
A High Significant	A score of 45 points or higher
B Medium Significant	A score between 22 and 44
C Not Significant	A score of 21 points or lower

1.2 Company Carbon Footprint Project. The goal is as follows:

- Assess greenhouse gas emissions from corporate activities.
- Find significant causes for greenhouse gas emissions and find solutions to reduce greenhouse gases

Operating Results

- Able to estimate the greenhouse gases emitted from corporate activities. In 2018 it was equal to 9,291 ton CO₂eq. The greenhouse gases emitted from energy consumption activities were electricity and fuel (type 2), equaled 7,575 ton CO₂eq which accounted for 81.59% of the total greenhouse gas emissions.



1.3 Carbon Footprint Products Project. The goal is as follows:

- Calculate the amount of greenhouse gas emissions emitted from at least 4 products.
- Products that carbon footprint has been calculated are registered with the Thailand Greenhouse Gas Management Organization (TGO) at least 4 products.

Operating Results

- Calculated the amount of greenhouse gas emissions emitted from products and registered them with the Thailand Greenhouse Gas Management Organization (TGO) for the following 4 products:
 - 1) Steel sheet thickness 2 mm = 1.27 kgCO₂eq/kg product
 - 2) C-shaped steel structure, size 100 × 50 × 20 mm, thickness 1.2 mm = 2.05 kgCO₂eq/kg product
 - 3) Cold-formed structural steel, square pipe type, size 50 × 50 mm, thickness 1.2 mm = 2.92 kgCO₂eq/kg product
 - 4) Cold-formed structural steel, black round pipe, size 4 inches, thickness 4.5 mm = 2.23 kgCO₂eq/kg product

2. Environmental Management

The company appointed a working group on energy management to provide energy management solutions that are efficient and sustainable. In addition, an environmental and safety working group was appointed in order to manage and operate in the environmental and safety dimensions related to sustainable development. This included activities such as the Environmental Aspect Assessment of Carbon Footprint Project. The company acknowledged that business activities that significantly affect the environment are the use of electrical energy, as a result, the company focuses on conducting business in an environmentally friendly way by using renewable energy. These are the past activities:

2.1 Solar power generation system. The goal was as follows:

- Reduce the amount of electricity used by 30%, the target of saving 3,518,000 kilowatt-hours/year which is equivalent to 13,966,460 Baht/year.

Operating Results

- Solar PV Rooftop 2.5 MW, saves 637,064.70 kilowatt-hours/year, equivalent to 2,484,552.31 Baht/year. This can reduce CO₂ gas generation equal to 370.84 tons/year.



Solar PV Rooftop 2.5 MW

2.2 Lamp replacement project from H.I.D Lamp High Bay to High Bay LED

Target

- Reduce the amount of electricity used by 2% (saving target 250,000 kilowatts-hours/year which is equivalent to 800,000 Baht/year).

Operating Results

- Changed to 155 180W High Bay LED lamps in some areas of the factory. This can reduce the amount of electricity use by 52,287 watts/year and reduce electricity use by 351,523 units/year. This can save electricity costs by approximately 1,330,000 Baht/year.

2.3 The Effects of Noise Project

From the prioritization of the environmental problems caused by the organization's business operations, the company found that the problem of noise in the production process is a high level of importance. Therefore, over the past year, the company designed and improved machines to reduce the noise level at the source so that operating staff experience a lowered noise level.

The operations include:

- 1) Installed a sound reduction cabinet that covers the pipe cutting set of 3 pipe machines, in order to reduce the noise impact from the production process.
- 2) Installed a cabinet at the Zinc Spray to reduce smoke, noise and light.
- 3) Improved the steel plate support system at the steel plate cutter to reduce the noise from steel cutting.

In 2020, the company plans to improve the working environment to reduce the impact of noise in the production process. This will cover the controls that pass through and controls the sound the receiver experiences.

2.4 Effects from Iron Dust and Iron Saturation

In addition to improving machinery to reduce noise levels from the production process, the company also improved the gas cutting machine by installing a water table to capture dust and chemical fumes caused by the gas cutting process by improving 3 gas cutting machines.

Operating Results

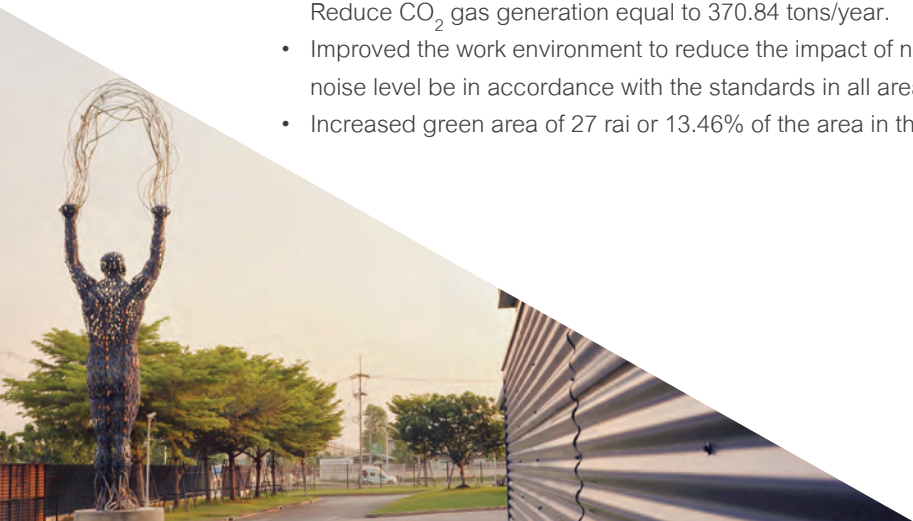
Steel dust and fume content of steel reduced by 99%.

2.5 Increasing Green Space

Increase the green area in the factory to filter air pollution and create a good environment both inside the company and the nearby area of 27 rai in order to filter the air pollution and create a good environment.

Operating Results

- Solar PV Rooftop 2.5 MW saves 637,064.70 kilowatt-hours / year, equivalent to 2,484,552.31 Baht/year. Reduce CO₂ gas generation equal to 370.84 tons/year.
- Improved the work environment to reduce the impact of noise in the production process. Made the average noise level be in accordance with the standards in all areas.
- Increased green area of 27 rai or 13.46% of the area in the factory.





Sustainable Development Target (SDGs)



The company intends to support and takes action to be a part of the UN's Sustainable Development Target (SDGs) in order to ensure that the company's operations are in line with international target and generate benefits for all groups of stakeholders. The company commits to drive all 17 of the target to achieve in the future. In 2019, the company had 14 operating results that were in line with the sustainable development target. They are summarized as follows:



Source : <https://www.un.or.th/globalgoals/th/the-goals/>

Sustainable Development Target (SDGs)	The company's Sustainability Issues	Activities/Projects that Support the Target	Benefits for the company	Benefits to Society and the Environment
No Poverty 	Corporate Social Responsibility	<ul style="list-style-type: none"> o Friends Recommend Friends Project o TMT Market 	<ul style="list-style-type: none"> o Additional employment channels to reduce recruitment time. 	<ul style="list-style-type: none"> o Promote employment o Support revenue for community stores o Distribute income from employees to community
Good Health and Well Being 	Corporate Social Responsibility	<ul style="list-style-type: none"> o New cafeteria o Clean Food Good Taste o Reduce Belly Fat Reduce Disease Project (BYE BYE FAT) o TMT Challenging Run o Vaccine program to prevent 4 strains of influenza 	<ul style="list-style-type: none"> o Build good relationships with communities o Build relationship among employees. o Reduce the rate of employee sick leaves 	<ul style="list-style-type: none"> o Employees are healthy and strong and reduce illnesses o Reduce the rate of the spread of influenza to surrounding people.
Quality Education 	o People Development Corporate Social Responsibility	<ul style="list-style-type: none"> o TMT Educational Program o Training to educate employees o Bilateral projects o Steel University Project 	<ul style="list-style-type: none"> o Increase the number of employees that are educated, knowledgeable and skilled. o Increase employment opportunity to students/ university students participating in projects 	<ul style="list-style-type: none"> o Support equal and thorough education, promote life-long learning for employees, students and teachers

Sustainable Development Target (SDGs)	The company's Sustainability Issues	Activities/Projects that Support the Target	Benefits for the company	Benefits to Society and the Environment
Gender Equality 	People Development	<ul style="list-style-type: none"> o Treat laborers equally o Accept women to work in appropriate positions o Promote women to management levels 	<ul style="list-style-type: none"> o Have employees that have suitable qualifications in accordance with the job characteristics and positions o Employees are able to use their full potential in their work 	<ul style="list-style-type: none"> o Promote gender equality o Develop the role of women to be able to work and receive wages from work
Clean Water and Sanitation 	Corporate Social Responsibility	<ul style="list-style-type: none"> o Support water filters for the community 	<ul style="list-style-type: none"> o Build good relationships with the communities 	<ul style="list-style-type: none"> o The community have clean and safe drinking water
Affordable and Clean Energy 	Environmental Management	<ul style="list-style-type: none"> o Solar power generation system o Changed to High Bay LED 180 W lamps o Renovated buildings to use more natural light 	<ul style="list-style-type: none"> o Reduce primary energy consumption and began to use more alternative energy o Help reduce Company expenses in the long run 	<ul style="list-style-type: none"> o Reduce greenhouse gas emissions o Increase awareness to use more alternative energy
Decent Work and Economic Growth 	People Development Corporate Social Responsibility	<ul style="list-style-type: none"> o Use automation system in the production process instead of human labor in risky processes o Promote employees o Comply with legal Employment 	<ul style="list-style-type: none"> o Increase effectiveness in the production process o Build relationship among employees. o Reduce the rate of resignation 	<ul style="list-style-type: none"> o Promote effective employment and proper work for men and women o Encourage employees to advance in their careers
Industry, Innovation and Infrastructure 	Innovation Promotion	<ul style="list-style-type: none"> o Stay Flat products o Implement technology systems in the production process o Promote and job development culture 	<ul style="list-style-type: none"> o Reduce waste o Increase the quality of products and services o Increase the effectiveness in the work process o Increase customer satisfaction 	<ul style="list-style-type: none"> o Invest in technology and innovation o High quality steel plate products o Environmentally friendly production and lower power consumption
Reduce Inequality 	People Development	<ul style="list-style-type: none"> o Treat workers equally with no discrimination o Employ disabled people 	<ul style="list-style-type: none"> o No lawsuits have been filed regarding non-compliance and there are no labor disputes o Build relationship among employees. 	<ul style="list-style-type: none"> o Promote equality in society
Sustainable Cities and Communities 	Corporate Social Responsibility	<ul style="list-style-type: none"> o Sustainable steel project (support steel for public use) 	<ul style="list-style-type: none"> o Build good relationships with the community o The company is well known in remote communities 	<ul style="list-style-type: none"> o Support communities to have steel structure buildings that are strong, safe and suitable

Sustainable Development Target (SDGs)	The company's Sustainability Issues	Activities/Projects that Support the Target	Benefits for the company	Benefits to Society and the Environment
Responsible Consumption and Production 	Innovation Promotion Environmental Management	<ul style="list-style-type: none"> o Produce in accordance with the environmental impact reduction policy 	<ul style="list-style-type: none"> o Reduce energy consumption o Reduce the occurrence of waste in the production process 	<ul style="list-style-type: none"> o Use fair resources efficiently o Support a Circular Economy
Climate Action 	Environmental Management	<ul style="list-style-type: none"> o Carbon Footprint project o Solar power generation system 	<ul style="list-style-type: none"> o 100% of scrap can be sold and recycled o Reduce the primary energy consumption and begin to use more alternative energy o Help reduce Company expenses in the long run 	<ul style="list-style-type: none"> o Reduce greenhouse gas emissions that cause global warming o Increase awareness to use more alternative energy
Peace and Justice, Strong Institutions 	Good Corporate Governance People Development	<ul style="list-style-type: none"> o Comply with Thai Labor Standards (TLS) o Participate in the project that prevent and solve drug problems in the workplace o Anti-corruption policy in the organization 	<ul style="list-style-type: none"> o No lawsuits were filed regarding non-compliance with laws and there are no labor disputes o Build credibility and transparency in business operation of the company 	<ul style="list-style-type: none"> o Reduce conflicts o Reduce social problems o Prevents and fight against corruption
Partnership for the Target 	Innovation Promotion	<ul style="list-style-type: none"> o Use the advanced Stretcher Leveling technology from the United States to develop Stay Flat products 	<ul style="list-style-type: none"> o Gain knowledge of new technology from foreign trade partners (USA) o Increase effectiveness in the production process o Increase the quality of products and services o Increase customer satisfaction 	<ul style="list-style-type: none"> o Enhance the quality of steel sheet products in Thailand o Help customers' businesses become more successful by using Stay Flat products

The scope of information is from January 1, 2019 to December 31, 2019.

Inquiries:

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 Thailand

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► Report of Directors Relating to Responsibility for Financial Statements

The Board of Directors is responsible for TMT Steel Public Company Limited (“the Company”)’s financial statements including financial information presented in the annual report. The financial statements have been prepared by management in conformity with generally accepted accounting principles, with appropriated accounting policies applying consistently; and based on management’s best estimates and judgments, with adequate disclosure of material issues for the best interest of shareholders and investors.

The Board of Directors has set up and maintains effective internal control system designed to provide management with reasonable assurance that transactions are recorded properly, the assets are safeguarded and that material frauds and malpractices are precluded.

The Board of Directors also appointed the Audit Committee to review accounting policies, accuracy and sufficiency of the company’s financial reports to ensure adequacy and efficiency of the internal control systems in compliance with good conduct and best practice as well as IT audit, and risk management system review. The Audit Committee appointed EY Corporate Services Limited to be internal control auditor to plan and conduct the internal audit as approved plans by the committee. Opinion of the Audit Committee is shown in Audit Committee’s Report published in this annual report.

The Company’s financial statements are also audited by an independent certified public accountant from PricewaterhouseCoopers ABAS Company Limited. The Board of Directors also support the management to prepare and provide documents and information so that the auditor can perform its audit independently in accordance with generally accepted auditing standards and to express his independent opinion on the true and fair of the financial positions and the results of the company’s operations as stated in the financial statements. There is no any disagreement or different opinion among auditor, management and audit committee. Auditor’s Report is also shown in this annual report.

The Board of Directors is of the opinion that the internal control and risk management system of the Company are in good and efficient conduct and can ensure rationally that the operations are compliance with best practice and proper risk management as well as the Company’s financial report for the fiscal year ended 31 December 2019 is in accordance with generally accepted auditing standards and its compliance with the laws and related legislation.



(Mr. Chai Jroongtanapibarn)
Chairman of the Board



(Mr. Somjate Tretarntip)
Director

► Internal Control and Risk Management

The Board of Directors emphasizes the adequacy and efficiency of internal control and risk management by designating Audit Committee to review and assess the 5 components of COSO frame works which are the control environment, risk assessment, control activities, IT and communication system and monitoring activities consistently. The Board of Directors expresses its opinion that the internal control is in good and proper conduct. The Management also effectively provides and utilizes sufficient resources and people to operate its best control practices to ensure both the Company's assets are safeguarded and any fraud or corrupt transactions will not be occurred. The related transactions with any conflict of interest parties will be verified and complied in accordance with related regulations and laws strictly.

The Board of Directors provides its opinion that the internal control system and risk management are good and efficient to ensure rationally that the business operations and practices are well performed with good governance conduct and sound risk management as well as compliance with related regulations and laws and generally accepted with Thai accounting principles and standards.

The Audit Committee has appointed EY Corporate Services Limited to be responsible for internal audit planning and review according to approved audit plan by the Audit Committee. The reputation and qualification of this internal auditor both its firm and people are well experienced and verified in relevant business and industry and also can be confident that the auditing process will be conducted fairly and independently.



► Report of the Audit Committee

The Audit Committee of TMT Steel Public Company Limited is comprised of three independent directors. The Company's Chief Finance Officer serves as committee secretary. The Audit Committee is empowered by the Board of Directors to examine all matters relating to the financial status of the Company, and its internal and external audits. The Committee pursues and promotes good corporate governance by actively creating awareness and providing advice to management on sound risk management and internal control practices.

For the year 2019, the Audit Committee held five meetings to review the Company's financial statements which had been certified by the external auditor and to discuss other related activities of the Company in compliance with the rules and regulations of the Stock Exchange of Thailand as well as good internal control practices.

In such meetings, the Audit Committee met independently with the management and the internal and external auditors of the Company, conducted reviews and evaluations of accounting policies, the procedures relative to the accounting policies, the internal control assessment, and the audit plan. The Audit Committee also verified and accepted every quarterly financial statements and provided assessments and recommendations to the Board of Directors. Where weaknesses were identified in internal controls, corrective action plans were established to eliminate or reduce the associated risks.

The Internal Auditor serves to identify and verify business risks and control weaknesses within the Company by carrying out audit activities systematically. The reports on compliance with good internal control practices and procedures with recommendations were discussed with the relevant management team to incorporate their agreed action plans and submitted to the Audit Committee. Furthermore, the Internal Auditor has held regular meetings with the Audit Committee to give updates on audit results. The Audit Committee is fully committed to ensure that both corrective and preventive actions are taken in an effective and timely manner.

The Board of Directors with the Audit Committee approved the policy and reports for related party transactions in 2019. According to the mentioned mission, The Audit Committee provided its opinions as the following:

1. The Company's financial reports are accurate, complete and reliable
2. The Company's assets are safeguarded, proper accounting records are maintained, and resources are utilized effectively and efficiently.
3. The Company complied with the securities laws, the Exchange's regulations, and other laws relating to the Company's business.
4. Mr. Paiboon Tunkoon of PricewaterhouseCoopers ABAS, the Company's auditor, is suitable and provided appropriate services
5. The related transactions arising in 2019 were rational and made for the optimal benefits of the Company
6. In 2019, the number of the audit Committee meetings, and the attendance of such meetings by each committee member were as follows;

Mr. Chai Jroongtanapibarn	Chairman of the Audit Committee	5/5
Mrs. Ratanavalee Gorsanan	Member of the Audit Committee	4/5
Mr. Anake Pinvanichkul	Member of the Audit Committee	5/5

7. Audit Committee performed its duties in accordance with its charter, approved by the Board of Directors.

Accordingly, the Audit Committee has recommended to the Board of Directors that Mr. Paiboon Tunkoon, Certified Public Accountant No. 4298 of PricewaterhouseCoopers ABAS Company Limited, be re-appointed as the Company's auditor for the fiscal year ending 31 December 2020. The re-appointment of the auditor and acceptance of its fees will be subjected to the approval of the shareholders at the Annual General Meeting to be held on 3 April 2020.



Chai Jroongtanapibarn
Chairman of the Audit Committee
24 February 2020

► Connected Transactions

In Year 2019, the Company had entered into connected transactions as follows;

Soon Huat Steel Co., Ltd.¹

Relationship :

Five members of Tarasansombat family who are in the top ten shareholders, namely Mr. Soon, Mrs. Pornjit, Mr. Paisal, Mr. Komsan, and Mr. Chamnan which each shareholding are 22.45, 7.35, 11.75, 7.58, and 12.99 percent respectively, are shareholders of Soon Huat Steel Co., Ltd. whose combined shareholding accounted for 92 percent. Moreover, the Company and such company have two same directors namely Mr. Soon Tarasansombat and Mr. Paisal Tarasansombat, and Mr. Paisal Tarasansombat also is the authorized director of those two companies.

General Characteristics of the transaction :

The office building lease renewal on 131 Rama III Road, Bangkholaem Sub-district, Bangkholaem District, Bangkok with Soon Huat Steel Co., Ltd. which Rama III Plant and Distribution center of the Company is currently located. The term of lease renewal is 3 years from April 1, 2019 to March 31, 2022, with rental rate of Baht 200,000 per month (Same rate) which the payment date due on the 5th of each month.

Total Value of transaction :

7,200,000 Baht (for a three-year lease contract)

Opinion of the Board / Audit Committee / The importance and reasonableness of the transaction :

This transaction is reasonable and fair with clear stipulation of lease term and rental rate, and such rental rate is lower than the current market price and the appraisal value reported by U.K. Valuation and Agency Co., Ltd. (an independent appraiser approved by SEC) on January 16, 2019 of Baht 410,410 per month or Baht 14,774,760 for three years that will bring the highest benefit to the Company. The Board of Director's meeting no. 2/2019, held on May 10, 2019, resolved to approve the Company to enter into a renewal of such transaction for 3 years tenor with the same conditions and rental rate. In this regards, the directors who have conflicts of interests were not present in the meeting and had no voting rights in this agenda.

Connex Business Online Co., Ltd.

Relationship :

Mr. Paisal Tarasansombat, the Company's authorized director and Chief Executive Officer, and Mr. Somjate Tretarnthip, the Company's authorized director and Chief Finance Officer, each person is director and holding 4 percent of its total issued and paid up shares in aforesaid the company, Mr. Komsan Tarasansombat, the Company's authorized director and Executive Vice President - Operations, brother of Mr. Chamnan Tarasansombat who is authorized director and major shareholders of CONNEX as well as one of the top ten shareholders of the Company by holding 12.99 percent of its issued and paid up shares.

General Characteristics of the transaction :

1. Renewal maintenance contract for Warehouse Management System (WMS) from January 1, 2019 to December 31, 2019.
2. Renewal maintenance contract for Weighing Machine System from January 1, 2019 to December 31, 2019.

Total Value of transactions:

157,500 Baht

Opinion of the Board / Audit Committee / The importance and reasonableness of the transaction :

The transaction is based on normal practice according to the annual maintenance of TMS system which was implemented by CONNEX. The service rate is not higher than the market price which the Company may purchase from other suppliers. CONNEX knows TMT's nature of business very well and this will bring the highest benefit to the Company.

Remarks: 1. Soon Huat Steel Co., Ltd. has not continued its steel business since 1992. It currently operates only lease of its property.
2. The above information about the name of shareholders and their shareholding is as of March 7, 2019 (the record date for the rights to attend the Annual General Meeting of Shareholders for year 2019).
3. For the past 3 years of connected transaction, please find more details in Annual Report in company's website at www.tmtsteel.co.th.

► Management Discussion and Analysis

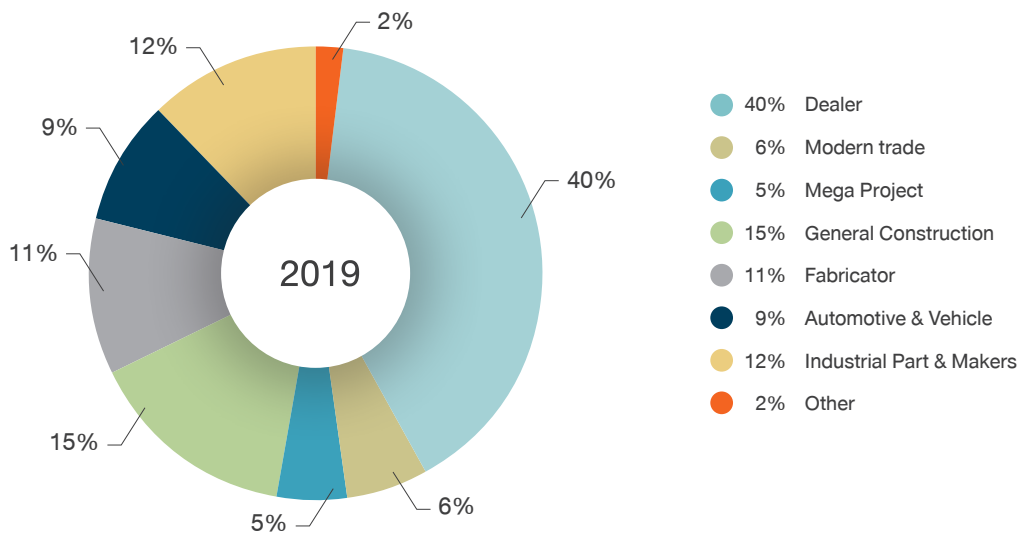
Financial Results

In 2019, the Company earned net profit of Baht 229.95 million, decreased 43.35% compared to the last year. Gross profit margin was 5.45%, compared to 6.01% in 2018. This decreasing of gross profit margin resulted from the average selling price of 7.75% down when compared to the last year; resulting from domestic and global steel price decline from weak demand with excess supply in the market from the dumping of some types of steel products which created a massive market competition and that caused the Department of Foreign Trade imposed the Anti-circumvention (AC) at the end of the year 2019. The sale quantity was 778,755 Metric Tons (Highest record), increased by 2.91% compared to the last year, resulted from strategy to maintain existing customer and gain more market share.

Sales revenue

The company generated revenue from sales of Baht 16,483.41 million, decreased by 5.10% compared to the last year. The average selling price was 21.20 Baht per Kg.

Revenue Structure (Classified by business group)



The proportion of processing and trading sales was 73:27 compared to 71:29 in 2018.

Selling and Administrative expenses

The Company's selling expense was Baht 200.18 million, increased by 3.19% compared to the previous year. This increasing of selling expenses resulted from an increase of transportation expense and marketing expense which was due to the growth of sales volume. Administrative expense was Baht 354.98 million, increased by 4.55% compared with 2018, resulted from the provision of employee's retirement benefit according to the new Labour Law, office rental and professional and consultant fees. Interest expense was Baht 115.65 million, increased by 12.67% compared with 2018, resulted from the debenture interest which recorded as full year expenses in 2019, and increase of short-term interest rate in some period of the year and also an increase of short term loan in some period of the year according to business expansion of the Company.

Financial position

Assets

The Company's assets totaled Baht 7,148.72 million, decreased by 7.23% from 2018 whose assets totaled Baht 7,705.71 million. Current assets decreased by Baht 670.45 million, or 14.03%, resulted from decreasing of trade accounts receivable of Baht 253.39 million and inventory of Baht 369.25 million and the advance payments for purchases of inventories decrease of Baht 65.64 million which was in accordance with the Company's business strategy. The inventory turnover period and collection period were 37 days and 57 days respectively. The Company's liquidity, current ratios, were 1.29 times in 2019 and 1.21 times in 2018.

The Company's Non-current assets increased Baht 113.47 million or 3.88% in 2019, mostly resulted from the purchase of machinery, new plant facilities and trucks of Baht 303.80 million to support future business expansion, asset disposal Baht 1.70 million and depreciation Baht 196.88 million. Net intangible assets (software) increased of Baht 3.80 million

Liabilities

Total Liabilities were Baht 4,243.67 million, decreased Baht 757.67 million or 15.15% compared with 2018 whose liabilities totaled Baht 5,001.34 million resulting to short-term borrowings from financial institutions decreased Baht 613.86 million or 17.21%. Trade account payable decreased Baht 152.29 million or 43.37% compared with the previous year. The Company has a Debt to Equity ratio of 1.46 times, the ratio of Net Interest Bearing Debt to Equity is 1.27 times and the Interest Coverage ratio is 3.36 times.

Shareholders' equity

Total shareholders' equity equaled to Baht 2,905.05 million increased Baht 200.69 million or 7.42% compared with the 2018 whose shareholder's equity totaled Baht 2,704.37 million, which was resulted from increasing of issued and paid-up capital and using some retained earnings to pay dividends from the operating results for the year 2018.

► Auditors Report and Financial Statements

Independent Auditor's Report

To the shareholders and the Board of Directors of TMT Steel Public Company Limited
(Formerly Thai Metal Trade Public Company Limited)

My opinion

In my opinion, the financial statements of TMT Steel Public Company Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I determine one key audit matter: Valuation of inventories. The matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

Key audit matter	How my audit addressed the key audit matter
<p>Valuation of inventories</p> <p>Refer to Note 4 ‘Critical accounting estimates and judgment’ and Note 8 ‘Inventories’ in the financial statements:</p> <p>As at 31 December 2019, the Company had raw materials totalling Baht 585,050,467 and finished goods totalling Baht 815,993,217 before deducting the allowance for net realisable value, which represents 19.60 percent of the total assets.</p> <p>The Company measured the inventory value at the lower of cost or net realisable value. The management estimated the net realisable value from an estimate of selling prices in the ordinary course of business, deducted by the expenses necessary to make the products ready for sale. This included selling expenses such as marketing and transportation expenses.</p> <p>Management prepared a net realisable value calculation report and evaluated the adequacy of the allowance for net realisable value at year end and period end.</p> <p>I focused on this area because the valuation of the inventory is significant for the financial statements and the estimation of the allowance for net realisable value is based on domestic market prices. This might be affected by the fluctuation of raw material prices in global markets, competitive marketing and the situation in the industry.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> • Understood the Company’s policy for net realisable value calculation, the procedure of data collection and accuracy review, and the consistency in the implementation of the Company’s accounting policies. • Tested internal controls over the procurement cycle from the purchase requisition, purchase order, goods received, and payment until recording to reflect the accuracy of inventory costs. • Inquired the management and assessed the appropriateness of the selling prices per unit used to estimate the allowance for net realisable value, by comparing quotations and selling price lists with year-end market prices. • Tested the calculation of net realisable value at year end for both raw materials and finished goods, including any reconciliations. There was no significant difference noted. <p>From performing the above procedures, I viewed that the selling prices used in estimation of the allowance for net realisable value was reasonable, based on the available evidences.</p>

Other information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the financial statements

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

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

The audit committee assists the directors in discharging their responsibilities for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in black ink, appearing to read 'Paiboon Tunkoon', with a horizontal line underneath it.

Paiboon Tunkoon
Certified Public Accountant (Thailand) No. 4298
Bangkok
24 February 2020

TMT Steel Public Company Limited (Formerly Thai Metal Trade Public Company Limited)**Statement of Financial Position****As at 31 December 2019**

	Notes	2019 Baht	2018 Baht
Assets			
Current assets			
Cash and cash equivalents	6	256,617,103	232,822,969
Trade accounts receivable and other receivables	7	2,448,856,378	2,707,525,471
Inventories	8	1,395,372,107	1,764,619,219
Advance payments for purchases of inventories		6,933,425	72,569,583
Other current assets		1,376,503	2,071,787
Total current assets		4,109,155,516	4,779,609,029
Non-current assets			
Investment properties	9	55,729,000	55,729,000
Property, plant and equipment	10	2,938,265,464	2,833,035,686
Intangible assets	11	27,709,337	23,910,594
Deferred income tax assets	12	12,639,047	9,578,576
Other non-current assets		5,225,056	3,843,556
Total non-current assets		3,039,567,904	2,926,097,412
Total assets		7,148,723,420	7,705,706,441

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

TMT Steel Public Company Limited (Formerly Thai Metal Trade Public Company Limited)
Statement of Financial Position
As at 31 December 2019

	Notes	2019 Baht	2018 Baht
Liabilities and equity			
Current liabilities			
Short-term borrowings from financial institutions	13	2,953,864,780	3,567,727,365
Trade accounts payable and other payables	14	198,871,657	351,162,946
Income tax payable		12,473,793	26,917,441
Advance received from customers for goods		18,584,592	14,395,674
Current portion of finance lease liabilities		-	758,181
Current portion of debentures	15	1,542,283	1,479,828
Total current liabilities		3,185,337,105	3,962,441,435
Non-current liabilities			
Debentures	15	996,505,435	995,088,062
Employee benefit obligations	16	61,829,112	43,810,941
Total non-current liabilities		1,058,334,547	1,038,899,003
Total liabilities		4,243,671,652	5,001,340,438
Equity			
Share capital	17		
Authorised share capital			
870,758,034 ordinary shares of par Baht 1 each			
(2018: 436,000,000 ordinary shares			
of par Baht 1 each)		870,758,034	436,000,000
Issued and paid-up share capital			
870,758,034 ordinary shares of paid-up Baht 1 each			
(2018: 435,379,017 ordinary shares			
of paid-up Baht 1 each)		870,758,034	435,379,017
Premium on share capital	17	427,323,198	427,323,198
Retained earnings			
Appropriated - Legal reserve	19	63,894,173	43,600,000
Unappropriated		1,543,076,363	1,798,063,788
Total equity		2,905,051,768	2,704,366,003
Total liabilities and equity		7,148,723,420	7,705,706,441

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

TMT Steel Public Company Limited (Formerly Thai Metal Trade Public Company Limited)
Statement of Comprehensive Income
For the year ended 31 December 2019

	Notes	2019 Baht	2018 Baht
Sales		16,483,406,677	17,369,987,824
Costs of sales		<u>(15,585,837,482)</u>	<u>(16,326,337,661)</u>
Gross profit		897,569,195	1,043,650,163
Other income	21	46,448,194	49,914,767
Selling expenses		(200,175,303)	(193,980,921)
Administrative expenses		(354,980,685)	(339,533,971)
Finance costs - interest expenses		<u>(115,653,622)</u>	<u>(102,647,699)</u>
Profit before income tax		273,207,779	457,402,339
Income tax	23	<u>(43,261,493)</u>	<u>(51,518,873)</u>
Profit for the year		229,946,286	405,883,466
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Remeasurements of post-employee benefit obligations	16	1,520,013	-
Income tax on items that will not be reclassified	12	<u>(304,003)</u>	-
Other comprehensive income for the year, net of tax		<u>1,216,010</u>	-
Total comprehensive income for the year		<u><u>231,162,296</u></u>	<u><u>405,883,466</u></u>
Earnings per share			
Basic earnings per share	24	<u>0.26</u>	<u>0.47</u>

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

TMT Steel Public Company Limited (Formerly Thai Metal Trade Public Company Limited)
Statement of Changes in Equity
For the year ended 31 December 2019

	Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total Baht
				Appropriated - Legal reserve Baht	Unappropriated Baht	
Opening balances as at 1 January 2018		435,379,017	427,323,198	43,600,000	1,914,635,142	2,820,937,357
Dividends paid	18	-	-	-	(522,454,820)	(522,454,820)
Total comprehensive income for the year		-	-	-	405,883,466	405,883,466
Closing balances as at 31 December 2018		435,379,017	427,323,198	43,600,000	1,798,063,788	2,704,366,003
Opening balances as at 1 January 2019		435,379,017	427,323,198	43,600,000	1,798,063,788	2,704,366,003
Share dividend	17, 18	435,379,017	-	-	(435,379,017)	-
Dividends paid	18	-	-	-	(30,476,531)	(30,476,531)
Legal reserve	19	-	-	20,294,173	(20,294,173)	-
Total comprehensive income for the year		-	-	-	231,162,296	231,162,296
Closing balances as at 31 December 2019		870,758,034	427,323,198	63,894,173	1,543,076,363	2,905,051,768

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

TMT Steel Public Company Limited (Formerly Thai Metal Trade Public Company Limited)
Statement of Cash Flows
For the year ended 31 December 2019

	Notes	2019 Baht	2018 Baht
Cash flows from operating activities			
Profit before income tax		273,207,779	457,402,339
Adjustments for :			
Doubtful accounts	7	1,213,897	19,568,093
(Gain) Loss on declining in value of inventories	8	(4,306,971)	9,978,548
Depreciation and amortisation	10, 11	204,834,724	178,194,046
Loss on disposals of equipment		316,480	961,930
Employee benefit expenses	16	20,627,516	6,835,206
Interest expenses		115,653,622	102,647,699
Cash flows before changes in operating assets and liabilities		611,547,047	775,587,861
Changes in operating assets and liabilities:			
Trade accounts receivable and other receivables		257,455,196	(242,162,613)
Inventories		373,554,083	(110,237,787)
Advance payments for purchases of inventories		65,636,158	272,515,928
Other current assets		695,284	14,115,864
Other non-current assets		(1,381,500)	189,124
Trade accounts payable and other payables		(118,347,251)	(34,891,655)
Advance receipts from customers for goods		4,188,918	(44,273,087)
Employee benefit obligations paid	16	(1,089,332)	-
Cash generated from operating activities before interest and income tax paid		1,192,258,603	630,843,635
Interest paid		(113,973,926)	(92,205,434)
Income tax paid		(61,069,615)	(106,056,084)
Net cash generated from operating activities		1,017,215,062	432,582,117
Cash flows from investing activities			
Purchases of property, plant and equipment		(337,934,032)	(689,098,565)
Purchases of intangible assets		(11,755,687)	(11,958,438)
Proceeds from disposals of equipment		1,029,907	4,401,860
Net cash used in investing activities		(348,659,812)	(696,655,143)

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

TMT Steel Public Company Limited (Formerly Thai Metal Trade Public Company Limited)
Statement of Cash Flows
For the year ended 31 December 2019

	Notes	2019 Baht	2018 Baht
Cash flows from financing activities			
Proceeds from short-term borrowings			
from financial institutions	13	32,278,947,166	24,303,913,746
Repayments to short-term borrowings			
from financial institutions	13	(32,892,809,751)	(24,451,206,456)
Payments for interest on finance lease liabilities		(13,819)	(85,723)
Payments for finance lease liabilities		(408,181)	(356,357)
Proceeds from issuance of debentures	15	-	1,000,000,000
Payments for debenture issuance costs		-	(3,377,596)
Dividends paid	18	(30,476,531)	(522,454,820)
Net cash (used in) from financing activities		<u>(644,761,116)</u>	<u>326,432,794</u>
Net increase in cash and cash equivalents		23,794,134	62,359,768
Opening balance		<u>232,822,969</u>	<u>170,463,201</u>
Closing balance		<u><u>256,617,103</u></u>	<u><u>232,822,969</u></u>
Cash and cash equivalents are made up as follows:			
- Cash on hand	6	400,154	154,078
- Deposits at financial institutions	6	256,216,949	232,668,891
		<u><u>256,617,103</u></u>	<u><u>232,822,969</u></u>

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2019 and 2018 are as follows:

Other payables from purchases of property, plant and equipment		8,327,124	42,457,211
Other payables from purchases of intangible assets		-	-
Other payables from issuance of debentures		-	1,115,000
Issuance of share dividends (Note 17, 18)		435,379,017	-

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

TMT Steel Public Company Limited (Formerly Thai Metal Trade Public Company Limited)
Notes to the Financial Statements
For the year ended 31 December 2019

1 General information

Thai Metal Trade Public Company Limited registered its new name as TMT Steel Public Company Limited (the “Company”) with the Ministry of Commerce on 9 April 2019. The Company is a public limited company which is listed on the Stock Exchange of Thailand. The Company is incorporated and domiciled in Thailand. The address of the Company’s registered office is 179 Bangkok City Tower, 22nd floor, South Sathorn Road, Thung Maha Mek, Sathorn, Bangkok 10120.

In addition, the Company has two plants at the following locations:

- 131 Rama 3 Road, Bang Kho Laem, Bangkok 10120; and
- 332-333 Moo 5, Phaholyothin Road, Lamsai, Wangnoi, Ayutthaya 13170.

The principal business operations of the Company are fabricating and selling structural steel plates and sheets. The Company mostly purchases products from local suppliers but some products are imported. The Company sells most of its products in the domestic market.

These financial statements were authorised for issue by the Board of Directors on 24 February 2020.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards (“TFRS”) and the financial reporting requirements issued under the Securities and Exchange Act.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 4.

An English version of the financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 New and amended financial reporting standards that are relevant and have significant impacts to the Company

2.2.1 The Company has applied the following standard and amendments for the first time for their annual reporting commencing 1 January 2019

a) Thai Financial Reporting Standard no.15 (TFRS 15), Revenue from contracts with customers

The standard provides principle and approach of revenue recognition under five-step process. The underlying principle is that the Company will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It replaces the principles of transferring the significant risks and rewards of ownership of the goods or services to the buyer in accordance with TAS 11, Construction contracts, TAS 18, Revenue and related interpretations.

The Company has adopted the new Thai Financial Reporting Standards (TFRS) no. 15, Revenue from contracts with customers from 1 January 2019 under the modified retrospective approach and the comparative figures have not been restated. The Company did apply practical expedient relates to completed contracts allowed by TFRS 15.

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According to TFRS 15, the management considered that it had no material impacts to beginning retained earnings. Transactions affect in current period are other service income and rebate to customers.

Under TFRS 15, other service income is recognised when services are rendered and rebate to customers is recognised as a deduction to revenue.

The following tables show the amounts by each financial statements line item in the current period from the adoption of the new revenue standard compared to the previous revenue standards.

Statement of financial position	As at 31 December 2019		
	Balance as reported Baht	Impacts from TFRS 15 Baht	Balance under the previous revenue standards Baht
Inventories	1,395,372,107	(19,821)	1,395,352,286

Statement of comprehensive income	For the year ended 31 December 2019		
	Balance as reported Baht	Impacts from TFRS 15 Baht	Balance under the previous revenue standards Baht
Sales	16,483,406,677	1,699,102	16,485,105,779
Other income	46,448,194	(19,821)	46,428,373
Selling expenses	200,175,303	1,699,102	201,874,405

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020

Certain new and amended financial reporting standards have been issued that are not mandatory for current period end 31 December 2019 reporting period and have not been early adopted by the Company.

a) Financial instruments

The new financial standards relate to financial instruments are:

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

These new standards address the classification, measurement, derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.

b) TFRS 16, Leases

Where the Company is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

The Company has not yet early adopted the new and revised financial reporting standards which are effective on 1 January 2020. The Company's management is currently reviewing the impacts of adoption of these standards.

2.3 Foreign currency translation

a) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.

2.4 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash on hand and deposits held at call.

2.5 Trade accounts receivable

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 unconditionally unless they contain significant financing components, when they are recognised at its present value. The Company presented trade receivables at cost less allowance for doubtful accounts.

2.6 Inventories

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

Cost of inventories is determined by the moving average method. Cost of raw materials comprise all purchase cost and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated based on normal operating capacity. It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.7 Investment property

Land that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property.

Investment property is measured initially at cost, including directly attributable costs and borrowing costs.

Investment property also includes property that is being constructed or developed for future use as investment property.

2.8 Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Land improvements	20 years
Buildings and building improvements	3, 10, 20, 25 years
Machinery and equipment	5, 10, 20 years
Furniture and fixtures	3, 5 years
Trucks and motor vehicles	5, 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised other gains or losses, net.

2.9 Intangible asset - Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives in five years.

2.10 Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

2.11 Leases - where the Company is the lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

At the inception of finance lease, the lower of the fair value of the leased property and the present value of the minimum lease payments is capitalised. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations is presented net of finance charges. Finance cost is charged to profit or loss over the lease period.

2.12 Borrowings

Borrowings are recognised initially at the fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it will be drawn down. The fee is deferred until the drawn down occurs and included in effective interest calculation. However, if it is probable that facility will not be drawn down, that portion of the fee paid is recognised as a prepayment and amortised over the period of related facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.13 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

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Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.14 Employee benefits

Defined benefit plans - retirement benefit

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are recognised directly to other comprehensive income in the period in which they arise. They are included in retained earnings in the statements of changes in equity.

Past-service costs are recognised immediately in profit or loss.

Defined contribution plans - provident fund

The Company operates a provident fund, being a defined contribution plan. The assets are held in a separate fund which is managed by the external fund manager. The provident fund is funded by payments from employees and by the Company. The Company's contributions to the provident fund are charged to the profit or loss in the years to which they relate.

2.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. Sales are recognised when control of the products has transferred, being when the products are delivered.

Revenue from rendering services is based on the stage of completion.

Interest income is recognised on an accrual basis, using the effective interest method.

2.17 Dividend distribution

Dividend distributed to the Company's shareholders is recognised as a liability when interim dividends are approved by the Board of Directors, and when the annual dividends are approved by the shareholders.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Directors that makes strategic decisions.

3 Financial risk management

3.1 Financial risk factors

The principal financial risks faced by the Company are market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The risk management policies of these particular risks are as follows:

3.1.1 Foreign exchange risk

The Company purchases goods from overseas and is exposed to foreign exchange risk arising primarily from US Dollar. The Company uses forward contracts to hedge their exposure to protect foreign currency risk.

3.1.2 Interest rate risk

The Company has short-term borrowings from financial institutions and debentures which are mostly used for working capital. The Company has an interest rate risk arising from loans and debentures at fixed interest rates. The Company has no significant interest-bearing assets. The Company manages its interest rate risk by following Thailand interest rate trends to be in line with its business operations.

3.1.3 Credit risk

The Company has policies in place to ensure that goods are sold to customers with an appropriate credit history and as a policy, certain major credit sales should be supported by bank guarantees as collateral. In addition, as at 31 December 2019 and 2018, the Company had no significant concentrations of credit risk on any industries. In addition, the Company has no significant risk with financial institutions since cash is placed with reputable financial institutions.

3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to manage market positions. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

3.2 Accounting for financial instruments

The Company is party to derivative financial instruments, which mainly comprise foreign currency forward contracts. Such instruments are not recognised in the financial statements on inception.

Foreign currency forward contracts protect the Company from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the forward exchange contract. The realised gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes and are recognised in the financial statements.

Disclosures about derivative financial instruments to which the Company is a party are provided in Note 29.

3.3 Fair value estimation

As at 31 December 2019, the Company had no assets or liabilities measured at fair value. Disclosures of fair value measurements by level are as below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair values of financial assets and liabilities approximate their carrying amounts.

4 Critical accounting estimates and judgement

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance.

4.1 Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition. The management will fully set up allowance for outstanding amounts overdue more than 6 months and without any collateral.

4.2 Reduction of inventory cost to net realisable value

In determining a reduction of inventory cost to net realisable value, the management makes judgement and estimates the net realisable value of inventory based on the amount of the inventories are expected to realise. These estimates take into consideration fluctuations of selling price or cost directly relating to events occurring at the year ended.

4.3 Property, plant and equipment

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

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4.4 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

4.5 Retirement employee benefits

The present value of the retirement benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of retirement benefits obligation.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits obligations. In determining the appropriate discount rate, the Company considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefits liability.

Additional information of other key assumptions for retirement benefits obligations other is disclosed in Note 16.

5 Capital management

The Company's objectives when managing capital are to safeguard the Company's 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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

6 Cash and cash equivalents

	2019	2018
	Baht	Baht
Cash on hand	400,154	154,078
Current accounts	63,502,356	40,504,037
Saving accounts	192,714,593	192,164,854
Total	256,617,103	232,822,969

As at 31 December 2019, the interest rates of saving accounts were 0.20% to 0.38% per annum (2018: 0.20% to 0.38% per annum).

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7 Trade accounts receivable and other receivables

	2019	2018
	Baht	Baht
Trade accounts receivable	2,460,263,162	2,712,436,573
<u>Less</u> Allowance for doubtful accounts	(29,374,641)	(28,160,744)
Trade accounts receivable - net	2,430,888,521	2,684,275,829
Other receivables - third party	3,618,209	1,728,748
Deposits	1,229,381	5,347,286
Prepayments	5,129,506	4,298,446
Accrued income	7,990,761	11,875,162
Total	2,448,856,378	2,707,525,471

Outstanding trade accounts receivable as at 31 December can be analysed as follows:

	2019	2018
	Baht	Baht
Current balance	1,658,778,898	1,904,176,464
Overdue: less than 1 month	406,714,636	613,762,440
Over 1 month to 3 months	173,964,218	152,997,803
Over 3 months to 6 months	153,859,978	11,099,636
Over 6 months to 12 months	43,179,229	21,559,245
Over 12 months	23,766,203	8,840,985
	2,460,263,162	2,712,436,573
<u>Less</u> Allowance for doubtful accounts	(29,374,641)	(28,160,744)
Total	2,430,888,521	2,684,275,829

The Company has not provided allowance for doubtful accounts to certain accounts receivable which are overdue more than 6 months because these customers have provided bank guarantees to the Company.

8 Inventories

	2019	2018
	Baht	Baht
Raw materials	585,050,467	702,982,996
Finished goods	815,993,217	1,071,614,771
Total inventories	1,401,043,684	1,774,597,767
<u>Less</u> Allowance for net realisable value		
- for raw materials	(1,473,654)	(643,589)
- for finished goods	(4,197,923)	(9,334,959)
Total	1,395,372,107	1,764,619,219

The Company reversed allowance for net realisable value amounting to Baht 4.31 million. The amount reversed has been included in cost of sales in the statement of comprehensive income.

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9 Investment properties

At 31 December	Land	
	2019 Baht	2018 Baht
<u>Cost</u>		
Opening net book value	55,729,000	55,729,000
Closing net book value	55,729,000	55,729,000
Fair value	139,675,000	123,395,000

The Company's investment properties are three plots of land located in Bangkok, Chachoengsao and Chanthaburi provinces.

The Company engaged an independent appraiser to assess the fair value of the land during January 2017 to September 2019. The valuation used the comparison approach which is based on the sales price of comparable nearby land, with adjustments for differences in key attributes such as size and shape, location and condition of the land. Such information is used to determine the fair value of the properties. As the valuation technique used significant unobservable inputs, the Company classified the fair value measurement in level 3 of the fair value hierarchy (Note 3.3).

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10 Property, plant and equipment

	Land		Buildings		Machineryes and equipment		Furniture and fixtures		Trucks and motor vehicles		Construction in progress		Machineryes under installation		Total		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
At 1 January 2018																	
Cost	644,942,000	91,643,543	1,213,495,118	1,184,000,256	108,643,746	138,612,127	124,106,403	141,627,777	3,647,070,970								
Less Accumulated depreciation	-	(48,416,855)	(447,498,032)	(705,654,102)	(94,378,768)	(53,792,134)	-	-	(1,349,739,891)								
Net book amount	644,942,000	43,226,688	765,997,086	478,346,154	14,264,978	84,819,993	124,106,403	141,627,777	2,297,331,079								
For the year ended 31 December 2018																	
Opening net book amount	644,942,000	43,226,688	765,997,086	478,346,154	14,264,978	84,819,993	124,106,403	141,627,777	2,297,331,079								
Additions	-	-	237,599	13,555,799	6,452,141	29,134,598	314,097,233	350,958,799	714,436,169								
Transfers in (out)	-	-	98,802,552	255,681,133	50,231	-	(88,471,508)	(266,062,408)	-								
Disposals, net	-	-	-	(20)	(670)	(6,540,100)	-	-	(6,540,790)								
Depreciation charge (Note 22)	-	(3,754,378)	(60,478,786)	(90,507,770)	(7,089,878)	(10,359,960)	-	-	(172,190,772)								
Closing net book amount	644,942,000	39,472,310	804,558,451	657,075,296	13,676,802	97,054,531	349,732,128	226,524,168	2,833,035,686								
At 31 December 2018																	
Cost	644,942,000	91,643,543	1,312,535,269	1,452,558,713	114,111,114	149,420,999	349,732,128	226,524,168	4,341,467,934								
Less Accumulated depreciation	-	(52,171,233)	(507,976,818)	(795,483,417)	(100,434,312)	(52,366,468)	-	-	(1,508,432,248)								
Net book amount	644,942,000	39,472,310	804,558,451	657,075,296	13,676,802	97,054,531	349,732,128	226,524,168	2,833,035,686								

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	Land improvements Baht	Land Baht	Buildings and building improvements Baht	Machineries and equipment Baht	Furniture and fixtures Baht	Trucks and motor vehicles Baht	Construction in progress Baht	Machineries under installation Baht	Total Baht
For the year ended 31 December 2019									
Opening net book amount	644,942,000	39,472,310	804,558,451	657,075,296	13,676,802	97,054,531	349,732,128	226,524,168	2,833,035,686
Additions	-	1,517,432	4,193,828	25,959,955	11,752,627	8,128,000	75,313,873	176,938,230	303,803,945
Transfers in (out)	-	133,780,167	277,638,793	292,120,223	-	-	(409,515,960)	(294,023,223)	-
Disposals, net	-	-	-	(183,012)	(1,300)	(1,512,075)	-	-	(1,696,387)
Depreciation charge (Note 22)	-	(8,273,973)	(70,012,776)	(100,032,776)	(7,628,042)	(10,930,213)	-	-	(196,877,780)
Closing net book amount	644,942,000	166,495,936	1,016,378,296	874,939,686	17,800,087	92,740,243	15,530,041	109,439,175	2,938,265,464
At 31 December 2019									
Cost	644,942,000	226,941,142	1,594,367,890	1,769,474,621	123,387,632	153,767,811	15,530,041	109,439,175	4,637,850,312
Less Accumulated depreciation	-	(60,445,206)	(577,989,594)	(894,534,935)	(105,587,545)	(61,027,568)	-	-	(1,699,584,848)
Net book amount	644,942,000	166,495,936	1,016,378,296	874,939,686	17,800,087	92,740,243	15,530,041	109,439,175	2,938,265,464

Depreciation expenses of Baht 166,601,273 (2018: Baht 143,160,863) and Baht 30,276,507 (2018: Baht 29,029,909) were charged in costs of sales and administrative expenses, respectively.

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Vehicles included the following amounts which the Company is a lessee under the finance lease:

	2019	2018
	Baht	Baht
Cost - capitalised finance lease	-	1,680,374
<u>Less</u> Accumulated depreciation	-	(970,658)
Net book amount	-	709,716

11 Intangible assets

	Computer software Baht	Computer software during installation Baht	Total Baht
At 1 January 2018			
Cost	55,635,327	4,763,500	60,398,827
<u>Less</u> Accumulated amortisation	(42,443,397)	-	(42,443,397)
Net book amount	13,191,930	4,763,500	17,955,430
For the year ended 31 December 2018			
Opening net book amount	13,191,930	4,763,500	17,955,430
Additions	220,000	11,738,438	11,958,438
Transfers in (out)	14,166,438	(14,166,438)	-
Amortisation charge (Note 22)	(6,003,274)	-	(6,003,274)
Closing net book amount	21,575,094	2,335,500	23,910,594
At 31 December 2018			
Cost	70,021,765	2,335,500	72,357,265
<u>Less</u> Accumulated amortisation	(48,446,671)	-	(48,446,671)
Net book amount	21,575,094	2,335,500	23,910,594
For the year ended 31 December 2019			
Opening net book amount	21,575,094	2,335,500	23,910,594
Additions	6,254,687	5,501,000	11,755,687
Transfers in (out)	1,310,500	(1,310,500)	-
Amortisation charge (Note 22)	(7,956,944)	-	(7,956,944)
Closing net book amount	21,183,337	6,526,000	27,709,337
At 31 December 2019			
Cost	77,586,952	6,526,000	84,112,952
<u>Less</u> Accumulated amortisation	(56,403,615)	-	(56,403,615)
Net book amount	21,183,337	6,526,000	27,709,337

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12 Deferred income taxes

The analysis of deferred income tax assets and deferred tax liabilities is as follows:

	2019	2018
	Baht	Baht
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	1,134,316	1,995,710
Deferred tax assets to be recovered more than 12 months	12,365,822	8,762,188
	13,500,138	10,757,898
Deferred tax liabilities:		
Deferred tax liabilities to be recovered within 12 months	(231,902)	(222,511)
Deferred tax liabilities to be settled more than 12 months	(629,189)	(956,811)
	(861,091)	(1,179,322)
Deferred income taxes (net)	12,639,047	9,578,576

The movement in deferred tax assets and liabilities during the year is as follows:

	Allowance for net realisable value Baht	Employee benefits obligations Baht	Total Baht
Deferred tax assets:			
At 1 January 2018	2,184,602	7,395,147	9,579,749
(Charged)/credited to profit and loss	(188,892)	1,367,041	1,178,149
At 31 December 2018	1,995,710	8,762,188	10,757,898
(Charged)/credited to profit and loss	(861,394)	3,907,637	3,046,243
(Charged)/credited to other comprehensive income	-	(304,003)	(304,003)
At 31 December 2019	1,134,316	12,365,822	13,500,138
	Temporary difference for depreciation Baht	Temporary difference for debenture issuance costs Baht	Total Baht
Deferred tax liabilities:			
At 1 January 2018	(988,575)	-	(988,575)
(Charged)/credited to profit and loss	325,315	(516,062)	(190,747)
At 31 December 2018	(663,260)	(516,062)	(1,179,322)
(Charged)/credited to profit and loss	95,720	222,511	318,231
At 31 December 2019	(567,540)	(293,551)	(861,091)

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13 Short-term borrowings from financial institutions

The movement in short-term borrowings from financial institutions during the year is as follows:

	2019	2018
	Baht	Baht
At 1 January	3,567,727,365	3,715,020,075
Additions	32,278,947,166	24,303,913,746
Repayments	<u>(32,892,809,751)</u>	<u>(24,451,206,456)</u>
At 31 December	<u>2,953,864,780</u>	<u>3,567,727,365</u>

The short-term borrowings from financial institutions denominated in Thai Baht bear interest rates during the year as follows:

	2019	2018
Short-term borrowings from financial institutions	1.55% - 2.10%	1.75% - 2.03%
Trust receipts	1.49% - 2.11%	1.75% - 1.85%

As at 31 December 2019, the short-term borrowings from financial institutions were unsecured and due within January to September 2020 (2018: January to March 2019) which normally, can be renewed. The Company has provided the Negative Pledge to the financial institutions.

14 Trade accounts payable and other payables

	2019	2018
	Baht	Baht
Trade accounts payable	48,396,410	160,394,047
Accrued expenses and other payables	127,157,498	129,673,211
Payable from construction in progress	8,327,124	42,457,211
Retention from construction	1,519,839	4,735,541
Withholding tax payable	1,830,668	2,204,615
Accrued interest expenses	11,640,118	11,698,321
Total	<u>198,871,657</u>	<u>351,162,946</u>

15 Debentures

	2019	2018
	Baht	Baht
Unsecured bond no. 1/2018	998,047,718	996,567,890
<u>Less</u> Current portion of debentures	<u>(1,542,283)</u>	<u>(1,479,828)</u>
Debenture payable over 1 year	<u>996,505,435</u>	<u>995,088,062</u>

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The movement in debentures during the year is as follows:

	2019	2018
	Baht	Baht
At 1 January	996,567,890	-
Issuance of debentures	-	1,000,000,000
Amortisation of issuance costs	1,479,828	1,060,486
Deferred issuance costs	-	(4,492,596)
At 31 December	998,047,718	996,567,890

On 5 April 2018, the Company issued name-registered, unsubordinated and unsecured debentures totalling 1,000,000 units with the fixed interest of 3.75% per annum payable every 6 months. The issued debentures have the face value of Baht 1,000. The debentures will be redeemed within 3 years after the issuance date for the amount Baht 1,000 million.

The carrying amounts and fair values of certain debentures are as follows:

	Carrying amounts		Fair values	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Debentures	998,047,718	996,567,890	1,006,448,900	997,459,960

The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant.

The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate of 3.91% and are within level 2 of the fair value hierarchy.

16 Employee benefit obligations

	2019	2018
	Baht	Baht
Statement of financial position:		
- Retirement benefits	61,829,112	43,810,941
Profit or loss charge included in operating profit for:		
- Retirement benefits	20,627,516	6,835,206
Remeasurement for:		
- Retirement benefits	(1,520,013)	-

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The movement in the obligations for retirement benefit are as follows:

	2019	2018
	Baht	Baht
At 1 January	43,810,941	36,975,735
Current service cost	7,795,427	6,110,598
Past service cost	11,619,236	-
Interest cost	1,212,853	724,608
Remeasurement	(1,520,013)	-
Benefit payment	(1,089,332)	-
At 31 December	61,829,112	43,810,941

On 5 April 2019, an amendment bill to the Labour Protection Law was published in the Government Gazette. The main amendment was that the compensation for employees who have retired and have more than or equal to 20 years of service has changed from 300 day's pay to 400 day's pay. The Company recognised past service cost from the changes amounting to Baht 11.62 million as an expense in the statement of comprehensive income during the year.

In 2019, the Company engaged independent actuary to calculate its defined benefit obligation. The significant actuarial assumptions used were as follows:

	2019	2018
Discount rate	2.25% per annum	1.96% per annum
Future salary increase rate	5% per annum	5% per annum
Employee turnover rate	0% - 39% per annum	0% - 41% per annum

Sensitivity analysis for each significant assumption used is as follows:

Impact on defined benefit obligations		
as at 31 December 2019		
Change in assumption	Increase in obligations	Decrease in obligations
%	Baht	Baht
Discount rate	+1%	(3,191,522)
	-1%	3,592,403
Future salary increase rate	+1%	3,385,938
	-1%	(3,076,261)
Employee turnover rate	+1%	(3,500,635)
	-1%	2,038,297

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

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Expected maturity analysis of undiscounted retirement benefits is as follows:

	Less than a year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years Baht	Total Baht
At 31 December 2019 Retirement benefits	11,959,233	17,802,380	15,499,872	39,590,187	84,851,672

The weighted average duration of the defined benefit obligation is 23.15 years (2018: 21.95 years).

17 Share capital and premium on share capital

	Number of authorised shares	Issued and paid-up ordinary shares Baht	Premium on share capital Baht	Total Baht
At 1 January 2018	436,000,000	435,379,017	427,323,198	862,702,215
Issue of ordinary shares	-	-	-	-
At 31 December 2018	436,000,000	435,379,017	427,323,198	862,702,215
Conversion	(620,983)	-	-	-
Issue of ordinary shares	435,379,017	435,379,017	-	435,379,017
At 31 December 2019	870,758,034	870,758,034	427,323,198	1,298,081,232

At the Annual General Shareholders' Meeting on 4 April 2019, it passed the resolutions as follows:

1. Approval of a reduction of the registered capital of the Company, from Baht 436,000,000 to Baht 435,379,017, by cutting out the 620,983 ordinary shares that remained from exercising the conversion right of ESOP warrants (ESOP-W) issued in 2008 with a par value of Baht 1.00 each. The Company registered such change in its share reduction with Department of Business Development on 9 April 2019.
2. Approval of an increase in the registered capital of the Company, from Baht 435,379,017 to Baht 870,758,034, by issuing 435,379,017 new ordinary shares with par value of Baht 1.00 each, totalling Baht 435,379,017 and that was then allocated as stock dividends to the existing Company shareholders. The Company registered such change in its share increase with Department of Business Development on 10 April 2019.

18 Dividends

At the Annual General Shareholders' Meeting on 4 April 2019, shareholders approved the dividend payment of Baht 1.07 per share for 435,379,017 shares, in respect of the 2018 operating results and retained earnings, totalling Baht 465.86 million. The dividend payment was made in ordinary shares for 435,379,017 shares with par value of Baht 1.00 each at the ratio of one existing share for one dividend stock for the total value of Baht 435.38 million. The dividend payout ratio is Baht 1.00 per share, and cash dividends at the rate of Baht 0.07 per share for a total of Baht 30.48 million. The dividends had been paid to the shareholders on 18 April 2019. The Company appropriate its retained earnings to legal reserve amounting to Baht 20.29 million.

At the Annual General Shareholders' Meeting held on 5 April 2018, the shareholders approved for the payment of dividends in respect of results of operations for the year 2017 of Baht 1.20 per share for 435,379,017 shares, totalling Baht 522.45 million. The dividends had been paid to the shareholders on 19 April 2018.

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19 Legal reserve

	2019	2018
	Baht	Baht
At 1 January	43,600,000	43,600,000
Appropriation during the year	20,294,173	-
At 31 December	63,894,173	43,600,000

Under the Public Company Act, B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the authorised share capital. The legal reserve is non distributable.

20 Promotional privileges

The Company received promotional privileges from the Board of Investment 60-1479-1-04-1-0 dated 28 December 2017 in respect of investment in manufacturing of steels, metal tubes, and metal cutting for an improvement of the production efficiency for alternative energy utilisation. Under these privileges, the Company is exempted from various taxes and duties including exemption from import duties on imported machine and exemption from corporate income tax for the promoted activities in an amount not over than 50% of the investment for an improvement of the production efficiency which excludes investment on land and current assets for a period of three years from the date the promoted operation commenced generating revenue.

Sales classified by BOI promoted activities and non-BOI promoted activities for the year ended 31 December 2019 and 2018 are as follows;

	2019		
	BOI promoted activities Baht	Non-BOI promoted activities Baht	Total Baht
Sales	9,294,308,511	7,189,098,166	16,483,406,677
	2018		
	BOI promoted activities Baht	Non-BOI promoted activities Baht	Total Baht
Sales	9,268,367,391	8,101,620,433	17,369,987,824

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21 Other income

	2019	2018
	Baht	Baht
Steel cutting service income	32,501,146	40,470,374
Transportation service income	10,370,202	6,657,903
Interest income	3,055,631	1,955,895
Others	521,215	830,595
Total	46,448,194	49,914,767

22 Expenses by nature

The following expenditures, classified by nature, have been charged in arriving at profit before finance costs and income tax:

	2019	2018
	Baht	Baht
Staff costs	444,709,651	394,616,785
Depreciation on property, plant and equipment (Note 10)	196,877,780	172,190,772
Amortisation of intangible assets (Note 11)	7,956,944	6,003,274
Selling and marketing expenses	200,175,303	193,980,921
Professional and consultant fees	10,956,035	3,921,239
Rental expenses	20,440,800	17,260,800

23 Income tax expense

	2019	2018
	Baht	Baht
Current tax	46,625,967	52,506,275
Deferred tax (Note 12)	(3,364,474)	(987,402)
Total income tax expense	43,261,493	51,518,873

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Company as follows:

	2019	2018
	Baht	Baht
Profit before income tax	273,207,779	457,402,339
Tax calculated at a tax rate of 20% (2018: 20%)	54,641,556	91,480,468
Tax effect of:		
Income not subject to tax	(1,369,532)	(36,367,869)
Expenses not deductible for tax purpose	910,453	2,443,639
Expenses deductible at a greater amount	(10,920,984)	(6,037,365)
Tax charge	43,261,493	51,518,873

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The weighted average applicable tax rate was 16% (2018: 11%). According to Announcement of the Board of Investment no. 1/2557 regarding Measure to Promote Improvement of Production Efficiency, the Company is exempted from corporate income tax for the promoted activities in an amount not over than 50% of the investment for an improvement of the production efficiency which excludes investment on land and current assets for a period of three years commencing from 2018 to 2020.

24 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2019	2018
Profit attributable to shareholders (Baht)	229,946,286	405,883,466
Weighted average number of ordinary shares in issue during the year (Shares)	870,758,034	870,758,034
Basic earnings per share (Baht)	0.26	0.47

There are no potential dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

25 Contingent liabilities

Letters of guarantee

As at 31 December 2019, the Company had outstanding letters of guarantee amounting to Baht 74.84 million (2018: Baht 64.84 million) issued by a bank for electricity usage and purchases of goods. No liabilities are anticipated to be arisen.

Letters of credits

As at 31 December 2019, the Company had outstanding letters of credits amounting to US Dollar 11.51 million in relation to purchases of goods (2018: 3.07 million, US Dollar 0.92 million and Yen 31.85 million in relation to purchases of goods and capitals).

Significant litigation

In November 2019, the Company was litigated by a supplier relating to the breach of sales and purchase contract which caused them a custom tax exposure from related imported steels. They claimed for compensation in the total of Baht 173.59 million. Currently, the case is being considered by the Civil Court. The Civil Court schedule to investigating in July 2020. The Company's management and lawyer are viewing that the Company didn't breach the contract as alleged in the lawsuit. Also, the transaction made between the Company and the supplier was a general transaction. So, the Company didn't set aside a provision for losses resulting from the litigation.

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26 Commitments

Operating leases

The future minimum lease payments under operating leases arising from the office equipment and vehicles as at 31 December were as follows:

	2019 Baht	2018 Baht
Due within 1 year	23,346,800	8,260,500
Due over 1 year but less than 5 years	27,999,100	3,197,300
Total	51,345,900	11,457,800

Sales commitments

As at 31 December 2019, the Company had no outstanding commitments relating to the sales of goods (2018: Baht 2.50 million).

Purchase commitments

As at 31 December 2019, the Company had outstanding commitments relating to the purchases of goods with fixed buying prices of US Dollar 10.46 million (2018: Nil).

Capital commitments

As at 31 December 2019, the Company had capital expenditure contracted from the purchase of machineries and the construction of the factory building but not yet recognised in this financial statements of Baht 16.23 million and US Dollar 0.35 million (2018: Baht 51.01 million, US Dollar 2.40 million and Yen 31.85 million).

27 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Major shareholders of the Company are members of Tarasarnsombat family.

The transactions with a related company, Connex Business Online Co., Ltd., arose from purchasing of software programme and using computer system service. Certain shareholders of the Company have significant holding in the shares of Connex Business Online Co., Ltd.

The Company has entered into operating lease agreements of a land and building at Rama III road with 2 directors. The lease agreements are for a period of 3 years from 2016 until 2019, at an agreed price of Baht 2.40 million per year and from 2017 until 2020, at an agreed total price of Baht 3 million per year.

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A summary of significant transactions with related parties are as follows:

(a) **Purchases and operating expenses**

	2019	2018
	Baht	Baht
Purchases of software programme	-	2,885,625
Computer system service expenses	157,500	22,500
Land and building rental expenses	5,400,000	5,400,000

As at 31 December 2019, the Company had no outstanding account payables to related parties (31 December 2018: Nil).

(b) **Directors and managements' remuneration**

Directors and managements' remuneration comprises salaries, other benefits, other remuneration and meeting fees.

For the years ended 31 December

	2019	2018
	Baht	Baht
Short-term benefits	45,080,750	52,751,500
Post-employee benefits	2,045,046	1,719,551
	47,125,796	54,471,051

28 Segment information

The Company does not present segment information. The Company's business operations are trading and including transform the structural steel, plates and sheets which are in the same product groups and its products are mainly sold in domestic market in Thailand.

29 Forward foreign exchange contracts

Forward foreign exchange contracts are entered into to manage exposure to fluctuations in foreign currency exchange rates on the purchase payments.

As at 31 December 2019, the Company had open forward foreign exchange contracts which have settlement dates in April 2020 (2018: in March to June 2019). The amounts to be received and contractual exchange rates of the outstanding contracts are:

	2019	2018
	Baht	Baht
The amounts to be received		
USD 0.10 million (Baht 30.14 per Dollar)	3,014,000	-
USD 0.80 million (Baht 32.09 - 32.91 per Dollar)	-	26,079,200

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Net fair values of financial instruments as at the statements of financial position date are as follows:

	2019	2018
	Baht	Baht
Unfavourable forward foreign exchange contracts	(5,002)	(206,336)

The fair values of forward foreign exchange contracts have been calculated based on rates quoted by the Company's bankers to terminate the contracts as at 31 December. This is within level 2 of fair value hierarchy (Note 3.3).

30 Event after the financial statement date

At the Board of Directors' Meeting on 24 February 2020, it passed a resolution to propose the dividends payment in respect of results of operations for the year 2019 and retained earnings of Baht 0.30 per share for 870,758,034 shares, totalling Baht 261.23 million. However, it will be further proposed for the shareholders' approval in the Annual General Meeting of the Shareholders for fiscal year 2020.

▶ Audit Fee

The Company paid the fee to audit firm for year 2017-2019 as the following:

Year	Audit fee (Baht)	Non-Audit fee (Baht)
2019	1,650,000	15,400
2018	1,600,000	18,500
2017	1,600,000	22,600

The auditors from PricewaterhouseCoopers ABAS Company Limited are namely as below;

Name	C.P.A. No.	Audit Year	Total
Mr. Paiboon Tunkoon	4298	2017 - 2019	3 Years
Mr. Prasit Yuengsrikul	4174	2012 - 2016	5 years
Mr. Vichien Khingmontri	3977	2007 - 2011	5 years

In this regard, the audit firm and those auditors have no relationship with or conflict of interest in TMT Steel Public Company Limited, directors, executive directors, and the Company's major shareholders.

Investors can find more information from the Company's Annual Registration Statement (Form 56-1)
at www.sec.or.th or company's website at www.tmtsteel.co.th



Sustainability



www.tmtsteel.co.th

บริษัท ทีเอ็มที สตีล จำกัด (มหาชน) TMT STEEL PUBLIC COMPANY LIMITED

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