

**Information memorandum (the extend period for granted financial assistance)
G J Steel Public Company Limited**

According to G J Steel Public Company Limited (“**the Company**”) gave financial support to G Steel Public Company Limited (“**GSTEL**”) by extending the tenor of the unsecured short-term loan having total amount of 117,148,630.14 Baht (divided to Principal of 94,000,000 Baht and Accrued Interest of 23,148,630.14 Baht) which having the due date for both Principal and Accrued Interest on 15 May 2019 since GSTEL is currently in the process of seeking external funding source to be used for operation working capital. This financial support was deemed as a connected transaction with the transaction size of 0.86% of the Company’s Net Tangible Assets (NTA) based on the financial statement of the Company dated 30 September 2018 (NTA of the Company based on the Company’s financial statement dated 30 September 2018 was 13,651,070,000 Baht) and this transaction size was higher than 100 million Baht or 3% of the Company’s NTA, whichever is lower, as a result, according to the Notification of the Capital Market Supervisory Commission No. Tor Chor 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand (SET) Re: Disclosure of Information of Listed Company Concerning the Connected Transactions B.E. 2546 (“**Notification of the Connected Transaction**”), the company is responsible for the following tasks;

- (a) Disclose information memorandum of the connected transaction of the Company to the Stock Exchange of Thailand (“**SET**”) according to the Notification of the Connected Transaction.
- (b) Seek approval of entering into the connected transaction from the shareholder meeting of the Company with the transaction shall be passed by the votes of not less than three-fourths of the total votes of shareholders and proxies attending the meeting and entitled to cast their votes; , excluding ones who have conflict of interest in the transaction.
- (c) Appoint Independent Financial Advosir (“**IFA**”) to give opinion to the Company’s connected transaction and submit to the Securities and Exchange Commission (“**SEC**”) and SET.

In order to oblige the process from the Notification of the Connected Transaction, the Company would like to present this transaction to the shareholders’ meeting to consider and rectify with higher or equal to 3/4 votes from participating and voting shareholders, excluding ones who have conflict of interest in the transaction. In this regards, the Board of Director Meeting of the Company No.2/2019 held on 26 February 2019 had appointed Capital Link Advosiry Limited to be the IFA to provide the opinion for this financial support which is deemed as a connected transaction to the shareholders to consider and rectify the aforementioned transaction as detail in the enclosure 14.

The Company would like to inform the detail of this financial support to GSTEL as follows;

Part 1 Information on the connected transaction

1) Date on which the transaction occurs and transaction party

1.1) Date of the transaction

The Company entered into the financial support to GSTEL on 30 March 2017 with the first loan tenor extension has been made on 22 September 2017 and the second loan tenor extension has been made on 14 January 2019 with details in section 3).

1.2) Transaction party

Finance supporter	G J Steel Public Company Limited (“the Company”)
Finance receiver	G Steel Public Company Limited (“GSTEL”)

Relationship	GSTEL is a major shareholder of the Company directly and indirectly 17.44% of the Company's paid-up capital (according to the latest book closing date as at 31 December 2018).
Loan Amount	94,000,000 Baht
Interest Rate	12.5% per annum (Total Accrued Interest amount: 23,148,630.14 Baht)
Loan security	None

2) Type of the connected transaction and value

2.1) Description of the Transaction

Details of the financial support are as follow;

1. Loan Agreement dated 30 March 2017

The Company entered into the loan agreement dated 30 March 2017 amount of 94,000,000 Baht with the tenor of 6 months to GSTEL as a lender. This loan agreement was approved by the Board of Directors Meeting of the Company No. 3/2017 held on 16 March 2017 and disclosed to the SET on 16 March 2017.

This transaction was considered a connected transaction as it was made between the Company and its major shareholder, GSTEL, holding the shares both direct and indirect totaling 25.7% of the Company's paid-up capital during that time. The Company has provided the unsecured short-term loan to GSTEL for temporary financial support to be used as working capital in their operation business as GSTEL was currently in the process of debt restructuring and seeking funds from external source with aim to enhance its balance sheet and improve their financial strength. The Company's Board of Directors deliberated and approved this financial support to GSTEL based on the ability to repay the debt from the cash flow of GSTEL at that time and external source of fund which expected to be provided to GSTEL due to the loan negotiation was been in the procee. Thus, by those reasons, GSTEL should be able to repay the loan within stipulated loan tenor.

Total transaction Value: Loan in the principal amount not exceeding 94,000,000 Baht at the interest rate of 12.5% per annum for a period of not more than 6 months from the first draw down date. Total value of transaction comprises of loans value equivalent to maximum 94,000,000 Baht and the total cost of financing of 5,875,000 Baht for the period of 6 months ending 30 September 2017. Thus, total transaction value was equivalent to 99,875,000 Baht.

Transaction Size: The aforementioned transaction was considered as granting financial assistance. The size of the transaction was approximately 0.84% of the Company's Net Tangible assistance ("NTA") (NTA of the Company as per the financial statement as of 31 December 2016 was 11,934,472,906 Baht) which was less than 100 million Baht or 3% of the Company's Net Tangible Assets (NTA), whichever is lower. Accordingly, this transaction shall be required an approval by the Board of Directors and disclosed to the SET, without taking such transaction presented to the shareholders' meeting for approval, in which the Company had made such disclosure on 16 March 2017.

2. First Loan Tenor Extension

The Company entered into the first amendment to extend the 94,000,000 Baht loan to GSTEL with the approval of the Board of Directors Meeting of the Company No. 9/2017 held on 22 September 2017.

This transaction was considered a connected transaction as it was made between the Company and its major shareholder, GSTEL who at that time held shares both direct and indirect totaling 25.70% of the Company's paid-up capital. The Board of Directors of the Company approved the financial assistant by extending the loan tenor (same principal of loan amount) from 30 September 2017 to 15 November 2017 in order to allow GSTEL for sufficient time to negotiate the better conditions of new loan from prospected lender after the Extraordinary General Meeting of GSTEL No.1/2017 held on 30 August 2017 disapproved the debt to equity conversion. The Company's Board of Directors carefully considered that GSTEL should be able to achieve the external new loan and repay the loan to the Company within the tennor extended.

Total transaction value: Principal loan amount of 94,000,000 Baht at the interest rate of 12.5% per annum, total cost of financing of 5,571,917.81 Baht calculated from the actual date of each loan drawdown upto the extended due date on 15 November 2017. Thus, total transaction value was equivalent to 99,571,917.81 Baht.

Transaction Size: The aforementioned transaction was considered as granting financial assistance. The size of the transaction was approximately 0.79% of the Company's NTA (NTA of the Company as per the financial statement as of 30 June 2017 was 12,668,995,000 Baht) which was less than 100 million Baht or 3% of the Company's NTA, whichever is lower. Accordingly, this transaction shall be required an approval by the Board of Directors and disclosed to the SET, without taking such transaction presented to the shareholders' meeting for approval, in which the Company had disclosed the report on 26 September 2017.

3. **The Second Loan Tenor Extension**

The Company entered into the second amendment to extend the 94,000,000 Baht loan to GSTEL with the approval of the Board of Directors Meeting of the Company No. 1/2019 held on 14 January 2019.

This transaction was considered a connected transaction as it was made between the Company and its major shareholder, GSTEL who at that time held shares both direct and indirect totaling 17.44% of the Company's paid-up capital. The Board of Directors of the Company approved the finance assistance by extending the loan tenor (same principal of loan amount) to be 15 May 2019 in order to allow GSTEL for sufficient time to negotiate the better conditions of new loan from prospected lender.

Total transaction value: Principal loan amount of 94,000,000 Baht at the interest rate of 12.5% per annum, total cost of financing of 23,148,630.14 Baht calculated from the actual date of each loan drawdown upto the extended due date on 15 May 2019. Thus, total transaction value was equivalent to 117,148,630.14. Baht

Transaction Size: The aforementioned transaction was considered as granting financial assistance. The size of the transaction was approximately 0.86% of the Company's NTA (NTA of the Company as per the financial statement as of 30 September 2018 was 13,651,070,000 Baht). This transaction was considered as large transaction size which is higher than 100 million Baht or 3% of the Company's NTA, whichever is lower. Since this transaction size is higher than 100 million Baht, the Company shall disclose the information memorandum of the connected transaction to the SET according to the Notification of the Connected Transaction and present the connected transaction to the shareholder meeting of the Company to opine and rectify with higher or equal to 3/4 votes from participating and voting shareholders, excluding

ones who have conflict of interest in the transaction. In this regards, the Company had appointed Capital Link Advisory Limited as an Independent Financial Advisor (IFA) to prepare the IFA Report giving the opinion to the Company's financial support which was deemed as the connected transaction (as detail in the enclosure 14).

2.2) Calculation of connected transaction size

Total Value	Not exceeding 117,148,630.14 Baht (principal and interest according to the loan agreement)
Criteria	Net Tangible Assets (NTA)
Connected transaction size	0.86% of the Company's NTA as of 30 September 2018 which was the latest interim financial statements of the Company at the time considered the connected transaction presented to the Company's Board of Directors Meeting No. 1/2019, held on 14 January 2019. The NTA of the Company in the mentioned financial statements was 13,651,070,000 Baht.

The Company's NTA from the interim financial statements of the Company ended 30 September 2018, reviewed by the independent auditor that used in the consideration of this connected transaction for the approval of the Board of Directors Meeting of the Company No. 1/2019 held on 14 January 2019 is as follow;

The Company Financial Information	Amount (Million Baht)
Total Assets	18,458.98
Less : Intangible Assets	6.59
Less : Total Liabilities	4,801.32
Less : Non-controlling interests	0.00
Net Tangible Assets (NTA)	13,651.07

3) Total Value and Criteria used in determining a transaction's total value

3.1 Total value of the transaction

The Company has provided the loan to GSTEL for the principle amount of 94,000,000, Baht interest payable of 23,148,630.14 Baht (calculated until 15 May 2019), totaling of 117,148,630.14 Baht, which GSTEL has gradually drawn down the said loan and will be due on 15 May 2019 as per details below:

No.	Amount (Baht)	Interest (% per annum)	Drawdown Date	Due Date	Day Count	Interest Payable (Baht)
1.	13,000,000	12.50	30 Mar 2017	15 May 2019	777	3,459,246.58
2.	15,000,000	12.50	11 Apr 2017	15 May 2019	765	3,929,794.52
3.	15,000,000	12.50	15 May 2017	15 May 2019	731	3,755,136.99
4.	2,000,000	12.50	24 May 2017	15 May 2019	722	494,520.55
5.	7,000,000	12.50	30 May 2017	15 May 2019	716	1,716,438.36
6.	20,000,000	12.50	14 Jun 2017	15 May 2019	701	4,801,369.86
7.	15,000,000	12.50	27 Jun 2017	15 May 2019	688	3,534,246.58
8.	1,000,000	12.50	4 Sep 2017	15 May 2019	618	211,643.84
9.	3,000,000	12.50	11 Sep 2017	15 May 2019	612	628,767.12
10.	3,000,000	12.50	22 Sep 2017	15 May 2019	601	617,465.75
Total	94,000,000					23,148,630.14

3.2 Criteria used in determining a transaction's total value

The transaction value on the date of entering into the second loan tenor extension, the total value of which is 117,148,630.14 Baht, causing the financial support transaction with GSTEL to be considered as a large-sized transaction with the total value of higher than 100 million Baht or 3% of the Company's NTA, whichever is lower. Therefore, the Company shall disclose the information memorandum of the connected transaction to the SET according to the Notification of the Connected Transaction and present the connected transaction to the shareholder meeting of the Company to opine and rectify with higher or equal to 3/4 votes from participating and voting shareholders, excluding ones who have conflict of interest in the transaction. In this regards, the Company had appointed Capital Link Advisory Limited as an IFA to prepare the IFA Report giving the opinion to the Company's connected transaction and submit to the SEC, the SET and the Company's shareholders.

4) List of connected person and relationship

Borrower	G Steel Public Company Limited ("GSTEL")
Headquarter	88 PASO Tower 18 th floor Silom Rd, Suriyawongs, Bangrak, Bangkok
Incorporated Law	Thai
Registered Capital	48,775,743,730 Baht
Par Value	5 Baht
Directors	<ol style="list-style-type: none"> 1. Mr. Yanyong Kurovat 2. Khunying Patama Leeswadtrakul 3. Mr. Paichitr Rojanavanich 4. Mr. Chainarong Monthienvichienchai 5. Mr. Ryuzo Ogino 6. Mr. Teerapol Pussadet 7. Miss Soontareeya Wongsirikul 8. Mr. Somchai Leeswadtrakul 9. Mrs. Churairat Panyarachun 10. Mr. Komol Wong-apai 11. Miss Methikan Chutipongsiri 12. Mr. Theerachai Arunruengsirilerd

Name list and shareholding structure of top 10 major shareholders of GSTEL as of 31 December 2018

No.	Shareholder	No. of shares	Percent of Paid-up Capital
1.	Group of Jurangkool Family *	657,677,600	9.60
2.	Mr. Nirum Ngarmchamnunridhi	444,682,520	6.49
3.	Group of Khunying Patama Leeswadtrakul **	283,095,200	4.13
4.	Superior Overseas (Thailand) Co., Ltd.***	275,776,000	4.03
5.	Mr. Kritsanan Kevalee	255,167,500	3.72
6.	UOB Kay Hian Private Limited	178,440,083	2.60
7.	Bangkok Commercial Asset Management Public Company Limited	160,567,780	2.34
8.	Mr. Chalermchai Mahagitsiri	146,467,412	2.14
9.	Citibank Nominees Singapore Pte Ltd – UBS Switzerland AG	122,323,761	1.79
10.	Mr. Prasong Manaying	105,000,000	1.53
11.	Other Minor Shareholders	4,220,983,108	61.62
	Total	6,850,180,964	100.00

Remark:

* Group of Jurangkool Family comprises of

1.	Mr. Nattapol Jurangkool	386,459,900 shares	5.64%
2.	Mr. Thaveechat Jurangkool	271,217,700 shares	3.96%

** Group of Khunying Patama Leeswadtrakul comprises of

1.	Khunying Patama Leeswadtrakul	273,095,200 shares	3.99%
2.	Miss Suthidarat Leeswadtrakul	5,000,000 shares	0.07%
3.	Miss Suratiporn Leeswadtrakul	5,000,000 shares	0.07%

*** Shareholder structure of Superior Overseas (Thailand) Co., Ltd. as of 30 April 2018 comprises of

1.	Khunying Patama Leeswadtrakul	15,300,000 shares	29.42%
2.	Marco Wealth Investment Co., Ltd.	13,200,001 shares	25.38%
3.	Miss Methikan Chutipongsiri	10,299,999 shares	19.81%
4.	Mr. Manit Chiajuabsilp	8,000,000 shares	15.38%
5.	Mrs. Pathum Chiajuabsilp	5,200,000 shares	10.00%

5) Conflict of interests

5.1) Conflict of interests Directors

The Company directors, namely, Mr. Yanyong Kurovat, Ms. Soontareeya Wongsirikul, Mr. Somchai Leeswadtrakul and Mr. Chainarong Monthienvichienchai are considered as interested and/or connected directors; therefore, in order to ensure the transparency of voting procedures and to facilitate the independent judgment of other directors, those mentioned directors abstained from voting in this matter and temporarily left the Meeting during voting session.

5.2) Conflict of interests Shareholders

GSTEL group is the shareholders that will benefit from this financial support, hence, GSTEL group as a shareholder of the Company who holds shares of 2,429,427,209 shares or 17.44% of the Company's paid-up capital are considered as interested and/or connected shareholders and shall have no rights to vote in the Company's shareholders meeting in this agenda (based on the latest book closing date as on 31 December 2018)

Shareholders in GSTEL group comprises of

Shareholder	No. of shares	Percent
1. G Steel PLC	2,122,427,209	15.24
2. GS Secutiry Holding Co., Ltd.	307,000,000	2.20
<u>Total</u>	2,429,427,209	17.44

6) Conditions of transaction

None

7) Opinion of the Board of Directors

The Board of Directors has considered the reason and necessity and resolved that the grant of financial support is reasonable transaction and will eventually benefit the financial restructuring of the group. Thus, the Company has approved granting the extend period of financial assistance to GSTEL in the principal amount of 94 million Baht until the new maturity date on 15 May 2019 and interest rate at 12.5% per annum which corresponds to the long-term financial costs of company. Moreover, the Board of Directors had also resolved to present this financial support as an agenda in the Board of Directors' Meeting No. 2/2019 on 26 February 2019 to consider including this matter as an agenda to ratify the approval in the coming Annual General Meeting of the Company.

8) Opinion of the Audit Committee and/or the Board of Directors of the Company that differs from the opinion the Board of Directors in the above 7)

The audit committee meeting was held at the same time as the Board of Directors meeting which were held on 14 January 2019 where the audit committee have the same opinion with the opinion the Board of Directors in the above 7)

However, the audit committee has convened an audit committee meeting No.2/2019 held on 26 March 2019 to consider the IFA Report in relation to the financial support to the Company's connected person. Capital Link Advisory Co., Ltd. ("**Capital Link**") as an independent financial advisor give opinions that shareholders should not ratify the financial support transaction to GSTEL since ,when several factors are taken into account as appeared in the IFA Report in relation to the financial support to the Company's connected person, IFA opines that terms and conditions as appeared in the loan agreement between the Company and GSTEL, relating to interest rate determined by the Company at 12.50% per year is inappropriate and lower than financial costs of the Company, and lower than market interest rate that GSTEL has to pay if the loan was granted by a third party. In addition, in respect of the loan agreement's conditions, generally loan agreement given to a borrower with weak financial position are likely to include conditions to reduce risk of the lender such as collateral and/or guarantor, and in order to prevent late repayment, additional conditions are usually added such as specifying default interest rate at the highest legal rate and/or including 1-year accrued interest as part principal to calculate interest on the new principal. In this regard, when the loan agreement and the 2 memorandums of understanding are considered, they are simple loan agreements with only 2 pages of content per document, and conditions to reduce risks of the Company and to prevent late repayment are not found. The details of opinions given on the financial support to GSTEL are in accordance with the IFA Report regarding the financial support to the Company's connected person.

However, the audit committee has considered the IFA report and opined that although the IFA give opinions that shareholders should not ratify the financial support transaction to GSTEL, the audit committee has a different opinion from the IFA's opinion and still approves the proposal of entering into such transaction to the shareholders' meeting to consider approving and ratifying for the reasons as follows:

1) To Protect the Image of the Company In Terms of Good Corporate Governance

From inquiring about the reasons that the Company did not propose the financial support transaction to GSTEL to the shareholders' meeting for consideration and approval before entering into the transaction as specified in the Notification of the Connected Transaction, the meeting has been informed that this arose as a result of technical reasons and not the legal issues relating to entering into rehabilitation plan of GSTEL, and the situation that both the Company and GSTEL could not control since at the time of approval by the Board of Directors' meeting to enter into the first financial support transaction to GSTEL and the first extended loan repayment, the value of such transaction (both principal and interest as appeared in Clause 1. and 2.) did not reach the threshold that the Company would be required to propose such matter to the shareholders' meeting to consider approving (the size of transaction is less than 100 million Baht or 3% of the total net tangible assets of the Company, whichever is lower.)

However, the reason that the company has to propose the financial support to GSTEL transaction to the shareholders' meeting to request for ratification of the transaction results from the fact that after the Board of Directors' meeting No. 9/2017, held on 22 September 2017 resolved to approve the extension of scheduled repayment date from 30 September 2017 to 15 November 2017, and during the period before the repayment date, 15 November 2017, GSTEL entered into rehabilitation process by filing a petition for rehabilitation to the Central Bankruptcy Court on 14 November 2017, leading to that when the date of repayment is due, GSTEL was not able to repay debts to the Company as specified in Section 90/12 (9) of the Bankruptcy Act BE 2483, which stipulates that "the debtor shall not make any disposal, distribution or transfer, grant a lease, make repayment of debt, create debts or perform any action having the effect of creating any encumbrance over the debtor's property except that it is an action necessary for the continuance of normal operation of the debtor's business, unless otherwise ordered by the Court accepting the petition"

From the fact that GSTEL was not able to repay the debt within the scheduled repayment date as a result of legal and situational limitations as mentioned above, the principal combined with interest on the date that the Board of Directors' meeting No. 1/2019 was held on 14 January 2019, which is the meeting to extend the original repayment date to the new date on 15 May 2019, increased to 117,148,630.14 Baht, and causing the Company to be required to propose such item to the Shareholder's meeting for approval (the transaction size is higher than 100 million Baht or 3% of the total net intangible assets of the Company, whichever is lower).

Therefore, taking such events into consideration, the audit committee has considered and opined that the fact that the Company did not propose the financial support to GSTEL transaction to the shareholders' meeting is not from the intention to avoid regulations or related notifications, but such action arose as a result of circumstances that both the Company and GSTEL could not predict, leading to that such transaction was not proposed to the shareholders' meeting according to regulations and related notifications. However, the audit committee is aware of the good corporate governance principle and fiduciary duties principle of all directors of the Company as well as to protect the image of the Company in terms of good corporate governance, the audit committee is of the opinion that the matter should be proposed to the shareholders' meeting for ratification in order for the Company to be compliant with the duties of a listed company in accordance with the relevant rules or notifications.

2) The Financial Support to GSTEL is Reasonable

The audit committee has considered the transaction of giving financial support to GSTEL of the Board of Directors' meeting No. 3/2017 held on 16 March 2017, which is the starting point of the extension of repayment date of the Board of Directors' meeting No. 9/2017 held on 22 September 2017 and the Board of Directors' meeting No. 1/2019 held on 14 January 2019, and opined that the entering into such transaction is reasonable even though the opinions of IFA are shown that such loan does not specify conditions to reduce the risk of the Company and to prevent late repayment.

From the explanation of the management to the audit committee, the loan to GSTEL at that time results from that GSTEL did not have money to repay the tax debts to the Revenue Department in the amount of approximately 90,000,000 Baht and GSTEL was not able to borrow money from any other source, as well as at that time, the Company had sufficient cash and financial liquidity for lending to GSTEL. The source of fund that the Company gave financial support to GSTEL is from internal working capital of the Company; after giving financial support to GSTEL, the Company still had sufficient working capital to operate business; therefore, the Company decided to give financial support to GSTEL.

Regarding the provision of financial support to GSTEL in order for GSTEL to have the money to pay the outstanding tax debts to the Revenue Department in the amount of approximately 90,000,000 Baht, GSTEL would withdraw such line of credit on a monthly basis, 15,000,000 Baht per month, to repay the tax debts to the Revenue Department. Therefore, the loan is only giving a line of credit to GSTEL, which is a short-term loan without collateral in the amount of not exceeding 94 million Baht, and the principal repayment period is scheduled to be no more than 6 months from the first date of withdrawal. The Company therefore did not specify any collateral, and during the period of approval for granting financial support to GSTEL (30 March 2017), GSTEL is in the process of procuring external sources of funds and restructuring its financial structure to be stronger. The Board of Directors therefore considered to approve this financial support based on the ability to pay debts from GSTEL's cash flows and external sources that GSTEL expected to receive during the negotiation of conditions. Therefore the Company considered providing short-term financial support and GSTEL should be able to repay the loan within the specified time.

In terms of interest determination at the rate of 12.5% per year, the audit committee has considered that it is reasonable because the amount of money given to GSTEL as a loan in the amount of 94,000,000 Baht is not from the Company borrowing from others as referred by the IFA, but came from cash flow from the operation of the company. At that time, the company had cash and high financial liquidity; therefore if taking the front-end fee of 2% divided by 5 years, the average value would be 0.4% per year, and when combined with an interest rate of 12%, it is equal to approximately 12.4% per year. The company therefore does not lose any benefits at all.

In addition, in considering granting financial support to GSTEL, in addition to the above reasons and necessities to provide financial support, this is to protect the reputation and image of the Company's group because if GSTEL is unable to repay the outstanding tax debts to the Revenue Department, this would result in the Revenue Department being able to seize or freeze GSTEL's assets and may affect the overall business operation of the group Including the reputation and image of the group.

3. Impact in the Case that GSTEL does not Repay the Loan

The audit committee inquired the management about the impact if GSTEL did not repay the loan and found that if GSTEL was unable to repay the loan to the Company, it would not affect the statement of comprehensive income of the company because the company still does not have to record the allowance for doubtful debts for the whole amount since according to the principle of recording allowance for doubtful debts, it will be done when the outstanding debt is over 1 year from the due date. Therefore, the time that the company would have to record an allowance for doubtful debts for the whole amount is after the 1 year period is past, from 15 May 2019.

In addition, in the case of the repayment period has passed (Due on 15 May 2019) and GSTEL did not settle the principal and interest as agreed. the meeting has asked the management to take legal action against GTSEL immediately.

The audit committee additionally inquired about the ability and tendency of GSTEL's repayment, the management explained that at present, GSTEL will be able to resume its business on 1 May 2019. Therefore, GSTEL will have working capital in the future from business operations and income generated from business operations will be covered to repay existing debts to the Company.

Therefore, the audit committee has considered the reasons and necessities mentioned above and has the opinion that such financial support and the extension of the original loan repayment period, the principal amount of which is 94,000,000 Baht, to 15 May 2019 are reasonable transactions; therefore, the financial support will still be proposed to the Annual General Meeting of Shareholders for ratification.

Information memorandum of the Company and other related information, the Board of Directors certify that this information memorandum is correct and complete.

Part 2 General Information of Listed Company**1. General Information**

The Company Name	G J Steel Public Company Limited
Headquarter Location	88 PASO Tower, 24th Floor, Silom Road, Suriyawong, Bangrak, Bangkok 10500 Tel: (02) 267-8222 Fax: (02) 267-9048
Factory Location	Hemaraj Chonburi Industrial Estate, 358 Moo 6, Highway 331, Bowin, Sriracha, Chonburi 20230 Tel: (038) 345-950 Fax: (038) 345-693
Website	www.gjsteel.co.th
Type of Business	Production and Distribution of Hot Rolled Coil
Registered Capital	129,298,350,418.50 Baht (as at 28 February 2019)
Paid-up Capital	96,104,091,707.70 Baht (as at 28 February 2019)
Paid-up Common Stock	13,928,129,233 Ordinary shares, (as at 28 February 2019) Per value of 6.90 Baht per shares

2. Business overview

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

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

3. Board of Directors, Executives and Major Shareholders**Board of Directors**

As at 28 February 2019, the Company's Board of Directors comprises of 11 members as follows:

No	Name	Position
1	Mr. Chainarong Monthienvichienchai	Chairman / Non-Executive Director
2	Assoc. Prof. Niputh Jitprasonk	Independent Director/ Chairman of the Audit Committee
3	Mr. Stephen Karl Stewart	Independent Director / Audit Committee Member
4	Mr. Yingsak ⁽¹⁾ Jenratha	Independent Director / Audit Committee Member
5	Mr. Yanyong Kurovat	Director / Executive Director
6	Mr. Somchai Leeswadtrakul	Director / Executive Director
7	Ms. Soontareeya Wongsirikul	Director / Executive Director
8	Mr. Richard Jim Yee	Director / Non-Executive Director

No	Name	Position
9	Mr. Amrendra ⁽²⁾ Prasad Choudhary	Director / Executive Director
10	Mr. Andreas Rizal Vourloumis	Director / Executive Director
11	Mr. Sudhir Maheshwari	Director / Executive Director

Remarks

- (1) The Meeting of Board of Directors No. 5/2018 held on 26 June 2018 has considered and resolved to appoint Mr. Yingsak Jenratha as an Independent Director and Audit Committee Member in replacement of Dr. Narumon Saardchom, the resigning director, with effect from 26 June 2018 onwards.
- (2) The Meeting of Board of Directors No. 4/2018 held on 10 May 2018 has considered and acknowledged the directors' resignation of Mr. Tobias Ernst Chun Damek as director of the Company, with effect from 9 May 2018 onwards, and approved the appointment of Mr. Amrendra Prasad Choudhary, Chief Executive Officer, as a director of Company in replacement of Mr. Tobias Ernst Chun Damek, the resigned director, for the remaining term of his office, with effect from 10 May 2018 onwards.

Authorized Directors are as follow

“Mr. Yanyong Kurovat or Ms. Soontareeya Wongsirikul or Mr. Somchai Leeswadtrakul, any one of these three directors to co-sign with any one of these three directors, Mr. Amrendra Prasad Choudhary or Mr. Andreas Rizal Vourloumis or Mr. Sudhir Maheshwari and affix the Company seal”

Executives

As at 28 February 2019, the Company's Executives comprises of 8 members as follows;

No	Name	Position
1.	Khuning Patama Leeswadtrakul	Chief Corporate Social Responsibility Officer
2.	Mr. Amrendra Prasad Choudhary	Chief Executive Officer
3.	Mr. Sittisak Leeswadtrakul	Chief Operation Officer
4.	Mr. Tushar Kanti Sahu	Chief Commercial Officer
5.	Ms. Soontareeya Wongsirikul	Deputy Chief Executive Officer
6.	Ms. Methikan Chutipongsiri	Chief Information Officer
7.	Mr. Somchai Leeswadtrakul	Chief Government Liaison Officer
8.	Mr. Rajeev Jhavar	Chief Financial Officer

Shareholding Structure

As of 31 December 2018, top ten shareholders and stock holding proportion based on paid-up capital are as follows:

No.	Name of shareholders	Number Shares	%
1.	Asia Credit Opportunities I (Mauritius) Limited	3,342,751,016	24.00
2.	G Steel Public Company Limited	2,122,427,209 ⁽¹⁾	15.24
3.	Nomura Singapore Limited-Customer Segregated Account	1,086,456,038	7.80
4.	Mrs. Jarunee Chinnawongvorakul	841,798,800	6.04
5.	Oceanwide Securities Company Limited A/C Client	480,768,667	3.45
6.	Superior Overseas (Thailand) Co., Ltd.	412,500,000	2.96
7.	GS Securities Holding Co., Ltd.	307,000,000	2.20

No.	Name of shareholders	Number Shares	%
8.	Mr. Somchai Padpai	215,725,300	1.79
9.	Mr. Surapan Tatimaneekul	215,725,300	1.55
10.	Thai NVDR Company Limited	148,887,447	1.07
11.	Minor shareholders	4,754,089,456	33.9
	Total	13,928,129,233	100.00

Note (1) There is 22,000,000 shares that GSTEL sold with right of redemption to 3rd party and transferred right to the buyer but the buyer did not inform to TSD yet, therefore, this portion still remain in GSTEL's name. However, if the buyer informs the change to TSD, GSTEL shareholding portion is GJS will be 2,100,427,209 shares.

4. Related Transactions

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

Name of Company and Person who may have Conflict of Interest	Nature of Relationships
G Steel PCL (“G Steel”)	Parent company
Oriental Access Co., Ltd. (“OAC”)	Subsidiary of G Steel
Siam Professional Holdings Co., Ltd.	Subsidiary of G Steel
GS Securities Holdings Co., Ltd.	Subsidiary of G Steel
GS Notes Holdings 2 Co.,Ltd.	Subsidiary of G Steel
Asia Credit Opportunities I (Mauritius) Limited	(registered the dissolution of the company on 22 September 2017)
Link Capital I (Mauritius) Limited	Since 21 September 2017, major shareholders which is a wholly-owned subsidiary of SSG Capital Partners III, L.P.
SSP Place Co., Ltd.	Since 21 September 2017, major shareholders which is a wholly-owned subsidiary of SSG Capital Partners III, L.P.
Asia Metal PCL	Common director
Panichsawad Co., Ltd.	Common shareholder of G Steel
Arnoma Hotel Bangkok Co., Ltd.	Directors related to major shareholders of G Steel
Felix River Kwai Resort (Kanchanaburi) Co., Ltd.	Common executive
Mahachai Steel Center Co., Ltd.	Common director
Mahachai Steel Inter Co., Ltd.	Related party of the shareholder of G Steel
Metal Inter Co., Ltd.	Related party of the shareholder of G Steel (registered the dissolution of the company on 13 January 2016)
M & L Steel Co., Ltd.	Related party of the shareholder of G Steel
The Steel PLC.	Related party of the shareholder of G Steel (registered the dissolution of the company on 23 April 2018)
Liberty Steel Siam Co., Ltd.	Related party of the shareholder of G Steel

Related transactions in 2018 and 2017 as detail below:**1. Transaction with G Steel PCL**

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)		Necessity and Justification of the Item
	As of 31 Dec 2018	As of 31 Dec 2017	
- Sales of raw materials and finished goods	273.20	-	The management is of the opinion that such transactions is under a normal business conditions in its operations.
- Purchase of raw materials	668.28	937.38	
- Tolling service	3,872.87	536.23	
- Short-term loan	94.00	94.00	
- Interest receivable	-	5.54	
- Accrued Interest receivable	5.54	5.54	
- Trade accounts payable	5.85	122.89	
- Advance payment for raw material	-	166.96	

2. Transaction with Oriental Access Co., Ltd

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)		Necessity and Justification of the Item
	As of 31 Dec 2018	As of 31 Dec 2017	
- Financial costs	1.01	1.01	The management is of the opinion that such transactions is under a normal business conditions in its operations
- Others payable	13.45	13.45	
- Accrued interest expenses	3.61	2.60	

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

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)		Necessity and Justification of the Item
	As of 31 Dec 2018	As of 31 Dec 2017	
- Financial advisory services	0.22	1.59	The management is of the opinion that such transactions is under a normal business conditions in its operations.
- Financial costs	-	0.22	

5. Performance summary and financial analysis

Information as per the separate financial statement of the Company (Audited) for the year 2016-2018 is as follows;

5.1 Statement of financial position

	31 Dec 2018		31 Dec 2017		31 Dec 2016	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Assets						
Current assets						
Cash and cash equivalents	201,032	1%	578,124	3%	610,143	3%
Trade accounts receivable	13,892	0%	32,960	0%	195,960	1%
Inventories	3,861,389	21%	3,278,914	17%	854,626	5%
Short-term loan to related party	94,000	0%	94,000	0%	0	0%
Other current assets	268,026	1%	394,308	2%	91,761	1%
Total current assets	4,438,339	24%	4,378,306	22%	1,752,490	10%
Non-current assets				0%		0%
Property, plant and equipment	13,838,824	74%	14,637,996	75%	15,558,145	87%
Intangible assets	7,135	0%	6,225	0%	7,807	0%
Other non-current assets	540,065	3%	523,228	3%	494,427	3%
Total non-current assets	14,386,024	76%	15,167,448	78%	16,060,379	90%
Total assets	18,824,363	100%	19,545,754	100%	17,812,868	100%
Liabilities and equity						
Current liabilities						
Trade accounts payable	2,033,029	11%	870,385	4%	2,039,409	11%
Other payables and accrued expenses	660,628	4%	723,524	4%	1,238,899	7%
Advance from customers	32,683	0%	192,349	1%	190,096	1%
Short-term loan from other party	0	0%	0	0%	18,500	0%
Short-term loan from related party	1,239,362	7%	1,476,201	8%	0	0%
Accrued interest expenses	131,778	1%	201,051	1%	1,477,824	8%
Current portion of liabilities under rehabilitation plan	180,013	1%	204,360	1%	225,734	1%
Current portion of finance lease obligation	416	0%	395	0%	0	0%
Provisions	40,565	0%	0	0%	72,240	0%
Other current liabilities	31,107	0%	38,251	0%	35,076	0%
Total current liabilities	4,349,581	23%	3,706,516	19%	5,297,778	30%
Non-current liabilities						
Trade accounts payable	0	0%	0	0%	0	0%
Other payables and accrued expenses	58,077	0%	232,316	1%	456,222	3%
Long-term loan from related party	1,117,518	6%	1,479,358	8%	0	0%
Finance lease obligation	1,389	0%	1,805	0%	0	0%
Debenture	0	0%	0	0%	62,607	0%
Employee benefit obligations	80,141	0%	72,154	0%	53,982	0%
Total non-current liabilities	1,257,125	7%	1,785,634	9%	572,811	3%
Total liabilities	5,606,705	30%	5,492,150	28%	5,870,589	33%
Equity						

	31 Dec 2018		31 Dec 2017		31 Dec 2016	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Share capital 18,738,891,365 share, 18,738,891,365 share and 14,947,517,165 share par 6.90 Baht as at 31 Dec 2018, 2017 and 2016 respectively	<u>129,298,350</u>		<u>129,298,350</u>		<u>103,137,868</u>	
Issued and paid-up share capital 13,928,129,233 share 13,928,129,233 share, 10,585,378,217 share part 6.90 Baht as at 31 Dec 2018, 2017 and 2016 respectively	96,104,092	511%	96,104,092	492%	73,039,110	410%
Warrants	0	0%	0	0%	147,992	1%
Premium (discount) on ordinary shares	(61,757,357)	(328%)	(61,757,357)	(316%)	(39,828,910)	(224%)
Legal reserve	18,507	0%	18,507	0%	18,507	0%
Retained earnings (deficit)	(21,457,266)	(114%)	(20,621,318)	(106%)	(21,596,108)	(121%)
Other components of equity	<u>309,681</u>	2%	<u>309,681</u>	2%	<u>161,689</u>	1%
Total equity	<u>13,217,658</u>	70%	<u>14,053,605</u>	72%	<u>11,942,280</u>	67%
Total liabilities and equity	<u>18,824,363</u>	100%	<u>19,545,754</u>	100%	<u>17,812,868</u>	100%

5.2 Separate Statement of income

Statement of income

	31 Dec 2018		31 Dec 2017		31 Dec 2016	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Income						
Revenue from sale	29,909,762	99%	15,178,062	93%	11,669,472	99%
Net gain from write-off the expired legal prescription of liabilities	119,077	0%	0	0%	0	0%
Net foreign exchange gains	105,318	0%	310,910	2%	53,612	0%
Net gain from debt restructuring	677	0%	734,023	5%	7,711	0%
Other income	<u>45,022</u>	0%	<u>42,589</u>	0%	<u>21,955</u>	0%
Total income	<u>30,179,856</u>	100%	<u>16,265,585</u>	100%	<u>11,752,750</u>	100%
Expenses						
Cost of sale						
- Cost of goods sold	29,341,754	97%	14,315,400	88%	10,808,548	92%
- Idle cost	125,364	0%	0	0%	66,126	1%
- Loss on devaluation of inventories	<u>160,473</u>	1%	<u>4,051</u>	0%	<u>(8,607)</u>	0%
Total Cost of sale	29,627,591	98%	14,319,451	88%	10,866,067	92%
Selling expenses	361,595	1%	185,210	1%	159,814	1%
Administrative expenses	500,471	2%	496,310	3%	529,257	5%

	31 Dec 2018		31 Dec 2017		31 Dec 2016	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Bad and doubtful debts expense	10,341	0%	3,156	0%	1,292	0%
Net foreign exchange loss	0	0%	0	0%	0	0%
Loss on confirmed purchase orders for undelivered raw material	40,565	0%	0	0%	0	0%
Finance costs	<u>475,239</u>	2%	<u>271,128</u>	2%	<u>203,461</u>	2%
Total expenses	<u>31,015,803</u>	103%	<u>15,275,254</u>	94%	<u>11,759,891</u>	100%
Profit (loss) for the year	<u>(835,947)</u>	(3%)	<u>990,331</u>	6%	<u>(7,140)</u>	0%

5.3 Statement of cash flows

	31 Dec 2018	31 Dec 2017	31 Dec 2016
	Thousand Baht	Thousand Baht	Thousand Baht
<i>Cash flows from operating activities</i>			
Net profit (loss) for the year	(835,947)	990,331	(7,030)
<i>Adjustments for</i>			
Depreciation and amortisation	993,587	1,033,456	1,020,980
Interest income	(2,817)	(9,338)	(3,189)
Finance costs	475,239	271,128	203,461
(Reversal of) loss on impairment of property, plant and equipment	(4)	(212)	0
Net gain from debt restructuring	(677)	(734,023)	(7,711)
Net gain from write-off the expired legal prescription of liabilities	(119,077)	0	0
Gain from foreign exchange of debt restructuring at the date of debt-to-equity conversion	0	(78,651)	0
Unrealised loss (gain) on foreign exchange	(29,658)	(94,920)	(21,310)
Bad and doubtful debts expense	10,341	3,156	1,292
Loss on devaluation of inventories	160,473	4,051	(8,365)
Provision for tax - related liabilities	0	0	72,240
Loss on confirmed purchase orders for undelivered raw material	40,565	0	0
Employee benefit expenses	8,101	3,926	6,524
Loss (gain) on write-off of assets	<u>163</u>	<u>7,804</u>	<u>(1,126)</u>
	700,289	1,396,708	1,255,765
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable	19,068	(8,869)	19,123
Inventories	(742,948)	(2,428,339)	(185,380)
Advances to suppliers	172,287	(177,081)	(3,297)
Other current assets	(60,586)	(123,083)	(334)
Other non-current assets	(145,933)	(135,998)	(168,737)

	31 Dec 2018	31 Dec 2017	31 Dec 2016
	Thousand Baht	Thousand Baht	Thousand Baht
Trade accounts payable	1,185,516	456,711	(9,166)
Advances received from customers	(159,667)	2,253	12,365
Other payables and accrued expenses	(143,556)	(283,115)	(90,550)
Other current liabilities	10,396	5,681	381
Paid employee benefit obligations	(115)	(1,295)	0
Net cash from (used in) operating activities	<u>834,751</u>	<u>(1,296,428)</u>	<u>830,170</u>
<i>Cash flows from investing activities</i>			
Interest received	2,817	3,798	3,189
Short-term loan to related party decrease (increase)	0	(94,000)	0
Receive cash guarantee for the utility usage	0	0	0
Purchase of Intangible assets	(2,845)	0	0
Purchase of property, plant and equipment	(80,941)	(9,920)	(33,409)
Net cash from (used in) investing activities	<u>(80,969)</u>	<u>(100,121)</u>	<u>(30,220)</u>
<i>Cash flows from financing activities</i>			
Receive short-term loan from related party	0	1,473,155	0
Receive long-term loan from other party	0	1,430,646	0
Receive long-term loan from related party	0	167,553	0
Payment for redemption of debentures	0	(62,607)	(280,741)
Repayment of liabilities under rehabilitation plan	(6,568)	(12,922)	(14,777)
Repayment of liabilities under debt restructuring	0	(922,204)	0
Repayment of short-term loan from other party	0	(18,500)	(11,500)
Repayment of short-term loan from related party	(229,930)	0	0
Repayment of long-term loan from related party	(361,319)	0	0
Payment for financial lease liabilities	(502)	0	0
Finance costs paid			
- Liabilities under debt restructuring	0	(516,034)	0
- Others	(532,519)	(173,999)	(39,612)
Net cash from (used in) financing activities	<u>(1,130,839)</u>	<u>1,365,088</u>	<u>(346,631)</u>
Net increase (decrease) in cash and cash equivalents	<u>(377,057)</u>	<u>(31,460)</u>	<u>453,318</u>
Cash and cash equivalents at 1 January	578,124	610,143	156,863
Effect of exchange rate changes on balances held in foreign currencies	(35)	(559)	(38)
Cash and cash equivalents at 31 December	<u>201,032</u>	<u>578,124</u>	<u>610,143</u>

5.4 Management's Discussion and Analysis

The company's net loss amounted to 836 million Baht and net profit amounted to 990 million Baht for the years 2018 year 2017 in respectively, and its earnings before interest, taxes, depreciation and amortization (EBITDA) for the years 2018 and 2017 amounting to 612 million Baht and 1,062 million Baht respectively, due to:

- Sale volumes (Coil tons) and production volumes in year 2018 were significantly higher than last year due to the Company entered the Tolling agreement with G Steel for producing of HRC to increase the normal capacity during off peak power usage commencing in 4th Quarter of 2017 till to present, which can demonstrate as the following:

	Year 2018			Year 2017		
	Own production	Tolling	Total	Own production	Tolling	Total
HRC Sales (k tons)	805	642	1,447	764	48	812
HRC Production Volume (k tons)	808	629	1,436	786	90	876
HRC Average Selling Price (Baht/ton)	20,617	20,722	20,663	18,591	20,247	18,690

- Increasing of HRC price: the average selling price of HRC in year 2018 was 20,663 Baht/ton, increased by 11% as compared with last year (18,690 Baht/ton) according to HRC market price worldwide trend.
- HRC cash margin (excluding depreciation) in year 2018 was achieved at 886 Baht/ton, lower by 58% from last year due to the increase in the cash conversion cost which has increased by 18% from the last year which are mainly caused by the increasing price of graphite electrode and higher repair and maintenance cost.

Operating results

Revenue from sales and cost of sale of goods

The Company had total sales volumes and total production volumes were higher than last year mainly due to increased capacity according to Tolling agreement with G Steel during off peak power usage in year 2018.

The Company had revenue from sale of goods and profit margin for year 2018 of 29,910 million Baht and 282 million Baht in respectively whereas in year 2017 the Company had revenue from sale of goods and profit margin of 15,178 million Baht and 859 million Baht in respectively.

Selling Expenses

Selling expenses for year 2018 and 2017 amounting to 362 million Baht and 185 million Baht respectively. The increase is mainly due to increased volume and delivery charge per ton was recorded at the same level.

Financial costs

The Company had the financial costs for the year 2018 and 2017 amounted to 475 million Baht and 271 million Baht in respectively. The increased of financial costs of 204 million Baht resulted from the Company had a short-term loan for purpose of increasing working capital commencing in 4th Quarter of 2017.

Net foreign exchange gain

The Company had a net gain on foreign exchange for year 2018 amounted to 105 million Baht derived from the strengthen of the Thai Baht against the US dollar.

Net gain from write-off expired legal prescription of debts

The Company had a net gain from write-off expired legal prescription of debts for year 2018 amounted to 119 million Baht according to the resolve approval from the Company's Board of Directors on 9 and 19 November 2018.

Statement of financial positions**Assets**

As of 31 December 2018, the Company has total assets amounted to 18,824 million Baht which decreased from the year ended 2017 by 721 million Baht. From the total assets divided into the current assets amounted to 4,438 million Baht, increased by 1% from the year ended 2017 and total non-current assets amounted to 14,386 million Baht, decreased by 5% from the year ended 2017. The increase in current assets mainly derived from the increasing in inventories of 582 million Baht and partially offset with the decrease in cash & cash in banks and other current assets whereas the decrease in non-current assets mainly due to the depreciation for property, plant and equipment.

- **Cash and cash equivalent**

At the end of year 2018 the Company had cash and cash equivalent of 201 million Baht which 65% below from the year 2017. This caused from the Company had net cash inflows from operating activities of 835 million Baht, net cash outflows from investing activities of 81 million Baht, and net cash outflows by financing activities of 1,130 million Baht resulting in decrease of cash and cash equivalent.

- **Trade accounts receivable**

At the end of year 2018 the Company had trade accounts receivable of 431 million Baht after deducting the allowance for doubtful accounts of 417 million Baht, the net trade accounts receivable remained at 14 million Baht. Whereby as of 31 December 2017 it had trade accounts receivable of 450 million Baht with deductions the allowance for doubtful accounts of 417 million Baht, the net trade accounts receivable remained at 33 million Baht. The net trade accounts receivable was reduced by 19 million Baht in this year mainly due the Company was monitoring debt for other trade accounts receivable not to exceed credit terms in regular.

- **Inventory**

As of 31 December 2018 and 2017 the Company had inventories amounted to 3,861 million Baht and 3,279 million Baht in respectively, which increased by 582 million Baht due to in Q4 - 2018, the demand of HRC was relatively low, therefore causing productions and sales to be slowed down and resulting to scraps to higher remain in the stock.

- **Other Current assets**

As of 31 December 2018 and 2017 the Company had other current assets of 268 million Baht and 394 million Baht in respectively, which decreased by 126 million Baht due to the reduction in advance to suppliers for purchase of raw materials.

- **Property, plant and equipment**

As of 31 December 2018 and 2017 the Company had net property, plant and equipment of 13,839 million Baht and 14,638 million Baht in respectively, which decreased by 799 million Baht, or 5% below due to depreciation for the year.

- **Other non-current assets**

As of 31 December 2018 and 2017 the Company had other non-current assets of 540 million Baht and 523 million Baht in respectively, which increased by 17 million Baht due to an increasing in deposit payment for guarantee of electricity usage 33 million Baht and an increasing in advance payment for purchase of goods 40 million Baht partial offset with a decreasing in work roll 35 million Baht and a decreasing in other deposits and cash seized for execution 21 million Baht.

Liabilities

As of 31 December 2018 and 2017 the Company had total liabilities of 5,607 million Baht and 5,492 million Baht in respectively, which increased by 115 million Baht or 2% below, due to:

- **Trade accounts payable**

As of 31 December 2018 and 2017 the Company had trade accounts payable of 2,033 million Baht and 870 million Baht in respectively, which increased by 1,163 million Baht due to in late 2018 the Company had the contracts of imported scrap increasing.

- **Other payables and accrued expenses**

As of 31 December 2018 and 2017 the Company had other payable and accrued expenses of 719 million Baht and 956 million Baht in respectively, which decreased by 237 million Baht due to the Company had repayment to some other payables and accrued expenses and some portion was causing from the write-off expired legal prescription.

- **Advance from customers**

As of 31 December 2018 and 2017 the Company had advance from customers of 33 million Baht and 192 million Baht in respectively, which decreased by 159 million Baht due to late of 2018 the Company has a decreased in sales volume as compared to late of last year resulting to the advance from customers was reduced.

- **Short-term loan from related party**

As of 31 December 2018 and 2017 the Company had short-term loans from related party amounted to 1,239 million Baht and 1,476 million Baht in respectively, which decreased by 237 million Baht due to there was a repayment of short-term loan in during the year.

- **Accrued interest expenses**

As of 31 December 2018 and 2017 the Company had accrued interest expenses amounted to 132 million Baht and 201 million Baht in respectively, which decreased by 69 million Baht due to the Company had repayment to some accrued interest expenses.

- **Liabilities under the rehabilitation plan**

As of 31 December 2018 and 2017 the Company had debts under the business rehabilitation of 180 million Baht and 204million Baht in respectively, which decreased by 24 million Baht. It was mainly due to the repayment had been made according to the debt compromise agreement and partial reduction from write-off expired legal prescription of debts.

- **Long-term loan from related party**

As of 31 December 2018 and 2017 the Company had long-term loan from related party amounted to 1,118 million Baht and 1,479 million Baht in respectively, which decreased by 361 million Baht due to the Company had repayment long-term loan in during the year.

Equity

As of 31 December 2018, the Company has total equity amounted to 13,218 million Baht decreased 836 million Baht from year ended 2016 mainly due to the net loss for the year 2018 contributed.

Significant financial ratios

	As of 31 December	
	2018	2017
Liquidity Ratio		
Current Ratio	1.02	1.18
Quick Ratio	0.07	0.19
Cash flow from Operating Activity Ratio	0.21	(0.29)
Receivable Turnover Ratio	68	29
Days for Collection in Receivable Ratio	5	13
Inventory Turnover Ratio	23	16
Days for Sales in Inventory Ratio	16	23
Account Payable Turnover Ratio	20	10
Days for Payment in Debts Ratio	18	37
Cash Cycle	3	(1)
Profitability Ratio		
Gross Margin Ratio	1.90%	5.68%
Operating Margin Ratio	0.94%	5.65%
Non-Operating Income Margin Ratio	0.89%	6.69%
Cash Flow from Operating Activity Margin Ratio	295.83%	(150.99%)
Net Profit Margin	(2.77%)	6.09%
Return on equity	(6.32%)	7.05%
Efficiency Ratio		
Return on Assets	(4.36%)	5.30%
Return on Fixed Assets	1.11%	13.40%
Assets Turnover Ratio	1.57	0.87
Financial Leverage Ratio		
Debt to Equity Ratio	0.42	0.39
Times Interest Earned	2.76	(3.78)
Dividend Payout Ratio	-	-

In year 2018, the Company has the liquidity ratio results in a good liquidity management in some areas such as the selling policy mainly in cash and follow-up collection of debts from trade accounts in regularly, monitoring the production and selling plan that serves the needs of the customer and ordering raw materials with the suppliers who can provide credit term, etc.

- Current Ratio achieves greater than 1 which is fairly (the Company has the current assets greater than current liabilities)
- Quick Ratio achieves lower than 2017 (the Company has the assets which can turn into cash in the low proportion as compared to the existing current liabilities)
- Cash Flow from Operating Activity Ratio improves over 2018 (the Company has the cash inflow from the operating activities in year 2018 whilst last year the Company had the cash outflow from the operating activities)
- Account Receivable Turnover Ratio achieves higher value and Days for Collection in Receivable Ratio achieves low value (the Company has a proper and improvement in sale management resulting to the account receivable turnover is high and the days for collection in receivable is also fasten).
- Inventory Turnover Ratio achieves high value and Days for Sales in inventory Ratio achieves low value (the Company can sell goods more frequently and the number of days waiting for sales to drop, which indicates that the goods is marketable and the management of inventory is efficiency).
- Account Payable Turnover Ratio achieves high value and Days for Payment in Debts Ratio achieves low value (The Company has a cash management to pay off debt in the number of rounds more often and a period of debt repayment has reduced).
- Cash Cycle achieves a low number of days, indicates that the Company still needs to manage and plan financially carefully.

Profitability ratio for the year 2018 compares with 2017 has been lower due to :-

- Gross Margin Ratio and Operating Margin Ratio is lessen, due to increase in electrode price, maintenance cost and in year 2018, the steel industry in domestic has received the impact from international trade war in between China and USA, combination with the slowdown in global economic growth from such trade war resulting in reduced HRD's selling price in late 2018.
- Non-Operating Income Margin Ratio is lessen, (in year 2017 there was a gain from restructuring debt for debt conversion to equity in total amount of 734 million Baht).
- Cash Flow from Operating Activity Margin Ratio is higher (in year 2018, the Company has cash inflow from operating activities of 835 million Baht whilst last year the Company had cash outflow from operating activities of 1,296 million Baht. This is mainly due to increase in trade account payables to purchase of imported scrap.

- Net Profit Margin and Return on Equity) is lessen (the Company get loss in year 2018, therefore it is worsen to net profit margin and return on equity is not good).

Efficiency ratio for year 2018 compares with 2017 has been lower due to:-

- Return on Assets and Return on Fixed Assets is lessen (the Company get loss resulting to return on assets and return on fixed assets is worsen).
- Assets Turnover Ratio is higher (in year 2018 the Company entered the Tolling Agreement in order to increase the production capacity available from G Steel, therefore it will impact the assets turnover ratio is high in year 2018. If excluding the revenue from sale of HRC – Tolling, then assets turnover ratio shall not different and will get at 1.18)

Financial leverage ratio for year 2018 compares with 2017 has resulted that the Company is low risk.

- Debt to Equity Ratio is at 0.42 whereas last year 0.39, which is not different from last year.
- Times Interest Earned is at 2.76 whilst last year (3.78) due to in year 2018 the Company has cash inflow from the operating activities that sufficient to reserve and pay the interest.

Cash flow in year 2018

The Company has a net loss of 836 million Baht, after adjusting for non-cash depreciation expense and amortization of 994 million Baht, net gain from write-off of the expired legal prescription of (119) million Baht and net changes in operating assets and liabilities of 134 million Baht, the Company has the cash inflow from the operating activities of 835 million Baht.

In the year the Company has cash outflow from investment activities for purchase of fixed assets 81 million Baht.

For the financial activities, the Company has cash outflow for repayment of short-term and long-term loan from related party of 591 million Baht and payment of interest expenses of 532 million Baht.

In the bottom the Company has net cash outflow in year 2018 of 377 million Baht when combine with the cash in the beginning of 578 million Baht, the Company has the cash balance at the year end of 201 million Baht.