



Information Memorandum Concerning the Acquisition of the assets and entering into Connected Transactions of  
Millcon Steel Public Company Limited (Information Memorandum 2)

April 10, 2017

Subject : Information Memorandum Concerning the Acquisition of the assets and entering into Connected Transactions  
Attention : President  
The Stock Exchange of Thailand

According to the Board of Directors Meeting of Millcon Steel Public Company Limited (the "Company") No. 2/2017 held on 24<sup>th</sup> February 2017 has passed the resolutions for the Company and its Subsidiary , Saharuum Construction Material Co., Ltd. ("Saharuum") enters into the Sale and Purchase Agreement for land, building and machines which the selling price will not exceed Baht 204,000,000 from R.S.P. Steel Co., Ltd. ("RSP") which is the juristic person which connected with the company because of the director of the company has a relationship as the spouse of the company's director, the main purpose is for conducting sell metal and construction materials as the plan of the company and subsidiary, in order that such selling price is the price which mutual agreed by the company or Saharuum and RSP, which the price is not higher than market price evaluated by the independent financial advisory approved by the Securities and Exchange Commission (SEC).

The Land Buildings and Machines Purchase Transaction is considered as the acquisition of assets, respectively. In addition, the transaction is considered Connected Transactions. Therefore, the Company has prepared and submitted the Information Memorandum 2 as the support document for Shareholders to take into consideration. Details of the Information Memorandum 2 are as follows:

**1. Information Memorandum 1**

Details appearing in the Information Memorandum Concerning the Acquisition of the assets and entering into Connected Transactions Ltd. and entering into Connected Transaction (Enclosure1) of the Company were disclosed to the Stock Exchange of Thailand ("SET") on 24 February 2017.

**2. Statement in relation to the liability of the directors to the Information Memorandum**

The Board of Directors is responsible for the accuracy of the information in this Information Memorandum. In this regard, the authorized directors have carefully examined this Information Memorandum and have certified that such information is accurate, true and complete, and will not cause any misunderstanding.



### 3. Qualifications of the Independent Financial Advisor to Issue its Opinion of the Transactions

#### 3.1. Qualifications of the Independent Financial Advisor

- a. Shareholding and Relationship between the Independent Financial Advisor and the Company

-None-

- b. Consent from the Independent Financial Advisor to publicize its opinion

JVS Financial Advisory Co., Ltd. as an Independent Financial Advisor consented to public its opinion.

- c. Date of Issuing Opinion

28 March 2017

### 4. Information of the Company's Business

Millcon Steel Public Company Limited was registered initially as a limited company since 31 July 1998 with the Company registration number 0105541047713 and was later registered as a public company limited on 1 June 2007 with the company registration number 0107550000076. The Company is a public limited company incorporated and resident in Thailand. The address of its registered office is:

Head office	9, 11, 13, Soi Banggradee 32, Banggradee Road, Samaedum, Bangkhuntien, Bangkok 10150
Branch 1	52 Thaniya Plaza Building, 29th Floor, Silom Road, Suriyawongse, Bangrak, Bangkok 10500
Branch 2	99 Moo 3, Nikompattana, Nikompattana, Rayong 21180

The Company is principally engaged in manufacturing and trading of steel products.

#### 4.1. Business Operation

The Company Group is a manufacturer of long shape steel or billet with Electric Arc Furnace (EAF) for both general and special grade and also was Thailand's first manufacturer of special grade billet with the Vacuum Degassing Technology (VD). The products were on high demand in various industries i.e. automotive and parts, packaging, electronic appliance, furniture and ship building etc.

The Company is one of Thailand's leading producers and distributors of steel products and fully integrated steel service center. Its products are in variety to serve diversified needs of customers, such as round bars,



deformed bars, wire rod, lip channel steel, and others, which have earned both domestic and international standard certification

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The company emphasizes the importance of the quality of its mills and products to meet the quality standard by meticulously control every production process while extending its supply chain the serve the customer needs: striving to satisfy the exact needs of customer and provide greater flexibility to accommodate custom orders to the utmost extent.



## 4.2. Revenue Structure

## Revenue Structure by Company Breakdown (Separated Financial Statements)

(Unit: Baht Million)

Company	Nature Business	Company Holding	Year 2016		Year 2015		Year 2014	
			Value	%	Value	%	Value	%
Millcon Steel Plc.	Manufacturer and distributor of steel bar and structural steel	-	12,042	48.28	9,583	55.90	8,083	67.69
Millcon Burapa Co., Ltd.	Manufacturer and distributor of billet	99.10	9,459	37.92	3,624	21.14	3,740	31.32
IGEN Engineering Co., Ltd.*	- Cut & Bend Service - Engineering & Maintenance Service - Electric system service	-	-	-	71	0.41	118	0.99
Kobelco Millcon Steel Co., Ltd.*	Manufacturer and Distributor Wire rod	50.00	-	-	836	4.88	-	-
Millcon Steel Pipe Co., Ltd.	Production and distribution of structural steel	100.00	644	2.58	913	5.33	-	-
Saharuum Construction Material Co., Ltd.	Distributor steel and construction materials	100.00	815	3.27	1,548	9.03	-	-
Suntech Metals Co., Ltd	Metal scrap management for distribution	99.99	1,906	7.64	568	3.31	-	-
Millcon Thiha Limited	Distributor steel	51.00	78	0.31				
Grand Total			24,944	100	17,143	100	11,941	100

Remark

\*Zentra – Wartung Co., Ltd. had been changed to IGEN Engineering Co., Ltd. and the Company had decreased the portion of share and the remaining 39.99% in the Company by December 30, 2015

\*\* On date 17 February 2016, Kobe Steel Limited invested in Millcon Special Steel Co., Ltd. in portion of share 50% of the paid-up capital of the Company and the name had been changed to Kobelco Millcon Steel Co., Ltd.



## Revenue by Products (Consolidated Financial Statements)

(Unit: Ton and Baht Million)

Products	Year 2016			Year 2015			Year 2014		
	Quantity (Ton)	Value	%	Quantity (Ton)	Value	%	Quantity (Ton)	Value	%
Steel Bar	732,647	10,522	54.76	541,583	8,345	67.68	377,408	7,520	72.52
Structural Steel	39,901	773	4.02	32,928	612	4.96	18,710	449	4.33
Wire rod	69,344	977.20	5.09	-	-	-	-	-	-
Billet	526,398	6,389	33.25	131,247	2,038	16.52	124,452	2,259	21.79
Other	62,354	553	2.88	103,810	1,337	10.84	6,957	141	1.36
<b>Grand Total</b>	<b>1,430,644</b>	<b>19,214</b>	<b>100.00</b>	<b>809,569</b>	<b>12,331</b>	<b>100.00</b>	<b>527,527</b>	<b>10,369</b>	<b>100.00</b>

4.2.1. Type of Product or Service

For main product of the Company can be classified three groups as follows:

## 1) Steel Bar

## 1.1. Steel Bar and Round Bar

Group produces and distributes plain round steel bar in conformity to the industrial standards with a diameter of 6 - 40 mm. and a length of 10-12 m. at SR 24 quality, and deformed bar with a diameter of 10-63.5 mm. and a length of 10-12 m. at SD 30 SD 40 and SD 50 quality. Steel at each quality level is different in chemical and mechanical properties and has undergone both domestic and international quality standard certification, thus enabling applications for construction works with the specifications and quality as required by customers.

For reinforcing steel produced by the Group, which is major raw material for all types of concrete structure works, the types and sizes to be used depend on the design and structure of such construction works. The Group can serve all types of construction works with its diversified products from sophisticated machinery; hence responding to demand of customers at all levels.

In addition, the Group also produces thread deformed bar called One Bar as the latest innovation developed to remove steel joining problem. One Bar is generated through the hot rolling process with threading made along the entire length. Steel can splice with coupler because of such thread. This will better strengthen the steel joining than fastening or welding and reduce waste of steel texture during the



process. One Bar can be used in substitution for deformed bar in general. However, it will help save time and cost of construction. The Group's deformed bar is offered in two quality levels, i.e. SD 40 and SD 50, and compliance with TIS 24-2548.

### 1.2. High Tensile Thread Steel Bar

The Company Group can produce high tensile thread steel bar according to the ASTM A 722 ISO 6934-5 for use in large construction works and geological constructions which require high tensile strength. These include construction of earthquake resistant buildings.

High tensile thread steel bar is the thread steel bar that splice with coupler the same as thread steel bar (One Bar) but it is specially produced to withstand weight and have high tensile strength suitable for large constructions that require high tensile strength than other construction in general such as electric train system, bridge, tunnel, deep sea port, dam, etc. The Company Group is the sole local producer of high tensile thread steel bar which can achieve international standard.

### 2) Billet

Billets will be used as raw materials in the production of steel bars, deformed bars and other high quality steel products, both of general use grade for general construction and of special quality grade for linkage industries such as sling, welding wire, and automotive parts. The Company Group produces billets at standard sizes and shapes, with a dimension of 130 mm x 130 mm and 150 mm x 150 mm and a length as required by customers such as 6 m., 10m., and 12 m.

### 3) Structural Steel

The Company produces and distributes a variety form of structural steel products, i.e. Hot Rolled Coil (HRC) and cut steel of diversified sizes. The Company Group also produces structural steel products used in various structural construction works that meet Thai industrial standard (TIS 1228-2549). Products can be categorized as below:

#### 3.1. Hot rolled coil (HRC)

The Group distributes HRC to steel wholesalers and steel plants for processing into such steel work parts as steel sheet, C - channel steel, strip and structural steel, etc. The HRC widely used is in sizes of 4 feet in width and 5 feet in width; and has varied thickness depending on the types of products to be produced by the customers.



### 3.2. Cut steel and structural steel

The Group provides steel cutting service on customer orders and produces structural steel using its efficient machinery line. There are five product types as follows:

3.2.1. Slitting coil: HRC is stretched and cut by the slitting machine by the width specified by customers. With the slitting finished, the HRC will be rolled back ready for distribution. The slitting machine can generate slitting coil with 50 mm. to 500 mm. in width. Slitting coil is generally processed into other steel works and products such as lip channel steel, steel pipe, rail, etc.

3.2.2. Steel Sheet: The HRC is stretched and cut into different width and length of sheet as required by customers. Standard sizes of steel sheet is 4 x 8 feet, 5 x 10 feet and 5 x 20 feet, with thickness of 1.2 – 12.00 mm., 2.90 – 12.00 mm. and 2.90 – 12.00 mm. respectively. Steel sheet are mainly used in steel processing industry as well as automotive industry.

3.2.3. Flat Plate: The HRC is cut into sizes and shapes as required by customers. Flat plate's standard length is 6 m. but has diversified width range from 1 inch to 36 inch, 44 mm. and 1100 mm., with thickness from 1.90 mm. to 6 mm. It can be processed into various steel products, such as wire mesh, gate, interior decorating materials and also used as raw material for various industries such as automotive, furniture and parts manufacturing, etc.

3.2.4. Lip - Channel Steel: The product shape looks like alphabet C and has different thickness and width. The product is generated from forming (produced by cold forming) process the slitting coil of the required size into C-shape. Lip - channel steel is mainly used in construction works, particularly roof structure.

3.2.5. Steel Pipe: The Company Group produces and distributes various type of steel pipes, i.e. round, square and flat, for use as raw material in various industries, such as construction, furniture or automotive. They can also be applied to other types of industries depending on customer requirements. Round steel pipe produced has a diameter range of 1 inch - 4 inches, thickness range of 1.2 mm. – 3.25 mm., and standard length of 6 m. The square pipe has the size in a range of 1 x 1 inch - 4 x 4 inch, thickness range of 1.2 mm. - 3 mm., and standard length of 6 m. The flat pipe has the size in a range of 2 x 1 inch – 2 x 6 inch and thickness range of 1.2 mm. – 3 mm.

### 4) Wire rod



The Group produces distributes low carbon wire rod, medium carbon wire rod and high carbon wire rod which are raw material in automotive industry, machinery industry and furniture industry. The Group can produces wire rod with a diameter of 5.5 mm. to 16 mm.

#### 5) Metal Scrap

Metal scrap are raw material in produces billet. The group will buy scrap and scrap processing by shear and shred process from product which have steel as a component for produce billets further. The processing will reduce cost of producing billet because scrap processing are small which will melting scrap faster large scrap

#### 4.2.2. Market and Competition Trends

##### Marketing Strategy:

#### 1) Product and Service

Due to the fierce competition in current market condition, the Company Group improves its competitiveness by increasing its manufacturing in various types of products in order to serve customer's specific demand and become one stop service for different type of steel product. These products variation includes hot roll coil, steel sheet, structural steel, steel pipe, steel bar, and wire rod. The Company Group has scrap remaining from production of various types of steel products in the minimized amount because those scrap from one production line can be reproduced into another production line.

In addition, the Company Group also engages in others steel service business such as Cut and Bend service which would help fulfill customer specific need for each product while saving transportation cost and time for customer. Another business is Maintenance and Engineering service which currently becomes a separate business unit in order to fulfill increasing demand from customer.

The Company also focuses on the product quality to ensure that all final product is in compliance with both international standard and customer requirement. The delivery of product must be on time and reliable. The Company has mechanism to control the delivery schedule and product quality to ensure that all customers will be satisfied with the Company's service.

Finally, the Company also optimized its product planning by forecast and focus on manufacturing the product that currently in demand with the good price trend. The Company also capable to secure relevant raw material for those products with reasonable price to ensure that the Company always have enough raw material to produce those products. For others products that deem to be less popular in the market, The Company will only produce when it receives the order directly from customer.





2) Price

The Company product pricing policy is based on current supply and demand in the market. Generally, the price will be based on demand of product and the supply of relevant raw material. The Company also incorporates the market trend and volatility into product pricing in order to ensure that the price is always competitive. However, the Company do not have the policy to remain competitive using the price alone. The Company would also focus on the quality, product mix and service to improve its competitiveness.

3) Place

The Company employs Vertically Integrated Marketing Distribution in distribution management. This include sustain good relationship with customers and partners and the cooperation among the supply chain player including manufacturer, wholesaler and retailer. This will help the Company save cost, improve its bargaining power and eliminate redundant procedures which eventually help improve efficiency of product distribution.

4) Promotion

The Company plan to improve customer satisfaction by giveaway discount or increase the payment term for top customers that has reliable track record. The Company ensure that the product will be delivered to the customer's place without delay and defect. This will help reduce raw material risk for customers which will help them improve cost efficiency and eventually result in the improve relationship between the Company and customers.

4.2.3. Procurement of Products and Services

1) Raw Materials

The main raw material for round bars and deformed bars steel is billet, while the main raw material for billet is metal scrap. The company buys metal scrap from both local and international supplier and uses them as a raw material for billet manufacturing. Another remaining main product is structural steel which has Hot Rolled Coil as raw material. The detail of the Company's raw material source during 2014 – 2016 is as follow:



(Unit : Million Baht)

Raw Materials	เฉพาะกิจการ						Consolidated					
	2016		2015		2014		2016		2015		2014	
	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
<input type="checkbox"/> Overseas												
- Billet	2,736	38%	1,769	25%	1,890	28%	7,587	58.29%	1,977	17.20%	1,890	24%
- HRC	-	-	-	-	23	0%	-	-	135	1.17%	23	0%
- Scrap	-	-	-	-	-	-	477	3.67%	504	4.38%	462	6%
<b>Sub Total - Overseas</b>	<b>2,736</b>	<b>38%</b>	<b>1,769</b>	<b>25%</b>	<b>1,913</b>	<b>28%</b>	<b>8,064</b>	<b>61.96%</b>	<b>2,616</b>	<b>22.76%</b>	<b>2,375</b>	<b>30%</b>
<input type="checkbox"/> Domestic												
- Billet	4,469	62%	4,397	61%	4,605	68%	2,594	19.94%	4,663	40.56%	3,133	39%
- HRC	-	-	1,011	14%	274	4%	709	5.44%	2,016	17.54%	274	3%
- Scrap	-	-	-	-	-	-	1,648	12.66%	2,201	19.15%	2,205	28%
<b>Sub Total - Domestic</b>		<b>62%</b>	<b>5,408</b>	<b>75%</b>	<b>4,879</b>	<b>72%</b>	<b>4,951</b>	<b>38.04%</b>	<b>8,880</b>	<b>77.24%</b>	<b>5,612</b>	<b>70%</b>
<b>Grand Total</b>	<b>7,205</b>	<b>100%</b>	<b>7,177</b>	<b>100%</b>	<b>6,792</b>	<b>100%</b>	<b>13,015</b>	<b>100%</b>	<b>11,496</b>	<b>100%</b>	<b>7,987</b>	<b>100%</b>

The raw material sourcing process is focus on the quality, the price and the quantity that can be delivered in timely manner of each supplier. The Company always maintains the inventory of raw material to the level that in line with the Company's product plan to ensure the continuing and efficiency of manufacturing process.

The Company raw material sourcing can be from local supplier or international supplier depending on the price and quality. As of 31 December 2016, the ratio of local supplier and international supplier is at 62% and 38% respectively. Such ratio may change according to the price and availability of raw material from each supplier. However, The Company prefers local supplier because of lower transportation cost and no risk from foreign exchange.

## 2) Inventory Policy

The Company policy on raw material and inventory management is flexible. The management team would monitor the global market condition closely, using accredited research, discuss with major supplier in order to plan and adjust the policy to match each market condition. The policy will also be in line with the manufacturing and distribution plan. Therefore, the Company would maintain inventory level differently in each specific time period depending on that period market condition, supply and demand.

## 3) Production Capacity



Company	Product	Capacity (Ton / Year)
Steel Bar plant (Bangkok)	- Steel bar, deformed bar	270,000
(Rayong)	- Steel bar, deformed bar, high tensile thread steel bar and rolled steel bar	360,000
	<b>Total</b>	<b>630,000</b>
Structural Steel Plant (Bangkok)	- Structural steel -	96,000
	<b>Total</b>	<b>96,000</b>
Structural Steel Plant (Myanmar)	- Structural steel	64,397
	<b>Total</b>	<b>64,397</b>
Billet plant (Ryong)	- Electronic Arc Furnace (EAF)	650,000
	<b>Total</b>	<b>650,000</b>
Wire rod plant (Rayong)	- Wire rod	500,000
	<b>Total</b>	<b>500,000</b>
Scrap plant (Chonburi)	- shear and shred proces	460,000
	<b>Total</b>	<b>460,000</b>

The Company Group has 6 plants as follows:

1) Steel Bar Plant – Bangkok (Banggradee Road) manufactures round steel bar and deformed steel bar with thickness from 6 mm. to 16 mm., having production capacity of 270,000 ton per year. And another plant which manufactures round steel bar and deformed steel bar with thickness from 16 mm. to 63.5 mm. and high tensile thread steel bar and rolled steel bar, having production capacity of 360,000 ton per year

2) Structural Steel Plant – Bangkok (Banggradee Road) manufactures Lip channel steel, steel pipe, steel sheet and flat plate with total capacity of 96,000 ton per year.

3) Structural Steel Plant – Myanmar (Tilawa) manufactures pipe with total capacity of 64,397 ton per year.



4) Electronic Arc Furnace (EAF) steel plant melts steel scrap under the Green Mill project. The plant in Rayong, smelt steel scrap to produce billets which is a major raw material in the production of various steel products with total capacity of 650,000 ton per year.

5) Wire rod plant – Rayong manufactures wire rod with size of 5.5 mm. to 16 mm., having total capacity of 500,000 ton/ year.

6) Scrap plant – Chonburi by shear and shred process with total capacity of 460,000 ton per year

The Company's manufacturing procedure will require co-operation from 3 relevant units, Sale, Purchase and Manufacturing units. After receiving order from customers, the Sale unit then passes the order to the Manufacturing unit which, in some cases, may produce more products than those required in the order if the management considers that the product is currently in market demand in order to benefit from the economy of scale. The Manufacturing unit will consider lots size, processing time and required quantity of raw material and inform the Sale and Purchase unit. The Purchase unit will evaluate the inventory level and make additional purchase if necessary. The Quality Control unit will control product quality in each manufacturing process.

The Company set clear procedure for each manufacturing process and always apply new technology and new machine in order to improve operation efficiency and product quality.

#### 4.2.4. Undelivered Work

As of 31 December 2016, the Company Group has no undelivered work since the Company's products are not in the form of project or piece of work which has high value and take time in deliver.

## 5. Summary of financial statement and financial analysis and operation results

### 5.1. Financial Statements of Millcon Steel Plc.

Statements of Financial Positions as at 31 December 2014-2016



Transactions	Consolidated financial statements (Unit : Baht)		
	Year 2016	Year 2015	Year 2014
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	563,985,952	468,684,499	223,810,868
Restricted deposits at financial institutions	507,055,909	433,404,494	456,969,969
Trade accounts and notes receivable	1,963,216,051	2,650,619,988	1,465,675,677
Short-term loans to related parties	-	2,550,000	-
Short-term loans to other parties	-	-	880,425,000
Inventories	3,392,413,647	2,297,533,268	2,262,555,413
Advances to suppliers for purchases of goods	497,517,426	697,058,873	941,928,819
Derivative financial instruments	64,132,445	12,497,919	5,663,260
Assets-held-for-sale	-	806,180,637	2,245,892,853
Other current assets	415,162,445	470,856,928	162,657,742
<b>TOTAL CURRENT ASSETS</b>	<b>7,403,483,875</b>	<b>7,839,386,607</b>	<b>8,645,579,601</b>
<b>NON-CURRENT ASSETS</b>			
Investments in associated	390,682,840	174,673,840	177,305,049
Other long-term investment	-	19,249,817	19,249,817
Investment property	509,751,150	285,559,500	-
Property, plant and equipment	9,188,761,871	10,556,332,761	7,614,303,628
Intangible assets	12,313,993	14,838,144	18,705,156
Goodwill	333,598,106	333,598,106	-
Other non-current assets	11,935,772	12,307,589	11,626,755
<b>TOTAL NON-CURRENT ASSETS</b>	<b>10,447,043,732</b>	<b>11,396,559,756</b>	<b>7,841,190,405</b>
<b>TOTAL ASSETS</b>	<b>17,850,527,607</b>	<b>19,235,946,363</b>	<b>16,486,770,006</b>



Transactions	Consolidated financial statements (Unit : Baht)		
	Year 2016	Year 2015	Year 2014
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Bank overdraft and short-term loans from financial institutions	8,569,205,128	10,746,041,386	9,884,458,481
Trade accounts payable	914,282,248	691,680,984	514,044,642
Advances from customers for sales of goods	1,339,969,570	518,903,606	1,133,396,964
Current portion of long-term loans from financial institutions - net	278,685,498	21,224,675	33,600,000
Current portion of liabilities under finance leases - net	2,107,563	4,868,017	1,981,628
Short-term loans from persons and related parties	-	11,754,084	-
Derivative financial instruments	322,777	-	1,652,033
Accounts payable for purchase of fixed assets	-	208,706	133,214,065
Income tax payable	2,253,289	104,557,772	-
Other current liabilities	296,301,772	201,955,315	127,626,991
<b>TOTAL CURRENT LIABILITIES</b>	<b>11,403,127,845</b>	<b>12,301,194,545</b>	<b>11,829,974,804</b>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities under finance leases	3,334,542	12,707,724	9,128,760
Deferred tax liabilities	236,203,876	229,721,934	96,043,836
Long-term loans	351,137,692	832,290,522	21,224,675
Retirement benefit obligations	33,641,241	34,442,702	18,613,779
Other non-current liabilities	-	7,680,000	9,600,000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>624,317,351</b>	<b>1,116,842,882</b>	<b>154,611,050</b>
<b>TOTAL LIABILITIES</b>	<b>12,027,445,196</b>	<b>13,418,037,427</b>	<b>11,984,585,854</b>



Transactions	Consolidated financial statements (Unit : Baht)		
	Year 2016	Year 2015	Year 2014
<b>SHAREHOLDERS' EQUITY</b>			
Share capital			
Authorized share capital	2,256,452,334	2,256,452,334	2,047,310,221
- 639,691,757 preferred shares of par Baht 0.40 each	-	255,876,703	255,876,703
- 192,118,226 preferred shares of par Baht 0.40 each	76,847,290	-	-
- 4,478,583,796 ordinary shares of par Baht 0.40 each	-	-	1,791,433,518
- 5,001,439,077 ordinary shares of par Baht 0.40 each	-	2,000,575,631	-
- 5,449,012,608 ordinary shares of par Baht 0.40 each	2,179,605,043	-	-
Issued and paid-up share capital			
- 639,691,757 preferred shares of par Baht 0.40 each	-	255,876,703	255,876,703
- 192,118,226 preferred shares of par Baht 0.40 each	76,847,290	-	-
- 3,114,489,886 ordinary shares of par Baht 0.40 each	-	-	1,245,795,954
- 3,414,708,896 ordinary shares of par Baht 0.40 each	-	1,365,883,558	-
- 3,862,348,930 ordinary shares of par Baht 0.40 each	1,544,939,572	-	-
	-	-	-
Convertible bonds	-	175,000,000	175,000,000
Premium on preferred shares	313,152,708	1,636,956,828	1,636,956,828
Premium on ordinary shares	3,360,039,404	2,036,148,032	2,036,148,032
Retained earnings Appropriated - legal reserve	45,232,059	45,232,059	45,232,059
Retained earnings Unappropriated	93,142,123	(747,883,304)	(89,958,687)
Other components of shareholders' equity	355,536,386	138,740,626	351,012,616
Equity attributable to owners of the parent	5,788,889,542	5,776,151,108	4,472,790,000
Non-controlling interests	34,192,869	41,757,827	29,394,152
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>5,823,082,411</b>	<b>5,817,908,936</b>	<b>4,502,184,152</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>17,850,527,607</b>	<b>19,235,946,363</b>	<b>16,486,770,006</b>



## Statements of Comprehensive income for the year period ended 31 December 2016, 2015 and 2014

Transactions	Consolidated financial statements (Unit : Baht)		
	Year 2016	Year 2015	Year 2014
<b>Revenue</b>			
Sales of goods and services	19,213,593,621	12,330,524,604	10,368,651,436
	-	-	-
Other income	486,873,692	1,274,889,181	120,796,691
<b>Total Sales of goods and services</b>	<b>19,700,467,313</b>	<b>13,605,413,785</b>	<b>10,489,448,127</b>
<b>Expenses</b>			
Cost of sales and services	(17,596,490,480)	(11,552,522,502)	(9,952,902,275)
Selling expenses	(281,301,471)	(139,017,334)	(119,156,296)
Administrative expenses	(617,297,966)	(495,377,096)	(433,135,007)
Cost of shutdown	(146,183,441)	(58,676,744)	(132,643,642.20)
Other expenses	(10,927,354)	57,763,317	(246,007,279)
Finance costs	(599,800,760)	(628,901,089)	(741,896,376)
Share of profit (loss) of joint and associated company	(43,809,811)	(2,631,209)	(248,399)
	-	-	-
<b>Total Expenses</b>	<b>(19,295,811,283)</b>	<b>(12,819,362,657)</b>	<b>(11,493,345,632)</b>
<b>Profit (loss) before income tax</b>	<b>404,656,030</b>	<b>786,051,128</b>	<b>(1,003,897,505)</b>
Tax (expenses) income	(10,737,151.57)	(101,198,913)	482,886
<b>Profit (loss) for the period</b>	<b>393,918,877</b>	<b>684,852,215</b>	<b>(1,003,414,619)</b>
<b>Profit (loss) attributable to:</b>			
- Owners of the parent company	395,495,198	683,900,163	(998,679,627)
- Non-controlling interests	(1,576,321)	952,052	(4,734,992)
<b>Profit (loss) for the year</b>	<b>393,918,877</b>	<b>684,852,215</b>	<b>(1,003,414,619)</b>





## Statements of cash flow for the year ended 31 December 2014-2016

Transactions	Consolidated financial statements (Unit : Baht)		
	Year 2016	Year 2015	Year 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit (loss) before income tax	404,656,029	786,051,128	(1,003,897,505)
Adjustment to reconcile profit (losses) before income tax with cash received (used) from operation			
- Depreciation	212,535,927	208,232,278	200,608,779
- Fixed Assets as Expenses	7,845,900	355,455	270,726
- Amortization	1,756,910	4,923,362	11,299,722
- Amortization of income tax	3,621,672	-	-
- Amortization of trade accounts payable	(1,525,812)	-	-
- Loss from fair value of Held for Trading	-	-	-
- Loss from impairment of Intangible asset	-	-	-
- Loss from deemed disposal in a subsidiary	-	-	-
- Doubtful debt (reversal)	288,986,791	110,896,183	30,868,514
- Allowance for doubtful accounts of advances	414,629	-	-
- Allowance for doubtful accounts of other current assets (reversal)	(2,437,894)	-	-
- Amortized premium of bond	-	-	3,825,792
- Loss from allowance for net realizable value of inventories (reversal)	(74,147,316)	70,630,608	140,155,449
- Loss from allowance for net realizable value of advances to suppliers for purchases of goods	13,990,914	-	-
- Profit from sales Available-for-sale investments	(3,154,084)	-	-
- Loss from temporary investment	-	-	220,000,000
- Profit from sales Available for sale investment	-	-	(16,916,372)
- Gain on sales of assets-held-for-sale	(416,612,476)	(1,092,501,151)	-
- Gain on sales of fixed assets	(4,586,578)	(950,147)	(214,269)
- Loss from write of Property, plant and equipment	-	-	-
- Gain on purchase price lower than fair value	-	(41,123,640)	-
- Unrealized fair value (gains) loss on derivative financial instruments	(61,311,749)	(8,486,693)	(26,007,279)
- Dividend income	-	-	-
- Share of profit (losses) in associated company	43,809,811	2,631,209	248,399
- Unrealized (gains) losses on exchange rate	30,600,001	769,938	(6,390,615)
- (Gains) loss on sale of investment	(4,250,183)	-	-
- Retirement benefit expenses	5,458,354	8,005,319	3,025,354
- Interest income	(6,404,511)	(10,446,394)	(7,081,839)
- Interest expenses	523,026,198	494,436,913	675,593,259
Profit (loss) from operating activities before changes in operating assets and liabilities			
- Trade accounts and notes receivables	(214,319,381)	(1,930,921,183)	520,948,784



Transactions	Consolidated financial statements (Unit : Baht)		
	Year 2016	Year 2015	Year 2014
- Inventories	(1,186,042,657)	48,554,409	170,358,815
- Advances from customers for sales of goods	185,550,532	285,543,449	(333,370,407)
- Advances to subsidiary	(14,984,119)	-	-
- Other current assets	(887,936,147)	(206,176,595)	158,730,392
- Other non-current assets	(898,094)	2,510,331	(5,184,886)
- Cash received from sale held for trading	-	-	-
- Trade accounts payables	238,878,673	53,631,887	(716,294,725)
- Advances from customers for sales of goods	821,065,964	(614,493,357)	881,690,196
- Other current liabilities	520,843,674	(223,103,366)	(7,197,173)
- Retirement benefit obligations	(594,992)	(1,752,308)	(143,640)
- Other non-current liabilities	(7,680,000)	(10,064,473)	(1,920,000)
- Cash received from interests	9,990,075	6,894,265	7,384,948
- Cash paid for interests	-	(6,320,074)	-
- Cash received for income tax	-	-	7,100,164
- Cash paid for income tax	(110,027,507)	(2,663,522)	(13,565,223)
<b>Net cash provided (used) from operating activities</b>	<b>416,155,987</b>	<b>(2,061,094,530)</b>	<b>945,163,672</b>
<b>Net cash provided (used) from operating activities</b>	<b>316,118,555</b>	<b>(2,064,936,169)</b>	<b>945,939,921</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
- Restricted deposits at financial institutions (Increase) Decrease	(73,651,415)	24,565,476	189,492,111
- Cash paid for purchases of the right to claim the assets receivable	-	61,364,410	(1,042,795,591)
- Cash paid for short-term loans to related company	-	(2,550,000)	-
- Cash paid for short-term loans to other company	-	(35,615,710)	-
- Cash paid for purchases of assets-held-for-sale	-	(3,972,794)	(2,014,943,843)
- Cash received from sale investment in subsidiaries	23,500,000	190,854,344	-
- Cash paid for advance stock	(14,999,800)	-	-
- Cash paid of decrease in subsidiary investment	(12,810,448)	-	-
- Proceed from Available for sale investments	-	-	46,916,372
- Cash paid for Other long term investment	-	-	(220,000,000)
- Cash paid for purchases of Investments in joint company	(33,695,200)	(837,541)	(177,553,448)
- Cash paid for purchases of property, plant and equipment	(539,903,138)	(818,966,036)	(490,262,699)
- Advances for Property, plant and equipment	-	(3,443,064)	-
- Cash paid for purchases of intangible assets	-	(2,016,350)	(1,169,700)
- Proceeds from disposal of machinery and equipment	792,416,626	-	228,254
- Cash dividend received from subsidiary	4,000,000	-	-



Transactions	Consolidated financial statements (Unit : Baht)		
	Year 2016	Year 2015	Year 2014
Net cash provided (used ) form investing activities	(144,856,625)	(590,617,265)	(3,710,088,544)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
- Proceeds from short-term loans from financial institutions	29,299,922,542	38,305,206,187	31,556,541,414
- Cash paid for short-term loans from financial institutions	(29,804,646,890)	(35,691,767,291)	(29,889,758,321)
- Cash paid on short-term loans from Related Persons and Subsidiary	(8,600,000)	-	-
- Proceeds from long-term loans from financial institutions	1,434,609,116	832,290,521	-
- Cash paid for long-term loans from financial institutions	(299,910,173)	(315,497,550)	(309,657,587)
- Payments for transaction costs of long-term loans	-	-	-
- Cash paid for payable for fix assets	-	(133,214,065)	(7,072,795)
- Payments for liabilities under finance leases	(12,336,232)	(1,019,856)	(6,276,041)
- Cash received from increase of share capital	113,853	420,374,958	2,012,866,929
- Cash received from stock	-	-	-
- Dividend paid	(204,625,210)	-	(19,863,303)
- Cash paid for interests	(551,009,144)	(487,733,303)	(659,493,494)
- Cash paid for convertible bond	(175,000,000)	-	-
Net cash provided (used) from financing activities	(321,482,138)	2,928,639,600	2,677,286,802
Increase (Decrease) in Exchange differences on translation of foreign operation	(44,191,590)	(28,212,534)	(9,739,819)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>95,301,453</b>	<b>244,873,632</b>	<b>(96,601,640)</b>
Paid from deemed in a subsidiary	-	-	-
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>468,684,499</b>	<b>223,810,868</b>	<b>320,412,508</b>
<b>CASH AND CASH EQUIVALENTS AT THE ENDING OF THE YEAR</b>	<b>563,985,952</b>	<b>468,684,499</b>	<b>223,810,868</b>



## Significant Financial Ratio

Financial Ratio		Consolidated Financial Statements		
		2016	2015	2014
<b>LIQUIDITY RATIO</b>				
Current Ratio	Times	0.65	0.64	0.73
Quick Ratio	Times	0.35	0.45	0.54
Account Receivable Turnover	Times	8.33	5.99	5.95
Average collection period	Days	43.82	60.92	61.31
Inventory Turnover	Times	6.19	5.07	4.12
Average sale period	Days	59.01	72.04	88.67
Account Payable Turnover	Times	21.91	19.16	11.41
Average payment period	Days	16.66	19.05	32
Cash Cycle	Days	86.18	113.91	117.98
<b>PROFITABILITY RATIO</b>				
Gross profit margin	%	8.42	6.31	4.01
Operating profit margin	%	5.10%	10.36%	-2.53
Net profit margin	%	2.00	5.55	-9.67
Return on equity	%	6.77	11.77	-22.28
<b>EFFICIENCY RATIO</b>				
Return on assets	%	2.12	3.56	-1.73
Return on fixed assets	%	3.61	6.01	-10.64
Asset turnover	Times	1.04	0.64	0.69
<b>FINANCIAL POLICY RATIO</b>				
Debt to asset ratio	Times	0.67	0.7	0.73
Debt to equity ratio	Times	2.07	2.31	2.66
Interest coverage ratio	Times	1.67	2.09	-0.39

Analysis of Financial position and operating results of the CompanySales and Services Income and Other Income

## Revenue from Sales of the Company Group by Types of Products

(Unit: million baht)

Products	Year 2016			Year 2015			Year 2014		
	Quantity (Ton)	Value	%	Quantity (Ton)	Value	%	Quantity (Ton)	Value	%
Steel Bar	732,647	10,522	54.76	541,583	8,345	67.68	377,408	7,520	72.52
Structural Steel	39,901	773	4.02	32,928	612	4.96	18,710	449	4.33
Wire rod	69,344	977.20	5.09	-	-	-	-	-	-
Billet	526,398	6,389	33.25	131,247	2,038	16.52	124,452	2,259	21.79
Other	62,354	553	2.88	103,801	1,336	10.84	6,957	141	1.36
<b>Grand Total</b>	<b>1,430,644</b>	<b>19,214</b>	<b>100.00</b>	<b>809,569</b>	<b>12,331</b>	<b>100.00</b>	<b>527,527</b>	<b>10,369</b>	<b>100.00</b>

Regarding the details above, the Company has income from selling and services in 2014 to 2016 are at 10,369 million baht, 12,331 million baht and 19,214 million baht respectively. The increase of income are from the push forward of the amount of selling of billet to the government project and the explanation to the wire rod customers target, the selling of long steel and steel bar to the Japanese joint venture company, the explanation of customer base to the other province and exporting to other AEC country.

For the other incomes from 2014 to 2016 are at 121 million baht, 1,333 million baht and 486 million baht respectively, the proportions are 1.2, 10.8 and 2.5 of the total income respectively. In 2016 has income from selling the machineries in amount of 417 million baht, income from compensation in amount of 33 million baht and other income in amount of 36 million baht.

## Income from sales by regional distribution

The Company Group's Income from Sales	Year 2016		Year 2015		Year 2014	
	Baht Mn	%	Baht Mn	%	Baht Mn	%
Domestic	18,275	95	11,839	96	9,781	94
Overseas	939	5	492	4	588	6
<b>Grand Total</b>	<b>19,214</b>	<b>100</b>	<b>12,331</b>	<b>100</b>	<b>10,369</b>	<b>100</b>



During 2014-2016, revenue of the Company mainly came from domestic sales. The ratio of domestic sales to the overall sales was 94%, 96% and 95% respectively. However, the Company also kept expanding business to overseas markets continuously. The ratio of overseas sales to the overall sales accounted for 6%, 4% and 4% respectively. Mostly, the Company's products exported to Australia, Vietnam, Philippine, Indonesia etc.

#### Gross Profit

Gross profit of the Company in 2014 to 2016 are at 4.01%, 6.31% and 8.42% which continuously increase. Because the Company has controlled the cost of producing by improving the machineries which causes the increasing of production continuously and also causes the economy of scale by producing at full capacity and the begin of producing special billet. However, the cost of selling of the Company in 2014 to 2016 are at 9,953 million baht, 11,553 million baht and 17,596 million baht respectively which the proportions of cost of selling and income from selling are decrease continuously. The proportions is at 96%, 94% and 92% respectively.

#### Selling and management expenses

Selling and management expenses of the Company and associate in 2014 to 2016 are at 419 million baht, 634 million baht and 899 million baht respectively. In 2016, the expense of sale and management is increasing comparing to last year because the Company has set the allowance of doubtful account in amount of 302 million baht regarding the account policy of the Company. However, the Company has negotiate regarding the repayment of debt with the debtor which in the procedure of legal action. If calculating only the expense of sale and management from normal operation of the Company in 2016, the Company has expense of sale and management only 597 million baht which decreasing from 2015 due to the good management. Besides the Company has expense from testing production of special billet at 146 million baht.

#### Net Profit (Loss)

The Company and associate have net profit (loss) since 2014 to 2016 at (1,003) million baht, 685 million baht and 394 million baht respectively. In 2014, the Company loss occurring from the set aside of the value of inventory which the market price is lower than the cost of inventory and the decreasing of quantity of sale because of the delay investment of government project and the pressure from the difference of selling price and material price occurring from the weakening of finished product. In 2016 the Company has profit in amount of 394 million baht. If considering only from the profit from management not



include the profit from selling machineries in amount of 4 1 7 million baht and the expense which do not occur from routine management in amount of 4 4 8 million baht which are from the expense from stopping the production for testing producing special billet and allowance of doubtful account caused the Company to have management profit in amount of 425 million baht.

Financial Statement Position

Assets

Account Receivable and Note Receivable

Items	Consolidated Financial Statements					
	Year 2016		Year 2015		Year 2014	
	Baht	%	Baht)	%	Baht	%
Not yet due	1,600,099,229	66.60%	2,153,532,813	76.77%	1,353,222,035	89.78%
- Less than 3 months	62,264,229	2.59%	186,049,075	6.65%	68,270,668	4.53%
- Over 3 months to 6 months	295,761,914	12.31%	696,594	0.02%	62,483,700	4.15%
- Over 6 months to 12 months	962,659	0.04%	17,679,451	0.63%	938,513	0.06%
- Over 12 months	443,430,148	18.46%	445,585,787	15.92%	22,395,242	1.48%
Total	2,402,518,180	100.00%	2,803,543,720	100.00%	1,507,310,158	100.00%
<u>Less</u> Allowance for doubtful debt	(439,302,129)	18.28%	(152,923,732)	5.46%	(41,634,481)	2.76%
Net	1,963,216,051	81.72%	2,650,619,988	94.54%	1,465,675,677	97.24%

As of 31 December 2014-2016, account receivable and note receivable are in the amount of Baht 1,466 million, Baht 2,651 million and Baht 1,963 million respectively. In 2016, account receivable and note receivable were decreased in the amount of Baht 687 million or by 26% from previous year, almost of the debtors are the not due yet. Further, the Company setting up doubtful debts in the amount of Baht 302 million

However, the company has considered, planning and control the credit for each customer by concisely to protect from any risk may cause a bad dept. Outstanding dept, the company has followed up and rush to clear the debt in every step to protect the company's benefits.

Inventories

(Unit : million baht)

	Consolidated Financial Statements					
	Year 2016		Year 2015		Year 2014	
	Value	%	Value	%	Value	%
Raw materials	1,127	33%	1,050	45%	1,181	49%
Semi-finished goods	50	1%	11	0%	3	0%
Finished goods	1,395	41%	721	31%	679	28%
Spare parts and supplies	638	19%	575	24%	493	21%
Goods in transit	187	6%	20	1%	52	2%
Working in process	-	0%	-	0%	5	0%
<b>Total</b>	<b>3,397</b>	<b>100%</b>	<b>2,377</b>	<b>100%</b>	<b>2,413</b>	<b>100%</b>
Less Allowance for net realizable value of inventories	5	0%	79	0%	150	0%
<b>Net</b>	<b>3,392</b>	<b>100%</b>	<b>2,298</b>	<b>100%</b>	<b>2,263</b>	<b>100%</b>

As of 31 December 2014-2016, inventories are at 2,263 million baht, 2,298 million baht and 3,392 million baht respectively, when considered from net- inventory list table found that at the end 2016, the company has net-inventory increased 48% from the last year. Due to the Company had increased in sale quantity from expanding customer base in many provinces of Thailand, sale billets to the joint venture and export billets and steel bars to AEC country. As a result to the Company purchase raw materials for production as per customers' orders.

Assets-held-for-sale

As of 31 December 2016, the Company sold out assets held for sale to the joint venture company.

Land, Building and Equipment – Net

As of 31 December 2014-2-16, Land, Building and Equipment – Net are at 7,614 million baht, 10,556 million baht and 9,189 million baht, or 46%, 56, % and 51% of total assets, respectively.





In 2016, the company's land, building and equipment net had decreased in amount of 1,367 million baht due to the changing the proportion of share held from subsidiary to associate which is the joint venture's separate list assets.

#### Goodwill

In 2016 the Company has goodwill at 334 million baht because in 2015 the Company has invested in Suntech Metals Company Limited in the value higher than the actual business value which has been evaluated by independent appraiser that has been approved from the committee of The Securities Exchange of Thailand.

#### Liquidity

From the table summarizing the crucial financial ratio comparing in the period of 2014 to 2016, found that the liquidity of the Company and associate considering from current ratio are at 0.73 times, 0.64 times and 0.65 times respectively which have no major changed. If considering from the period of average debt collecting are at 61 days, 61 days and 44 days respectively. It can be seen that the Company can collecting the debt faster than the previous years.

When considering the quick ratio which are at 0.54 times, 0.45 times and 0.35 times respectively. In 2016 due to the increasing of product stored of the Company which caused the decreasing of quick ratio comparing from previous years.

The inventory turnover rate in 2014 to 2016 are at 4.12 times, 5.07 times and 6.19 times respectively. Although the Company stored more product, but the Company has circulated the inventory faster from the growth of sale and the explanation of market both internationally and domestic.

The profitability of the Company in 2016, the Company has gross profit margin 8.42% which the gross profit increases from 2015 at 6.31%. However the increasing gross profit margin in 2016 occurring from the selling and producing long steel to the joint venture company and to oversea which has higher margin than other steel. In the meanwhile, the EBITDA of 2016 is at 1,220 million baht.

For the proportions of debt to shareholders' equity in 2014 to 2016 are at 2.68, 2.31 and 2.07 respectively which continuously decrease due to the controlling of proportions of debt to shareholders' equity to be in the appropriate level and the pushing the performance of the Company.



#### Source of Investment Funds

##### Liabilities

At the end of 2014 to 2016, the Company and associate have total liabilities at 11,985 million baht, 13,418 million baht and 12,027 million baht respectively which dividing current liabilities for each year at 11,830 million baht, 12,301 million baht and 11,403 million baht respectively which the current liabilities are decreasing comparing from the passing years. Because the previous years classified the long-term loan to be the short-term loan due to the subsidiary was unable to maintain the financial ratio in the proportions specified in the terms of the loan agreement. But in 2016 the said issue was classified to be the same.

The proportions of non-current liabilities are at 155 million baht, 1,117 million baht and 624 million baht respectively. The non-current liabilities which decreasing from previous years occurring from the change of proportions of shares holding in subsidiary and associate and the repayment of loan to the bank.

##### Shareholders' Equity

As of 31 December 2014-2016, Shareholders' equity are at 4,502 million baht, Baht 5,818 million baht and 5,823 million baht, respectively. As a result from the Company's operating performance.



## 5.2. Financial Statement of Saharuam Construction Material Co., Ltd.

Statements of Financial Positions as at 31 December 2015-2016

Transactions	financial statements (Unit : Baht)		
	Year 2016	Year 2015	Year 2014
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	26,980,381	26,659,526	-
Trade accounts and notes receivable	67,017,611	686,135,098	-
Inventories	67,374,189	20,478,192	-
<b>TOTAL CURRENT ASSETS</b>	<b>161,372,182</b>	<b>733,272,817</b>	-
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	322,971	63,509	-
Other non-current assets	49,400	28,000	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>372,371</b>	<b>91,509</b>	-
<b>TOTAL ASSETS</b>	<b>161,744,553</b>	<b>733,364,326</b>	-
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Bank overdraft and short-term loans from financial institutions	-	645,000,000	-
Accounts payable	91,826,568	37,384,421	-
Income tax payable	2,253,289	229,389	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>94,079,857</b>	<b>682,613,810</b>	-
<b>NON-CURRENT LIABILITIES</b>			
Retirement benefit obligations	414,411	483,795	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>414,411</b>	<b>483,795</b>	-
<b>TOTAL LIABILITIES</b>	<b>94,494,268</b>	<b>683,097,604</b>	-



Transactions	financial statements (Unit : Baht)		
	Year 2016	Year 2015	Year 2014
<b>SHAREHOLDERS' EQUITY</b>			
<b>Share capital</b>			
Authorized share capital			
500,000 ordinary shares of par Baht 100 each	50,000,000	50,000,000	-
Issued and paid-up share capital			
500,000 ordinary shares of par Baht 100 each	50,000,000	50,000,000	-
Retained earnings	17,250,285	266,722	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>67,250,285</b>	<b>50,266,722</b>	<b>-</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>161,744,553</b>	<b>733,364,326</b>	<b>-</b>

## Statements of Comprehensive income for the year period 19 May 2015– 31December 2016

Transactions	financial statements (Unit : Baht)		
	Year 2016	19 May -31 December 2015	Year 2014
<b>Revenue</b>			
Sales of goods	815,065,291	1,547,967,472	-
Other income	444,763	36,285	-
<b>Total Sales</b>	<b>815,510,053</b>	<b>1,548,003,757</b>	<b>-</b>
<b>Expenses</b>			
Cost of sales	774,367,184	1,538,317,472	-
Selling expenses	10,664,582	4,212,279	-
Administrative expenses	9,570,794	4,976,903	-
Finance costs	27,746		-
<b>Total Expenses</b>	<b>794,630,306</b>	<b>1,547,506,654</b>	<b>-</b>
<b>Profit (loss) before income tax</b>	<b>20,879,747</b>	<b>497,103</b>	<b>-</b>
Tax (expenses)	4,255,210	230,382	-
<b>Profit (loss) for the year</b>	<b>16,624,538</b>	<b>266,722</b>	<b>-</b>

Analysis of Financial position and operating results of SaharuamRevenue from sale

(Unit : Million Baht)

Product	Year 2016			Year 2015			Year 2014		
	Quantity (Ton)	Value	%	Quantity (Ton)	Value	%	Quantity (Ton)	Value	%
Steel Bar	24,893.75	370.86	45.50	97,640.75	1,414.62	91.39	-	-	-
Structural Steel	14,498.76	307.49	37.73	6,354.64	128.62	8.31	-	-	-
Wire rod	8,882.62	128.01	15.71	-	-	-	-	-	-
Other	436.96	8.67	1.06	221.68	4.73	0.31	-	-	-
Grand Total	48,712.05	815.06	100.00	103,918.50	1,547.98	100.00	-	-	-

The table above is the main revenue structure of Saharuam Construction Materials Company Limited. the Company has income from selling in 2015 to 2016 around 1,548 million Baht and 815 million Baht respectively. In 2015, sales revenue is come from major customers, which occasionally occur. Thus resulting in sales volume in 2015 higher than 2016. Because in 2016 customer of the company is retail customers and customers in different regions of Thailand.

Cost of sales

During year 2015-2016, Saharuam had cost of sales are at 1,538 million baht and 774 million baht respectively. In 2016 cost of sales decreased from sale quantity but compare cost of sales per income was 99% and 95% respectively.

Gross profit

Saharuam had gross profit during year 2015-2016 are at 10 million baht and 41 million baht or gross profit margin 1% and 5% respectively. Because steel price increased in 2016. In addition, Saharuam has expanded market to retail and region customers, which the price is higher than the rate which sells to a major customer. As a result to gross profit margin increased from 2015.



Sale goods and administrative expenses

Saharuam had sale goods and administrative expenses during year 2015-2016 at 9 million baht and 20 million baht respectively. In 2016, sale goods and administrative expenses were increased from 2015, case from set up Saharuam on May 19, 2015.

Net Profit (loss)

Saharuam had net profit during year at 0.3 million baht and 17 million baht respectively. Due to, in 2016 steel price increased.

STATEMENTS OF FINANCIAL POSITION

Assets

As of 31 December 2016, Saharuam had total assets at 162 million baht, decreased from previous year in the amount of 572 million baht. Case from trade accounts receivable decreased. While non-current assets in the amount of Baht 0.4 million.

Liabilities

As of 31 December 2016, Saharuam had total liabilities at 94 million baht, decreased from year 2015 in amount of 589 million baht. As a result from re-payment short term loan from financial institutions.

Shareholders' equity

As of 31 December 2016, Saharuam had shareholders' equity at 67 million baht, increased from previous year. As a result from Saharuam's operating performance.

**6. Shareholders**

Millcon Steel Plc.

As of 31 December 2017, the Company's registered capital is at Baht 2,256,452,333.60 with Baht 0.40 par value per share, comprising of 5,449,012,608 ordinary shares and 192,118,226.00 preferred shares, totaling 5,641,130,834 shares with Baht 0.40 par value per share. The Company's paid-up capital is at Baht 1,621,786,862 comprising of 3,862,348,930 ordinary shares and 192,118,226 preferred shares, totaling 4,054,467,156 shares with Baht 0.40 par value per share.



The Company's warrants as of 31 December 2016 are follows:

Details	MILL-W3
No. of warrants issued (Units)	625,696,941
No. of warrants allocated (Units)	625,696,792
Term (Year)	5
Expiry date	21 Dec 2019
Exercise ratio (Warrant : Ordinary share)	1:1
Exercise price (Baht per share)	3.000
Exercise period	On the last business day of Jun and Dec
No. of outstanding warrants (Units)	625,696,931

Major shareholders in the Company's share registered book closing date as at 15 March 2017 are follows:

No.	Names	Ordinary Shares	Preferred Shares	Total	(%)
1	General Engineering Plc.	729,899,999		729,899,999	18.00
2	Mr. Sittichai Leeswadtrakul	726,982,220		726,982,220	17.93
3	Bangkok Bank PCL.	300,000,000		300,000,000	7.40
4	THAI NVDR Co., Ltd.	124,411,824		124,411,824	3.07
5	Mrs. Nathatai Sawatyanon	122,636,600		122,636,600	3.02
6	Industrielle Beteiligung (Thailand) Co., Ltd.	14,493,852	78,817,734	93,311,586	2.30
7	Danieli Co., Ltd.	83,434,728		83,434,728	2.06
8	Mr. Tanarat Pasawongse	650,043	73,891,626	74,541,669	1.84
9	Mr. Wichai Wachiraphong	70,169,200		70,169,200	1.73
10	QUAM SECURITIES COMPANY LIMITED A/C CLIENT	58,839,800		58,839,800	1.45
11	Other	1,630,830,664	39,408,866	1,670,239,530	41.20
	<b>Grand Total</b>	<b>3,862,348,930</b>	<b>192,118,226</b>	<b>4,054,467,156</b>	<b>100.00</b>

Saharuam Construction Material Co., Ltd.

Saharuam set up on May,19 2015 for sale steel product and construction material, with registered capital Baht 1,000,000 at 9, 11, 13 Banggradee Soi 32 Banggradee Road, Samaredum, Bangkhuntien, Bangkok 10150

Afterward Saharuam Construction Materials Company Limited was offered to purchase the assets from R.S.P. Steel Company Limited. However at that moment, Saharuam Construction Materials Company Limited was just established and the investment fund which Saharuam Construction Materials Company Limited had, was not enough due to the Company and associate of Saharuam Construction Materials Company Limited have to back up cash to maintain the liquidity for operating business. Therefore, Saharuam Construction Materials Company Limited had agreed with R.S.P. Steel Company Limited to enter into Memorandum of Understanding of Sale and Purchase Assets for Saharuam Construction Materials Company Limited to use the asset without charge.

On 4<sup>th</sup> September 2015, the paid up registered capital of Saharuam Construction Materials Company Limited was increased to be Baht 50,000,000 which divided to be 500,000 shares at par value baht 100

Shareholders in Saharuam's share registered book closing date as at 31 December 2016 are follows:

No.	Names	Ordinary Shares	(%)
1	Millcon Steel Plc.	499,997	100.00
2	Mr. Sittichai Leeswadtrakul	1	0.00
3	Mrs. Phatnaree Thitiariyakul	1	0.00
4	Mrs. Duangkamol Sukmuang	1	0.00
	<b>Grand Total</b>	<b>500,000</b>	<b>100.00</b>

## 7. Board of Directors and Management team

### 7.1 The Board of Directors and Management team of Millcon Steel Plc.

Board of Directors as of 31 December 2016

Name	Position
1. Gen. Winai Phattiyakul	Chairman of the Board / Independent Director
2. Pol. Gen. Soontorn Saikwan	Vice Chairman of the Board / Independent Director
3. Mr. Pratana Bongkojmass	Director / Independent Director
4. Mr. Apichart Chirabandhu	Director / Independent Director





5. Mr. Sakchai	Tanaboonchai	Director / Independent Director
6. Mr. Sittichai	Leeswadtrakul	Director
7. Miss Suttirat	Leeswadtrakul	Director
8. Mrs. Nantaphat	Thinprateep	Director
9. Ms. Jureerat	Lapanavanich	Director
10. Mr. Sophon	Pholprasit	Director
11. Mr. Vipoota	Trakulhoon	Director

Management Team as of 31 December 2016

Name		Position
1. Mr. Sittichai	Leeswadtrakul	President
2. Mrs. Nantaphat	Thinprateep	Senior Executive Vice President of Supply Chain
3. Mr. Puchong	Jungwilikasem	Senior Executive Vice President of Production
4. Mr. Thanee	Loketkravee	Senior Executive Vice President of Sale & Marketing
5. Ms. Jureerat	Lapanavanich	Executive Director / Executive Vice President of Accounting & Finance
6. Mr. Jiruss	Rianchaiwanich	Executive Director / Executive Vice President of Human Resources and General Administration
7. Mr. Jiruss	Rianchaiwanich	Acting Executive Vice President of CEO Office

7.2 The Board of Directors and Management team of Saharuam Construction Material Co., Ltd.

Board of Directors as of 31 December 2016

Name		Position
1. Mr. Sittichai	Leeswadtrakul	Director
2. Mrs. Phatnaree	Thitiariyakul	Director
3. Miss Suttirat	Leeswadtrakul	Director
4. Mr. Pravit	Horungruang	Director



Management Team as of 31 December 2016

Name		Position
1. Mr. Pravit	Horungruang	Managing Director
2. Mr. Kantaporn	Khomapat	General Manager
3. Mrs. Nopakun	Sruangthamai	General Manager

## 8. Liabilities

### 8.1. Total amount of sold and unsold debt instruments

Bill of Exchange as of 31 December 2016 are details as follows

Type	Bill of Exchange of Millcon Steel Plc. Maturity date on March 20, 2017
Issued	9 issue
Total Value	Baht 200,000,000
Maturity Date	March 20, 2017
Discount rate	5.50%

Type	Bill of Exchange of Millcon Steel Plc. Maturity date on May 11, 2017
Issued	1 issue
Total Value	Baht 50,000,000
Maturity Date	May 11, 2017
Discount rate	5.50%

Type	Bill of Exchange of Millcon Steel Plc. Maturity date on July 6, 2017
Issued	6 issue
Total Value	Baht 80,000,000
Maturity Date	July 6, 2017
Discount rate	5.50%



Type	Bill of Exchange of Millcon Steel Plc. Maturity date on July 11, 2017
Issued	1 issue
Total Value	Baht 20,000,000
Maturity Date	July 11, 2017
Discount rate	5.50%

Type	Bill of Exchange of Millcon Steel Plc. Maturity date on October 17, 2017
Issued	1 issue
Total Value	Baht 20,000,000
Maturity Date	October 17, 2017
Discount rate	5.50%

8.2 Total amount of term loans by specifying the liability to provide assets as collateral

As of 31 December 2016, the Company and its subsidiaries have the long-term loans totaling Baht 629.82 million.

8.3. Total value of debts in other categories, including overdrafts by specifying the liability to provide assets as collateral

Apart from the long-term loan of the Company and its subsidiaries, the subsidiaries have debts in other categories totaling Baht 11,397 million, comprising:

(1) Short term loans from the bank in the amount of Baht 8,569 million. Most of these loans were revolving credit facility which used for the subsidiaries' working capital under the term of credit facility.

(2) Debts under the financial lease contract in the amount of Baht 9 million.

8.4. Contingent Liabilities

As of 31 December 2016, the Company and its subsidiaries had commitments and contingent liabilities as follows:

(1) The Company has guaranteed on credit lines in types of hire-purchase credit and loan credit to a related company (in former, the Company's association) in the amount of Baht 34 million. The Company has a written notice to such company not to use additional credit line because the Company decrease its equity interest until such company not the associated of the Company. Thus, it was suspended for use of all credit lines which the Company



has guaranteed to secure such credits. If such Company need to use credits, it has to change its collaterals and the Company is in the process for release its guarantee on such credit for financial institutions.

(2) The local bank had issued letters of guarantee on behalf of the Group as follow:

In respect of electricity usage	Baht 109 million
In respect of purchase of gas-petroleum	Baht 27 million
Guarantees the use of untreated water	
- Aval note	Baht 852 million

(3) The Group had commitments but not yet recognized in the consolidates financial statements as follows:

Operating lease commitments	Baht 47 million
Capital expenses	Baht 0.4 million
Letter of credit for purchase of goods commitments	Baht 715 million
- Thai Baht (Baht)	Baht 446 million
- Dollar (USD)	Dollar 2 million
Service contract commitments	Baht 25 million
Shipping guarantee Commitments	Dollar 5 million

**9. The opinion of the Board of Directors concerning the adequacy of working capital**

The Company's Board of Directors considered that the Company had sufficient liquidity to run its business.

**10. Material litigation or claims**

**10.1. Material Claims of the Company**

- None –

**10.2 Material Claims of the Subsidiaries**

- None –

**11. Benefit or related party transactios between the Company and the directors, the management or the shareholders who hold the shares more than 10 percent**

Nature of Relationship



The Company has related transactions with related party which might have conflict of interest. The related transactions occurred are transaction with shareholders and/or directors of the Company as well as related companies whose shareholders and/or management might have conflict of interest. This nature of relationship can be summarized as follows:

Related Party Which Might Have Conflict of Interest	Nature of Relationship
Mr. Somphop Leeswadtrakul	Mr. Sittichai Leeswadtrakul's father who is major shareholders and Board of Director of the Company
Mr. Sittichai Leeswadtrakul	Major shareholders and Board of Director of the Company and Ms. Suttirat Leeswadtrakul's brother
Ms. Suttirat Leeswadtrakul	Major shareholders and Board of Director of the Company and Mr. Sittichai Leeswadtrakul's sister

Nature of Related Transactions

Guarantee loan from financial institutions / Creditors

Millcon Steel Plc.

-None-

Millcon Burapa Co., Ltd.

-None-

**12. Summary of significant agreements in the past 2 years**

Details of significant agreements in the past 2 years are as follows:

1. Memorandum of Understanding for using asset between Saharuam Construction Materials Co., Ltd. and R.S.P. Steel Co., Ltd.
  - 1.1) Category of asset: Office Building and warehouse.
  - 1.2) User: Saharuam Construction Materials Co., Ltd  
Asset owner: R.S.P. Steel Co., Ltd.
  - 1.3) Dated 20 May 2015
  - 1.4) Relationship with Listed Company: Director of R.S.P. Steel Co., Ltd. is person living as husband and wife of Ms.Suttirat Leeswadtrakul which is the director of the Company.
  - 1.5) Other condition: If the purchase of R.S.P. Steel Company Limited's assets is not accomplish,



The Group of the Company agree to compensate any loss or damages to the Seller equal to market price of assets which supposed to lease in amount of Baht 6000,000 per month, since the Purchaser has processed assets until the Memorandum of Understanding is terminated.

2. Memorandum of Understanding for extending the use of asset between Saharuam Construction Materials Co., Ltd. and R.S.P. Steel Co., Ltd.
  - 1.1) Category of asset: Office Building and warehouse.
  - 1.2) User: Saharuam Construction Materials Co., Ltd.

Asset owner: R.S.P. Steel Co., Ltd
  - 1.3) Dated 1 January 2016
  - 1.4) Relationship with Listed Company: Director of R.S.P. Steel Co., Ltd. is person living as husband and wife of Ms.Suttirat Leeswadtrakul which is the director of the Company.
  - 1.5) Other condition: If the purchase of R.S.P. Steel Company Limited's assets is not accomplish, The Group of the Company agree to compensate any loss or damages to the Seller equal to market price of assets which supposed to lease in amount of Baht 6000,000 per month, since the Purchaser has processed assets until the Memorandum of Understanding is terminated.
  
3. Sale and Purchase Agreement of land and building between Saharuam Construction Materials Co., Ltd. (the Purchaser) and R.S.P. Steel Co., Ltd. (the Seller)
  - 1.1) Category of asset
    1. Three-storey office building with
    2. 1-storey warehouse
    3. Warehouse
    4. Worker residence 1
    5. Worker residence 2
    6. Guard building
    7. Parking Place 1
    8. Parking Place 2
    9. Concrete lot
    10. Concrete fence
  - 1.2) The Purchaser: Saharuam Construction Materials Co., Ltd  
The Seller: R.S.P. Steel Company Limited



- 1.3) Dated 1 March 2017
  - 1.4) Relationship with Listed Company: Director of R.S.P. Steel Co., Ltd. is person living as husband and wife of Ms.Suttirat Leeswadtrakul which is the director of the Company.
  - 1.5) The value of assets which need to be paid in amount of Baht 200,641,100 (The said value are excluding transferring fee, tax and any expense related to this transaction.).
  - 1.6) The condition need to be accomplish before entering into the transaction.
    - The Shareholder Meeting of the Company has to approve by a majority of not less than three-fourths votes of the present shareholders or proxies who are eligible to vote excluding shareholders who are interested person.
    - Before the entering into the transaction, R.S.P. Steel Company Limited agrees to process any action to release mortgage of the assets from Bangkok Bank Public Company Limited.
  - 1.7) The Condition need to be accomplish after the entering into the transaction.
    - R.S.P. Steel Company Limited and directors of R.S.P. Steel Company Limited will not run any business which compete with the Group of the Company for a period of 2 years unless they have done for the benefit of the group of the Company's business.
    - R.S.P. Steel Company Limited is obligated to remove figures, equipment or any properties from the assets within 90 days.
4. Sale and Purchase Agreement of Machinery between Saharuum Construction Materials Co., Ltd (the Purchaser) and R.S.P. Steel Co., Ltd. (the Seller)
- 1.1) Category of Asset
    1. Overhead Traveling Crane in amount of 6
    2. Hanging Scale in amount of 1
    3. Track Scale in amount of 1
  - 1.2) The Purchaser: Saharuum Construction Materials Co., Ltd.  
The Seller: R.S.P. Steel Co., Ltd.
  - 1.3) Dated 1 March 2017
  - 1.4) Relationship with Listed Company: Director of R.S.P. Steel Co., Ltd. is person living as husband and wife of Ms.Suttirat Leeswadtrakul which is the director of the Company.
  - 1.5) The value of assets which need to be paid in amount of Baht 2,159,096 (The said value are excluding transferring fee, tax and any expense related to this transaction. (if any)).
  - 1.6) The condition need to be accomplish before entering into the transaction.



- The Shareholder Meeting of the Company has to approve by a majority of not less than three-fourths votes of the present shareholders or proxies who are eligible to vote excluding shareholders who are interested person.

1.7) The Condition need to be accomplish after the entering into the transaction.

- R.S.P. Steel Company Limited and directors of R.S.P. Steel Company Limited will not run any business which compete with the Group of the Company for a period of 2 years unless they have done for the benefit of the group of the Company's business.
- R.S.P. Steel Company Limited is obligated to remove figures, equipment or any properties from the assets within 90 days.

5. Factory and Warehouse Lease Agreement between Millcon Steel Public Company Limited and R.S.P. Steel Company Limited

1.1) Assets which is one-storey factory.

1.2) Leaser: Millcon Steel Public Company Limited

Leasee: R.S.P. Steel Company Limited

1.3) Dated 17 September 2015

1.4) Relationship with Listed Company: Director of R.S.P. Steel Company Limited. is person living as husband and wife of Ms.Suttirat Leeswadtrakul which is the director of the Company.

13. The Audit Committee of the Company (who being nominated as Shareholders' proxy to vote on their behalf)

Gen. Winai Phattiyakul who is the Company's Chairman of the Board and Chairman of the Audit Committee  
Mr. Apichart Chirabhundu who is the Company's Director and Audit Committee Member

14. Statements showing that any shareholder who is an interest person, shall have no right to vote, however, the name of shareholder who is the interest person and number of their share held shall be indicated)  
Shareholders who have no right to vote in this agenda as in the Company's share registered book closing date as at 15 March 2017 are as follows:





Name	Shareholding / %	Relationship
Ms. Suttirat Leeswadtrakul	Ordinary share 53,348,259 shares or 1.32%	The person living as husband and wife of Mr. Soonthorn Jitboontaveesuk which is the director of RSP.
Mr. Sunthorn Jitboontaveesuk	Ordinary share 305,000 shares or 0.01%	The person living as husband and wife of Ms.Suttirat Leeswadtrakul which is the director of the Company.

The Company hereby certified that the information contained in this report is true and complete in all respects.

Sincerely yours,

.....  
(Ms. Jureerat Lapanavanich)

Director



Enclosure 1

Millcon Steel Public Company Limited

Information Memorandum Concerning the Assets Acquisition and Connected Transactions

February 24, 2017

Subject : Information Memorandum Concerning the Assets Acquisition and Connected Transactions.

Attention : Managing of Director  
The Stock Exchange of Thailand

On the dated May 19,2015, Millcon Steel PLC (“the company”) has incorporated Saharuam Construction Material Co.,Ltd. (“Saharuam”) for sale of steels and construction materials to a group , with the registered capital of THB 1,000,000, target customers is a small group included the customers are upcountry. The head office is located at 9,11,13, Soi Bangkadee 32, Bangkadee Road, Samdam Sub-district, Bangkhuntien District, Bangkok 10150, which is the same address with the company. Later, R S P Steel Co.,Ltd ( RSP) which being as the connected juristic person (because of the director of the company being the wife of the director of RSP) desires to sell the assets to the company and Saharuam, but since the company has been registered as a listed company on the *Stock Exchange of Thailand* and this transaction is considered the transaction with the connected juristic person which shall be obtained an approval from the shareholder of the company to purchase the assets. Therefore, the company and Saharuam has negotiated to use the land, buildings and machineries of RSP, by entering into the memorandum of understanding of utilization of the assets without the consideration until the sale has been successfully completed. However, if the transaction cannot be completed within a period which specified by the company and Saharuam, Saharuam shall compensate the damages for loss of chance of using the assets to RSP, starting from the date of possession, the *equivalent* of THB 600,000 per month. Then, the company and Saharuam and RSP has agreed to extended the Memorandum of understanding of utilization until June 30, 2017 ( The company & Saharuam and RSP have entered into Memorandum of Understanding of utilization of assets and continued to extend the Memorandum of understanding from May 2015-June 2017 which is the due date of Memorandum of Understanding of extension.)

Afterward, the Board of Directors Meeting of Millcon Steel Public Company Limited (the “Company”) No. 2/2017 held on 24<sup>th</sup> February 2017 has passed the resolutions for the Company and its Subsidiary , Saharuam Construction Material Co., Ltd. (“Saharuam”) enters into the Sale and Purchase Agreement for land, building and machines which the selling price will not exceed Baht 204,000,000 from R.S.P. Steel Co., Ltd. (“RSP”)



which is the juristic person which connected with the company because of the director of the company has a relationship as the spouse of the company's director, the main purpose is for conducting sell metal and construction materials as the plan of the company and subsidiary, in order that such selling price is the price which mutual agreed by the company or Saharuam and RSP, which the price is not higher than market price evaluated by the independent financial advisory approved by the Securities and Exchange Commission (SEC).

Therefore, entering into sale and purchase agreement for land, building and machine from Saharuam ("the Assets Acquisition Transactions") deemed as the acquisition of assets according to the Notification of the Capital Market Supervisory Board No.Tor Chor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets BE 2547 (2004) ("Notification on Acquisition or Disposition of Assets"). However, when calculated the size of transactions of acquisition or disposition of Assets combine with other acquisition within six months prior to the date of transaction the company enters into this transaction is not subject to report the Information Memorandum as the notification on Acquisition or Disposition of Assets.

Notification on Acquisition or Disposition of Assets is considered the transaction between the companies or its subsidiaries with the connected juristic person deemed as the connected transaction according to the Notification of the Capital Market Supervisory Board No. Thor Jor. 21/2551 re: Rules on Connected Transactions and the Notification of the Board of Governors of the SET re: Disclosure of Information and Other Acts of Listed Companies concerning Connected Transactions B.E. 2546 (includes an amendment) ("Notification of the Connected Transaction") which the total value of the transaction size equivalent to 204 Million Baht or equal to 3.75% of the Company's net tangible assets as of December 31, 2016 (the total value of the Company's net tangible assets as of December 31, 2016 equal to 5,443 Million Baht) which is greater than 3% of the Company's net tangible assets deemed as the transaction which must be approved by the Shareholder's Meeting prior to entering into the transaction and disclose the information Memorandum Concerning the Assets Acquisition and Connected Transactions.

Hence, the board of directors resolved that appoint JVS financial Co., Ltd. as independent financial advisory to render an opinion on this transaction as the notification on acquisition and Disposition of Assets and notification Connected Transactions, The Company is required to seek the approval from shareholders with affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting, excluding the shareholders with the conflict of interest.



The Company shall send the invitation to shareholder's meeting and attach an opinion report from an independent financial advisor along with the invitation in advance not less than 14 days prior to the date of shareholders' meeting which is approved by the Board of Directors' Meeting to propose transaction to the Annual General Meeting of the Company's Shareholders no. 1/2017 which will be held on 28 April 2017 for considering approval of such transaction.

In this regard, the Company sets out the details of the transactions as follows:

**1. Date, Month, Year to enter into the transaction.**

The company expects to be completed within two months from the date of approval by the shareholders' meeting.

**2. Connected parties and relationship with the listed company**

**2.1 Parties**

The Seller : R.S.P. Steel Co., Ltd. (the Group (MILL) has no shares in RSP)

The Buyer : Saharum Construction Material Co., Ltd. (subsidiary) The Company holds at 100 % of paid-up registered capital.

**2.2 Connected parties**

Name of connected person who has relationship with the Company as follows:

Name	Relationship
Mr. Soonthorn Jitboonthaveesuk	As the director of RSP and being the husband of Ms. Sutthirat Leeswardtrakul which is the company's director

**3. General Explanation in relation to the Nature of the Transaction**

**3.1 Purchase transaction of the assets from RSP**

1. Assets of the transaction	RSP's land, land title deed No.1753,30411 with a total area of 11-3-34.3 Rais with the 9 buildings and the 8 machineries,
2. Seller	R.S.P. Steel Co., Ltd.
3. Buyer	Saharum Construction Material Co., Ltd. (subsidiaries)



4. Total Value of Consideration	Totaling not more than Baht 204,000,000
5. Method of payment	Paid by cashier's check to the Seller at the time of transfer of ownership at land office and expects to proceed the transaction by June, from source of fund as specified in clause 6.)
6. Conditions Precedent Entering into the Transaction	<ol style="list-style-type: none"><li>1. Receiving the approval from shareholders with affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting, excluding the shareholders with the conflict of interest.</li><li>2. Before or on the transaction date, the Company shall proceed the release the land from mortgage with Bangkok Bank Plc. <u>Remark:</u> the Condition Precedent entering into the Transaction as stipulated by the sale and purchase of land and building and sale and purchase agreement for machineries.</li></ol>
7.	<ol style="list-style-type: none"><li>1. RSP and its director shall not compete with the group for a period of 2 years unless for advantages of the company.</li><li>2. RSP shall have an obligation to remove the fixtures, material, equipment or any assets from the premises within 90 days. <u>Remark:</u> the Condition after entering into the Transaction according to stipulated in the sale and purchase of land and building and sale and purchase agreement for machineries.</li></ol>
8.	<ol style="list-style-type: none"><li>1. RSP do not have a plan to let the land &amp; building and machinery for rent, if the transaction cannot be completed, the group shall have the obligation to remove the assets from the premises.</li></ol>



	<p><u>Remark:</u> as stipulated by the sale and purchase of land and building and sale and purchase agreement for machineries.</p> <p>2. If the transaction is not successful, the group hereby agrees to compensate the damages to the Seller for loss of chance to the Seller, the equivalent of Baht 600,000, starting from the date of possession the premises until the Memorandum of Understanding is terminated.</p> <p><u>R e m a r k:</u> as stipulated by the Memorandum of utilization of premises.</p>
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### 3.2 Transaction size under the disposal of assets criteria

The aforementioned transaction is considered as the disposition of assets transaction under the Notification of the Acquisition or Disposal of Assets. Formula used in calculation as follows:

Criteria	Formula used in calculation
Net Tangible Asset (NTA)	= (Percentage of RSP's shares acquired by the Company x RSP's NTA) / the Company's NTA
Net profit after taxes from normal business operation	= (Percentage of RSP's shares acquired by the Company x RSP's Net profit after taxes from normal business operation) / the Company's Net profit after taxes from normal business operation
Total Value of Consideration	= Total Maximum Value of Consideration for the Company's land disposal / the Company's Total Assets.
Value of securities which are issued by listed company for the asset acquired	= Not applicable as the transaction is a disposal of asset and no issuance of new securities.



The transaction size calculations based on the comparative methods are as follows:

Criteria Used to Calculation	Formula (Baht)	Transaction Size (%)	Criteria Used to Disclosure
1. Net Tangible Asset (NTA)	Not applicable as the transaction is a disposal of land and building.	-	-
2. Net profit after taxes from normal business operation	Not applicable as the transaction is a disposal of land and building.	-	-
3. Total Value of Consideration	204,000,000 / 17,850,527,607	1.14	None
4. Value of securities which are issued by listed company for the asset acquired	Not applicable as the transaction is a disposal of asset and no issuance of new securities.	-	-

Remark calculate from financial statement of the Company ended year 2016

### 3.3 Size of Connected transaction

Calculation of the transaction size in relation to the connected transaction are as follows

Name	Relationship	Total Value of assets
RSP	Mr. Soonthorn Jitboonthaveesuk as the director and being Ms. Sutthirat's husband which is the director of the company	$(204,000,000 / 5,442,977,442) = 3.75\%$

Remark calculate from financial statement of the Company ended year 2016

By this, this transaction is considered as the connected transaction of listed companies according to the Notifications of the Connected Transaction. Based on the Financial Statements as of 31 March 2016, the transaction size exceeded Baht 20 million and accounting to 3.75% of the Company's net tangible asset (204,000,000 / 5,442,977,442) which is higher than 3% of the Company's net tangible asset. The Company is obliged to disclose Information Memorandum regarding the Transaction to the SET and undertake the following procedures:

- (1) To convene the Company's shareholders meeting for approval of the transaction, which needs a vote of not less than three-fourths of the total number of votes of the shareholders attending and eligible to vote at the meeting, excluding the votes of shareholders having interest on this matter.
- (2) To appoint an Independent Financial Advisor to give opinion on the transaction as required by the Connected Transaction Notification.



In the past 6 months, the Company and its subsidiaries did not enter into any transactions that is considered to be an asset disposition and connected transaction.

#### 4. Details of Disposed Asset

Type of Asset	Details
Location of Assets	9/1, 13, Soi Bangkadee 32, Bangkadee road, Saemdam, Bangkhuntien Bangkok
Title Deed	No. 1753, 30411 approximately area 11-3-34.3 Rai
Holder of the land ownership	R.S.P. Steel Co., Ltd.
Building	1. Commercial building with 3 floors 1-storey warehouse 2. 2 of buildings for residential of the worker 3. Warehouse* 4. Guard building 5. Car parking lot 6. Concrete lot 7. Concrete fence
Machinery and equipment	1. 6 of crane 2. 2 of weight scale

Remark: warehouse is located at the land of the company and the company had agreed to RSP to utilize the land for construction, and at the time, the company has expanded the business and caused the premises is not sufficient for maintaining the goods, then the company desires to lease the warehouse from RSP and paid the rental at the rate of Baht 15,000 per year.

#### 5. Basis Used to Determine Total Value of Consideration

To enter into this transaction, the Company considered the appropriate value of the transaction based on the latest report of land value dated 15 February 2017 which prepared by Tobtavee Appraisal and Services Co., Ltd. and Phet Siam Appraisal Co., Ltd. The independent appraiser company under the approval list of the SEC. The report of evaluation for the purpose of public use, in order that gave land building and machines value at the amount of Baht 206,434,000 and 202,606,000 respectively.





## 6. Source of Fund

Saharuam will settle the payment for the assets in cashier cheque is about 204 million baht, details are as follows:

1. Long term loans from commercial bank is about 90 million baht, period 84 month

- The Company and Saharuam has long term credit facilities from Bangkok Bank Plc about 90 million baht, period 84 month.

2. MILL Group's internal cash flow (the Company and Saharuam) are about 114 million baht

- Saharuam's internal cash flow is about 50 million baht.
- The Company's internal cash flow is about 64 million baht.

The Group wish long term loan from commercial bank. Due to the Group must has cash reserve for maintain liquidity in business. However, the Group has the policy for maintain Debt to Equity ratio of the Group in optimal level.

## 7. Benefits expected to be generated as the result of the transaction

7.1 Warehouse area of Saharuam is not suffice for keeping goods as the sale plan in the year end 2017 of the company group, because Saharuam has the plan to expand the customers to up country and support sale online channel (Builk.com) so the company wishes more areas to maintain goods to support the company's business plan in the future.

7.2 At the present, RSP has the neighbor areas with the company and Saharuam which will save logistics cost from the manufacturing plant of the company, because of the land is located nearby the plant which is convenient for goods transportation and maintenance in the warehouse.

7.3 Saharuam can move product faster from warehouse to the trucks. Because the warehouse has increase in channels and cranes to move product

7.4 The Company and Saharuam have not maintenance office and warehouses cost after acquisition in asset. Because at the present, the Company and Saharuam use the assets for operation already. Therefore, the Company and Saharuam can use the assets as of Understanding for using asset between Saharuam Construction Materials Co., Ltd. and R.S.P. Steel Co., Ltd. immediately.



8. Opinion of the Board of Directors concerning a decision to enter into the transaction

The Board of Directors has considered reasonable of the said transaction and unanimous resolved to enter into the transaction and propose the shareholders' meeting for approval, entering into the said transaction will make the benefit to the Company and the shareholders. Moreover, the value of transaction is appropriate. By this, directors who have conflict of interest do not have the right to vote on this transaction and do not join the meeting regarding this agenda.

9. Opinion of the Company's Audit Committee and/or Director if any Difference from the opinion of the Board of Directors

- None-

Please be informed accordingly.

Yours sincerely,

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(Ms. Jureerat Lapanavanich)

Director