

**Minute of the 2013 Annual General Meeting of Shareholders of  
City Steel Public Company Limited**

**Held on Friday, November 29, 2013, at 15.00 PM**

**Place** : Tappraya Room, 2<sup>nd</sup> Floor, Chon Inter Hotel Chonburi, 934, Sukhumvit Road, Bangplasoi,  
Muang, Chonburi.

**Director and Management present at the meeting**

- |                    |                      |  |
|--------------------|----------------------|--|
| 1) Mr. Wibool      | Phongratanadechachai | Chairman of the Board of Director                                      |
| 2) Mr. Komgrich    | Phongratanadechachai | Director / Chief Executive Officer                                     |
| 3) Mr. Satit       | Phongratanadechachai | Director / Managing Director   |
| 4) Miss Suputra    | Phongratanadechachai | Director / Chief Financial Officer                                     |
| 5) Mr. Charoenpong | Ongwongsakul         | Director / Deputy Managing Director                                    |
| 6) Mr. Anutara     | Tantraporn           | Independent Director / Audit Committee                                 |
| 7) Mr. Pattarathon | Thatsanasuwan        | Independent Director / Audit Committee                                 |
| 8) Miss Boontip    | Phetry               | General Manager – Support Function /<br>Accounting and Finance Manager |

**Auditor's Representative at the meeting**

- |                |              |  |
|----------------|--------------|--|
| 1) Ms. Wannisa | Ngambuathong | Certified Public Accountant (Thailand) No. 6838<br>Of Dharmniti Auditing Co., Ltd. |
| 2) Mr. Kamol   | Voravatch    | Officer of Dharmniti Auditing Co., Ltd.  |

**The Meeting Commenced at 15.20 PM.**

Mr. Wibool      Phongratanadechachai      Chairman of the Meeting

**Matters to be informed**

- 1) There are 42 shareholders and proxies attending the 2013 Annual General Meeting of Shareholders on November 29, 2013. The total numbers of shares held by the attended shareholders are 225,510,600 shares equivalent to 75.17 percent of the Company's total outstanding shares. According to the Law no. 103, the general meeting must comprise of either at least 25 shareholders and proxies or not less than half of the total shareholders, which total

shares not less than one third of the Company's total outstanding shares in order to complete the quorum.

- 2) The voting method for shareholders who attend the meeting in person, the shareholders have votes equal to the amount of shares hold by the shareholders. Once casting the votes, the votes will be equal to the total shares hold by those particular shareholders and must not be split. For the proxy granter, the votes will be equal to the amount of shares granted to the proxy.
- 3) The meeting shall proceed according to the predetermined agenda. Shareholders who have conflict of interest in each agenda shall cast abstain votes except for Agenda 5: Appoint the directors to replace those whose tenure has ended.
- 4) The Shareholders can express their comments or raise questions during the opinion and discussion session after the moderator finish the informative session.
- 5) In considering each meeting agenda, the shareholders shall cast agree, disagree, or abstain votes. The shareholders who cast disagree or abstain votes shall raise their hands for the officers to collect their ballots. For those who do not raise their hands shall cast agree votes. The moderator shall inform amount and percentage of votes after the counting has been completed. In case, there is no disagree and abstain votes, the agenda shall be deemed unanimously resolves.
- 6) In casting votes, the shareholders shall use pen to write down their votes in the ballots together with the shareholders' signatures for accuracy and correctness as well as for preventing someone else from manipulating or changing the ballots.
- 7) Collecting of the Ballots
  - 7.1) All Shareholders must be casting vote and submitting the ballots themselves.
  - 7.2) After the Chairman informed to cast vote in each agenda, the officers will collect all ballots.
- 8) The company has invited the Company's auditor, Dharmniti Auditing Company Limited to be an independent representative of shareholders to count the votes and monitor the counting process for transparency.

The meeting acknowledged and proceeded with the following agenda:



**Agenda 1 Certify the minutes of the 2012 Annual General Meeting of shareholders held on November 30, 2012.**

The moderator informed that the 2012 Annual General Meeting of shareholders was held on November 30, 2012, and a 9-page copy of the minutes of meeting had been provided as an attachment and sent to all shareholders.

Board of Directors' opinion: the shareholders should certify the minutes of the 2012 Annual General Meeting of shareholders. If the shareholders had any questions or comments, please ask and express opinions.

There was no further question from the shareholders, then voting.

**Resolution** The meeting had resolution to certify the minutes of the 2012 Annual General Meeting of shareholders with;

Agreed votes of 42 shareholders accounted for 225,510,600 votes, equivalent to 100%.

There was no disagree vote and no abstain vote.

**Agenda 2 Be informed of the result of the Company's operation for the year 2012/2013**

The moderator informed that the Company's operating results for the year ended July 31, 2013 shown in the 2013 Annual Report and had been sent to all shareholders, had been certified by the Board of Directors as correct and adequate. The Board of Director would like to acknowledge the shareholders of the result of the Company's operation for the accounting period 2012/2013. If the shareholders had any questions or comments, please ask and express opinions.

The meeting acknowledged the result of company's operation for the year 2012/2013.

**Agenda 3 Certify and approve the Company's Separate and Consolidated Financial Statements for the accounting period ended July 31, 2013.**

The Board of Directors had reviewed the Company's Separate and Consolidated Financial Statements including Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, and Statement of Cash Flows for the accounting period ended July 31, 2013 as shown in the 2013 Annual Report, which had been audited by the Company's auditor, Dharmniti Auditing Company Limited.



Board of Director's opinion: the shareholders should approve the audited Company's financial statements for the accounting period ended July 31, 2013. If the shareholders had any questions or comments, please ask and express opinions.

### **Shareholders' Opinion**

- Shareholders had asked the directors to explain about the revenues for the year 2011/2012 that substantially increased from the previous year and the revenue for the year 2012/2013 that slightly decreased from the year 2011/2012.
- The director had explained that the increase in the 2011/2012 revenues was primarily due to the aftermath of the flooding disaster. After the flood, many companies had to restore their facilities, which created demands for the Company's products and resulted in an increase in total revenues from the year 2010/2011. The revenues for the year 2010/2011 were relatively low compared to the revenues in the year 2011/2012 because of the economy contraction during 2010/2011. For the year 2012/2013, during the first six-month of the fiscal year, the revenues were quite impressive, however after January 2013, the country's exports, economic growth, and GDP started to decline and subsequently affected the Company's revenues.
- Shareholders had asked the directors to explain about the sales revenues in the statement of comprehensive income why there was an increase in sales revenues in the separate statement of comprehensive income whereas there was a decrease in the consolidated statement.
- The director had explained that since City Steel Public Company Limited has become a holding company, the sales revenues in the separate statement of comprehensive income derived from sales to some of the customers that used to purchase from City Steel Public Company Limited. Those customers cannot change the company name in their supplier lists, therefore City Steel Public Company Limited still has to incur sales revenue from those customers. And during the year 2012/2013, those customers had purchased the products more than the previous year, as a result the sales revenues in the separate statement increased.
- Shareholders had asked the directors to explain about a decrease in administrative expenses in the separate statement and an increase in administrative expenses in the consolidated statement, which were not correspondent with the revenues.



- The director had explained that the decrease in administrative expenses in the separate statement was partly due to a decrease in depreciation expenses of fixed asset that most of them were fully depreciated. On the other hand the increases in administrative expenses in consolidated statement derived from purchases of office equipment and vehicles of City Steel Products Company Limited, which resulted in an increase in depreciation expenses and other administrative expenses, as well as an increase in administrative staffs
- Shareholders had asked the directors to explain about the production capacity.
- The director had explained that the Group has total production capacity of 39,500 tons per year base on the working hour of 8 hours a day. The utilized capacity had been separated into the production capacity of Mark Worldwide Company Limited of 59% and those of City Steel Products Company Limited of 72%.

**Resolution** The meeting had resolution to approve the Company's Separate and Consolidated Financial Statements for the accounting period ended July 31, 2013 with;

Agreed votes of 42 shareholders accounted for 225,510,600 votes, equivalent to 100%.

There was no disagree vote and no abstain vote.

**Agenda 4 Consider and approve the profits allocation and dividend payments for the accounting period 2012/2013**

The moderator informed that, the Board of Directors proposed the dividend payments for the accounting period 2012/2013 at the rate of THB 0.16 per share for 300,000,000 shares totaling to THB 48,000,000. The dividends are paid according to the Company's dividend policy of approximately 40% of the net profit after tax and legal reserves, the annual dividend payments will be paid at approximately 40%, which was calculated from the consolidated net profits of THB 125,254,248.34.

The Company had set the date for dividend payment as follows;

- Book Closing Date December 13, 2013
- Dividend Payment Date December 27, 2013

Board of Director's opinion: the shareholders should approve the allocation of net profits and dividend payments for the accounting period 2012/2013. If the shareholders had any questions or comments, please ask and express opinions.

### **Shareholders' Opinion**

- Shareholders had asked the directors to explain about dividend received from subsidiaries.  
According to the financial statement, the Company had enough retained earnings to pay for dividend, why the Company had to receive dividend from the subsidiaries in the year 2012/2013 whereas in the year 2011/2012, the Company did not receive dividend from the subsidiaries.
- The director had explained that the dividend payment from the subsidiaries to the Company will be considered base on cash flow management within the Group. Normally, cash flows from operation will be kept in the subsidiaries to use as working capital and to reserve for business expansion or invest in new businesses. However, if the Company has to pay dividend to the shareholders and does not have enough cash flows, the Company may call for dividend from subsidiaries just like in the year 2012/2013. But in the year 2011/2012, the Company had enough cash to pay dividend so the Company did not have to receive dividend from the subsidiaries.
- Shareholders had asked the directors to explain about the amount of retain earnings in the subsidiaries.
- The director had explained that according to the notes to financial statement no.11 regarding investment in subsidiaries, the Company has investment in subsidiaries based on equity method of Baht 1,089 million. If using this number and subtracts by paid up capital of the subsidiaries, the retained earnings of the subsidiaries will be approximately Baht 450 million.

**Resolution** The meeting had resolution to approve the profits allocation and dividend payment for the accounting period 2012/2013 at the rate of THB 0.16 per share according to the details proposed by the Board of Directors with;

Agreed votes of 42 shareholders accounted for 225,510,600 votes, equivalent to 100%.

There was no disagree vote and no abstain vote.

### **Agenda 5 To appoint the directors to replace those whose tenure has ended**

The moderator informed that, according to the Company's articles of association, it is required that every annual general meeting of shareholders, one-third of the company directors must be retired. In this year, there are 3 directors that will be retired as follows;

- 1) Mr. Wibool Phongratanadechachai Chairman of the Board of Director
- 2) Miss Suputra Phongratanadechachai Director / Executive Director
- 3) Mr. Manop Chivatanasoontorn Independent Director / Chairman of the Audit Committee

Board of Directors' opinion: the Board of Directors proposed to re-appoint the 3 directors to serve as directors for another term and recommended the shareholders to re-appoint the 3 directors whose tenure had ended as follows:

- 1) Mr. Wibool Phongratanadechachai Chairman of the Board of Director
- 2) Miss Suputra Phongratanadechachai Director / Executive Director
- 3) Mr. Manop Chivatanasoontorn Independent Director / Chairman of the Audit Committee

- Remarks 1) Individual details of each director namely above could be found in Attachment 2
- 2) Definition of the Company's Independent Director could be found in Attachment 3
  - 3) Criteria and Procedures of Director Nomination could be found in Attachment 4

The moderator invited the directors whose tenure had ended to leave the meeting. The moderator also informed that in this meeting, the Company had posted on the Company's website to allow the shareholders whose names appeared in the share registrar on the book closing date, October 16, 2013, to nominate the qualified persons to be the Company's directors to act as representatives for the shareholders by the following methods:

- 1) Postal mail to 88/3 Moo 4, Bypass Road, Nongmaidaeng, Muang, Chonburi 20000
- 2) E-mail to [city@wkpgroup.com](mailto:city@wkpgroup.com)
- 3) Telephone to 038-782064-7

The nomination period had started on September 9, 2013 and ended on September 25, 2013. There was no nomination through the Company's proposed channels.

In Agenda 5, the moderator requested to vote for each director. If the shareholders had any questions or comments, please ask and express opinions.

There was no further question from the shareholders, then voting.

**Resolution** The meeting had resolution to re-appoint the 3 directors whose tenure had ended to serve as directors for another term as per following details;

1) Mr. Wibool Phongratanadechachai Chairman of the Board of Director

There were 42 shareholders accounted for 225,510,600 votes had resolved the following resolution;

- Agreed 225,510,600 Votes Equivalent to 100%.
- There was no disagree vote and no abstain vote.

2) Miss Suputra Phongratanadechachai Director / Executive Director

There were 42 shareholders accounted for 225,510,600 votes had resolved the following resolution;

- Agreed 225,510,600 Votes Equivalent to 100%.
- There was no disagree vote and no abstain vote.

3) Mr. Manop Chivatanasontorn Independent Director / Chairman of the Audit Committee

There were 42 shareholders accounted for 225,510,600 votes had resolved the following resolution;

- Agreed 225,510,600 Votes Equivalent to 100%.
- There was no disagree vote and no abstain vote.

**Agenda 6 Consider and determine the director remuneration for the accounting period 2013/2014**

The moderator informed that in the last accounting period of 2012/2013, the Company's operating results and net profits decreased from the previous year, therefore the Company has proposed to set the director remuneration for the year 2013/2014 to be equal to the last year remuneration, which are as follows;

- Meeting Remuneration for Chairman of the Board of Directors will be THB 18,500 per meeting.
- Meeting Remuneration for Chairman of the Audit Committee will be THB 18,500 per meeting.
- Meeting Remuneration for Audit Committee will be THB 14,500 per meeting.



Meeting Remuneration for Executive Directors will not be given since they will be given remuneration in the form of salaries and bonuses. If the shareholders had any questions or comments, please ask and express opinions.

There was no further question from the shareholders, then voting.

**Resolution** The meeting had resolution to determine the director remuneration for the accounting period 2012/2013 according to the proposal of the Board of Directors with;

Agreed votes of 42 shareholders accounted for 225,510,600 votes, equivalent to 100%.

There was no disagree vote and no abstain vote.

**Agenda 7 Consider and appoint the auditors and determine the auditor remuneration for the year 2013/2014**

The moderator informed that, in accordance with the Public Company Act and the Company's Articles of Association, it is required that in every Annual General Meeting of Shareholders, the shareholders shall appoint the auditors and determine the auditor remuneration. Board of Director had proposed to appoint auditors of Dharmniti Auditing Company Limited to serve as the Independent Auditors of the Company and its subsidiaries for the accounting period 2013/2014, whose names were as follows;

- 1) Ms. Wannisa Ngambuathong CPA No.6838 or
- 2) Mr. Pichai Dachanapirom CPA No.2421 or
- 3) Mr. Thanawut Piboonsawat CPA No.6699

The proposed auditing fee will be THB 1,185,000, which equal to last year remuneration.

If the shareholders had any questions or comments, please ask and express opinions.

There was no further question from the shareholders, then voting.

**Resolution** The meeting had resolution to appoint the auditors of Dharmniti Auditing Company Limited to be the Company's auditors for the accounting period 2013/2014 and determine the auditing fees to be THB 1,185,000, as proposed by the Board of Directors with;

Agreed votes of 42 shareholders accounted for 225,510,600 votes, equivalent to 100%.

There was no disagree vote and no abstain vote.

**Agenda 8 To consider other issues (if any)**

According to the Public Company Act 1992, in case the shareholders proposed additional agenda, the shareholders must have shares of not less than one third of the Company's total outstanding shares that are 100,000,000 shares, and shall attend the meeting to request the meeting to consider other issues. The Company has posted on the Company's website to allow the shareholders whose names appeared in the share registrar on the book closing date, October 16, 2013, to propose additional agenda by the following methods:

- 1) Postal mail to 88/3 Moo 4, Bypass Road, Nongmaidaeng, Muang, Chonburi 20000
- 2) E-mail to [city@wkgproup.com](mailto:city@wkgproup.com)
- 3) Telephone to 038-782064-7

The period had started on September 9, 2013 and ended on September 25, 2013. None of the shareholders proposed additional agenda to be considered in this meeting via the proposed channels. If the shareholders had any questions or comments, please ask and express opinions.

**- No one proposed additional agenda to be considered -**

Shareholders had additional questions and express opinions as follows;

**Shareholders' Opinion**

- Shareholders had asked the directors to explain about possibility of increasing dividend payout ratio from 40% to 50%.
- The director had explained that this dividend issue will be proposed to consider in the next Board of Director Meeting.
- Shareholders had asked the directors to explain about the Company's accounting period whether to change the accounting period according to the calendar year in order to make the fiscal year easier to remember.
- The director had explained that the accounting period started on August 1 and ended on July 31 has been used since the Company set up. The Company had consulted with Financial Advisor whether to change the accounting period according to the calendar year. The Financial Advisor suggested the Company to retain the same accounting period since it will be more

convenient for auditor to audit the Company's financial statement and when submitting the financial statement.

- Shareholders had asked the directors to explain why the Company does not disclose information to the media.
- The director had explained that the Company strictly follows the rules of the Stock Exchange of Thailand and the Security Exchange Commission in disclosing financial information to public. The Company must not disclose any financial information before submit the financial statements to the Stock Exchange of Thailand. But after the financial statements submission, the Company regularly discloses information to the public and has phone interviews with financial analysts and brokerages or securities companies.
- Shareholders had asked the directors to explain about the outlook for the year 2014 whether better than the previous years.
- The director had explained that the Company's products are capital goods, which means that when there are new investments, there will be demands for the Company's products such as storage system and material handling equipment. In addition, capital goods are durable and have long life span, the Company will receive orders from customers when they have business expansion or want to replace their existing products. Therefore, the Company has foreseen that if the economic condition is normal with the GDP growth around 3-5%, the Company's revenues will grow not less than 10% from the existing operation. And if the economy has large expansion, the Company expects that the revenues will increase by more than 15%. On the other hand, if direct investment or FDI declines and the domestic economic expansions are slow, the Company will be negatively affected since the Company relies on domestic market around 95% of total revenues. Once the economy slows down, the customers will not expand their businesses and consequently there will be fewer demands for the Company's products. For the year 2014, the Company anticipates to grow if the political situation does not have significant impacts to the economy. However, if the economy becomes sluggish or stagnant, the Company will try to maintain the revenues to be in an acceptable level and will adjust business strategies to suit the future situation.



- Shareholders had asked the directors to explain about benefits and impacts of the AEC (ASEAN Economic Community) that will become effective in 2015.
- The director had explained that if the AEC has positive impacts to Thai economy and creates business expansion, then businesses that produce capital goods will definitely have positive effects. However, even if the AEC is effective in 2015, Thai economy is still stagnant or contracted; the Company will have to find other ways to increase the revenues. Recently, the Company's revenues primarily derive from domestic market accounted for 95% of total revenues with export revenues of 5%. In the future, when the AEC starts, the Company will plan to increase export portion of the revenues. In the end of the year, the Company also has a plan to invest in new business and when the process finished, the Company will disclose information according to the regulations of the Stock Exchange of Thailand, accordingly.
- Shareholders had asked the directors to explain about the progress of the warehousing business.
- The director had explained that currently the Company had purchased a plot of land and managed the warehousing business under the subsidiary; Siam ISO Pro Company Limited. The Company used to discuss with a customer during the flood disaster but after that the customer had changed the plan. Recently, the Company is still finding new customers.
- Shareholders had asked the directors to explain about cash management policy in order to get higher returns.
- The director had explained that since the Company has net profits in every quarter, the Company's retained earnings and cash has kept increasing. As the Company had experienced the economic crisis in the past 2 years, the Company had been very thorough in spending cash and investing, and also had prepared cash as well as credit facilities from financial institution, for business expansion when opportunities arrive. The accumulation of cash has attracted several opportunities for business expansion such as energy business and investing in other countries. However, the Company has not yet disclosed these information since these projects still have no rigid plan. For cash management policy, the Company realizes and strives to find ways to manage the remaining cash to generate optimum profits to the shareholders.
- Shareholders had asked the directors to explain about the new investment projects.

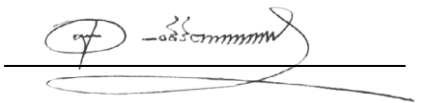


- The director had explained that the Company intends to take advantages from the AEC as the shareholders recommended, the Company plans to set up a subsidiary abroad in order to minimize the risk in relying on domestic market and find further opportunities by started with the ASEAN market. The Company plans to set up the new subsidiary within this year, once the setup process has completed, the Company will report and disclose information accordingly.

The Chairman expressed his gratitude to the shareholders for attending the meeting and declared the meeting closed.

**The meeting was adjourned at 16.45 pm.**

Mr. Wibool Phongratanadechachai (Chairman of the Meeting)

Certified by   
(Mr. Wibool Phongratanadechachai)