

G J STEEL PUBLIC COMPANY LIMITED

Financial Statements

For the Year Ended December 31, 2020

and Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of G J Steel Public Company Limited

Opinion

I have audited the financial statements of G J Steel Public Company Limited (“the Company”), which comprise the statement of financial position as at December 31, 2020, and the statements of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Emphases of Matter

I draw attention as follows:

- a) Note 4 to the financial statements, the management has reviewed and changed the estimated useful lives of buildings, machinery and equipment in accordance with their conditions and proper estimated useful lives. Such change in estimated useful lives was approved by the Audit Committee’s meeting and the Board of Directors’ meeting held on June 17, 2020.
- b) Note 1 to the financial statements, starting early 2020, the COVID-19 pandemic has significantly negative affected to both local and global economies, which, in consequence, may have significantly negative affected to the Company’s future financial position and financial performance. However, the ultimate outcome of this matter cannot presently be determined and the negative effect to the Company cannot reasonably be estimated at this stage.

However, my opinion is not modified in respect of the matters emphasized.

Other Matter

The financial statements of G J Steel Public Company Limited for the year ended December 31, 2019 were audited by another auditor whose report dated February 25, 2020 expressed an unqualified opinion on those statements.

Key Audit Matter

Key audit matter is the matter that, in my professional judgment, was of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

Key Audit Matter Details	Auditor's Approach
<p><i>Assessment of impairment loss on property, plant and equipment</i></p> <p>The Company has significant property, plant and equipment which are stated at cost less accumulated depreciation and allowance for impairment losses.</p> <p>The management assesses the impairment test on property, plant and equipment when they have an impairment indication by using the estimated recoverable amounts. The recoverable amounts are assessed by the management based on its value in use, determined by discounting future cash flows to be generated from the continuing use of property, plant and equipment and related assumptions such as forecast on industry growth rate, forecast on revenues and steel scrap price spreads margin and forecast on capital expenditures, selling expenses and operating expenses.</p> <p>The management's judgement over key assumptions and discount rate will be affected by changes of future economic and market. Hence, I focused on this area.</p>	<ul style="list-style-type: none">• Understood the process of estimated recoverable amount using for impairment testing.• Evaluated the significant assumptions applied by the management in preparing the cash flow projections including discount rate used to discount future cash flows.• Compared and evaluated the cash flow projections, key assumptions and discount rate to the management's budget and business plan, historical and current actual operations, economic and industries.• Tested calculation of recoverable amounts according to the management's financial models and compared with the carrying values of property, plant and equipment.• Considered the adequacy and appropriateness of disclosures made in notes to financial statements.

Other Information

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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

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

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

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

(Ms. Wimolsri Jongudomsombut)
Certified Public Accountant, Registration No. 3899
Baker Tilly Audit and Advisory Services (Thailand) Ltd.
Bangkok
February 23, 2021

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

A S S E T S

		In Baht	
	Notes	2020	2019
CURRENT ASSETS			
Cash and cash equivalents	6	106,593,691	424,062,101
Trade account receivables - net	7	27,922,175	6,196,512
Inventories - net	4, 8, 16, 33	1,361,359,108	1,366,609,957
Other current assets - net	5, 9	151,578,570	85,084,093
Total Current Assets		<u>1,647,453,544</u>	<u>1,881,952,663</u>
NON-CURRENT ASSETS			
Advance payment for purchase of land and building	10	210,000,000	210,000,000
Property, plant and equipment - net	4, 11, 15, 21, 33, 35	12,651,015,945	13,049,272,540
Other intangible assets - net	12	5,215,597	6,494,070
Other non-current assets - net	5, 14	343,721,902	340,185,345
Total Non-Current Assets		<u>13,209,953,444</u>	<u>13,605,951,955</u>
Total Assets		<u>14,857,406,988</u>	<u>15,487,904,618</u>

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	In Baht	
		2020	2019
CURRENT LIABILITIES			
Trade account payables	8, 16	328,134,141	333,324,560
Other payables and accrued expenses	5, 17	289,209,148	340,170,757
Advances received from customers		10,506,608	19,799,767
Accrued interest expense	5, 18	198,592,331	137,094,718
Liabilities from terminated rehabilitation plan	19	168,530,256	170,123,670
Current portion of long-term borrowings from related party	5, 20	311,389,181	-
Current portion of lease liabilities	11, 21	5,740,013	438,781
Current provision	4, 22	-	19,175,314
Other current liabilities	23	15,240,652	17,871,920
Total Current Liabilities		1,327,342,330	1,037,999,487
NON-CURRENT LIABILITIES			
Long-term borrowings from related party - net	5, 20	739,059,084	1,049,023,546
Lease liabilities - net	11, 21	2,311,604	950,062
Non-current provision for employee retirement benefit	24	128,175,780	105,685,887
Total Non-Current Liabilities		869,546,468	1,155,659,495
TOTAL LIABILITIES		2,196,888,798	2,193,658,982
SHAREHOLDERS' EQUITY			
Share capital	25		
- Authorized share capital		27,600,824,751	27,600,824,751
- Issued and paid-up share capital		24,467,649,500	24,467,648,060
Warrants	26	-	-
Discount on ordinary shares	25	(9,667,487,640)	(9,667,486,450)
Deficit		(2,449,324,888)	(1,815,597,192)
Other components of equity	27	309,681,218	309,681,218
Shareholders' Equity - Net		12,660,518,190	13,294,245,636
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		14,857,406,988	15,487,904,618

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	In Baht	
		2020	2019
REVENUES			
Revenue from sales	5	11,379,228,023	12,922,809,092
Gain on foreign exchange - net		38,126,372	215,925,699
Reversal of loss on confirmed purchase orders for undelivered raw materia	4, 22	19,175,314	21,389,840
Other income	5	80,132,366	107,843,709
Total Revenues		<u>11,516,662,075</u>	<u>13,267,968,340</u>
EXPENSES			
Cost of sales	4, 29		
- Cost of goods sold	5	11,222,681,539	13,385,969,008
- Idle cost		69,225,314	241,851,797
- Reversal of loss on decline in value of inventories		(83,585,796)	(72,802,730)
Total Cost of Sales		11,208,321,057	13,555,018,075
Selling expenses	29	170,162,523	174,375,018
Administrative expenses	4, 5, 29	492,162,333	543,453,591
Finance costs	5, 15	251,275,182	347,691,068
Total Expenses		<u>12,121,921,095</u>	<u>14,620,537,752</u>
LOSS FOR THE YEAR		(605,259,020)	(1,352,569,412)
Other Comprehensive Loss:			
Item that will not be reclassified subsequently to profit or loss:			
Actuarial losses	24	(28,468,676)	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(633,727,696)</u>	<u>(1,352,569,412)</u>
Basic Loss per Share (In Baht)	30	<u>(0.024)</u>	<u>(0.063)</u>

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

In Baht						
Notes	Issued and Paid-up Share Capital	Discount on Ordinary Shares	Retained Earnings (Deficit)		Other Components of Equity	Net
			Appropriated for Legal Reserve	Deficit		
Balance as at January 1, 2019	96,104,091,707	(61,757,357,060)	18,507,422	(21,457,265,785)	309,681,218	13,217,657,502
Par value reduction to compensate the deficit	25 (82,733,087,643)	61,757,357,060	-	20,975,730,583	-	-
Transfer of legal reserve to compensate the deficit	25 -	-	(18,507,422)	18,507,422	-	-
Issuance of new ordinary shares	25 11,096,643,996	(9,667,486,450)	-	-	-	1,429,157,546
Total comprehensive loss for the year	-	-	-	(1,352,569,412)	-	(1,352,569,412)
Balance as at December 31, 2019	24,467,648,060	(9,667,486,450)	-	(1,815,597,192)	309,681,218	13,294,245,636
Issuance of new ordinary shares	25, 26 1,440	(1,190)	-	-	-	250
Total comprehensive loss for the year	-	-	-	(633,727,696)	-	(633,727,696)
Balance as at December 31, 2020	<u>24,467,649,500</u>	<u>(9,667,487,640)</u>	<u>-</u>	<u>(2,449,324,888)</u>	<u>309,681,218</u>	<u>12,660,518,190</u>

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

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	In Baht	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the year	(605,259,020)	(1,352,569,412)
Adjustments to reconcile loss for the year to net cash provided by (used in) operating activities:		
Depreciation and amortization	525,845,828	900,055,978
Work roll amortization	77,886,845	74,413,022
Interest income	(1,618,424)	(19,793,710)
Finance costs	251,275,182	347,691,068
Gain from write-off the expired legal prescription of liabilities - net	-	(10,387,557)
Gain from write-back advance received from customer	(10,000,657)	-
Unrealized gain on foreign exchange - net	(8,303,048)	(87,438,095)
Reversal of allowance for decline in value of inventories	(83,759,722)	(72,802,730)
Reversal of loss on confirmed purchase orders for undelivered raw materials	(19,175,314)	(21,389,840)
Provision for employee retirement benefit	10,338,684	29,051,262
Loss on write-off of fixed assets	1,962,476	4,105,007
Insurance compensation income - net	(1,835,675)	-
Provision loss for court case claim	2,400,000	-
Decrease (Increase) in Operating Assets:		
Trade account receivables	(21,725,663)	7,695,936
Inventories	89,010,571	2,567,581,631
Other current assets	(66,494,477)	177,449,381
Other non-current assets	(81,423,402)	(84,533,129)
Increase (Decrease) in Operating Liabilities:		
Trade account payables	(4,750,382)	(1,682,896,330)
Advances received from customers	707,499	(12,882,734)
Other payables and accrued expenses	(59,725,106)	(384,752,467)
Other current liabilities	(2,736,718)	(12,361,335)
Employee retirement benefit paid	(9,839,624)	(3,506,000)
Interest received	-	2,554,223
Net Cash Provided by (Used in) Operating Activities	(17,220,147)	365,284,169

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2020

	In Baht	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash received from short-term loans to related party	-	94,000,000
Purchases of property, plant and equipment	(128,457,826)	(112,468,238)
Purchases of other intangible assets	(1,682,762)	(1,501,000)
Proceeds from insurance claim	15,985,622	-
Interest received	1,618,424	22,779,213
Net Cash Provided by (Used in) Investing Activities	(112,536,542)	2,809,975
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash receipts from short-term borrowings from related party	-	624,380,000
Repayment of liabilities under rehabilitation plan	(2,008,429)	(2,604,146)
Repayment of short-term borrowings from related party	-	(1,863,742,400)
Repayment of lease liabilities	(5,426,532)	(501,600)
Cash received from issuance of new ordinary shares	250	1,502,670,541
Payment of expenses relating to issuance of new shares	-	(73,512,995)
Finance costs paid	(180,271,695)	(330,828,307)
Net Cash Used in Financing Activities	(187,706,406)	(144,138,907)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(317,463,095)	223,955,237
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	424,062,101	201,031,915
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	(5,315)	(925,051)
CASH AND CASH EQUIVALENTS, AT END OF YEAR	106,593,691	424,062,101
Additional cash flow information :		
1) Property, plant and equipment increased by means of :		
- Lease liabilities	12,229,520	-
- Other account payables - net	193,288	-
- Cash payments	128,457,826	112,468,238
Total	140,880,634	112,468,238
2) Write-off trade account receivable	351,818,433	-

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements
December 31, 2020

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G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

The financial statements were approved and authorized for issue by the Board of Directors on February 23, 2021.

1. GENERAL INFORMATION, THE SHAREHOLDING STRUCTURE AND GOING CONCERN

1.1 General information

G J Steel Public Company Limited (the “Company”) is incorporated in Thailand and has its registered office as follows:

Head office	: 88 Paso Tower, 24th Floor, Silom Road, Suriyawong, Bangrak, Bangkok
Factory	: 358 Moo 6, Hemaraj Industrial Estate (Bowin) Highway 331, Tambol Bowin, Amphur Sriracha, Chonburi

The Company was listed on the Stock Exchange of Thailand (the “SET”) on July 2, 1996.

The principal activities of the Company are the manufacturing and distribution of hot rolled coil steel products.

1.2 The shareholding structure

As at December 31, 2020 and 2019, the Company’s major shareholders as follows:-

Shareholders’ Name	Proportionate of share (%)	
	2020	2019
Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) - incorporated in the Republic of Mauritius	40.45	40.45
G Steel Public Company Limited (“G Steel”)	8.24	8.24
Mrs. Jarunee Chinvongvorakul	7.38	7.38
Superior Overseas (Thailand) Company Limited	1.62	1.62
GS Securities Holdings Co., Ltd. (“GS Securities”) GS Securities is 99.99% owned by G Steel	1.21	1.21

1.3 Going concern

As at December 31, 2020 and 2019, part of financial position of the Company are as follows:

Risk effected to the going concern	In Million Baht	
	2020	2019
(1) Loss for the year	(605)	(1,353)
(2) Deficit	(2,449)	(1,816)

As at December 31, 2020 and 2019, there were no factors that may cause significant doubt on going concern since the Company has accomplished its plan by negotiating debt restructuring with major creditors by repaying partial debt and conversion of debts-to-equity successfully in year 2017 and obtained credit facility for additional working capital as discussed in Note 35. Furthermore, the capital restructuring plan was approved by the Extraordinary Shareholders’ Meeting No. 1/2019 on January 14, 2019 combined with increase in additional paid-up capital registered with the Ministry of Commerce on May 3, 2019 from the allocation of new ordinary shares to the existing shareholders of the Company in the proportion to their respective shareholdings (Rights Offering) as discussed in Note 25. In addition, the Company still has various plans to increase the profitability in future as followings:

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

a) The production

The Company has the production strategy to utilize the off-peak period (which has lower demand for electricity and lower tariff rate) and the Company has adjustment plan in respect of various projects aiming to reduce production cost in order to be competitive with the competitors and the importers. Various projects in the form of energy reduction, increase efficiency as well as minimize loss in the production process, etc., are under progress.

b) The Governmental support

The Company have cooperated with the other hot-rolled flat steel producers (collectively called “the domestic industry”), filed the petitions for trade remedies to the Thai Government, led by Ministry of Commerce, as consequences to serious injuries caused by unfair trade practice in the forms of dumping import hot-rolled steel flat products and import surges to Thailand that also have dampened the stability of Thailand’s economy. Up to the present, Ministry of Commerce has made several determinations and notifications of anti-dumping measures and safeguard measures in order to help the domestic industry to stand and compete with the import goods on a fair trade basis and to adjust themselves to further stand for increasing competition with the import goods in the domestic market as follows:

Anti-Dumping Measures (5-year term)

	Import Goods	Origin	Anti-Dumping Duty Rate	Effective
1	Hot-rolled steel flat products in coil and not in coil	14 countries	Various rate from 0% up to 128.11% of C.I.F. value	May 20, 2020 to May 19, 2021*
2	Hot-rolled steel flat products in coil and not in coil	China and Malaysia	China at 30.91% of C.I.F. value, Malaysia at 23.57% - 42.51% of C.I.F. value	Jun 23, 2017 to Jun 22, 2022
3	Hot-rolled steel flat products in coil and not in coil	Brazil, Iran and Turkey	Brazil at 34.40% of C.I.F. value, Iran at 7.25% - 38.27% of C.I.F. value, Turkey at 6.88% - 38.23% of C.I.F. value	May 16, 2017 to May 15, 2022
4	Boron-added steel hot rolled flat products in coil and not in coil	China	at 14.28% - 19.47% of C.I.F. value	Dec 13, 2018 to Dec 12, 2023

* The domestic industry filed petition to Department of Foreign Trade along with the evident information concerned requesting for continuation review of the imposition of antidumping measure for the next 5 years. The Department later issued on May 5, 2020 (published on the royal gazette on May 20, 2020) the “Notification for Initiation of Expiry Review for Continuation of the Anti-dumping Measure on Hot-Rolled Steel Flat Products in coils and not in coils Originated from Japan, Republic of South Africa, Russian Federation, Republic of Kazakhstan, Republic of India, Republic of Korea, Taiwan, Republic of Venezuela, Argentina, Ukraine, Algeria, Republic of Indonesia, Slovak Republic and Romania”, as the start of the anti-dumping measure continuation review procedure, in which several interested parties were participating. And during Expiry review process, the collateral for paying the anti-dumping duty on the said goods have to be collected in the same anti-dumping rate for a period not exceeding 1 year, after the previous measure expiry on May 22, 2020.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Safeguard Measures (3-year term)

	Import Goods	Origin	Safeguard Duty Rate	Effective
1	Non-alloy steel hot-rolled flat products in coil and not in coil	any countries (except the developing countries that account for less than 3% of share in total import volume to Thailand)	- Imported Jun 7, 2017 - Jun 6, 2018 at 21.00% of C.I.F. value - Imported Jun 7, 2018 - Jun 6, 2019 at 20.87% of C.I.F. value - Imported Jun 7, 2019 - Jun 6, 2020 at 20.74% of C.I.F. value	Jun 7, 2017 to Jun 6, 2020*

* The Safeguard Measure on Non-Alloy Steel Hot-Rolled Flat Products has ended on June 6, 2020.

c) Domestic demand of Hot-Rolled Steel Flat Products (Source: Iron and Steel Institute of Thailand)

Hot Rolled Steel (million metric tonnes)	Year 2020	Year 2019	Increase / (decrease)
Production	2.60	2.76	(0.16)
Import	2.79	4.04	(1.25)
Export	0.019	0.008	0.011
Consumption	5.38	6.79	(1.41)

Coronavirus Outbreak Situation

On March 11, 2020, the World Health Organization declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. The COVID-19 pandemic also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 pandemic since early 2020 has brought significant economic uncertainties in Thailand and markets in which the Company operates. Currently, Thai Government announced the curfew and lockdown the country probably until the end of March 2021.

The Company is unable to reasonably estimate the financial negative impact of the COVID-19 on the financial statements for the year ended December 31, 2020 to be disclosed in the Notes to financial statements. It is, however, certain that Thailand and worldwide measures against spread of the COVID-19 will have adverse effects on the Company’s future revenues and operations. The Company will continuously monitor the negative impact of COVID-19 on its future financial position and financial performance. The Company will also be taking appropriate and timely measures to minimize the negative impact of the COVID-19 pandemic on the Company’s future operations.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The statutory financial statements are prepared in Thai Baht and in the Thai language in conformity with Thai Financial Reporting Standards. Accordingly, the accompanying financial statements are intended solely to present the financial position, financial performance and cash flows in accordance with Thai Financial Reporting Standards.

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements, which are issued solely for domestic financial reporting purposes.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Accounting standards that became effective in the current accounting period

The Company disclosed the accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after January 1, 2020, in the Note 3.

The major changes are:

- (a) TFRS - Financial instruments standards

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

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

The Company's management has assessed the effects of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations those relating to the financial instruments, and considers that they do not have a significant impact to the financial statements for the year ended December 31, 2020.

- (b) TFRS 16 - Lease

TFRS 16 supersedes TAS 17 "Leases" together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all operating leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessor under TFRS 16 is substantially unchanged from TAS 17. Lessor will continue to classify lease as either operating or finance lease using similar principles to those used under TAS 17.

The Company (as the lessee) has recognized the cumulative effect of initial applying TFRS 16 and the comparative information was not restated. The Company elects to apply TFRS 16 to lease previously classified as an operating lease by recognizing lease liabilities as of January 1, 2020 at the present value of lease payments to be made over the remaining lease term which is discounted by the incremental borrowing rate of the Company as of the initial application date and recognized right-of-use assets at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position before the date of initial application.

The adjustments of right-of-use asset and lease liabilities due to the adoption of TFRS 16 as at January 1, 2020 (weighted average incremental borrowing rate at the rate of 12% per annum) are as below:

	Increase (In Million Baht)
Right-of use assets - lease building and vehicles (included in property, plant and equipment)	10
Lease liabilities - net	
- Current	5
- Non-current	5
Total	<u>10</u>

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash on hand is kept for general use within the Company. Cash equivalents are savings deposits and current accounts, highly liquid investment that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at invoice amount net of allowance for expected credit losses (2019: allowance for doubtful accounts).

In 2020, the Company applies a simplified approach in calculating ECL for trade receivables. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

In 2019, the Company provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience coupled with a review of the current status of existing receivables.

Inventory Valuation

The Company values its inventories at the lower of cost (average cost method) and net realizable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-process, cost includes an appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated production cost to complete and selling expenses.

The Company provides an allowance for all deteriorated, damaged, obsolete and slow-moving inventories.

The Company recognizes an asset and corresponding liability in respect of consignment inventories once the Company obtains the rights and responsibilities of legal and economic ownership.

Property, Plant and Equipment and Depreciation

Land is stated at cost less allowance for impairment losses. Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment losses. When assets are sold or retired, their cost and accumulated depreciations are eliminated from the accounts and any gain or loss resulting from their disposal is included in profit or loss.

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

	Years	
	2020	2019
Land improvements	5 - 20	5 - 20
Buildings and building improvements	20 - 50	20 - 50
Machinery and equipment	20 - 41	15 - 30
Furniture, fixtures and office equipment	5 - 10	5 - 10
Vehicles	5	5

The Company does not depreciate on freehold land or assets under construction.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Right-of-Use Assets and Depreciation

Right-of-use assets are recognized at the commencement date of the leases. Right-of-use assets are stated at cost, less accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets include the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The costs of right-of-use assets also include an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets, restoring the site on which they are located or restoring the underlying assets to the condition required by the terms and conditions of the lease.

Depreciation of right-of-use assets are calculated by reference to their costs on a straight-line basis over the shorter of the remaining lease term and the estimated useful lives:

	<u>Years</u>
Lease building	3
Vehicles	2 - 5

Other Intangible Assets and Amortization

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortization and allowance for impairment losses.

Amortization is charged to profit or loss on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets, unless such lives are indefinite. The estimated useful lives are as follows:

	<u>Years</u>
Software licenses	10
Production licenses	25

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Deferred Costs of Rolls

Deferred costs of rolls are stated at cost less accumulated amortization. Amortization is based on consumption.

Deferred Loan Arrangement Fee

The Company amortizes deferred loan arrangement fee as finance cost in profit or loss over the term of the loan agreement.

Impairment of Assets

The Company reviews the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount (the higher of asset's selling price or value in use) of assets is below the carrying amount. The review is made for individual assets or for the cash-generating unit.

If the carrying value of an asset exceeds its recoverable amount, the Company recognizes the impairment losses by reducing the carrying value of the asset to its recoverable amount and recording the devaluation in statement of comprehensive income or reducing revaluation increment in assets in case that those assets were previously revalued. The reversal of impairment losses recognized in prior years is recorded as part of other income or as a revaluation increment in assets when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased. Such a reversal should not exceed the carrying amount that would have been determined (net of the associated depreciation or amortization).

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Interest-bearing liabilities

Interest-bearing liabilities are recognized at fair value net of transaction costs and classified as financial liabilities to be subsequently measured at amortized cost using the effective interest rate (“EIR”) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. In determining amortized cost, the Company takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in profit or loss.

Provision

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. A provision is reviewed at the statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provision for Employee Retirement Benefit

Provision for employee retirement benefit is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods by the projected unit credit method determined by a professionally qualified independent actuary. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs. Actuarial gains or losses are recognized immediately to the statement of comprehensive income. The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the government bonds.

Use of Judgements and Estimates

In order to prepare financial statements in conformity with Thai Financial Reporting Standards in Thailand, the management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is leases.

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in material adjustments to the amounts recognized in the financial statements consists of the following:

- Current and deferred taxation
- Utilization of tax losses
- Key assumptions used in discounted cash flow projections
- Measurement of provision for employee retirement benefit
- Provisions and contingencies
- Valuation of financial instruments
- Determination of impairment of assets

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Revenue Recognition

To determine whether to recognize revenue, the Company follows a 5-step process:

- 1) Identifying the contract with a customer
- 2) Identifying the performance obligations
- 3) Determining the transaction price
- 4) Allocating the transaction price to the performance obligations
- 5) Recognizing revenue when/as performance obligations are satisfied.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company recognizes revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Company expects to be entitled, excluding those amounts collected on behalf of third parties, relevant tax and after deduction of any trade discounts and volume rebates.

Sale of goods and services

Revenue from sales of goods is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data. Revenue from rendering of services is recognized over time as services are provided.

Interest income

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

Other income

Other income is recognized as income on an accrual basis.

Repair and Maintenance

Expenditures on repair and maintenance are charged to expense at the expenditures are incurred. Expenditures of a capital nature are added to the related plant and equipment.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Leases - Since January 1, 2020

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

The Company (as a lessee) assesses the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases at the date of initial application (January 1, 2020) together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

Leases are recognized as assets (right-of-use assets) and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

The Company applies the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option). The Company also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense in profit or loss on a straight-line basis over the lease term.

Lease Liabilities

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities are increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying assets.

Leases - Before January 1, 2020

Finance Lease

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Assets acquired by way of finance leases are capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating Lease

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense in profit or loss on a straight-line basis over the lease term.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Finance Costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognized in the profit or loss using the effective interest rate method.

Foreign Currency Transactions

Foreign currency transactions during the year are translated into Baht at the rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Baht at the prevailing bank rates at that date. Gains or losses on translation are credited or charged to current operations in profit or loss.

Income Tax

The income tax charge is based on profit for the year and considers deferred taxation. Deferred taxes reflect the net tax effects of temporary differences between the tax basis of an asset or liability and its carrying amount in the statement of financial position. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the statement of financial position date, to recover or settle the carrying amount of their assets and liabilities.

Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. At each statement of financial position date, the Company re-assesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of these deferred tax assets to be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Basic Loss per Share

Basic loss per share is determined by dividing the loss for the year by the weighted average number of shares outstanding during the year.

Segment Reporting

Segment results that are reported to the Company's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those can be allocated on a reasonable basis.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Financial Instruments

Since January 1, 2020, the Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

- ***Classification and measurement of financial assets***

Financial assets are classified, at initial recognition, as financial assets subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition is driven by the Company’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortized cost

The Company measures financial assets at amortized cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment assessment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis. Gains and losses recognized in other comprehensive income on these financial assets are never subsequently recycled to profit or loss.

Dividends on these investments are recognized as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognized in other comprehensive income.

Equity investments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Company has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on market securities are recognized as other income in profit or loss.

- ***Classification and measurement of financial liabilities***

Except for derivative liabilities, at initial recognition, the Company’s financial liabilities are recognized at fair value net of transaction costs and classified as financial liabilities to be subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. In determining amortized cost, the Company takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in profit or loss.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

- ***Derecognition of financial instruments***

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

- ***Impairment of financial assets***

The Company recognizes an allowance for expected credit losses (“ECL”) for all debt instruments not held at FVTPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the financial instruments (a lifetime ECL).

For trade account receivables, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

- ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Fair Value Measurement

The Company uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or a quoted market price is not available.

The different levels have been defined as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs for such assets or liabilities, such as uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets, liabilities, or a group of assets and liabilities, or estimates of future cash flows.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

4. CHANGE IN ESTIMATED FROM PRIOR YEAR

In preparing the financial statements for the year ended December 31, 2020, the management has reviewed and changed the estimated useful lives of buildings, machinery and equipment in accordance with their condition and proper estimated useful lives assessed by the independent engineering consultant's report in February 2020. Such change in estimated useful lives was approved by the Audit Committee's meeting and the Board of Directors' meeting held on June 17, 2020. Depreciation is calculated by using the straight-line method as used previously. The change in estimated useful lives were applied for the financial statements starting January 1, 2020 as below:

Type of fixed assets	Estimated useful lives of fixed assets (Years)	
	From 2011 until 2019	From 2020 onwards
Buildings	20 - 50	40 - 50 (remaining useful lives not over 15 - 25 years from 2020)
Machinery and equipment	15 - 30	21 - 41 (remaining useful lives not over 20 years from 2020)

The Company recorded such change from January 1, 2020. The effect of the change to the financial statements for the year-ended December 31, 2020 are as follows:

	In Million Baht		
	Previous estimated useful lives	Current estimated useful lives	Change
<i>Statement of financial position as at December 31, 2020</i>			
Buildings - At cost	3,954	3,954	-
Less : Accumulated depreciation	(2,637)	(2,665)	(28)
Less : Allowance for impairment losses	(48)	(48)	-
Net	1,269	1,241	(28)
Machinery and equipment - At cost	15,700	15,700	-
Less : Accumulated depreciation	(10,346)	(9,914)	432
Less : Allowance for impairment losses	(342)	(342)	-
Net	5,012	5,444	432
Total net book value	6,281	6,685	404
Inventories	1,403	1,396	(7)
Less: Allowance for decline in value of inventories	(35)	(35)	-
Net	1,368	1,361	(7)

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

	In Million Baht		
	Previous estimated useful lives	Current estimated useful lives	Change
<i>Statement of comprehensive income for the year ended December 31, 2020</i>			
Depreciation of buildings, machinery and equipment	763	359	(404)
Less : Allocation to ending finished goods			7
Depreciation charged to (profit) loss			(397)
Consisted of:			
- Cost of goods sold			(381)
- Idle cost			(20)
- Administrative expenses			4
Total			(397)
Loss on decline in value of inventories (reversal)	(84)	(84)	-
Loss on confirmed purchase orders for undelivered raw materials (reversal)	(19)	(19)	-
Grand total			(397)

5. TRANSACTIONS WITH RELATED PARTIES

For the purposes of these financial statements, connected persons or related parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Connected persons or related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ Nationality	Type of business	Nature of relationships
G Steel Public Company Limited ("G Steel")	Thailand	Manufacture and sale of steel	Parent company
Oriental Access Co., Ltd. ("OAC")	Thailand	Business consulting services	Indirect subsidiary of G Steel (The Central Bankruptcy Court ordered such company to be bankruptcy on August 31, 2020)
Siam Professional Holding Co., Ltd. ("SPH")	Thailand	Holding company	Subsidiary of G Steel
GS Securities Holding Co., Ltd. ("GS Securities")	Thailand	Special-purpose restructuring entity	Subsidiary of G Steel
Asia Credit Opportunities I (Mauritius) Limited ("ACO I")	Republic of Mauritius	Special-purpose for investment	Major shareholder which is a wholly-owned subsidiary of Ares SSG Capital Partners III, L.P. ("Ares SSG III")
Link Capital I (Mauritius) Limited ("Link Capital I")	Republic of Mauritius	Special-purpose for investment	Related party which is a wholly- owned subsidiary of Ares SSG Capital Partners III, L.P. ("Ares SSG III")
Synergy Strategic Solutions Management DMCC ("Synergy")	United Arab Emirates	Business advisory	Common director

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Name of entities	Country of incorporation/ Nationality	Type of business	Nature of relationships
SSP Place Co., Ltd.	Thailand	Office rental	Common director (common director resigned from the Company in 2 nd quarter of 2019)
Asia Metal Public Company Limited	Thailand	Manufacture and sale of steel	Common shareholder of G Steel
Panichsawad Co., Ltd.	Thailand	Sale of Steel	Connected person with the Company and G Steel
Arnoma Hotel Bangkok Co., Ltd.	Thailand	Hotel, food and beverage	Common director with G Steel
Felix River Kwai Resort (Kanchanaburi) Co., Ltd.	Thailand	Hotel, food and beverage	Common shareholder with the Company
Mahachai Steel Center Co., Ltd. *	Thailand	Sale of steel	Related party of the shareholder of G Steel
Metal Inter Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of G Steel (registered the dissolution of the Company on May 23, 2019)
The Steel Public Company Limited *	Thailand	Manufacture and sale of steel	Related party of the shareholder of G Steel
Liberty Steel Siam Co., Ltd. *	Thailand	Sale of Steel	Subsidiary of related party of the shareholder of G Steel
Wallstreet Tullet Prebon Co., Ltd.	Thailand	Brokerage financial instruments	Common director
Wallstreet Tullet Prebon Securities Ltd.	Thailand	Brokerage trading securities	Common director
Anda Development Co., Ltd.	Thailand	Residential real estate trading	Common director
Great Siam Steel Works Co., Ltd.	Thailand	Trading of rolled steel	Common director (common director resigned from the Company in 2 nd quarter of 2019)
Key management personnel	Thai	-	Persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company

* These companies were not determined as related parties since the first quarter of 2020 because the shareholders of such companies had ownership interests in G Steel not exceeding 10%.

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sale of raw materials	Cost plus margin and agreed prices
Sale of finished goods	Agreed prices with reference to market prices
Interest income	Contractual rate
Purchase of raw materials	Cost plus margin and agreed prices
Purchase of finished goods	Agreed prices with reference to market prices
Cost of production services	Contractual prices
Rental and service expenses	Contractual prices
Business advisory services	Contractual prices
Finance costs	Contractual rates

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Significant transactions for each of years ended December 31, 2020 and 2019 with related parties were as follows:

	In Million Baht	
	2020	2019
Parent (G Steel)		
Sales of raw materials and finished goods	144	309
Interest income	-	17
Other income	-	1
Purchases of raw materials	37	36
Cost of production services	-	274
Other related parties		
Sales of raw materials and finished goods	2	286
Purchases of raw materials	7	-
Rental and service expenses	-	5
Business advisory services	2	14
Finance costs	221	305
Key management personnel		
Key management personnel compensation		
Short-term benefits	30	31
Long-term benefits	0.6	1.9

Balances as at December 31, 2020 and 2019 with related parties were as follows:

	Notes	In Million Baht	
		2020	2019
Advances to supplier			
Other related party			
Mahachai Steel Center Co., Ltd.		-	8
Less: Allowance for impairment losses		-	(8)
Net		-	-
Refundable deposits			
Other related party			
SSP Place	14	-	1
Other payables and accrued expenses			
Other related parties			
OAC		-	13
SSP Place		-	1
Synergy		-	1
Total		-	15
Long-term loan from related party - net			
Other related party			
Link Capital I	20	1,050	1,049
Accrued interest expense			
Other related parties			
OAC		-	5
Link Capital I		78	29
Total		78	34

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Short-term loan to related party

During 2019, the Company received short-term loan from related party with interest receivable until April 30, 2019 in full totalling Baht 116.5 million.

Significant agreement with related parties

Tolling Agreement

On November 14, 2017 the Company entered into Tolling Agreement with G Steel whereby the Company (the metallic owner) shall supply the primary metallic and delivery to the plant and G Steel (the operator) shall process and convert metallic to Hot Roll Coils (HRC) extend to deliver such HRC to the Company's customers according to the Company's sale orders. Tolling agreement was valid for one year from the contract date and automatically renewable for another year if there was no notice of termination prior to expiration of 90 days. The service fee shall be charged based on contractual prices. Subsequently on December 17, 2018 the Company made a written notice of termination in advance to terminate the Agreement effective January 31, 2019.

Business Advisory Agreement

On January 20, 2017, the Company entered into agreement for business advisory and review with the foreign company for consultancy service in aspect of the capacity utilization efficiency, EBITDA and maximized the cash flow with a monthly service fee of USD 41,667. Subsequently on March 18, 2020, the Company made an agreement of termination to the lender and business advisory company which was effective on January 1, 2020 onwards.

Other Agreements

In the past during year 2013, the Company entered into a memorandum with OAC to accept the liabilities from the compromised debt agreement totalling Baht 25.08 million, and the Company has already paid to OAC an amount of Baht 11.63 million, and outstanding debts remained at Baht 13.45 million as at December 31, 2020 and 2019. Subsequently on August 31, 2020, the Central Bankruptcy Court had ordered OAC bankrupt. However, the bankruptcy proceeding is under the official receiver who will take further action regarding the balance amount due. Therefore, the Company did not reverse such debts to be gain from write-off the expired legal prescription of liabilities as at December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	In Million Baht	
	2020	2019
Cash at banks - savings account	107	424

The currency denomination of cash and cash equivalents as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Thai Baht	105	411
United States Dollars	2	13
Total	107	424

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Notes to Financial Statements (Continued)
December 31, 2020

7. TRADE ACCOUNT RECEIVABLES - Net

	In Million Baht	
	2020	2019
Other parties	28	358
Less: Allowance for expected credit losses/Allowance for doubtful accounts	-	(352)
Net	<u>28</u>	<u>6</u>
Reversal of allowance for doubtful accounts during the year	<u>(352)</u>	<u>-</u>
Write-off bad debts during the year	<u>352</u>	<u>-</u>

Aging analyses for trade account receivables were as follows:

	In Million Baht	
	2020	2019
Within credit-term	2	-
Overdue		
- Not over 3 months	26	6
- Over 12 months	-	352
Total	28	358
Less: Allowance for expected credit losses/Allowance for doubtful accounts	-	(352)
Net	<u>28</u>	<u>6</u>

The normal sales terms granted by the Company are cash and credit not over 7 working days for domestic sales, and cash and letter of credit at sight for export sales.

The gross and net balance due from the Non-performing Domestic Customer as at December 31, 2020 and 2019 are shown in the table below:

	In Million Baht	
	2020	2019
Trade account receivables - Customer 1	-	352
Less: Allowance for doubtful accounts	-	(352)
Net	<u>-</u>	<u>-</u>

The Company had no sales transactions for each of years ended December 31, 2020 and 2019 with the Non-Performing Domestic Customers.

In July 2013, the Company filed complaints against the Non-performing Customer 1 with Civil Court for breach of sale and purchase agreements. Subsequently on March 24, 2020, the Central Bankruptcy Court ordered bankruptcy to Customer 1 and completed hearing with director of such customer on June 29, 2020. Subsequently on November 5, 2020, the Official Receiver made a summary report on the closure of the case to the Judge of Central Bankruptcy Court and the Court ordered the case to be closed on November 18, 2020. Therefore, the Company considered to write-off such account receivable which was approved by the Board of Directors' Meeting No. 12/2563 held on December 16, 2020.

The currency denomination of trade accounts receivable, gross amount as at December 31, 2020 and 2019 was as follows:

	In Million Baht	
	2020	2019
Thai Baht	<u>28</u>	<u>358</u>

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
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8. INVENTORIES - Net

	In Million Baht	
	2020	2019
Finished goods	361	346
Raw materials	445	418
Consumables	85	127
Spare parts	415	336
Goods in transit	90	259
Total	1,396	1,486
Less: Allowance for decline in value of inventories	(35)	(119)
Net	1,361	1,367
Reversal of allowance for decline in value of inventories during the year	84	73
Carrying value of inventories pledged to secure trade account payable (Note 16)	61	-

9. OTHER CURRENT ASSETS - Net

	In Million Baht	
	2020	2019
Advances to suppliers		
Related party	-	8
Other parties	120	61
	120	69
Less: Allowance for impairment losses	(11)	(11)
	109	58
Suspense input tax	9	9
Prepaid expenses and others	34	18
Net	152	85

On September 13, 2019 the Company filed a lawsuit against a local company representative to the Southern Bangkok Criminal Court due to the defendant counterfeited the bank account in such sale and purchase documents of a foreign company which is a manufacturer of electrode for an amount of Baht 2.3 million together with the interest 7.5% p.a. from the date the defendant had committed the offense. The Court made an appointment for reconciliation session on November 13, 2019, but the parties could not reach an agreement. Subsequently, on August 17, 2020 and August 31, 2020, the Court made an inquiry with the plaintiff, which has not yet been completed. The Court, therefore, ordered an additional hearings on May 25, 2021 and May 27, 2021.

10. ADVANCE PAYMENT FOR PURCHASE OF LAND AND BUILDING

On September 29, 2015, the Company and the land seller agreed to mortgage 5 land title deeds which are presented as part of advances for purchase of land and building amounting to Baht 210 million as collateral to the Revenue Department, as security of tax installment for both of the Company and G Steel totalling Baht 330 million (For the Company amounting to Baht 206 million) as discussed in Note 17. In April 2020, the Company already paid remaining balances of such tax installment payable in full amount and released one mortgaged land title deed in August 2020. Presently, the Company is in the process of transferring the ownership of such land.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

11. PROPERTY, PLANT AND EQUIPMENT - Net

	In Million Baht						
	Land and land improvements	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Construction in progress	Total
Cost							
As at January 1, 2019	866	6,247	17,933	179	5	6,816	32,046
Additions	-	-	11	9	-	92	112
Disposals and write-off	-	-	(18)	(4)	-	-	(22)
Transfers in (out)	-	-	27	1	-	(28)	-
As at December 31, 2019	866	6,247	17,953	185	5	6,880	32,136
Additions	10	7	26	12	2	73	130
Effects of the adoption of TFRS 16 as at January 1, 2020	-	5	-	-	5	-	10
Disposals and write-off	-	-	(146)	(4)	(1)	-	(151)
Transferred in (out)	1	-	93	1	-	(95)	-
As at December 31, 2020	877	6,259	17,926	194	11	6,858	32,125
Accumulated Depreciation							
As at January 1, 2019	42	4,270	10,132	150	2	-	14,596
Depreciation charge for the year	5	92	791	9	1	-	898
Disposals and write-off	-	-	(14)	(4)	-	-	(18)
As at December 31, 2019	47	4,362	10,909	155	3	-	15,476
Depreciation charge for the year	5	124	382	9	3	-	523
Disposals and write-off	-	-	(129)	(3)	(1)	-	(133)
As at December 31, 2020	52	4,486	11,162	161	5	-	15,866
Allowance for Impairment							
Losses							
As at January 1, 2019 and December 31, 2019	23	76	390	-	-	3,122	3,611
Reversal	-	-	(3)	-	-	-	(3)
As at December 31, 2020	23	76	387	-	-	3,122	3,608
Net Book Value							
Owned assets	796	1,809	6,654	30	-	3,758	13,047
Asset under finance lease	-	-	-	-	2	-	2
As at December 31, 2019	796	1,809	6,654	30	2	3,758	13,049
Owned assets	802	1,694	6,377	33	-	3,736	12,642
Right-of-use assets	-	3	-	-	6	-	9
As at December 31, 2020	802	1,697	6,377	33	6	3,736	12,651

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2020

Details of construction in progress as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Galvanizing line	5,038	5,038
Reversing Mill line	1,525	1,525
Others	295	317
Total	6,858	6,880
Less: Allowance for impairment losses	(3,122)	(3,122)
Net	3,736	3,758

The gross carrying amounts of the Company's certain building and equipment totalling approximately Baht 709 million and Baht 742 million were fully depreciated as at December 31, 2020 and 2019, respectively, but these items are still in active use.

Impairment testing for carrying amount of property, plant and equipment

The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount of 2020 were as follows:

Valuation methodology	: Discounted cash flow method
Period	: 5 years financial projection was based on historical financial information and expectations of future outcomes taking into the past experience, adjusted for the anticipated revenue growth.
Growth rate of sale quantity	: At the rate of 1% per annum in 1 st year and 3% per annum in 2 nd - 5 th year.
Growth rate of selling price	: At the rate of 21% per annum in 1 st year and 3% per annum in 2 nd - 5 th year.
Terminal value	: Determined based on terminal value growth rate of 0% per annum from net cash flows of the 5 th year.
Discount rate	: At the rate of 10.61% per annum which was based on weighted average cost of capital, with average cost of debt, risk free rate, market risk premium and the Company's beta.
Others	: Other assumptions relevant to estimated revenues and expenses were based on historical financial information and expectations of future outcomes taking into the past experience, adjusted for the anticipated market growth rate.

Based on the above impairment testing by the management, there was no additional impairment in the book value of property, plant and equipment as at December 31, 2020.

In December 2019, the management of the Company engaged an independent appraiser to evaluate the value of the land, buildings and equipment as at December 30, 2019 with the reports dated January 31, 2020 together with the assessing value in use of the assets by the Company's management (the discount rate at 8.22% per annum). It concluded that as at December 31, 2019 there is no additional impairment in the book value of property plant and equipment.

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Notes to Financial Statements (Continued)
December 31, 2020

Sensitivity analysis of impairment test of property, plant and equipment

Sensitivity analysis is performed to analyse the risk that valuation of recoverable amount of property, plant and equipment will increase or decrease as a result of changes in fair value assumptions.

Reasonably possible changes at the valuation date (dated December 31, 2020) to one of the relevant fair value assumptions, holding other assumptions constant, would have affected the fair value of recoverable amount by the amounts shown below:

	Impact to increase (decrease) fair value of recoverable amount of property, plant and equipment (in Million Baht)	
	Increase in change in assumption	Decrease in change in assumption
Discount rate		
- Change of 0.5%	(768)	843
- Change of 1%	(1,469)	1,774
Growth rate of sale quantity		
- Change of 5%	77	(76)
- Change of 10%	154	(153)
Growth rate of selling price		
- Change of 5%	734	(731)
- Change of 10%	1,471	(1,460)

Although the analysis does not take into account of the full distribution of cash flows expected under the financial projection, it does provide an approximation of the sensitivity of the assumptions shown.

Mortgaged property, plant and equipment

The Company filed a lawsuit to Southern Bangkok Civil Court against three defendants, in their capacities of bondholder trustee and security agent, to release the lien and security interests on the Company's property, plant and equipment which the Company has completely settled debt under rehabilitation plan to such creditors. On October 28, 2013, the Southern Bangkok Civil Court ruled in favour of the Company ordering the defendants to release the mortgaged assets. Currently, two defendants have released the mortgaged assets and the Company is in the process of release of the collateral from the third defendant.

The Company's property, plant and equipment, which have net book values as at December 31, 2020 and 2019 totalling Baht 7,571 million and Baht 7,695 million, respectively, are mortgaged first ranking security against the bondholders as mentioned above, and are mortgaged second ranking security against credit facilities from a foreign related party (at mortgage amount of Baht 6,619 million) as discussed in Notes 15, 20 and 35.

Mortgaged as security for tax liabilities

On May 14, 2013, the Company's Board of Directors approved to mortgage its machinery (Pickle and oil line), with a net book value of Baht 616 million and Baht 659 million as at December 31, 2020 and 2019, respectively, as security in the facilities amount of Baht 1,043 million with the Revenue Department for its tax liabilities and the Company registered this mortgage transaction with the Central Office for Machinery Registration, Department of Industrial Works on October 10, 2013. In April 2020, the Company already paid remaining balances of such tax installment payable in full amount and has already released the mortgage on November 30, 2020.

On July 9, 2015, the Company's Board of Directors had approved to place 5 pieces of land title deed to be additional security to the Revenue Department. On September 29, 2015, the land had been mortgaged as discussed in Note 10. In April 2020, the Company already paid remaining balances of such tax installment payable in full amount and released one mortgaged land title deed in August 2020.

Right-of-use assets are acquired by lease liabilities as discussed in Note 21.

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Notes to Financial Statements (Continued)
December 31, 2020

12. OTHER INTANGIBLE ASSETS - Net

	In Million Baht		
	Software licenses	Production licenses	Total
Cost			
As at January 1, 2019	206	40	246
Additions	1	-	1
As at December 31, 2019	207	40	247
Additions	2	-	2
As at December 31, 2020	209	40	249
Accumulated Amortization			
As at January 1, 2019	199	29	228
Amortization charge for the year	2	-	2
As at December 31, 2019	201	29	230
Amortization charge for the year	3	-	3
As at December 31, 2020	204	29	233
Allowance for Impairment Losses			
As at January 1, 2019 and December 31, 2019 and 2020	-	11	11
Net Book Value			
As at December 31, 2019	6	-	6
As at December 31, 2020	5	-	5

The gross carrying amounts of the Company's certain other intangible assets totalling approximately Baht 203 million and Baht 184 million were fully amortized as at December 31, 2020 and 2019, respectively, but these items are still in active use.

13. DEFERRED TAX

Deferred tax assets arising from temporary differences and unused tax losses that have not been recognized in the financial statements as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Temporary differences		
- Allowance for doubtful accounts - trade accounts receivable	-	70
- Allowance for decline in value of inventories	7	24
- Allowance for impairment on advances to suppliers	2	2
- Allowance for impairment losses on property, plant and equipment	722	722
- Allowance for impairment loss on other intangible assets	2	2
- Depreciation gap	538	523
- Allowance for impairment loss on other non-current assets	411	411
- Provision for loss on confirmed purchase orders for undelivered raw materials	-	4
- Non-current provision for employee retirement benefit	26	21
- Other payables and accrued expenses	3	-
	1,711	1,779
Tax loss carried forwards	449	480
Total	2,160	2,259

Tax loss carried forwards will expire in 2021 to 2025. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in the financial statements of the Company in respect of these items because it is not certain that future taxable profit will be generated against which the Company can utilize the benefits there from.

Valuation of deferred tax assets as at December 31, 2020 and 2019 calculated by tax rate 20%.

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Notes to Financial Statements (Continued)
December 31, 2020

14. OTHER NON-CURRENT ASSETS - Net

	In Million Baht	
	2020	2019
Suspended construction in progress	2,086	2,086
Less: Allowance for impairment losses	(2,053)	(2,053)
	33	33
Restricted deposits at financial institutions		
for purchase of natural gas and fleet card usage	46	46
Deferred cost of roll - net	261	231
Refundable deposits		
Related party	-	1
Other parties	1	1
Others	3	28
Net	344	340

Suspended construction in progress

Suspended construction in progress represented the Direct Reduced Iron plant (“DRI Facility”). The management of the Company decided to suspend this project since 1999. On July 29, 2014, the Board of investment (“BOI”) had ordered the revocation of privilege in the production of Direct Reduced Iron. However, there is no burden of import duty on machinery and raw materials.

The carrying value of this investment was written down to based on the market price of steel scrap of Baht 33 million. Based on the impairment testing by the management, there was no additional impairment in the book value of suspended construction in progress as at December 31, 2020 and 2019.

15. INTEREST-BEARING LIABILITIES

	Notes	In Million Baht	
		2020	2019
<i>Current</i>			
Trade account payables - Unsecured	16	47	-
Other payables and accrued expenses - Unsecured	17	21	13
Liabilities from terminated rehabilitation plan - Unsecured	19	169	170
Current portion of long-term borrowings from related party - Secured	5, 20	311	-
Current portion of lease liabilities - Secured	21	6	-
Total current		554	183
<i>Non-Current</i>			
long-term borrowings from related party - net - Secured	5, 20	739	1,049
Lease liabilities - net - Secured	21	2	1
Total non-current		741	1,050
Total		1,295	1,233

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Notes to Financial Statements (Continued)
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The periods to maturity of interest-bearing liabilities as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Not later than 1 year	554	183
Later than 1 year but not later than 5 years	741	1,050
Total	1,295	1,233

Secured interest-bearing liabilities as at December 31, 2020 and 2019 were secured on the following assets:

	Note	In Million Baht	
		2020	2019
Property, plant and equipment - net	11	7,571	7,695

The currency denomination of interest-bearing liabilities as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Thai Baht	103	260
United States Dollars	1,181	962
Euro	8	8
Singapore Dollars	3	3
Total	1,295	1,233

16. TRADE ACCOUNT PAYABLES

	In Million Baht	
	2020	2019
Other parties	328	333

The currency denomination of trade accounts payable as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Thai Baht	207	92
United States Dollars	121	227
Euro	-	14
Total	328	333

As at December 31, 2020, the Company has agreements to purchase raw materials from various suppliers. The Company withdrew raw materials and had not paid for the raw materials withdrawn under consignment agreements totaling Baht 44 million (2019: No outstanding account payable).

As at December 31, 2020, one trade account payable guaranteed by inventories totalling Baht 61 million as discussed in Note 8 (2019: Nil).

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Notes to Financial Statements (Continued)
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17. OTHER PAYABLES AND ACCRUED EXPENSES

	In Million Baht	
	2020	2019
Related parties	-	15
Electricity payable	99	96
Tax installment payable	-	58
Others	190	171
Total	289	340

Tax installment payable - Revenue Department

As at December 31, 2019, the Company had outstanding balance of tax installment payable to Revenue Department amounting to Baht 58 million (2020: Nil).

Under this repayment schedule, the Company mortgaged its 1 plot of land and construction, pickle and oil line as collateral together with the guarantee provided for another company.

In April 2020, the Company already paid remaining balances of such tax installment payable in full amount and released such mortgaged land title deed and machines in August 2020 and November 2020, respectively.

The currency denomination of other payables and accrued expenses as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Thai Baht	255	317
United States Dollars	20	20
Euro	14	3
Total	289	340

18. ACCRUED INTEREST EXPENSE

	In Million Baht	
	2020	2019
Trade account payables	1	2
Other payables and accrued expenses from related party	13	5
Other payables and accrued expenses from other parties	6	-
Liabilities from terminated rehabilitation plan	114	101
Borrowings from related party	65	29
Total	199	137

The currency denomination of accrued interest expense as at December 31, 2020 and 2019 was as follows:

	In Million Baht	
	2020	2019
Thai Baht	58	51
United States Dollars	133	79
Euro	6	5
Singapore Dollars	2	2
Total	199	137

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Notes to Financial Statements (Continued)
December 31, 2020

19. LIABILITIES FROM TERMINATED REHABILITATION PLAN

In 1998, the Company faced the financial problems from financial crisis causing the Company to be unable to repay the existing debt. And in April 2000, the Company entered into the business rehabilitation process administered by the Central Bankruptcy Court. In 2002, the Central Bankruptcy Court approved the business rehabilitation plan. Later on November 28, 2008, the Company filed a petition to terminate the business rehabilitation with the Central Bankruptcy Court and on March 2, 2009, the Central Bankruptcy Court issued an order to terminate the rehabilitation proceeding of the Company.

The movement of liabilities from terminated rehabilitation plan for each of years ended December 31, 2020 and 2019 was as follows:

	In Million Baht	
	2020	2019
At January 1	170	180
Repayments during the year	(2)	(3)
Exchange rate adjustments during the year	1	(7)
At December 31	169	170

Liabilities from terminated rehabilitation plan as at December 31, 2020 and 2019 were included in the financial statements as follows:

Creditor	Due date	In Million Baht	
		2020	2019
Class 4	Employees	4	4
Class 5	Equipment Claims	8	8
Class 13	Other Creditors	157	158
Total		169	170

The repayment schedules of each creditor under Class 4 and Class 13 are not entirely consistent in terms of date, as they depend on the date of the conclusion of the debt. However, the first due date of creditors under Class 4 and Class 13 is October 31, 2011.

The Company's liabilities from terminated rehabilitation plan were due on October 31, 2011 but fell into default. The Company entered into negotiations with the creditors to extend the payment period. Accordingly, the Company presented the outstanding liabilities from terminated rehabilitation plan as at December 31, 2020 and December 31, 2019 as current liabilities in the Company's statements of financial position. As a consequence of this default, the outstanding balances are payable on demand and accrued interest at a rate of 7.5% per annum from the date of default.

During the first quarter of 2020, the Company already paid liabilities from terminated rehabilitation plan of Baht 0.6 million plus interest at the rate of 7.5% per annum from the default date according to the judgment of the Court of Appeal as discussed in Note 34.

The currency denomination of liabilities from terminated rehabilitation plan as at December 31, 2020 and 2019 was as follows:

	In Million Baht	
	2020	2019
Thai Baht	74	75
United States Dollars	84	84
Euro	8	8
Singapore Dollars	3	3
Total	169	170

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Notes to Financial Statements (Continued)
December 31, 2020

20. LONG-TERM BORROWINGS FROM RELATED PARTY - Net

Credit facilities	Amount (In Million USD)	In Million Baht	
		2020	2019
First loan facility - Cash loan	30	906	910
Second loan facility - Cash loan and Standby letter of credit	5	151	152
Total		1,057	1,062
Long-term borrowings from related party		1,057	1,062
Less: Deferred loan arrangement fee		(7)	(13)
		1,050	1,049
Less: Portion due within one year		(311)	-
Net		739	1,049

The movements of long-term borrowings from related party for each of years ended December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
At January 1	1,049	2,381
Addition during the year	-	624
Repayment during the year	-	(1,864)
Amortization of deferred loan arrangement fee during the year	(6)	(13)
Exchange rate adjustments during the year	7	(79)
At December 31	1,050	1,049

Long-term borrowings from related party had interest rates and repayment periods as discussed in Note 35 and were guaranteed by the mortgaged property, plant and equipment of the Company as discussed in Note 11.

The currency denomination of loan from related party as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
United States Dollars	1,057	1,062

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Notes to Financial Statements (Continued)
December 31, 2020

21. LEASE LIABILITIES - Net

	In Million Baht	
	2020	2019
Minimum lease payments of lease liabilities	8.82	1.50
Less: Deferred interest	(0.77)	(0.11)
	8.05	1.39
Less: Portion due within one year - net deferred interest	(5.74)	(0.44)
Net	<u>2.31</u>	<u>0.95</u>

As at December 31, 2020 and 2019, the Company has lease liabilities with the period of payment as follows:

	In Million Baht					
	2020			2019		
	Principal	Deferred interest	Total	Principal	Deferred interest	Total
Not later than 1 year	5.74	0.60	6.34	0.44	0.06	0.50
Later than 1 year but not later than 5 years	2.31	0.17	2.48	0.95	0.05	1.00
Total	<u>8.05</u>	<u>0.77</u>	<u>8.82</u>	<u>1.39</u>	<u>0.11</u>	<u>1.50</u>

The Company entered into various lease contracts with various local leasing and private companies for purchase of certain assets at the expiry date of the lease contracts and for obtaining the right to control and use right-of-use assets as discussed in Note 11. The Company shall have to comply with certain restriction as specified in the lease contracts.

22. CURRENT PROVISION

The movements of current provision for loss in obligation on raw materials purchase orders which have not yet received, for each year ended December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
At January 1	19	41
Decrease during the year	(19)	(22)
At December 31	<u>-</u>	<u>19</u>

23. OTHER CURRENT LIABILITIES

	In Million Baht	
	2020	2019
Construction payables	11	11
Liabilities related to taxes	3	6
Others	1	1
Total	<u>15</u>	<u>18</u>

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The currency denomination of other current liabilities as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Thai Baht	4	7
United States Dollars	9	9
Euro	2	2
Total	15	18

24. NON-CURRENT PROVISION FOR EMPLOYEE RETIREMENT BENEFIT

	In Million Baht	
	2020	2019
Non-current provision for employee retirement benefit as at January 1	106	80
Current service cost and interest cost	10	10
Past service cost from change in define benefit plan	-	20
Employee retirement benefit paid	(10)	(4)
Transferred to other payables and accrued expenses	(6)	-
Actuarial losses	28	-
Non-current provision for employee retirement benefit as at December 31	128	106

Expenses recognized in the statements of comprehensive income for each of years ended December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
In loss for the year:		
- Current service cost and interest cost	10	10
- Past service cost from change in define benefit plan	-	20
In other comprehensive loss for the year:		
- Actuarial losses	28	-
Total	38	30

Actuarial assumptions:

	2020	2019
Discount rate	1.79% per annum	2.8% per annum
Future salary increase	5.00% per annum	5% - 7% per annum
Employee turnover rate	3.82% - 11.46% per annum	5% - 10% per annum
Mortality rate	100% of Thai Mortality Table Year 2017	100% of Thai Mortality Table Year 2017

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Notes to Financial Statements (Continued)
December 31, 2020

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provision for defined benefit plans by the amounts shown below.

	In Million Baht	
	2020	2019
Effect on the non-current provision for employee benefit at 31 December		
Discount rate		
1% increase	(15)	(11)
1% decrease	18	13
Salary increase rate		
1% increase	17	12
1% decrease	(15)	(11)
Employee turnover rate		
10% increase	(7)	(6)
10% decrease	7	7

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Labour Protection Act was announced in the Government Gazette on April 5, 2019, which was effective dated May 5, 2019. The main point is increasing the rate of benefit of employees who have served more than 20 years or more from 300 days to 400 days. The provisions for employee benefits of the Company which were calculated up to December 31, 2019 were increased by approximately Baht 20 million. The Company had recorded the whole amount as expense in profit or loss for the year ended December 31, 2019.

25. SHARE CAPITAL AND SHARE DISCOUNT

The movements of share capital for each of years ended December 31, 2020 and 2019 were as follows:

	2020			2019		
	Par value per share (In Baht)	Number of share (Million shares)	Amount (In Million Baht)	Par value per share (In Baht)	Number of share (Million shares)	Amount (In Million Baht)
<i>Authorized share capital</i>						
At January 1	0.96	28,751	27,601	6.90	18,738	129,298
Par value reduction	-	-	-	(5.94)	-	(111,309)
Reduction in the register capital	-	-	-	(0.96)	(1,957)	(1,879)
Increase in the register capital	-	-	-	0.96	11,970	11,491
At December 31	0.96	28,751	27,601	0.96	28,751	27,601
<i>Issued and paid-up share capital</i>						
At January 1	0.96	25,487	24,468	6.90	13,928	96,104
Par value reduction	-	-	-	(5.94)	-	(82,733)
Issuance of new shares	-	-	-	0.96	11,559	11,097
At December 31	0.96	25,487	24,468	0.96	25,487	24,468

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Share discount

The movement of share discount for each of years ended December 31, 2020 and 2019 are shown in the table below:

	In Million Baht	
	2020	2019
At January 1	(9,667)	(61,757)
Par value reduction	-	61,757
Issuance of new shares	-	(9,667)
At December 31	(9,667)	(9,667)

At the extraordinary shareholders' meeting of the Company held on January 14, 2019, the shareholders passed the following resolutions to:

- a) transfer of legal reserve totalling Baht 18.5 million to compensate the deficit. The Company already transferred the legal reserve to compensate the deficit.
- b) the reduction of the Company's registered capital from Baht 6.90 to Baht 0.96 to compensate the Company's deficit resulting from the Company's registered capital decreasing from Baht 129,298.4 million to Baht 17,989.3 million and the Company's paid-up capital reducing from Baht 96,104.1 million to Baht 13,371.0 million which the Company reduced paid-up capital to deduct the discount on ordinary shares of Baht 61,757.4 million and the deficit of Baht 20,975.7, respectively. The Company registered the decrease in authorized share capital with the Ministry of Commerce on March 18, 2019.
- c) the reduction of the Company's registered capital from Baht 17,989.3 million (divided into 18,738.89 million ordinary shares at Baht 0.96 par value) to Baht 16,109.9 million (divided into 16,781.14 million ordinary shares at Baht 0.96 par value) by cancelling the Company's authorized but unissued shares 1,957.75 million ordinary shares. The Company registered the decrease in authorized share capital with the Ministry of Commerce on March 19, 2019.
- d) the increase of the Company's registered capital from Baht 16,109.9 million (divided into 16,781.14 million ordinary shares at Baht 0.96 par value) to Baht 27,600.8 million (divided into 28,750.86 million ordinary shares at Baht 0.96 par value). The Company registered the increase in authorized share capital with the Ministry of Commerce on March 20, 2019.
- e) the allocation of the Company's newly-issued shares in the amount of not exceeding 11,969.72 million shares at Baht 0.96 par value as follows:
 - The allocation of the newly-issued ordinary shares of the Company in the amount of not exceeding 11,560.35 million shares at Baht 0.96 par value to the existing shareholders of the company in proportion to their respective shareholding (Right Offering) with the price of Baht 0.13 per share, in the allocation ratio of 1 existing shares per 0.83 new shares where the fraction of shares shall be discarded.
 - The allocation of newly-issued shares from capital increase to accommodate the rights adjustment of GJS-W3 Warrant in the amount of 230.54 million shares at Baht 0.96 par value and accommodate the rights adjustment of GJS-W4 Warrant in the amount of 178.83 million shares at Baht 0.96 par value.
 - The Company registered the increase in authorized share capital with the Ministry of Commerce on May 3, 2019 from the allocation of new ordinary shares to the existing shareholders of the Company in the proportion to their respective shareholdings (Rights Offering) of 11,559.0 million shares combine with the existing paid-up capital of 25,487.1 million shares, at the par value of Baht 0.96 per share. In this regard, such capital increase resulted in the Company having an increase in discount on ordinary shares in amount of Baht 9,594 million with the expenses relating to issuance of new shares amounting to Baht 73.5 million which was recorded under discount on ordinary shares.

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26. WARRANTS

The movements of warrants for each of years ended December 31, 2020 and 2019 were as follows:

	Offering price per unit (in Baht)	2020		2019	
		Unit (Million shares)	Amount (In Million Baht)	Unit (Million shares)	Amount (In Million Baht)
At 1 January					
- Third Warrants (GJS-W3)	0.00	3,674	-	3,674	-
- Fourth Warrants (GJS-W4)	0.00	2,754	-	2,754	-
Movement during the year:					
- Expiration		(6,428)	-	-	-
At December 31					
- Third Warrants (GJS-W3)	0.00	-	-	3,674	-
- Fourth Warrants (GJS-W4)	0.00	-	-	2,754	-

The Extraordinary Shareholders' Meeting No. 1/2019, which was held on 14 January 2019 approved the adjustment of exercise price and exercise ratio of the warrant to purchase an ordinary share GJS-W3 and GJS-W4. Details of the rate and price of rights adjustment are as follows:

26.1 Adjustment of rights in case there is a change in the par value of the Company's ordinary shares.

	Before adjustment	Adjustment from capital reduction
<i>GJS-W3 Warrants</i>		
- Exercise Ratio	1 Unit: 0.437 Share	1 Unit: 0.437 Share
- Exercise Price	1.3722 Baht/Share	0.1909 Baht/Share
<i>GJS-W4 Warrants</i>		
- Exercise Ratio	1 Unit: 0.437 Share	1 Unit: 0.437 Share
- Exercise Price	1.3722 Baht/Share	0.1909 Baht/Share

26.2 Adjustment of rights in case the Company allocates the newly-issued ordinary shares of the Company to the existing shareholders of the Company in proportion to their respective shareholding (Right Offering) at the calculated net price for newly issued stock below 90 percent of the Market Price of the Company's ordinary share.

	Adjustment from capital reduction	Adjustment from issued newly shares to existing shareholders
<i>GJS-W3 Warrants</i>		
- Exercise Ratio	1 Unit: 0.437 Share	1 Unit: 0.500 Share
- Exercise Price	0.1909 Baht/Share	0.1668 Baht/Share
<i>GJS-W4 Warrants</i>		
- Exercise Ratio	1 Unit: 0.437 Share	1 Unit: 0.500 Share
- Exercise Price	0.1909 Baht/Share	0.1668 Baht/Share

Detail of warrants as at December 31, 2019 is as follow:

	GJS-W3 (a)	GJS-W4 (b)
Exercise ratio (Unit: Share)	1: 0.500	1: 0.500
Price of exercise to one Ordinary Share (Baht)	0.1668	0.1668
The first day of exercise	June 28, 2013	June 28, 2013
The last day of exercise	February 7, 2020	February 11, 2020

(a) Listed in The Stock Exchange of Thailand

(b) Non-listed in The Stock Exchange of Thailand

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As at December 31, 2020, the Company had no remaining warrants because:

- On February 7, 2020, third warrants (GJS-W3) of 3,674 million units, there was only 3,000 warrants which were exercised and the remaining warrants were cancelled by the Stock Exchange of Thailand in the following day.
- On February 11, 2020 fourth warrants (GJS-W4) of 2,754 million units, there was no warrant holders exercise and it was cancelled in the following day.

27. OTHER COMPONENTS OF EQUITY

The detail of other components of equity as at December 31, 2020 and 2019 were as follows:

	In Million Baht	
	2020	2019
Cash received from expired warrants		
- First Warrants (a)	162	162
- Second Warrants (b)	148	148
At December 31	<u>310</u>	<u>310</u>

- (a) Upon the cancellation of the 3,234 million units of First Warrants in year 2011, their carrying value at Baht 0.05 each was transferred from the warrants component of equity to other components of equity for an amount of Baht 162 million.
- (b) Upon the cancellation of the 4,933 million units of Second Warrants in year 2017, their carrying value at Baht 0.03 each was transferred from the warrants component of equity to other components of equity for an amount of Baht 148 million.

28. REGISTERED PROVIDENT FUND

The Company has established a contributory registered provident fund under the plan, members contribute to the fund at 2% to 15% of the employees' basic salaries. The Company contributes to the fund at 3% to 10% of the employees' monthly salaries, depending on the length of employment. Such provident fund was register with the terms and conditions prescribed in the Ministry of Finance and an approval fund manager to manage the fund.

The Company's contribution for each of the years 2020 and 2019, which were charged to profit or loss, amounted to Baht 23 million and Baht 24 million, respectively.

29. EXPENSES BY NATURE

Significant expenses by nature for each of years ended December 31, 2020 and 2019 are as follows:

	In Thousand Baht	
	2020	2019
Raw materials and consumable used	8,564	9,573
Change in finished goods	(15)	786
Cost of production service	-	274
Depreciation and amortization	604	975
Employee benefit expenses	571	615
Utility expenses	1,292	1,245
Natural gas expense	280	299
Other expenses	575	506
Total expenses	<u>11,871</u>	<u>14,273</u>

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30. BASIC LOSS PER SHARE

The calculations of basic loss per share for each of the years ended December 31, 2020 and 2019 were based on the loss for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	In Million Baht / Million shares	
	2020	2019
Loss for the year attributable to equity holders of the Company	(605)	(1,353)
Number of ordinary shares outstanding at January 1	25,487	13,928
Effect of issuance of new shares	-	7,695
Weighted average number of ordinary shares outstanding	25,487	21,623
Basic loss per share (in Baht)	(0.024)	(0.063)

The Company did not present the diluted loss per share for the year ended December 31, 2019 because the exercise price of the Company's warrants was higher than the market price of the Company's ordinary shares and these potential shares would decrease the loss per share.

31. DISCLOSURE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, trade account receivables, trade account payables, other payables and accrued expenses, accrued interest expense, long-term borrowings from related party, liabilities from terminated rehabilitation plan and lease liabilities. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 3.

Financial Risk Management Policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Capital Management

The Board's intention is to return to a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business and preserves the ability to continue its business as a going concern.

Foreign Currency Risk

The Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies and has financial assets and liabilities denominated in foreign currencies. However the Company does not have a hedge agreement.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

At the reporting date there were no significant concentrations of credit risk because The Company canceled the policy to grant credit limits to customers (Refer to the financial statements in Note 7). The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

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Fair Value of Financial Instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Cash and cash equivalents and restricted deposits at financial institutions - the aggregate carrying values are insignificantly different from their aggregate fair value because these financial assets have floating interest rate or fix interest rate, which approximately market rate.

Trade account receivables, trade account payables, other payables and accrued expenses - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.

Liabilities from terminated rehabilitation plan and long-term borrowings from related party - the aggregate carrying value is insignificantly different from its aggregate fair value because using market interest rate.

Lease liabilities - the carrying value approximately its fair value because these liabilities have been calculated using market interest rate.

32. OPERATING SEGMENTS

Segment information is presented in respect of the Company's geographical segments based on the Company's management and internal reporting structure.

Business segments

Management considers that the Company operates in a single line of business, namely manufacturing of flat-rolled steel products, and has, therefore, only one major business segment.

Geographic segments

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers.

Revenue and gross profit (loss) based on geographic segment, for the years ended December 31, 2020 and 2019 were as follows:

	In Million Baht					
	Domestic		Export		Total	
	2020	2019	2020	2019	2020	2019
Revenue from sales	11,302	12,923	77	-	11,379	12,923
Cost of sales	(11,132)	(13,555)	(76)	-	(11,208)	(13,555)
Gross margin (loss)	170	(632)	1	-	171	(632)
Other income					137	345
Selling expenses					(170)	(174)
Administrative expenses					(492)	(544)
Finance costs					(251)	(348)
Loss for the year					(605)	(1,353)

Non-current assets are located in Thailand only.

Information about major customers

For the year ended December 31, 2020, the Company had revenues from the domestic sales to 2 customers for the total amount of Baht 6,081 million (2019: 4 customers of Baht 8,192 million).

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33. COMMITMENTS AND CONTINGENT LIABILITIES WITH NON-RELATED PARTIES

As at December 31, 2020 and 2019, the Company had commitments and contingent liabilities with non-related parties as below:

	In Million Baht	
	2020	2019
<i>Commitments under lease and service agreements</i>		
Not later than 1 year	5	7
Later than 1 year but not later than 5 years	1	5
Total	<u>6</u>	<u>12</u>
<i>Capital commitments</i>		
Purchases of assets	<u>136</u>	<u>109</u>
<i>Commitments for purchases of raw materials and supplies</i>		
Purchases of raw materials	821	819
Purchases of natural gas	271	342
Total	<u>1,092</u>	<u>1,161</u>
<i>Contingent liabilities</i>		
Bank guarantees	159	170
Standby letter of credit	-	399
Total	<u>159</u>	<u>569</u>

Significant agreements

- (a) On July 1, 2019, the Company entered into agreement to purchase natural gas for 5 years at the end of October 31, 2024. The Company committed to pay the natural gas depend on monthly charges based on consumption.
- (b) On November 1, 2004, the Company entered into a supply agreement to purchase oxygen, argon and nitrogen for 20 years. Minimum payments under the agreement amounted to approximately Baht 6 million per month.
- (c) On May 1, 2018, the Company entered into service agreements with two domestic companies for the transportation goods to domestic customers for 3 years starting from May 2018, whereby the Company committed to pay the freight charge as specified in the contract.

Service fee from such agreements for each of the years ended December 31, 2020 and 2019 amounted to Baht 166 million and Baht 152 million, respectively.

- (d) On August 1, 2018, the Company entered into agreement for slag waste management service, which results from steelmaking and casting to recover ferrous scrap, with the local company with term of agreement for 7 years commencing from August 2018 and shall be automatically renewed for further periods of one year unless written notice is given of its intention not to renew this agreement at least 6 months prior to the expiry of this agreement during such notice period, the Company must pay the waste management service fee as specified in the contract.

Slag waste management services from such agreement for each of the years ended December 31, 2020 and 2019 amounted to Baht 74 million and Baht 73 million, respectively.

- (e) As at December 31, 2020, the Company had agreements to purchase raw materials with various suppliers under consignment agreements, under which the ownership of unreleased raw material belongs to the suppliers. The Company has to pay interest at the rate of 3.5% per annum on the unreleased raw materials (2019: 3% - 6% per annum).

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34. LITIGATIONS

- (a) One supplier filed a complaint against the Company for breach of the rehabilitation plan, with the litigation amount of Baht 0.6 million plus interest at the rate of 7.5% per annum from the date of default until the settlement date. Subsequently on September 23, 2019, the Court of Appeal determined the Company to pay such debts. The Company already paid such debts according to the judgment of the Court of Appeal in the first quarter of 2020.
- (b) A former employee filed a complaint to the Central Labour Court against the Company for the unfair lay-off effective from December 10, 2019 and requested the Company to pay him Baht 23 million. Subsequently on September 29, 2020, the Court of First Instance determined the Company to pay the compensation to such employee totaling Baht 2.4 million plus interest at the rate of 7.5% per annum until settlement date. The Company had recorded provision loss for court case claim totalling Baht 2.4 million and interest charge of approximately Baht 0.2 million as a part of “Other payables and accrued expenses” and “Accrued interest expense”, respectively, in the statement of financial position as at December 31, 2020. However, the Company's management filed a petition to the Appeal Court on November 11, 2020 and the Court, therefore, ordered an additional hearing on March 8, 2021.

35. CREDIT FACILITIES FOR OPERATION

As at December 31, 2020 and 2019, the Company obtained credit facilities from Link Capital I (Mauritius) Limited as follows:

Credit Facilities	Credit Line (in Million USD)		Interest Rate *	Repayment Term
	2020	2019		
The first loan facility - Cash loan	30	30	12% per annum	1) 30% of the aggregate principal amount is repayable at the 4 th anniversary of the first utilization date (due on January 29, 2021 **). On February 23, 2021, the Company entered into the Sixth Amendment Agreement to extend the payment period of 30% of principal amounting to USD 9 million to be due at the final maturity date (January 31, 2022). Such amendment agreement was effective dated January 29, 2021. 2) Remaining principal amount is repayable at the final maturity date (at the 5 th anniversary of the first utilization date due on January 31, 2022).
The second loan facility - Cash loan and Standby letter of credit	45	45	- Cash loan at 12% per annum - Standby letter of credit at the rate of 2% per annum on unutilized amount; 5% per annum for the utilization period not over 180 days and 8% per annum for the utilization period which exceed 180 days	1) 30% of the aggregate principal amount is repayable at the 4 th anniversary of the first utilization date (due on October 11, 2021 **). 2) Remaining principal amount is repayable at the final maturity date (at the 5 th anniversary of the first utilization date on October 10, 2022).
Total	<u>75</u>	<u>75</u>		

* The Company is responsible for withholding income tax. The Company must pay to the Lender a front-end fee of 2% of each utilization of a cash loan.

** Business day as specified in the agreement.

These facilities from related party were guaranteed by the mortgaged property, plant and equipment of the Company as discussed in Note 11.