

**INFORMATION MEMORANDUM ON THE CONNECTED TRANSACTION**  
**OF G J STEEL PUBLIC COMPANY LIMITED**

July 14, 2017

After the SSG group, led by SSG Capital Holdings Limited (“SSG CH”) expressed its interest in engaging in the debt restructuring of both G Steel Public Company Limited (“GSTEL”) and G J Steel Public Company Limited (the “Company”), on May 26, 2017, the Company executed a memorandum of understanding (the “MOU”) with Kendrick Global Limited (“KG”), a subsidiary of SSG Capital Partners III, L.P. (“SSG III”). Under the MOU, SSG III and its subsidiaries wish to engage in the debt restructuring of the Company through the juristic persons under the control of SSG CH, SSG III and KG, i.e. Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) and Link Capital I (Mauritius) Limited (“Link Capital I”) (collectively referred to as the “SSG Group”).

In this respect, under the MOU, the SSG Group has the following plans for the debt restructuring of the Company:

1. ACO I purchased the debt from 4 previous trade creditors of the Company. In this regard, on February 10, 2017, the Company received a letter from ACO I to confirm the amount of transferred debt as at January 31, 2017, of USD 91,589,712, or equivalent to THB 3,160,689,724.68 (divided into principal of USD 58,392,108 or equivalent to THB 2,015,066,231.00, and interest of USD 33,197,604, or equivalent to THB 1,145,623,493.68) (the “Trade Debt”).
2. After the purchase of the Trade Debt in 1., the Company entered into a credit agreement, dated January 22, 2017, (the “Credit Agreement”) with the loan amount of USD 71,000,000, or equivalent to THB 2,450,154,777.78, with Link Capital I, where on February 2, 2017, the Company utilized the first portion of the loan of USD 41,000,000, or equivalent to THB 1,414,878,111.11 (the “1<sup>st</sup> Loan Portion”), for the partial repayment of the Trade Debt to ACO I in the amount of USD 40,180,000, or equivalent to THB 1,386,580,548.89, (divided into principal of USD 25,616,359, or equivalent to THB 884,000,625.26, and interest of USD 14,563,641, or equivalent to THB 502,579,923.63) (the “Partial Repayment”).
3. ACO I agreed to reduce a part of the Trade Debt (i.e. a haircut) by waiver of the outstanding interest of USD 15,000,000, or equivalent to THB 517,638,333.33. As a result, the Company’s outstanding interest owed to ACO I is in the amount of USD 3,633,963, or equivalent to THB 125,405,236.71.
4. After the Partial Repayment in 2. and the Trade Debt reduction in 3., on April 26, 2017, the Company arranged for another paydown to ACO I in the amount of USD 480,000, or equivalent to THB 16,564,426.67, resulting in the Company’s outstanding Trade Debt of USD 35,929,712, or equivalent to THB 1,239,906,415.79 (divided into principal of USD 32,345,883, or equivalent to THB 1,116,231,264.42, and interest of USD 3,583,829, or equivalent to THB 123,675,151.37)
5. Following further negotiations with ACO I, ACO I made an additional offer, i.e. prior to the implementation of the debt to equity conversion scheme, ACO I will make an additional Trade Debt reduction (i.e. a haircut) by waiver of the interest of USD 2,995,462, or equivalent to THB 103,371,063.82. As a result, the Company will have an outstanding interest in the Trade Debt which will be converted to equity on the day that the shareholders’ meeting approves the allocation and offering of the newly issued ordinary shares of the Company under the debt to equity conversion scheme in the amount of USD 588,367, or equivalent to THB 20,304,087.55.
6. Under the said MOU, the Company wishes to repay the outstanding Trade Debt of USD 32,345,883, or equivalent to THB 1,116,231,264.42, and the outstanding interest of USD 588,367, or equivalent to THB 20,304,087.55, aggregating to the debt to be converted to equity

of USD 32,934,250, or equivalent to THB 1,136,535,345.40 (collectively referred to as the “**Net Trade Debt**”), by way of issuing newly issued ordinary shares of the Company under the debt to equity conversion scheme.

Remark - The exchange rate used in this document is the average foreign exchange rate used by commercial banks with their customers from May 2, 2017 to May 26, 2017 as announced by the Bank of Thailand. Please see further information from the website of the Bank of Thailand at ([www.bot.or.th](http://www.bot.or.th)).

In this respect, the Board of Directors’ Meeting No. 6/2017, held on July 14, 2017, approved the allocation and offering of not more than 3,343,000,000 newly issued ordinary shares of the Company, at the par value of THB 6.90 per share, to ACO I as repayment of the Net Trade Debt of USD 32,934,250, or equivalent to THB 1,136,535,345.40, under the debt to equity conversion scheme where the conversion price will be fixed at THB 0.3400 per share, aggregating THB 1,136,535,345.40 (the “**Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme**”). Since the said conversion price is 35.50 percent lower than the market price, such offering of the newly issued ordinary shares of the Company is an offering of shares with a discount of more than 10 percent of the market price pursuant to the Notification of the Capital Market Supervisory Board No. Tor Chor. 72/2558 Re: Permission for Listed Companies to Offer Newly Issued Ordinary Shares to Specific Investors (as amended) (the “**Tor Chor. 72/2558 Notification**”).

In this regard, the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme is considered as a connected transaction under the Notification of the Capital Market Supervisory Board No. Tor Chor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governor of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies concerning Connected Transactions B.E. 2546 (2003) (as amended) (the “**Connected Transaction Notifications**”) since after the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme, ACO I will directly hold 24 percent of the total issued shares of the Company and indirectly hold 18.97 percent of the total issued shares of the Company through GSTEL (after registration of the Company’s paid-up capital)<sup>1</sup>, will nominate new directors to hold more than half of the board seat, and will appoint executives to hold key managerial positions, including the Chief Executive Officer (CEO) of the Company. The said Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme is a transaction with a person who will become a controlling person of the Company and, therefore, is considered as a connected transaction of the Company.

Furthermore, prior to entering into the transaction under the debt to equity conversion scheme as stated above, on January 22, 2017, the Company entered into the Credit Agreement to receive financial assistance from Link Capital I, in the amount of USD 71,000,000, or equivalent to THB 2,450,154,777.78, with a loan period of 5 years<sup>2</sup> (the “**Financial Assistance**”), where on February 2, 2017, the Company drew the 1<sup>st</sup> Loan Portion for the Partial Repayment of the Trade Debt to ACO I as detailed in 2. above whereas the Company shall be entitled to utilize the second portion of the loan of USD 30,000,000, or equivalent to THB 1,035,276,666.67, (the “**2<sup>nd</sup> Loan Portion**”) as capital expenditure, as working capital, and for other debt repayments of the Company as approved by Link

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<sup>1</sup> Including registration of the Company’s paid-up capital resulting from the allocation of the newly issued ordinary shares to accommodate the adjustment of rights for the warrants of the Company based on the assumption that the rights under the warrants are exercised in full and ACO I will become a majority shareholder of the Company with a direct shareholding of 17.84 percent of the total issued shares of the Company and indirect shareholding of 16.98 percent of the total issued shares of the Company

<sup>2</sup> In the case that the debt restructuring of the Company, which includes the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme, is not completed within the 15-month period following the utilization of the 1<sup>st</sup> Loan Portion, the Company shall make a full repayment of the utilized amount within the last day of the 15-month period following the utilization of the 1<sup>st</sup> Loan Portion.

Capital I once all of the conditions under the Credit Agreement have been fulfilled (please see the material conditions on the utilization of the 2<sup>nd</sup> Loan Portion in 6)). In providing the financial assistance to the Company, Link Capital I will receive the following interest and/or benefits as consideration under the Credit Agreement:

- (1) Interest at the rate of 12 percent per annum, aggregating USD 42,600,000, or equivalent to THB 1,470,092,866.67. However, the interest amount may be reduced in the case of partial principal prepayment.
- (2) Front end fee in the amount of 2 percent of the utilized loan amount (the Credit Agreement allows for the front end fee to be charged on the utilized amount), aggregating USD 1,420,000, or equivalent to THB 49,003,095.56 (2 percent of the USD 71,000,000 loan).
- (3) Collateral e.g. land and machinery, aggregating THB 10,464,010,993, and the assignment of beneficiary's rights under insurance policies, aggregating THB THB 12,336,168,000.

In the case of prepayment, the Company will not be charged any prepayment fee. The Financial Assistance from Link Capital I under the Credit Agreement was approved by the Board of Directors' Meeting No. 1/2017, held on January 6, 2017. The said transaction did not constitute a connected transaction of the Company because at the time of such approval, Link Capital I was not a connected person of the Company, and at the time of the financial assistance offer, the SSG Group wished and intended only to provide financial assistance to the Company without having expressed any intention to restructure the Company's debt under the aforementioned debt restructuring plan. However, for absolute transparency and clarity in disclosing information to the Stock Exchange of Thailand (the "SET") and the shareholders of the Company, the Company has decided to disclose the said information to the shareholders for their further consideration and approval at the shareholders' meeting.

The transaction size of the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme as stated above is 8.81 percent of the net tangible assets of the Company (NTA) as at March 31, 2017, which is higher than THB 20 million or 3.00 percent of the NTA of the Company. The Company, therefore, is required to proceed as follows:

- (a) disclose information on the connected transaction of the Company to the SET pursuant to the Connected Transaction Notifications;
- (b) obtain approval for the connected transaction from the shareholders' meeting of the Company with votes of not less than three-fourths of the total votes of the shareholders attending the meeting and having the right to vote, excluding shareholders having interests; and
- (c) appoint an independent financial advisor to provide an opinion on the connected transaction and submit such opinion to the Securities and Exchange Commission (the "SEC"), the SET, and the shareholders of the Company. In this regard, the Company has appointed JVS Financial Advisory Company Limited as the independent financial advisor.

Therefore, the Company would like to provide details regarding the connected transaction of the Company under the Connected Transaction Notifications as follows:

## **1) Transaction Date and Relevant Parties**

### **1.1) Transaction Date**

The Company will proceed with the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme after the transaction is approved by the Extraordinary General Meeting of Shareholders No. 1/2017, which will be held on August 30, 2017, and after the material conditions as prescribed in 6) have been fulfilled. Moreover, as for the Financial Assistance under the Credit Agreement in the amount of USD 71,000,000, or equivalent to THB 2,450,154,777.78, the Company already drew the 1<sup>st</sup> Loan Portion for the Partial Repayment of the Trade

Debt to ACO I as detailed in 2. above, and will only be entitled to draw the 2<sup>nd</sup> Loan Portion as capital expenditure, as working capital, and other debt repayments of the Company as approved by Link Capital I once all of the conditions under the Credit Agreement have been fulfilled.

**1.2) Relevant Parties**

**Issuer and offeror of the shares** : The Company

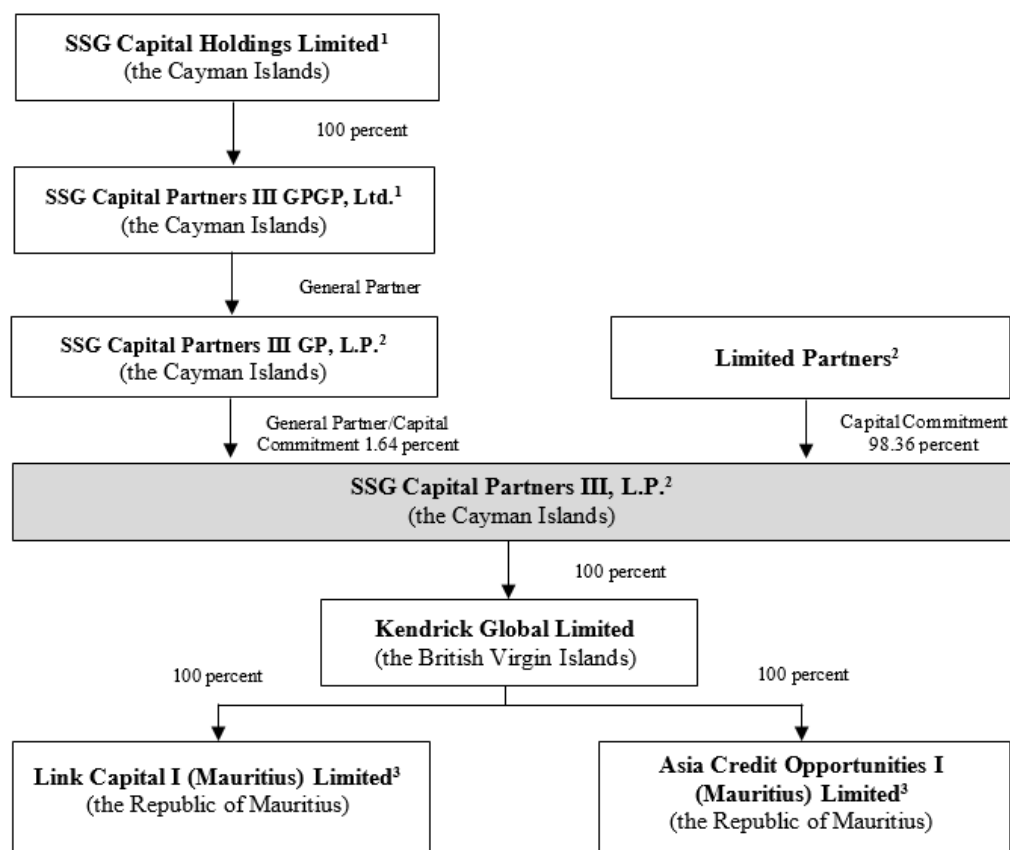
**Alottee** : ACO I

**Relationships between the parties** : At the moment, ACO I does not have any relationship with the Company, its executives, controlling persons, or majority shareholders, and the Company shares no executives, controlling persons, or majority shareholders with ACO I. Nevertheless, after the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme, ACO I will become a majority shareholder of the Company with a direct shareholding of 24 percent of the total issued shares of the Company and indirect shareholding of 18.97 percent of the total issued shares of the Company through GSTEL (after registration of the Company's paid-up capital)<sup>3</sup>, will nominate new directors to hold more than half of the board seat, and will appoint executives to hold key managerial positions, including the Chief Executive Officer (CEO) of the Company.

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<sup>3</sup> Please see footnote 1.

## Shareholding Structure of the SSG Group



- Remark**
- <sup>1</sup> Ching Him Wong (holds 62.75 percent voting rights), Shyam Maheshwari (holds 18.625 percent voting rights), and Andreas Rizal Vourloumis (holds 18.625 percent voting rights) collectively hold equity voting shares in SSG CH in an aggregate amount of 100 percent. SSG CH owns 100 percent equity voting shares in SSG Capital Partners III GPGP, Ltd. (“SSG GPGP”), which is the general partner of SSG Capital Partner III GP, L.P. (“SSG GP”). SSG GPGP has its own investment committee and independent directors who have management control over SSG III’s operations.
  - <sup>2</sup> SSG III is a Cayman Limited Partnership and is a collective Investment Fund which has capital commitments from the external investors who are limited partners (98.36 percent) and SSG GP (1.64 percent). SSG GP is the general partner who has operational control over SSG III whereas the limited partners are essentially financial investors in SSG III who have no involvement with the operations of SSG III and do not have any relationship with the Company which would led to them being considered as connected persons of the Company. As of the date of this information memorandum, limited partners mainly comprise investors who are pension funds, sovereign wealth funds, family offices, insurance companies, endowment funds, and fund of funds. Specific details of the limited partners cannot be disclosed to public as they are prohibited under confidentiality agreements.
  - <sup>3</sup> Link Capital I and ACO I are private limited companies set up as special purpose vehicles for investments by SSG III. The SSG Group has decided to have Link Capital I make investments as a secured creditor and have ACO I make investments as an unsecured creditor for ease of management and investment segregation. Moreover, the SSG Group’s investments do not have any conflict of interest with the Company and GSTEL.

(1) **KG**

<b>Company Name</b>	Kendrick Global Limited
<b>Registered Office</b>	P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands
<b>Incorporated under the Laws of</b>	The British Virgin Islands
<b>Registered Capital</b>	USD 100
<b>Par Value</b>	USD 1 per share
<b>Shareholding Structure</b>	SSG III directly holds 100 <sup>4</sup> percent
<b>Directors</b>	1. Vishwanand Nursimloo 2. Frank Bernard Balderamos 3. Jeffrey Ishmael Andre Goddard

(2) **ACO I**

<b>Company Name</b>	Asia Credit Opportunities I (Mauritius) Limited
<b>Registered Office</b>	Globefin Management Services Ltd., 1 <sup>st</sup> Floor Anglo-Mauritius House, Intendance Street, Port Louis, Mauritius
<b>Incorporated under the Laws of</b>	The Republic of Mauritius
<b>Registered Capital</b>	USD 3,527,969
<b>Par Value</b>	USD 1 per share
<b>Shareholding Structure</b>	Kendrick Global Limited directly holds 100 <sup>5</sup> percent
<b>Directors</b>	1. Roshan Nathoo 2. Vishwanand Nursimloo 3. Ranjan Lath

2) **General Characteristics of the Transaction and Transaction Size**2.1) **General Characteristics of the Transaction**

The Company will allocate and offer not more than 3,343,000,000 newly issued ordinary shares of the Company, at the par value of THB 6.90 per share, to ACO I as repayment of the Net Trade Debt, in the amount of USD 32,934,250, or equivalent to THB 1,136,535,345.40, under the debt to equity conversion scheme. The Company will fix the conversion price at THB 0.3400 per share, aggregating THB 1,136,535,345.40. Such conversion price is 35.50 percent lower than the market price and, as a result, such offering of the newly issued ordinary shares of the Company is an offering of shares with a discount of more than 10 percent of the market price pursuant to the Tor Chor. 72/2558 Notification. In this respect, the market price is based on the weighted average price of the Company's shares traded for 7 consecutive days prior to the date on which the Board of Directors resolved to propose that the Extraordinary General Meeting of Shareholders No. 1/2017 approve the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme, i.e.

<sup>4</sup> Please see the shareholding structure of the SSG Group

<sup>5</sup> Please see footnote 5.

from July 4, 2017 to July 13, 2017, which equals to THB 0.5272 per share (information from SETSMART at [www.setsmart.com](http://www.setsmart.com) of the SET).

In this regard, the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme is considered as a connected transaction under the Connected Transaction Notifications since after the acquisition of the said newly issued ordinary shares, ACO I will directly hold 24 percent of the total issued shares of the Company and indirectly hold 18.97 percent of the total issued shares of the Company through GSTEL (after registration of the Company's paid-up capital)<sup>6</sup>, will nominate new directors to hold more than half of the board seat, and will appoint executives to hold key managerial positions, including the Chief Executive Officer (CEO) of the Company. As a result, the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme is a transaction with a person who will become a controlling person of the Company and, therefore constitutes a connected transaction of the Company.

Moreover, the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme will result in ACO I being required to make a tender offer for all securities of the Company as prescribed in the Securities and Exchange Act B.E. 2535 (as amended) and the Notification of the Capital Market Supervisory Board No. Tor Chor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeover (as amended). However, **ACO I advised the Company that it did not wish to make a tender offer for all securities of the Company and that its wished to apply for a waiver from the requirement to make a tender offer for all securities of the business by virtue of the resolution of the shareholders' meeting of the Company (Whitewash)** in accordance with the Notification of the Office of the Securities and Exchange Commission No. Sor Chor 36/2546 Re: Rules for the Application for a Waiver from the Requirement to Make a Tender Offer for All Securities of the Business by Virtue of the Resolution of the Shareholders' Meeting of the Business (the "**Sor Chor 36/2546 Notification**").

## 2.2) Connected Transaction Size Calculation

The Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme will be considered as an assets or service related transaction with the transaction size of 8.81 percent of the net tangible assets (NTA) of the Company as at March 31, 2017, which is higher than THB 20 million or 3.00 percent of the NTA of the Company pursuant to the Connected Transaction Notifications. As a result, the Company is required to disclose information on the connected transaction of the Company to the SET under the Connected Transaction Notifications, obtain approval for the connected transaction from the shareholders' meeting of the Company with votes of not less than three-fourths of the total votes of the shareholders attending the meeting and having the right to vote, excluding shareholders having interests, and appoint an independent financial advisor to provide an opinion on the connected transaction of the Company and submit such opinion to the SEC, the SET, and the shareholders of the Company.

In this regard, the net tangible assets (NTA) of the Company based on the consolidated financial statements of the Company as at March 31, 2017 are as follows:

Financial Information of the Company	Amount (THB million)
Total Assets	17,910.08
<b>Less:</b> Intangible Assets	7.39
<b>Less:</b> Total Liabilities	5,000.54

<sup>6</sup> Please see footnote 2.

<b>Financial Information of the Company</b>	<b>Amount (THB million)</b>
<b>Less: Non-controlling Interests</b>	0
Net Tangible Assets (NTA)	12,902.14

### 3) Total Consideration, Payment Terms, and Basis Used to Determine the Consideration

The Company wishes to repay the Net Trade Debt of USD 32,934,250, or equivalent to THB 1,136,535,345.40, by issuing newly issued ordinary shares under the debt to equity conversion scheme. In this regard, the total consideration for the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme is an issuance of not more than 3,343,000,000 shares, at the conversion price of THB 0.3400 per share, aggregating THB 1,136,535,345.40. Such conversion price is 35.50 percent lower than the market price and is as a result of the negotiation and agreement between the Company and ACO I based on the average closing price of the Company's shares traded on the the SET from May 2 to May 26, 2017 (equivalent to THB 0.3267 per share), taking into consideration the benefit that the Company will receive from the partial Trade Debt reduction (i.e. a haircut) by waiver of the outstanding interest of USD 2,995,462, or equivalent to THB 103,371,063.82.

### 4) List of Connected Persons and Relationships with the Company

At the moment, ACO I does not have any relationship with the Company, its executives, controlling persons, or majority shareholders, and the Company shares no executives, controlling persons, or majority shareholders with ACO I.

Nevertheless, after the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme, ACO I will directly hold 24 percent of the total issued shares of the Company and indirectly hold 18.97 percent of the total issued shares of the Company through GSTEL (after registration of the Company's paid-up capital)<sup>7</sup>, will nominate new directors to hold more than half of the board seat, and will appoint executives to hold key managerial positions, including the Chief Executive Officer (CEO) of the Company. As a result, the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme is a transaction with a person who will become a controlling person of the Company and, therefore, is considered as a connected transaction of the Company.

A list of the expected majority shareholders of the Company after the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme is as follows:

No.	Name	Details from the Share Register of the Company as at the Book Closing Date on July 11, 2017		After the Capital Increase <sup>8</sup>	
		Amount	Percentage	Amount	Percentage
1.	ACO I	0	0.00	3,342,751,016 <sup>(2)</sup>	24.00
2.	GSTEL	2,122,427,209 <sup>(1)</sup>	20.05	2,122,427,209 <sup>(1)</sup>	15.24

<sup>7</sup> Please see footnote 2.

<sup>8</sup> Please see footnote 1.



		Details from the Share Register of the Company as at the Book Closing Date on July 11, 2017		After the Capital Increase <sup>8</sup>	
3.	Nomura Singapore Limited-Customer Segregated Account	1,086,456,038	10.26	1,086,456,038	7.80
4.	Quam Securities Company Limited A/C Client	567,800,000	5.36	567,800,000	4.08
5.	Mrs. Jarunee Chinwongvorakul	523,768,667	4.95	523,768,667	3.76
6.	GS Security Holding Company Limited	520,000,000	4.91	520,000,000	3.73
7.	Superior Overseas (Thailand) Co., Ltd.	412,500,000	3.90	412,500,000	2.96
8.	Thai NVDR Co., Ltd.	187,951,907	1.78	187,951,907	1.35
9.	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch	187,521,600	1.77	187,521,600	1.35
10.	Mr. Suraphan Tatiyamaneekul	158,000,000	1.49	158,000,000	1.13
11.	Mr. Viroj Ungpaiboon	140,000,000	1.32	140,000,000	1.01
12.	Minority shareholders	4,678,952,796	44.20	4,678,952,796	33.59
Total		10,585,378,217	100.00	13,928,129,233	100.00

**Remark** (1) GSTEL already sold 22,000,000 shares with an option to repurchase such shares to a third-party where the ownership over such shares was already transferred to the purchaser.

(2) Number of shares from the conversion of the Net Trade Debt of USD 32,934,250.00, or equivalent to THB 1,136,535,345.40, to equity, at the price of THB 0.3400 per share, which will result in ACO I holding 24 percent of the shares.

## 5) Scope of Interests

### 5.1) Directors Having Interests in the Transaction

Since the transaction is related to the debt restructuring of GSTEL; therefore, the following directors, who are GSTEL's representatives, are considered as the directors having interests:

- (1) Mr. Yanyong Kurovat;
- (2) Mr. Ryuzo Ogino;
- (3) Ms. Soontareeya Wongsirikul;
- (4) Mr. Somchai Leeswadtrakul; and
- (5) Mrs. Churairat Panyarachun.

In this regard, the said directors having interests did not attend and vote in the Board of Directors' meeting which approved the said transaction.

## **5.2) Shareholders Having Interests in the Transaction**

Since the transaction is related to the debt restructuring of GSTEL, GSTEL, with its shareholding of 2,122,427,209 shares of the Company, or equivalent to 20.05 percent of the total issued shares of the Company, and GS Security Holding Company Limited, a subsidiary of GSTEL, with its shareholding of 520,000,000 shares, or equivalent to 4.91 percent of the total issued shares of the Company, are considered as shareholders having interests in the transaction and will not be able to vote at the shareholders' meeting of the Company<sup>10</sup>.

## **6) Conditions of the Transaction**

Apart from the conditions which the Company must fulfill pursuant to the Connected Transaction Notifications as described above, the allocation and offering of the newly issued ordinary shares of the Company to ACO I is also subject to the conditions of the offering of new shares to specific investors (Private Placement) under the Tor Chor. 72/2558 Notification, as well as the conditions of the application for a waiver from the requirement to make a tender offer for all securities of the business by virtue of the resolution of the shareholders' meeting (Whitewash) under the Sor Chor. 36/2546 Notification. Therefore, the Company is required to disclose information on the transaction to the SET and proceed as follows:

- (1) obtain approval from the shareholders' meeting of the Company for the connected transaction and the waiver from the requirement to make a tender offer for all securities of the business by virtue of the resolution of the shareholders' meeting (Whitewash) with votes of not less than three-fourths of the total votes of the shareholders attending the meeting and having the right to vote, excluding shareholders having interests;
- (2) obtain approval from the shareholders' meeting of the Company with votes of not less than three-fourths of the total votes of the shareholders attending the meeting and having the right to vote, excluding shareholders having interests relating to the offering of the newly issued ordinary shares to a specific investor (Private Placement) at an offering price with a discount of more than 10 percent of the market price without any objection on the proposed offering price by the shareholders with an aggregate shareholding of 10 percent of the total votes of the shareholders attending such meeting and having the right to vote;
- (3) obtain permission for the offering of the newly issued ordinary shares to a specific investor (Private Placement) from the SEC before allocating and offering the newly issued ordinary shares of the Company to ACO I;
- (4) file an application with the SET to list the newly issued ordinary shares as securities in the SET;

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<sup>10</sup> Information as shown on the share register of the Company as at the book closing date on July 11, 2017.

- (5) obtain resignation letters from 4 directors of the Company who are currently in office;
- (6) arrange for a Board of Directors' meeting to approve the appointment of 2 directors (including the directors to be nominated by ACO I) and the amendment of the authorized signatories of the Company; and
- (7) receive consent or waiver from the Company's creditors for the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme in 2.1) in case such undertaking causes or may cause the Company to be in breach of an agreement.

Moreover, as for the Financial Assistance, the Company will be entitled to draw the 2<sup>nd</sup> Loan Portion to utilize as capital expenditure, as working capital, and for other debt repayments of the Company as approved by Link Capital I once all of the conditions under the Credit Agreement have been fulfilled, including the following:

- (a) the transfers of the debt ACO I purchased from the previous trade creditors of the Company in 1. have been completed;
- (b) the debt restructuring is completed within the 15-month period following the date of the 1<sup>st</sup> Loan Portion utilization (the Company utilized the 1<sup>st</sup> Loan Portion on February 2, 2017);
- (c) Link Capital I has completed its due diligence so as to determine the amount of capital expenditure and working capital necessary to increase the Company's production rate up to 100,000 tons per month and finds the result of the due diligence satisfactory;
- (d) Link Capital I finds that the Company does not have an alternative financial source for the capital expenditure and working capital necessary to increase its production rate up to 100,000 tons per month;
- (e) the Company shall provide Link Capital I with evidence for the capital expenditure and business operation for which the 2<sup>nd</sup> Loan Portion shall be utilized and Link Capital I finds such evidence satisfactory; and
- (f) the Company shall provide Link Capital I with the debt repayment terms to its creditors in relation to other debts incurred in the Company's business operation and Link Capital I finds such terms satisfactory.

In addition, the Credit Agreement contains conditions that may affect the shareholders' rights in receiving dividends as the Credit Agreement specifies that the Company must obtain prior written consent from Link Capital I before any dividend distribution.

## **7) Opinion of the Board of Directors on the Transactions**

The Board of Directors has considered and viewed that the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme will enable the Company to clear a total debt of USD 37,358,546 (divided into the outstanding Trade Debt to be converted to equity of USD 32,345,883, the outstanding interest, aggregating USD 588,367, and the relevant outstanding withholding tax of USD 663,644<sup>11</sup>), or equivalent to THB 1,289,214,378, and the Company will have ACO I, a company in the SSG Group, as a majority shareholder, who is a capable investor having readily available funds, as well as expertise in various industries and is also ready to offer funding to support the Company's continuous operation in the future.

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<sup>11</sup> Pursuant to the agreement with its foreign trade creditors, if the Company is in default of its debt, it must pay a default interest at the rate of approximately 7.5 percent and be liable for withholding tax at the rate of 15 percent on the default interest on behalf of the creditors.

The SSG Group has a clear problem-solving guideline, which will help ameliorate the financial status of the Company. Nevertheless, in order to minimize the risk regarding the Company's management and to reinforce the confidence that the management is carried out by professionals in order to achieve its goals, the Company must hire Synergy Strategic Solutions Management DMCC ("**Synergy**"), a business and management advisory service provider whose clients include international steel manufacturers, having a team of experts with experience and reputation in managing the world's leading companies in the steel industry, as part of the debt restructuring plan of the Company and the conditions of the Credit Agreement. Moreover, one of the Synergy team members, i.e. Sudhir Maheshwari, has successfully revived the financial status of several companies with a similar business to the Company in various countries and has work experience with ArcelorMittal engaging in the steel industry at the international level. In this regard, Synergy does not have any relationship with the SSG Group which will make it a connected person of the SSG Group. Furthermore, in order for the Company to have continuous working capital, be able to repay its other debts, and have flexibility in its business operations in the future, the Company will, as part of the said debt restructuring, receive the financial assistance from Link Capital I under the Credit Agreement, with the loan amount of USD 71,000,000, for the purposes of the Partial Repayment to ACO I as detailed in 2. above and for use as capital expenditure, for business operation, as working capital, and for other debt repayments arising from the business operation of the Company.

Furthermore, in receiving the Financial Assistance, the Board of Directors has considered the terms under the Credit Agreement, including the interest rate and fees, loan period, and collaterals thereunder, in comparison with the interest rates or other terms offered by private equity funds the Company has contacted in the past, as well as the terms in other financial agreements of the Company in the past, especially in relation to the financial assistance to GSTEL from the Mahachai Group, and found that the terms under the Credit Agreement are reasonable and are not less favorable the terms under other financial agreements of the Company in the past. As such, the Board of Directors has approved the said Financial Assistance. Moreover, the interest rate and fees, loan period, and collaterals under the Financial Assistance from Link Capital I are suitable for the Company's current status, since it is unlikely or unfit for the Company to obtain a loan from a commercial bank given its current financial status (as at March 31, 2017).

**8) Opinion of the Audit Committee and/or Director Different from the Board of Directors' Opinion in 7)**

The Audit Committee's opinion is in line with the Board of Directors' opinion in 7) above.

The Board of Directors hereby certifies that the information contained in this information memorandum is true and complete in all respects.

Please be informed accordingly.

Sincerely yours,

(Miss Soontareeya Wongsirikul)

Director