INFORMATION MEMORANDUM ON THE OFFERING OF THE NEWLY ISSUED ORDINARY SHARES OF G STEEL PUBLIC COMPANY LIMITED TO (1) THE EXISTING SHAREHOLDERS PRO RATA TO THEIR SHAREHOLDINGS (RIGHTS OFFERING) AND (2) A SPECIFIC INVESTOR (PRIVATE PLACEMENT)

(Additions) (Amendments)

July 14, 2017

Reference is made to the Board of Directors' Meeting of G Steel Public Company Limited (the "**Company**") No. 6/2017, held on July 14, 2017, at 4.30 p.m., which approved the capital increase of the Company by not more than THB 138,661,211,020, from the existing registered capital of THB 48,775,743,730, to the new registered capital of THB 187,436,954,750 by issuing not more than 27,732,242,204 newly issued ordinary shares, at the par value of THB 5 per share:

(1) To accommodate the allocation of 3,425,090,482 newly issued ordinary shares to the existing shareholders pro rata to their shareholdings (Rights Offering), at the par value of THB 5 per share and at an offering price of THB 0.19613 per share; and

(2) To accommodate the allocation and offering of not more than 21,801,000,000 newly issued ordinary shares of the Company, at the par value of THB 5 per share, to Asia Credit Opportunities I (Mauritius) Limited ("**ACO I**"), a juristic person under the control of SSG Capital Holdings Limited ("**SSG CH**"), SSG Capital Partners III, L.P. ("**SSG III**"), and Kendrick Global Limited ("**KG**") (collectively referred to as the "**SSG Group**") for the net trade debt repayment of USD 123,899,729, or equivalent to THB 4,275,683,281.33, under the debt to equity conversion scheme where the conversion price will be fixed at THB 0.19613 per share, aggregating not more than THB 4,275,830,130.00 (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 58.89 percent lower than the market price[1], the 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**"). 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 shareholding of 76.09 percent of the total issued shares of the Company (after registration of the Company's paid-up capital)[2]. In this regard, the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme must be approved by the shareholders' meeting of the Company with votes of not less than three-fourths of the total votes of the shareholders

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[1] Market price means the weighted average price of the Company's ordinary shares traded on the Stock Exchange of Thailand (the "**SET**") for 7 consecutive days prior to the date on which the Board of Directors resolved to propose the said offering for approval at the Extraordinary General Meeting of Shareholders No. 1/2017, i.e. from July 4, 2017 to July 13, 2017, which equals to THB 0.4771 per share according to the information from SETSMART (www.setsmart.com) of the SET.

[2] The said shareholding percentage will change to 58.15 percent in case of registration of the Company's paid-up capital resulting from the allocation of the newly issued ordinary shares to the existing shareholders pro rata to their shareholdings (Rights Offering) and 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 newly issued ordinary shares offered to the existing shareholders pro rata to their shareholdings (Rights Offering) are subscribed in full and the rights under the warrants are exercised in full.

attending the meeting and having the right to vote 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. In addition to seeking approval for the allocation and offering of the newly issued ordinary shares of the Company to ACO I at the Extraordinary General Meeting of Shareholders No.1/2017, the Company must also obtain permission from the Securities Exchange Commission (the "**SEC**") pursuant to the Tor Chor. 72/2558 Notification before offering the newly issued ordinary shares to ACO I.

(Please see the details of ACO I, SSG III, and KG in the Information Memorandum on the Connected Transactions of G Steel Public Company Limited (**Enclosure 3**) and the details of the offering of newly issued ordinary shares to the existing shareholders pro rata to their shareholdings (Rights Offering) and the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme in the Capital Increase Form (F 53-4) (**Enclosure 2**).)

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).

In this respect, information that is material to the shareholders' consideration is as follows

1. Necessity and Details of the Transaction, Details of the Offering, Determination of the Offering Price, Reasonableness of the New Share Price, and Determination of the Market Price

1.1 Necessity and Details of the Transaction

The effect of the global financial crisis in 2008 on the steel production industry, which resulted in a substantial decline in global demand for hot rolled steel, combined with other issues and debts from past to present, have put the Company in another financial crisis. From the continuing operating loss and the lack of liquidity since 2008, the Company did not have sufficient funds to operate its business and had to cease the production of hot rolled coil, which further resulted in the Company's liquidity problem and inability to repay a large amount of debt. Through the years, the Company engaged in several debt restructurings, as in 2010, where the Company entered into an agreement for the debt restructuring with certain major trade creditors for the total amount of approximately THB 2,000 million. However, such debt restructuring was unsuccessful because the Company could not pay its debts in accordance with the debt restructuring plan.

The Company made other efforts to seek out capable investors to help ameliorate the Company's financial status, where in 2011, the Company entered into a joint investment agreement with ArcelorMittal Netherlands B.V. ("**AM**"); however, the undertaking was unsuccessful since the conditions precedent were not fulfilled. After the failure of the joint investment with AM, the Company constantly made efforts to restore its financial status, e.g. the debt to equity conversion scheme in 2012 and the issuance of bonds for the trade creditors.

Despite the Company's every effort to ameliorate its financial status, the Company still has suffered operating losses for the past several years as shown in the consolidated financial statements of the Company, which affected the financial liquidity and adequacy of cash flow used as working capital of the Company. Therefore, the Company had to cease its production in 2012 and 2013.

In 2014, the Company resumed its production with the financial assistance from Mahachai Steel Center Co., Ltd. and Mr. Nirum Ngamchamnunrith (Mr. Nirum is a majority shareholder of Mahachai Steel Center Co., Ltd.) (the "**Mahachai Group**"). The Company entered into a loan agreement dated February 17, 2014, with the loan amount of THB 400,000,000, for a period of 5 years, with Mr. Nirum as the lender, and then entered into a loan agreement dated February 29, 2016, with the loan amount of THB 30,000,000, for a period of 30 months, with Mr. Nirum as the lender, where the interest rate for both loan agreements is 12 percent per annum. In this regard, the Company has utilized such loans in the business operation of the Company since, according to the Company's financial information and operating results, the Company not only has a large amount of cumulative loss in the past 3 years with the current ratio of only 0.12, which is a result of the large amount of current liabilities being due in one year, but also is at high financial risk with the debt to equity ratio of 12.44 as calculated based on the separate financial statements of the Company as at March 31, 2017 (according to the consolidated financial statements of the Company, the Company's current ratio and debt to equity ratio are 0.24 and 1.58, respectively). Furthermore, the Company has always suffered operating losses (excluding profit from the debt restructuring and other income) and has generated very low operating cash flow when compared with its total liabilities. As such, the reasons stated above are the limitations faced by the Company in securing debt financing from financial institutions for its operation.

Information from the Separate Financial Statements of the Company for the Year Ended December 31, 2014, 2015, and 2016; and for the Three-Month Period Ended March 31, 2017

(Unit: THB million)

Particulars	March 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Revenue from sales[1]	2,772.86	10,014.15	10,566.11	9,427.85
Total revenue	4,197.62	10,198.67	10,679.84	9,621.19
Costs and expenses	3,008.18	11,295.46	13,960.04	11,565.24
Operating profit (loss)	(235.33)	(1,281.30)	(3,393.93)	(2,137.38)
Net profit (loss)	1,181.06	(1,096.78)	(3,280.19)	(1,944.05)
Current assets	1,902.58	1,320.50	1,198.93	2,606.69
Total assets	19,398.46	18,813.89	19,442.09	21,919.09
Current liabilities	15,271.12	16,507.40	14,663.84	13,833.37
Total liabilities	17,954.65	18,551.14	18,082.56	17,279.37
Cumulative loss	(23,628.16)	(24,809.21)	(23,712.43)	(20,432.24)
Shareholders' equity	1,443.81	262.75	1,359.53	4,639.72
Cash flow from operating activities[2]	19.01	(104.54)	77.92	(678.65)

Particulars	March 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Current assets to current liabilities ratio	0.12	0.08	0.08	0.19
Debt to equity ratio	12.44	70.60	13.30	3.72

Remark [1] Operating revenue excludes profit from the debt restructuring, profit from the debt reduction by the creditor, and other profits.

[2] Information is retrieved from the cash flow statement.

Information from the Consolidated Financial Statements of the Company for the Year Ended December 31, 2014, 2015, and 2016; and for the Three-Month Period Ended March 31, 2017

(Unit: THB million)

Particulars	March 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Revenue from sales[1]	6,298.88	21,683.63	22,826.49	23,940.85
Total revenue	8,291.05	21,919.68	22,984.70	24,245.17
Costs and expenses	6,324.15	22,946.74	27,307.39	26,390.71
Operating profit (loss)	(25.28)	(1,263.12)	(4,480.90)	(2,449.86)
Net profit (loss)	1,962.94	(1,048.49)	(4,345.43)	(2,165.77)
Current assets	3,963.44	3,087.14	2,343.16	4,426.88
Total assets	33,079.35	32,614.67	33,435.70	37,466.68
Current liabilities	16,846.16	20,278.94	18,484.80	17,826.16
Total liabilities	20,248.18	21,746.44	21,518.99	21,252.53
Cumulative loss	(21,679.35)	(22,923.62)	(21,880.35)	(18,609.31)
Shareholders’ equity	12,831.17	10,868.23	11,916.71	16,214.14
Cash flow from operating activities[2]	211.42	674.88	157.62	(343.21)
Current assets to current liabilities ratio	0.24	0.15	0.13	0.25
Debt to equity ratio	1.58	2.00	1.81	1.31

Remark [1] Operating revenue excludes profit from the debt restructuring, profit from the debt reduction by the creditor, and other profits.

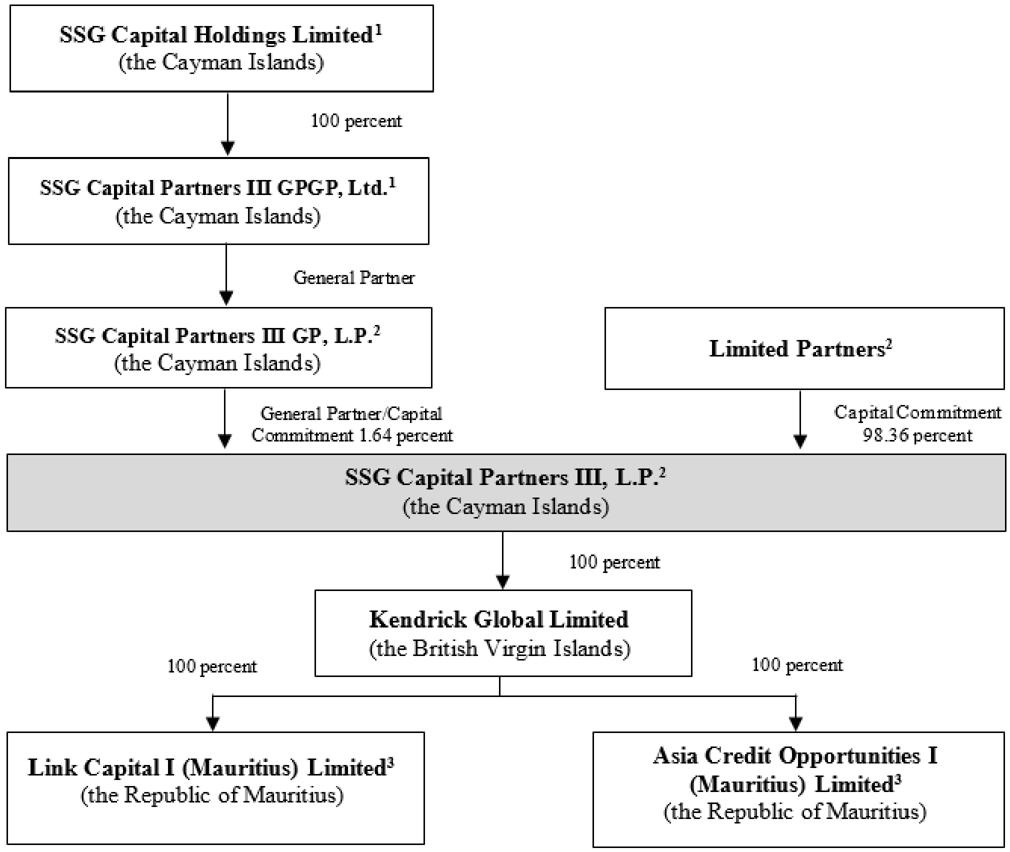
[2] Information is retrieved from the cash flow statement.

Despite receiving assistance from the Mahachai Group in terms of working capital for its operation in the past, the Company is still unable to secure adequate funding to repay a large amount of outstanding trade debt, especially the trade debt owed to Cargill International Trading Pte. Ltd. ("**Cargill**") in the amount of USD 105 million, which is an exceptionally high amount of debt, and is currently the subject of a legal action that is pending consideration of the Supreme Court (Cargill already won the legal action at the trial court). If the Company loses such legal action, its assets may be seized be law enforcement and auctioned off to repay the debt since the Company has no cash flow or any other source of financing that can accommodate such repayment. For the above reasons and necessities, the Company is in need of capable investors with readily available funds and expertise in the steel industry to solve the crisis the Company is facing at the moment. (Please consider the effects in case the implementation of the debt restructuring plan and the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme fails in 2.3.2.)

In this respect, at the beginning of 2016, the Company was contacted by the SSG Group, led by SSG CH, which expressed an intention to offer assistance in the debt restructuring of the Company and began conducting legal, accounting, and financial due diligence exercises, the results of which the SSG Group found to be satisfactory. Believing that it can restore the Company's business, the SSG Group then started negotiations with the 7 major trade creditors of the Company (including Cargill) and purchased debts from all of the said creditors.

The SSG Group is a group of juristic persons consisting of investment funds with proficiency in investing in companies with financial problems and distressed assets and a strong expertise in debt management and business turnarounds through raising funds from high net worth foreign investors. The current shareholding structure of the SSG Group is as follows:

Shareholding Structure of the SSG Group



<u>Remark</u> [1] 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 Partners 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.

[2] 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.

[3] Link Capital I and ACO I are private limited companies set up as special purpose vehicles for investments by the SSG Group. 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 GJS.

Apart from the source of fund, the SSG Group can also approach experts in various industries when investing in a distressed asset. Therefore, the SSG Group can help turnaround the business both in terms of finance and operation so that the business can operate with efficiency, get through its financial problems, and achieve a business turnaround. Therefore, the restructure and turnaround of the Company's business entails a plan to restructure the debt and turnaround the business by making further investments in the Company for the improvement and maintenance of the material tools and equipment of the factories, which will enable the Company to continue its production during both off-peak and peak periods. In this regard, the increase in the production rate will bring the fixed cost per unit down and increase the Company's capacity to generate profits. The business turnaround plan will also include hiring 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 in the steel industry at the international level. 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 (Sudhir has over 27 years (1989 and 2015) of work experience with ArcelorMittal as Group Management Board Member responsible for corporate finance, merger and acquisitions (M&A), divestments, risk management and operations in India and China. He was also the Alternate Chairman of Corporate Finance and Tax Committee and Chairman of ArcelorMittal Group Risk Management Committee. Sudhir has undertaken diverse types of financing many of which were award-winning transactions, with circa USD 100,000 million financing/refinancing track record across the world. He led all key M&A and divestments including the USD 34,000 million Arcelor and Mittal merger in 2006 and was a key member in integration activities post acquisition. Sudhir has also been the CEO of Mittal Investments from 2008 to 2015 where he structured equity investments of USD 1,500 million in assets in natural resources, cement, and infrastructure. He also led the creation of USD 5,000 million, 9MMTPA HPCL Mittal refinery in Bathinda, India.). The Synergy team will also help increase the production capacity and improve the internal management system, which will help lower the fixed cost per unit and result in efficient inventory management, as well as negotiating commercial agreements to increase the competitiveness of the products. Furthermore, the Synergy team will give consultation to the management of the Company and may hold the key positions in the Company as well. Synergy does not have any relationship with the SSG Group which will make it a connected person of the SSG Group.

Besides the debt restructuring plan and the improvement of the Company's operation, the SSG Group wishes also to support other areas of the Company's operations, e.g. providing funding for investments and working capital, assisting in financial agreement negotiations with financial institutions, setting commercial policies and conditions suitable for the Company to help improve the production efficiency, and seeking new marketing channels, which will be of utmost benefit to the shareholders, trade partners, employees, and all stakeholders of the Company.

In this regard, the debt restructuring plan with the SSG Group consists of:

- seeking a loan from Link Capital I (Mauritius) Limited ("**Link Capital I**"), a company in the SSG Group, with the loan amount of USD 41,000,000, or equivalent to THB 1,414,878,111.11, to repay the debts owed to the Mahachai Group and to use as working capital;

- obtaining a waiver of the outstanding interest (i.e. a haircut) on the outstanding trade debt of USD 100,839,458, or equivalent to THB 3,479,891,264.89, where the said interest amount is calculated up until August 30, 2017, which is the date of the Extraordinary General Meeting of Shareholders No. 1/2017, divided into interest as at February 28, 2017, of USD 95,377,980, or equivalent to THB 3,291,419,906.93 (the "**1st Interest Portion**"), and interest after February 28, 2017, up until August 30, 2017, which is the date of the Extraordinary General Meeting of Shareholders No. 1/2017, of USD 5,461,478, or equivalent to THB 188,471,357.96 (the "**2nd Interest Portion**"); and

- converting the principal debt of the outstanding trade debt in the amount of USD 123,899,729, or equivalent to THB 4,275,683,281.33, to equity by issuing not more than 21,801,000,000 newly issued ordinary shares of the Company, or equivalent to 76.09 percent of the total issued shares of the Company, after the debt to equity conversion[3] at the conversion price of THB 0.19613.

(Please see the details of the debt restructuring plan in 2.1 Objectives of the Issuance of the Newly Issued Ordinary Shares and Proceeds Utilization Plan.)

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 shareholding of 76.09 percent of the total issued shares[4] and thus will be required to make a tender offer for all securities of the Company (comprising the Company's ordinary shares, the GSTEL-W1 warrants, GSTEL-W2 warrants, and G-STEL-W3 warrants) as prescribed in the Securities and Exchange Act B.E. 2535 (as amended) (the "**Securities Act**") 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) (the "**Tor Chor. 12/2554 Notification**") where the SSG Group will proceed to fix the tender offer price for all such securities as provided under the Securities Act and the Tor Chor. 12/2554 Notification. The said price is the minimum price as required under the relevant laws and regulations. Nevertheless, ACO I will be required to fix the final tender offer price and tender offer date. If the Company is notified of such information, the Company will further advise the SET. Based on the calculations of the tender offer price for the GSTEL-W1 warrants and the GSTEL-W2 warrants under the relevant laws and regulations, the respective exercise price for the GSTEL-W1 warrants and the GSTEL-W2 warrants is higher than the offering price for the ordinary shares of the Company as advised above; therefore, there will be no tender offer for the GSTEL-W1 warrants and the GSTEL-W2 warrants pursuant to Clause 7(2) of the Tor Chor. 12/2554 Notification. Moreover, ACO I will make such tender offer for all securities of the Company after ACO I has completed the subscription of the newly issued ordinary shares of the Company under the debt to equity conversion scheme and the relevant terms and conditions, including the terms and conditions in 6)(1)-(9) of the Information Memorandum on the Connected Transactions of G Steel Public Company Limited (**Enclosure 3**), have been fulfilled. As such, if the existing shareholders wish to sell their shares in the Company, the may sell such shares to ACO I during the tender offer period and they may also subscribe for the newly issued

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3 The said shareholding percentage will change to 58.15 percent in case of inclusion of the newly issued ordinary shares allocated to the existing shareholders pro rata to their shareholdings (Rights Offering) and the newly issued ordinary shares allocated to accommodate the adjustment of rights for the warrants of the Company based on the assumption that the newly issued ordinary shares offered to the existing shareholders pro rata to their shareholdings (Rights Offering) are subscribed in full and the rights under the warrants are exercised in full.

4 Please see footnote 3.

ordinary shares pro rata to their shareholdings (Rights Offering) as detailed in 1.2 later on even if they may have already sold their shares to ACO I during the tender offer period.

In this regard, to protect the rights of the shareholders and to raise funds to be used as working capital for the Company, it is deemed appropriate to propose that not more than 3,425,090,482 newly issued ordinary shares of the Company, at the par value of THB 5 per share, should be allocated to the existing shareholders pro rata to their shareholdings (Rights Offering), at the ratio of 2 existing shares to 1 new share and at the offering price of THB 0.19613 per share. The Company has fixed the date to determine the names of shareholders entitled to subscribe for the newly issued ordinary shares pro rata to their shareholdings (Record Date) on September 7, 2017, and the date to collect the names of shareholders under Section 225 of the Securities Act by closing the share register book on September 8, 2017. However, the Company will offer the newly issued ordinary shares to the existing shareholders after ACO I has made a tender offer for all securities of the Company as prescribed in the Securities Act and the Tor Chor. 12/2554 Notification.

1.2 Details of the Offering

- **Allocation of the Newly Issued Ordinary Shares to the Existing Shareholders Pro Rata to Their Shareholdings (Rights Offering)**

The Company will allocate not more than 3,425,090,482 newly issued ordinary shares of the Company, at the par value of THB 5 per share, to the existing shareholders pro rata to their shareholdings (Rights Offering), at the ratio of 2 existing shares to 1 new share and at the offering price of THB 0.19613 per share. The Company has fixed the date to determine the names of shareholders entitled to subscribe for the newly issued ordinary shares pro rata to their shareholdings (Record Date) on September 7, 2017, and the date to collect the names of shareholders under Section 225 of the Securities Act by closing the share register book on September 8, 2017. However, the said right is uncertain and depends on the resolutions of the Extraordinary General Meeting of Shareholders No. 1/2017.

In the case that there are newly issued ordinary shares remaining from the first round of allocation to the existing shareholders pro rata to their shareholdings, the Company will allocate the remaining newly issued ordinary shares to the shareholders who wish to oversubscribe for the newly issued ordinary shares pro rata to their shareholdings and at the same offering price. The Company will allocate the remaining newly issued ordinary shares until there is no newly issued ordinary share remaining or until no shareholder wishes to subscribe for the newly issued ordinary shares. In case of fractional shares resulting from the allocation of newly issues ordinary shares to the existing shareholders pro rata to their shareholdings, such fractional shares will be rounded down.

However, the Company may exercise its discretion not to offer or allocate the newly issued ordinary shares of the Company to any shareholder in the event that such offering or allocation of the newly issued ordinary shares may result in (a) violation of the law or regulations in Thailand or other countries, or a violation of the Articles of Association of the Company, (b) imposition of additional obligations or undertakings of the Company apart from the relevant regulations concerning the issuance and offering of securities under Thai law, or (c) incompatibility with the measures, criteria, and conditions for the allocation of the Company. Nevertheless, the Company may also exercise its discretion to offer and allocate the said newly issued ordinary shares of the Company to certain existing shareholders who do not reside in Thailand pursuant to the exceptions under the applicable foreign law.

- **Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme**

The Company will allocate not more than 21,801,000,000 newly issued ordinary shares of the Company, at the par value of THB 5 per share, as repayment of the net trade debt of USD 123,899,729, or equivalent to THB 4,275,683,281.33, under the debt to equity conversion scheme. The Company will fix the conversion price at THB 0.19613 per share, aggregating not more than THB 4,275,830,130.00. The Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme at the offering price of THB 0.19613 per share is an offering of newly issued ordinary shares with a discount of 58.89 percent of the market price, which is more than 10 percent of the market price pursuant to the Tor Chor. 72/2558 Notification. 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 shareholding of 76.09 percent of the total issued shares of the Company (after registration of the Company's paid-up capital)[5].

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 76.09 percent of the total issued shares of the Company (after registration of the Company's paid-up capital)[6], 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 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.

(Please see the details of ACO I, SSG III, and KG in the Information Memorandum on the Connected Transactions of G Steel Public Company Limited (**Enclosure 3**).)

- **Steps, Procedure, and Method for the Allocation of the Newly Issued Ordinary Shares to the Existing Shareholders Pro Rata to Their Shareholdings (Rights Offering) and the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme**

Step 1 After the Extraordinary General Meeting of Shareholders No. 1/2017 resolves to approve the allocation of the newly issued ordinary shares to the existing shareholders pro rata to their shareholdings (Rights Offering) and the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme, the Company will fix the date for determining the names of shareholders entitled to subscribe for the newly issued ordinary shares pro rata to their shareholdings (Record Date) and collect the names of shareholders by closing the share register

5 Please see footnote 2.
6 Please see footnote 2.

book under Section 255 of the Securities Act on September 7, 2017, and September 8, 2017, respectively.

Step 2 After the date for determining the names of shareholders entitled to subscribe for the newly issued ordinary shares pro rata to their shareholdings (Record Date) and collection of the names of shareholders by closing the share register book under Section 255 of the Securities Act as stated in Step 1, 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 to ACO I where ACO I will not be entitled to subscribe for the newly issued ordinary shares pro rata to the shareholdings (Rights Offering) since such allocation will take place after the date for determining the names of shareholders entitled to subscribe for the newly issued ordinary shares pro rata to their shareholdings (Record Date) and collection of the names of shareholders by closing the share register book under Section 255 of the Securities Act.

Step 3 ACO I will proceed with its tender offer process for the purchase of all securities of the Company from every shareholder of the Company as provided under the Securities Act and the Tor Chor. 12/2554 Notification.

Step 4 After the tender offer process for the purchase of all securities of the Company as stated in Step 3 is completed, the Company will proceed with the allocation of the newly issued ordinary shares to the existing shareholders pro rata to their shareholdings (Rights Offering) in accordance with the information from the share register book as at September 8, 2017.

1.3 Method for Determination of the Offering Price and Reasonableness of the Share Price for the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme

The Company has determined the offering price of the newly issued ordinary shares of the Company at THB 0.19613 per share for not more than 21,801,000,000 newly issued ordinary shares to be issued to ACO I as repayment of the net trade debt of USD 123,899,729, or equivalent to THB 4,275,683.281.33, under the debt to equity conversion scheme. In this regard, the Company's criteria for determining the offering price are based on the negotiation and agreement between the Company and ACO I and are based on the average closing price of the Company's shares traded on the SET from May 2 to May 26, 2017 (equivalent to THB 0.3156 per share), the period when the Company and the SSG Group negotiated the terms of the MOU, after which the Company and the SSG Group executed the MOU on May 26, 2017. In determining the said offering price or conversion price, the offering price was lowered because of the partial trade debt reduction (i.e. a haircut) by waiver of the 1st Interest Portion of USD 95,377,980, or equivalent to THB 3,291,419,906.93 to the Company. (In addition, ACO I will waive the 2nd Interest Portion of USD 5,461,478, or equivalent to THB 188,471,357.96, in favor of the Company; however, in the event that the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme is not approved by the shareholders' meeting of the Company, the Company will still owe an outstanding debt of USD 242,534,385, or equivalent to THB 8,369,672,988.50, as detailed in 2.3.2, which includes the said 1st Interest Portion and 2nd Interest Portion.)

In the case that the conversion price is lower than 90 percent of the market price during the period of 7-15 business days prior to the date of the debt to equity conversion, ACO I will not sell the newly issued ordinary shares within 1 year from the date on which the newly issued ordinary shares of the Company are first traded on the SET (Silent Period). Nonetheless, ACO I may sell not more than 25 percent of the said lock-up newly issued ordinary shares after the newly issued ordinary shares of the Company have been traded on the SET for 6 months.

1.4 Determination of the Market Price for the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme

Market price means the weighted average price of the Company's ordinary shares traded on the SET for 7 consecutive business days prior to the date on which the Board of Directors resolved to propose the said offering for approval by the Extraordinary General Meeting of Shareholders No. 1/2017, i.e. from July 4, 2017 to July 13, 2017, which equals to THB 0.4771 per share according to the information from SETSMART (www.setsmart.com) of the SET.

2. Objectives of the Issuance of the Newly Issued Ordinary Shares, Proceeds Utilization Plan and Details of the Project

2.1 Objectives of the Issuance of the Newly Issued Ordinary Shares and Proceeds Utilization Plan

As already mentioned in 1.1 on the necessity and details of the transaction, despite receiving assistance from the Mahachai Group in terms of working capital for its operation in the past, the Company is still unable to secure adequate funding to repay a large amount of outstanding trade debt, hence the Company's decision to engage in the debt restructuring with the SSG Group.

Under the MOU, which was executed on May 26, 2017, the SSG Group has the following plans for the debt restructuring of the Company:

1. ACO I purchased the debt from 7 previous trade creditors of the Company. In this regard, on March 15, 2017, the Company received a letter from ACO I to confirm the amount of transferred debt as at February 28, 2017, of USD 226,331,648, or equivalent to THB 7,810,529,136.75 (divided into principal of USD 127,885,456, or equivalent to THB 4,413,227,620.09, and interest of USD 98,446,192, or equivalent to THB 3,397,301,516.66) (the "**Trade Debt**").

2. After the purchase of the Trade Debt in 1., the Company entered into a credit agreement dated May 12, 2017 (the "**Credit Agreement**") with the loan amount of USD 41,000,000, or equivalent to THB 1,414,878,111.11, with Link Capital I, where the Company will utilize USD 7,053,938, or equivalent to THB 243,425,913.98, for the partial repayment of the Trade Debt to ACO I (divided into principal of USD 3,985,727, or equivalent to THB 137,544,338.76, and interest of USD 3,068,212, or equivalent to THB 105,881,609.73) (the "**Partial Repayment**") and the Company will utilize the remaining loan after the Partial Repayment to repay its other creditors and as working capital for its business operation. (Please see the details of the repayment to the other creditors in 2.1.2 of the Information Memorandum on the Connected Transactions of G Steel Public Company Limited (**Enclosure 3**).)

Remark The Company has not drawn any loan under the Credit Agreement since the provision of loans under the said Credit Agreement is subject to various conditions precedent as provided in 6) of the Information Memorandum on the Connected Transactions of G Steel Public Company Limited (**Enclosure 3**), e.g. the Company must obtain approval from its Board of Directors' meeting and shareholders' meeting for entry into the Credit Agreement.

3. After the Partial Repayment, the Company's outstanding debt owed to ACO I will be USD 219,277,709, or equivalent to THB 7,567,103,188.26 (divided into principal of USD 123,899,729, or equivalent to THB 4,275,683,281.33, and the 1st Interest Portion of USD 95,377,980, or equivalent to THB 3,291,419,906.93) (the "**Pre-Debt to Equity Conversion Debt**").

4. ACO I agreed to reduce a part of the outstanding Trade Debt (i.e. a haircut) by waiver of the 1st Interest Portion of USD 95,377,980, or equivalent to THB 3,291,419,906.93[7]. As a result, the Company will not have any outstanding interest in the Pre-Debt to Equity Conversion Debt 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.

5. After the Partial Repayment in 2. and the Trade Debt reduction in 4., the Company's net outstanding debt before the debt to equity conversion is in the amount of USD 123,899,729, or equivalent to THB 4,275,683,281.33 (such amount is entirely principal) (the "**Net Trade Debt**").

6. Under the said MOU, the Company wishes to repay the Net Trade Debt of USD 123,899,729, or equivalent to THB 4,275,683,281.33, by way of the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme.

Under the debt restructuring plan of the Company, as well as the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme, the Company will be able to clear a total debt of USD 219,277,709 (divided into the Net Trade Debt to be converted into equity of USD 123,899,729 and the 1st Interest Portion to be waived of USD 95,377,980), or equivalent to THB 7,567,103,188.26. Furthermore, the Company will also obtain a waiver of the 2nd Interest Portion of USD 5,461,478, or equivalent to THB 188,471,357.96. By obtaining a waiver of the 1st Interest Portion and 2nd Interest Portion, the Company will be able to clear the relevant outstanding withholding tax of USD 17,795,198, or equivalent to THB 614,098,442.27, which the Company has to pay on behalf of the creditors[8]. In addition, 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

[7] The said interest amount is calculated up until February 28, 2017. However, the waiver of interest under the debt restructuring plan includes the interest after February 28, 2017 up until August 30, 2017, the date of the Extraordinary General Meeting of Shareholders No. 1/2017, in the sum of USD 5,461,478, or equivalent to THB 188,471,357.96.

[8] 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.

continuous operation in the future. The transactions will also help the Company to repay its debts owed to the Mahachai Group.

(For details of the readily available funds, expertise in various industries, readiness to offer funding to support the Company's continuous operation in the future, and the repayment of debts owed to the Mahachai Group, please see 4.2 Rationale and Necessity of the Offering of the Newly Issued Ordinary Shares to ACO I.)

It should be noted that other fund-raising methods may cause a delay to the Company and/or the Company may not get sufficient funding, which will affect the Company's business plan and financial status. An allocation and offering of newly issued ordinary shares to investors (Public Offering) is lengthy, which may cause a delay to the Company and might not provide the Company with needed funding in a timely manner. In addition, an issue and offering of newly issued shares to the existing shareholder (Rights Offering) also has restrictions on the uncertainty of the funding to be raised as the Company might not receive full support from the existing shareholders in the subscription of the Company's newly issued ordinary shares or the existing shareholders may not be interested in subscribing for the Company's newly issued ordinary shares since the Company's operating results are still subpar due to economic stagnation. Also, the amount of capital to be raised in the present capital increase is considerably high and it is likely that the existing shareholders may not exercise their rights in full, which will result in the Company being unable to obtain enough funding as expected.

The objectives of the issuance of the newly issued ordinary shares to the existing shareholders pro rata to their shareholdings (Rights Offering) are to utilize the proceeds as future working capital of the Company and to protect the shareholders whose rights will be diluted by the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme.

2.2 Details of the Project of the Company and/or its Subsidiaries in Which the Proceeds from the Capital Increase Will Be Utilized

Under the debt restructuring plan of the Company, as well as the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme, the Company will be able to clear a total debt of USD 242,534,385 (divided into the Net Trade Debt to be converted into equity of USD 123,899,729, the waived 1st Interest Portion and 2nd Interest Portion, aggregating USD 100,839,458, and the relevant outstanding withholding tax of USD 17,795,198), or equivalent to THB 8,369,672,988.50.

(Please see the details in the Debt to Equity Conversion Scheme of G Steel Public Company Limited (**Enclosure 1**).)

Moreover, the proceeds from the allocation of the newly issued ordinary shares to the existing shareholders pro rata to their shareholdings (Rights Offering) will be utilized as additional cash flow, working capital, and operating reserves, as well as for future expansion of the Company's business.

2.3 Opportunity to Generate Revenue for the Company, Expected Effects in the Case of Project Failure, and Risks from the Project Implementation

2.3.1 Opportunity to Generate Revenue for the Company

In the case that the implementation of the debt restructuring plan of the Company, as well as the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme, is successful, the Company will be able to clear a total debt of USD 242,534,385, or equivalent to THB 8,369,672,988.50, as detailed in 2.2 and the Company will be able to access a large amount of funding quickly and improve the equity structure of the Company by reducing liabilities and increasing equity. The debt to equity ratio as calculated based on the separate financial statements of the Company as at March 31, 2017, will be reduced from 12.44 to 1.01 (and, if calculated based on the consolidated financial statements of the Company, from 1.58 to 0.57).

In addition, under the debt restructuring plan of the Company, Link Capital I, a juristic person under the control of SSG CH, SSG III, and KG, will provide financial assistance to the Company under the Credit Agreement in the amount of USD 41,000,000, or equivalent to THB 1,414,878,111.11, with a loan period of 5 years[9] (the "**Financial Assistance**"). Under the Credit Agreement, the Company is entitled to draw 3 portions of the loan as follows:

1. The first portion of the loan is in the amount of USD 9,000,000, or equivalent to THB 310,583,000 (the "**1st Loan Portion**"). The Company will be able to use the 1st Loan Portion for the purpose of the Partial Repayment to ACO I as detailed in 2.1 above. The Company will proceed to draw the 1st Loan Portion as soon as the shareholders' meeting approves the Financial Assistance. Nevertheless, the utilization of the 1st Loan Portion is subject to certain conditions precedent, i.e. the loan under the Credit Agreement must be approved by the Board of Directors' meeting and the shareholders' meeting of the Company and Link Capital I must be satisfied with the result of the due diligence.

   Regarding the second portion of the loan and the third portion of the loan, which are the remaining loan portions from the 1st Loan Portion, the Company may only utilize such loan portions for the following purposes and as specified in the Credit Agreement.

2. The second portion of the loan is in the amount of USD 14,070,000, or equivalent to THB 485,544,756.67 (the "**2nd Loan Portion**"), where the Company shall be entitled to utilize the 2nd Loan Portion as capital expenditure, for business operation, as working capital, and for other debt repayments arising from the Company's business operation.

3. The third portion of the loan (the remaining portion from the first and second portions) (the "**3rd Loan Portion**"), which the Company must utilize for the repayment of debts owed to the Mahachai Group.

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[9] 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 1st 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 1st Loan Portion.

In providing the Financial Assistance to the Company, Link Capital I will receive the following interest and/or benefits as consideration in accordance with the Credit Agreement:

(1) Interest at the rate of 12 percent per annum, aggregating USD 24,600,000, or equivalent to THB 848,926,866.67. 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 820,000, or equivalent to THB 28,297,562.22 (2 percent of the USD 41,000,000 loan).

(3) Collaterals, e.g. land, buildings, and machinery, aggregating approximately THB 9,900,145,322 from the book value as at May 31, 2017, and the assignment of beneficiary's rights under insurance policies, aggregating approximately THB 12,222,665,633 (the mortgage limit is approximately not more than THB 2,500,000,000).

In the case of prepayment, the Company will not be charged any prepayment fee from the second year onwards.

(Please see the details of the Financial Assistance from Link Capital I in the Information Memorandum on the Connected Transactions of G Steel Public Company Limited (**Enclosure 3**).)

Furthermore, in considering and approving the said 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 from the Mahachai Group, and found that the terms under the Credit Agreement are reasonable and are not less favorable than 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).

Therefore, the Company is confident that, after clearing the total debt of USD 242,534,385, or equivalent to THB 8,369,672,988.50, as detailed in 2.2 and receiving financial assistance from Link Capital I under the Credit Agreement, including clearing its other debts as mentioned above, the Company will have adequate funding for its business operation and be able to resume its normal business operation and it is expected that the foregoing will enable the Company to generate revenues and profits in the future, as well as creating more opportunities for the Company to secure additional financing from financial institutions in the future.

Moreover, the SSG Group, which will become a majority shareholder of the Company, consists of investment funds and has an expertise in managing and solving corporate financial crises in the past. Additionally, once the SSG Group becomes a majority shareholder of the Company, 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 under the debt restructuring plan of the Company and the conditions under the Credit Agreement, the Company must hire Synergy as its business and management advisor as detailed in 1.1.

2.3.2 Expected Effects in the Case of Project Failure and Risks from the Project Implementation

Nevertheless, in the event that the implementation of the debt restructuring plan of the Company and the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme fails, the Company will face the following effects or risks:

- The Company may need to find a new group of investors to help solve the Company's financial status.

- The Company may have liquidity problems, and, given the Company's limitations on its high debt to equity ratio, the Company will not be unable to secure financing from financial institutions or commercial banks.

- The Company will have financial risks and have the possibility to default on a large amount of debt in the future, which will have a further material impact on the shareholders' equity and the Company's financial status and future business operation.

- The Company will still owe an outstanding debt of USD 242,534,385, or equivalent to THB 8,369,672,988.50, as detailed in 2.2 to ACO I, and if ACO I, as a creditor who was assigned the rights of other 6 creditors (excluding Cargill), decides to commence a legal action to seek repayment of such debt, the Company will face a serious financial problem since the Company has no cash flow or any other source of financing to accommodate such repayment.

  As for the debt Cargill transferred to ACO I, if the implementation of the debt restructuring of the Company and the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme fails, ACO I will be able to seize the Company's assets and auction off the same to repay its debt at once since Cargill already commenced a legal action to enforce on such debt and the trial court already ruled in favor of Cargill, and the Company has no cash flow or any other source of financing to accommodate such repayment.

- Following the disposition of the Company's 100,000,000 ordinary shares in GJS during the period between late June 2017 and early July 2017 prior to the date of the Board of Directors' meeting on July 14, 2017, which was because the Company was in need of funds from such disposition of shares aggregating approximately THB 54 million to repay due debts owed to financial institutions and trade creditors since it did not have sufficient fund for such debt repayment and it was facing liquidity problems, the Company will be affected by a dilution in its shareholding in GJS, from its previous shareholding of 25.91 percent of the total issued shares to 24.96 percent of the total issued shares[10]. In case all shareholders with an aggregate shareholding of 100 percent of the total issued shares attend a shareholders' meeting, the Company will not be able

[10] Information as shown on the share register of the Company as at the book closing date on July 11, 2017.

to object to certain resolutions which requires a three-fourths (or 75 percent) vote of the shareholders attending the meeting and having the right to vote. However, the Company will still have control over GJS and GJS will still remain the Company's subsidiary since the Company's representative will still hold the majority of the board seat. Moreover, if the Company acquires additional shares in GJS in the future until it reaches a trigger point to make a tender offer for all securities in GJS, the Company will be required to make a tender offer for all securities in GJS as required under the Securities Act and the Tor Chor. 12/2554 Notification.

- The Company will not be able to allocate not more than 3,425,090,482 newly issued ordinary shares of the Company to the existing shareholders pro rata to their shareholdings (Rights Offering) as detailed in 1.2.

- The Company will be required to make a full repayment of the utilized loan amount within the last day of the 15-month period following the utilization of the 1st Loan Portion pursuant to the terms of the Financial Assistance from Link Capital I under the Credit Agreement as detailed in 2.3.1.

2.4 Total Initial Estimated Budget and Total Estimated Budget to Be Used in the Project to Generate Revenues for the Company

In the case that the implementation of the debt restructuring plan of the Company, as well as the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme, is successful, the Company will be able to clear a total debt of USD 242,534,385, or equivalent to THB 8,369,672,988.50, as detailed in 2.2.

Furthermore, under the debt restructuring plan of the Company and the terms under the Credit Agreement, Link Capital, a juristic person under the control of SSG CH, SSG III, and KG, will provide the Financial Assistance to the Company under the Credit Agreement with the amount of USD 41,000,000, or equivalent to THB 1,414,878,111.11. (Please see the details of the Credit Agreement in 2.3.1 and the Information Memorandum on the Connected Transactions of G Steel Public Company Limited (**Enclosure 3**).)

However, under the debt restructuring plan of the Company and the conditions under the Credit Agreement, the Company must hire Synergy as its business and management advisor as detailed in 1.1. In this regard, the Company will incur a total yearly expense of not more than USD 575,000.04, or equivalent to THB 19,842,804.16, divided into a monthly management fee of USD 41.666.67, or equivalent to THB 1,437,884.37, and reimbursement of other expenses arising from the management of not more than USD 75,000, or equivalent to THB 2,588,191.67, per year, under a business advisory and review agreement dated May 12, 2017, where such agreement will be terminated only if Link Capital I has given consent to the Company to terminate the said agreement or the Company has fully repaid the debt under the Credit Agreement.

3. Information on the Effects Which May Occur from the Capital Increase or Allocation of the Newly Issued Shares to the Specific Investor (Private Placement)

The Company's offering of shares as described above will affect the shareholders as follows:

3.1 The allocation of the newly issued ordinary shares to the existing shareholders pro rata to their shareholdings (Rights Offering) will not affect the shareholders on the date of issuance of such newly issued ordinary shares.

3.2 The effects that may occur from the capital increase or allocation of the newly issued ordinary shares to the specific investor (Private Placement).

The effects that may occur from the capital increase or allocation of the newly issued ordinary shares to the specific investor (Private Placement) can be analyzed into 3 scenarios as follows:

3.2.1 Analysis on the Effects Which May Occur from the Issuance of the Newly Issued Ordinary Shares under the Debt to Equity Conversion Scheme to the Specific Investor (Private Placement)

Control Dilution

The dilution effect on the shareholding ratio (control dilution) can be calculated as follows:

Control Dilution = QePP / (Qo + QePP)

Where Qo = the number of the issued and paid-up ordinary shares, i.e. 6,850,180,964 shares

QePP = the number of the newly issued shares resulting from the debt to equity conversion, i.e. 21,800,233,257 shares

Control Dilution = 21,800,233,257 / (6,850,180,964 + 21,800,233,257)

= 76.09 percent

Price Dilution

The dilution effect on the market price of the shares (price dilution) can be calculated as follows:

Price Dilution = (Po – PE) / Po

Where PE = ((Po*Qo) + (PePP*QePP)) / (Qo + QePP)

Po = the market price calculated based on the average closing price for 7 consecutive business days prior to the date on which the Board of Directors approved the offering of the newly issued ordinary shares under the debt to equity conversion scheme, i.e. from July 4, 2017 to July 13, 2017, = THB 0.4771

PePP = the new share price from the debt to equity conversion = THB 0.19613 per share

	Qo	= the number of the issued and paid-up ordinary shares, i.e. 6,850,180,964 shares
	QePP	= the number of the newly issued shares resulting from the debt to equity conversion, i.e. 21,800,233,257 shares
Therefore	PE	= (0.4771*6,850,180,964) + (0.19613*21,800,233,257) / (6,850,180,964+21,800,233,257)
		= 0.2633
Price Dilution		= (0.4771 – 0.2633) / 0.4771
		= 44.81 percent

Earnings per Share Dilution

The dilution effect on the earnings per share (earnings per share dilution) can be calculated as follows:

EPS Dilution		= ((NI / Qo) – (NI / Qo + QePP)) / (NI / Qo)
Where	NI	= the net profit for the period from April 1, 2016, to March 31, 2017, i.e. THB 856,096,084
	Qo	= the number of the issued and paid-up ordinary shares, i.e. 6,850,180,964 shares
	QePP	= the number of the newly issued shares resulting from the debt to equity conversion, i.e. 21,800,233,257 shares

EPS Dilution = ((856,096,084/6,850,180,964) – (856,096,084/6,850,180,964 +21,800,233,257)) / (856,096,084/6,850,180,964)

= 76.09 percent

3.2.2 Analysis on the Effects Which May Occur from the Issuance of the Newly Issued Ordinary Shares under the Debt to Equity Conversion Scheme to the Specific Investor (Private Placement) and the Exercise of Warrants[11]

Control Dilution

The dilution effect on the shareholding ratio (control dilution) can be calculated as follows:

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11 The warrants of the Company include the warrants to purchase the newly issues ordinary shares of the Company No. 1 (GSTEL-W1); the warrants to purchase the newly issues ordinary shares of the Company No. 2 (GSTEL-W2); and the warrants to purchase the newly issues ordinary shares of the Company No. 3 (GSTEL-W3), which remained outstanding at 1,135,237,165 units for GSTEL-W1; 269,730,617 units for GSTEL-W2; and 1,500,000,000 units for GSTEL-W3 as at June 30, 2017, which is the latest warrants exercise date.

$$\text{Control Dilution} = \frac{(QePP + QeW1 + QeW2 + QeW3)}{(Qo + QePP + QeW1 + QeW2 + QeW3)}$$

Where PP = the newly issued ordinary shares under the debt to equity conversion scheme offered to the specific investor (Private Placement)

Qo = the number of the issued and paid-up ordinary shares, i.e. 6,850,180,964 shares

QePP = the number of the newly issued shares resulting from the debt to equity conversion, i.e. 21,800,233,257 shares

QeW1 = the number of the shares to accommodate the exercise of the warrants no. 1, i.e. 2,057,008,912 shares (after the adjustment of PP rights)

QeW2 = the number of the shares to accommodate the exercise of the warrants no. 2, i.e. 488,742,177 shares (after the adjustment of PP rights)

QeW3 = the number of the shares to accommodate the exercise of the warrants no. 3, i.e. 2,717,946,050 shares (after the adjustment of PP rights)

$$\text{Control Dilution} = \frac{(21{,}800{,}233{,}257 + 2{,}057{,}008{,}912 + 488{,}742{,}177 + 2{,}717{,}946{,}050)}{(6{,}850{,}180{,}964 + 21{,}800{,}233{,}257 + 2{,}057{,}008{,}912 + 488{,}742{,}177 + 2{,}717{,}946{,}050)}$$

= 79.80 percent

Price Dilution

The dilution effect on the market price of the shares (price dilution) can be calculated as follows:

$$\text{Price Dilution} = (Po - PE) / Po$$

Where PE $= \frac{((Po*Qo)+(PePP*QePP)+(PeW1*QeW1)+(PeW2*QeW2)+(PeW3*QeW3))}{(Qo + QePP + QeW1 + QeW2 + QeW3)}$

Po = the market price calculated based on the average closing price for 7 consecutive business days prior to the date on which the Board of Directors approved the offering of the newly issued ordinary shares under the debt to equity conversion scheme, i.e. from July 4, 2017 to July 13, 2017, = THB 0.4771

PP = the newly issued ordinary shares under the debt to equity conversion scheme offered to the specific investor (Private Placement)

Qo = the number of the issued and paid-up ordinary shares, i.e. 6,850,180,964 shares

PePP = the new share price from the debt to equity conversion = THB 0.19613 per share

PeW1 = the exercise price of warrants no. 1 = THB 1.52 per share (after the adjustment of PP rights)

PeW2 = the exercise price of warrants no. 2 = THB 1.52 per share (after the adjustment of PP rights)

PeW3 = the exercise price of warrants no. 3 = THB 1.19 per share (after the adjustment of PP rights)

Qo = the number of the issued and paid-up ordinary shares, i.e. 6,850,180,964 shares

QePP = the number of the newly issued shares resulting from the debt to equity conversion, i.e. 21,800,233,257 shares

QeW1 = the number of the shares to accommodate the exercise of the warrants no. 1, i.e. 2,057,008,912 shares (after the adjustment of PP rights)

QeW2 = the number of the shares to accommodate the exercise of the warrants no. 2, i.e. 488,742,177 shares (after the adjustment of PP rights)

QeW3 = the number of the shares to accommodate the exercise of the warrants no. 3, i.e. 2,717,946,050 shares (after the adjustment of PP rights)

Therefore PE =

$$\frac{(0.4771*6,850,180,964) + (0.19613*21,800,233,257) + (1.52*2,057,008,912) + (1.52*488,742,177) + (1.19*2,717,946,050)}{(6,850,180,964 + 21,800,233,257 + 2,057,008,912 + 488,742,177 + 2,717,946,050)}$$

= 0.4315

Price Dilution = (0.4771 – 0.4315) / 0.4771

= 9.57 percent

The exercise prices of warrants and the number of the shares to accommodate such warrants will be based on the post-adjustment exercise prices and exercise ratios.

Earnings per Share Dilution

The dilution effect on the earnings per share (earnings per share dilution) can be calculated as follows:

$$\text{EPS Dilution} = \frac{((NI / Qo) - (NI / Qo + QePP + QeW1 + QeW2 + QeW3))}{(NI / Qo)}$$

Where NI = the net profit for the period from April 1, 2016, to March 31, 2017, i.e. THB 856,096,084

Qo = the number of the issued and paid-up ordinary shares, i.e. 6,850,180,964 shares

PP = the newly issued ordinary shares under the debt to equity conversion scheme offered to the specific investor (Private Placement)

QePP = the number of the newly issued shares resulting from the debt to equity conversion, i.e. 21,800,233,257 shares

QeW1 = the number of the shares to accommodate the exercise of the warrants no. 1, i.e. 2,057,008,912 shares (after the adjustment of PP rights)

QeW2 = the number of the shares to accommodate the exercise of the warrants no. 2, i.e. 488,742,177 shares (after the adjustment of PP rights)

QeW3 = the number of the shares to accommodate the exercise of the warrants no. 3, i.e. 2,717,946,050 shares (after the adjustment of PP rights)

$$\text{EPS Dilution} = \frac{((856{,}096{,}084 / 6{,}850{,}180{,}964) - (856{,}096{,}084 / 6{,}850{,}180{,}964 + 21{,}800{,}233{,}257 + 2{,}057{,}008{,}912 + 488{,}742{,}177 + 2{,}717{,}946{,}050))}{(856{,}096{,}084 / 6{,}850{,}180{,}964)}$$

$$= 79.80 \text{ percent}$$

3.2.3 Analysis on the Effects Which May Occur from the Issuance of the Newly Issued Ordinary Shares under the Debt to Equity Conversion Scheme to the Specific Investor (Private Placement), the Exercise of Warrants, and the Allocation of Shares to the Existing Shareholders Pro Rata to Their Shareholdings (Rights Offering)

Control Dilution

The dilution effect on the shareholding ratio (control dilution) can be calculated as follows:

Control Dilution = $\dfrac{(QePP + QeW1 + QeW2 + QeW3 + QeRO)}{(Qo + QePP + QeW1 + QeW2 + QeW3 + QeRO)}$

Where Qo = the number of the issued and paid-up ordinary shares, i.e. 6,850,180,964 shares

PP = the newly issued ordinary shares under the debt to equity conversion scheme offered to the specific investor (Private Placement)

RO = the newly issued ordinary shares offered to the existing shareholders pro rata to their shareholdings (Rights Offering)

QePP = the number of the newly issued shares resulting from the debt to equity conversion, i.e. 21,800,233,257 shares

QeW1 = the number of the shares to accommodate the exercise of the warrants no. 1, i.e. 2,114,620,342 shares (after the adjustment of PP and RO rights)

QeW2 = the number of the shares to accommodate the exercise of the warrants no. 2, i.e. 502,430,565 shares (after the adjustment of PP and RO rights)

QeW3 = the number of the shares to accommodate the exercise of the warrants no. 3, i.e. 2,794,068,597 shares (after the adjustment of PP and RO rights)

QeRO = the number of the newly issued shares resulting from the allocation to the existing shareholders pro rata to their shareholdings (Rights Offering), i.e. 3,425,090,482 shares

Control Dilution = $\dfrac{(21{,}800{,}233{,}257 + 2{,}114{,}620{,}342 + 502{,}430{,}565 + 2{,}794{,}068{,}597 + 3{,}425{,}090{,}482)}{(6{,}850{,}180{,}964 + 21{,}800{,}233{,}257 + 2{,}114{,}620{,}342 + 502{,}430{,}565 + 2{,}794{,}068{,}597 + 3{,}425{,}090{,}482)}$

= 81.73 percent

Price Dilution

The dilution effect on the market price of the shares (price dilution) can be calculated as follows:

Price Dilution = (Po – PE) / Po

Where PE = $\frac{((Po*Qo) + (PePP*QePP) + (PeW1*QeW1) + (PeW2*QeW2) + (PeW3*QeW3) + (PeRO*QeRO))}{(Qo + QePP + QeW1 + QeW2 + QeW3 + QeRO)}$

Po = the market price calculated based on the average closing price for 7 consecutive business days prior to the date on which the Board of Directors approved the offering of the newly issued ordinary shares under the debt to equity conversion scheme, i.e. from July 4, 2017 to July 13, 2017, = THB 0.4771

PP = the newly issued ordinary shares under the debt to equity conversion scheme offered to the specific investor (Private Placement)

RO = the newly issued ordinary shares offered to the existing shareholders pro rata to their shareholdings (Rights Offering)

PePP = the new share price from the debt to equity conversion = THB 0.19613 per share

PeW1 = the exercise price of warrants no. 1 = THB 1.48 per share (after the adjustment of PP rights)

PeW2 = the exercise price of warrants no. 2 = THB 1.48 per share (after the adjustment of PP rights)

PeW3 = the exercise price of warrants no. 3 = THB 1.15 per share (after the adjustment of PP rights)

PeRO = the new share price for the shares allocated to the existing shareholders pro rata to their shareholdings (Rights Offering) = THB 0.19613 per share

Qo = the number of the issued and paid-up ordinary shares, i.e. 6,850,180,964 shares

QePP = the number of the newly issued shares resulting from the debt to equity conversion, i.e. 21,800,233,257 shares

QeW1 = the number of the shares to accommodate the exercise of the warrants no. 1, i.e. 2,114,620,342 shares (after the adjustment of PP and RO rights)

QeW2 = the number of the shares to accommodate the exercise of the warrants no. 2, i.e. 502,430,565 shares (after the adjustment of PP and RO rights)

QeW3 = the number of the shares to accommodate the exercise of the warrants no. 3, i.e. 2,794,068,597 shares (after the adjustment of PP and RO rights)

QeRO = the number of the newly issued shares resulting from the allocation to the existing shareholders pro rata to their shareholdings (Rights Offering), i.e. 3,425,090,482 shares

Therefore PE

$$= \frac{((0.4771*6,850,180,964) + (0.19613*21,800,233,257) + (1.48*2,114,620,342) + (1.48*502,430,565) + (1.15*2,794,068,597) + (0.19613*3,425,090,482))}{(6,850,180,964 + 21,800,233,257 + 2,114,620,342 + 502,430,565 + 2,794,068,597 + 3,425,090,482)}$$

$= 0.4083$

Price Dilution $= (0.4771 - 0.4083) / 0.4771$

$= 14.43$ percent

Earnings per Share Dilution

The dilution effect on the earnings per share (earnings per share dilution) can be calculated as follows:

$$\text{EPS Dilution} = \frac{((NI / Qo) - (NI / Qo + QePP + QeW1 + QeW2 + QeW3 + QeRO))}{(NI / Qo)}$$

Where NI = the net profit for the period from April 1, 2016, to March 31, 2017, i.e. THB 856,096,084

Qo = the number of the issued and paid-up ordinary shares, i.e. 6,850,180,964 shares

PP = the newly issued ordinary shares under the debt to equity conversion scheme offered to the specific investor (Private Placement)

RO = the newly issued ordinary shares offered to the existing shareholders pro rata to their shareholdings (Rights Offering)

QePP = the number of the newly issued shares resulting from the debt to equity conversion, i.e. 21,800,233,257 shares

QeW1 = the number of the shares to accommodate the exercise of the warrants no. 1, i.e. 2,114,620,342 shares (after the adjustment of PP and RO rights)

QeW2 = the number of the shares to accommodate the exercise of the warrants no. 2, i.e. 502,430,565 shares (after the adjustment of PP and RO rights)

QeW3 = the number of the shares to accommodate the exercise of the warrants no. 3, i.e. 2,794,068,597 shares (after the adjustment of PP and RO rights)

QeRO = the number of the newly issued shares resulting from the allocation to the existing shareholders pro rata to their shareholdings (Rights Offering), i.e. 3,425,090,482 shares

$$\text{EPS Dilution} = \frac{((856{,}096{,}084 / 6{,}850{,}180{,}964) - (856{,}096{,}084 / 6{,}850{,}180{,}964 + 21{,}800{,}233{,}257 + 2{,}114{,}620{,}342 + 502{,}430{,}565 + 2{,}794{,}068{,}597 + 3{,}425{,}090{,}482))}{(856{,}096{,}084 / 6{,}850{,}180{,}964)}$$

= 81.73 percent

In this regard, after taking into consideration a comparison between the benefits that the shareholders will gain from the implementation of the debt restructuring plan of the Company, as well as the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme, and the effects on the profit sharing, the voting rights of the shareholders, or the earnings per share as described above, the Board of Directors views that the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme is more beneficial to the shareholders than the effects on the price dilution or voting rights of the shareholders for the following reasons:

- The Company will be able to clear a total debt of USD 242,534,385, or equivalent to THB 8,369,672,988.50, as detailed in 2.2 (Please see the details in the Debt to Equity Conversion Scheme of G Steel Public Company Limited (**Enclosure 1**).), which will help improve the equity structure of the Company by reducing liabilities and increasing equity. The debt to equity ratio as calculated based on the separate financial statements of the Company as at March 31, 2017, will be reduced from 12.44 to 1.01 (and, if calculated based on the consolidated financial statements of the Company, from 1.58 to 0.57).

- The Company will have the SSG Group as a majority shareholder. The SSG Group consists of investment funds and has an expertise in managing and solving corporate financial crises in the past. Additionally, once the SSG Group becomes a majority shareholder of the Company, 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 under the debt restructuring plan of the Company and the conditions under the Credit Agreement, the Company must hire Synergy as its business and management advisor as detailed in 1.1.

- 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 debt restructuring plan, receive the Financial Assistance from Link Capital I under the Credit Agreement, with the loan amount of USD 41,000,000, or equivalent to THB 1,414,878,111.11. Nevertheless, the said loan will result in the Company's debt to equity ratio of 1.01 after the debt to equity conversion as calculated based on the separate financial statements of the Company being slightly increased to 1.06 (and, if calculated based on the consolidated financial statements, from 0.57 to 0.58).

  (Please see the details of the Financial Assistance from Link Capital I in 2.3.1 above, and in the Information Memorandum on the Connected Transactions of G Steel Public Company Limited (**Enclosure 3**).)

- However, even though the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme will result in an accounting loss of THB 6,125.21 million from the recognition of the difference between the fair value and the offering price of the newly issued ordinary shares as an expense from the debt restructuring in accordance with the applicable Thai accounting standard, which may further result in a higher net loss in the comprehensive income statement, the Company is still confident that the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme will be beneficial to the Company since the Company will clear the total debt of USD 242,534,385, or equivalent to THB 8,369,672,988.50, as detailed in 2.2 all at once, resulting in the Company having a better equity structure by reducing liabilities and increasing equity. The debt to equity ratio as calculated based on the separate financial statements of the Company as at March 31, 2017, will be reduced from 12.44 to 1.01 (according to the separate financial statements of the Company as at March 31, 2017, the outstanding interest and the relevant outstanding withholding tax are USD 99,371,360 and USD 17,536,122, respectively, and, if calculated based on the consolidated financial statements of the Company, the said ratio will be reduced from 1.58 to 0.57). Additionally, the Company will receive additional working capital from the 2nd Loan Portion of USD 14,070,000, or equivalent to THB 485,544,756.67, to be utilized in the situation where the Company is unable to secure financing from any other financial institutions. In this regard, the Company will have a team of experts in the steel industry at the international level from Synergy to help increase the production capacity of the Company to be more efficient, as well as seeking new distribution channels, which will strengthen the financial status and business operation in the future. Therefore, the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme will be beneficial to the Company in the long run.

4. Opinion of the Board of Directors on the Matters under the Capital Market Supervisory Board No. Tor Chor. 73/2558 Re: List of Information in the Notice of the Shareholders' Meeting of a Listed Company for Seeking Approval of the Issuance and Offering of Securities

4.1 Background on the Determination of the Offering Price and Reasonableness of the Offering Price of the Newly Issued Ordinary Shares to be Offered to ACO I

The background on the determination of the offering price for the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme at THB 0.19613 per share is as a result of the negotiation and agreement between the Company and ACO I as detailed in 1.3. The Board of Directors views that the offering of the newly issued ordinary shares of the Company with a discount of the market price is reasonable and beneficial to the Company and its shareholders even though the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme will result in an accounting loss of THB 6,125.21 million from the recognition of the difference between the fair value and the offering price of the newly issued ordinary shares as an expense from the debt restructuring in accordance with the applicable Thai accounting standard. As a result, the Company may have higher net accounting loss in the consolidated statements.

As a result of the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme, the Company will be able to clear a total debt of USD 242,534,385, or equivalent to THB 8,369,672,988.50, as detailed in 2.2, receive the Financial Assistance from Link Capital I under the said Credit Agreement as detailed in 2.3.1, and clear its other debts as mentioned above, which will enable the Company to have adequate funding for its business operation and be able to resume its normal business operation and it is expected that the foregoing will enable the Company to generate revenues and profits in the future, as well as creating more opportunities for the Company to secure additional financing from financial institutions in the future.

Moreover, the SSG Group, which will become a majority shareholder of the Company, consists of investment funds and has an expertise in managing and solving corporate financial crises in the past. Additionally, once the SSG Group becomes a majority shareholder of the Company, 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 under the debt restructuring plan of the Company and the conditions under the Credit Agreement, the Company must hire Synergy as its business and management advisor as detailed in 1.1.

The determination of the offering price for the allocation and offering of the newly issued ordinary shares of the Company to ACO I at THB 0.19613 per share is an offering of the newly issued ordinary shares of the Company to a specific investor (Private Placement) at an offering price with a discount of more than 10 percent of the market price, or equivalent to 58.89 percent discount of the market price. Please see 1.4 for details on the market price.

4.2 Rationale and Necessity of the Offering to ACO I

Given the Company's necessities and the potentials of the SSG Group as detailed in 1.1, the Board of Directors has considered allocating and offering the newly issued ordinary shares of the Company under the debt to equity conversion scheme to ACO I. 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 242,534,385, or equivalent to THB 8,369,672,988.50, as detailed in 2.2;
- have ACO I, a company in the SSG Group, who is a capable investor having readily available funds as well as expertise in various industries and is adept at solving financial problems, as a majority shareholder;
- have Synergy, a company having a team of experts with experience and reputation in managing companies in the steel industry as its business and management advisor as detailed in 1.1;
- receive the financial assistance from Link Capital I under the Credit Agreement, with the loan amount of USD 41,000,000, or equivalent to THB 1,414,878,111.11, as detailed in 2.3.1 (Please see the details of the Financial Assistance from Link Capital I in the Information Memorandum on the Connected Transactions of G Steel Public Company Limited (**Enclosure 3**).); and
- clear its debts owed to the Mahachai Group.

In this regard, based on the separate financial statements of the Company as at March 31, 2017, if the Company proceeds with the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme to ACO I, the Company's outstanding debts with the other creditors will be as detailed below. The Company has a plan to further negotiate with the said creditors and expects that such creditors will cooperate since the debt to equity conversion is beneficial to both the Company and the creditors.

	Separate Financial Statements as at March 31, 2017	
	Pre-debt restructuring	**Post-debt restructuring**
Current liabilities	THB Million	
Trade account payables	1,361	429
Short-term loans from related parties	1,428	1,428
Other payables and accrued expenses	6,017	1,590
Accrued interest expenses	4,731	1,291
Provisions	378	378
Other current liabilities	1,357	750
Total current liabilities	**15,271**	**5,866**
Total non-current liabilities	**2,684**	**4,347**
Total liabilities	**17,955**	**10,212**

4.3 Feasibility of the Offering Proceeds Utilization Plan

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 242,534,385, or equivalent to THB 8,369,672,988.50, as detailed in 2.2. (Please see the details in the Debt to Equity Conversion Scheme of G Steel Public Company Limited (**Enclosure 1**).)

Moreover, the proceeds from the allocation of the newly issued ordinary shares to the existing shareholders pro rata to their shareholdings (Rights Offering) in the total sum of 671,763,551.26 (in case of a full exercise) will be utilized as additional cash flow, working capital, and operating reserves, as well as for future expansion of the Company's business.

4.4 Reasonableness of the Capital Increase and Sufficiency of Funding in Case the Offering Proceeds Is Insufficient for the Required Project Budget

After the Company has considered the guidelines and the reasonableness of the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme at the offering price of THB 0.196133, the Company is required to proceed accordingly as the Company wishes to repay the existing Trade Debt which is in an exceptionally large amount, including other debts arising from the current business operation, so that the Company will be able to resume its normal business operation and have adequate funding for its undertakings as described in 2.1 and 2.2. Not only will the debt to equity conversion clear the large amount of Trade Debt, including other debts arising from the current business operation, but receiving the Financial Assistance from Link Capital I as described in 2.3.1 above will help strengthen the Company's business operation capacity and it is expected that the foregoing will enable the Company to generate revenues and profits in the future. Moreover, the Company is confident in the professionalism of the SSG Group, which consists of investment funds and has an expertise in managing and solving corporate financial crises. Additionally, the SSG Group has a clear problem-solving guideline, which will help ameliorate the financial status of the Company, and if the SSG Group becomes a majority shareholder of the Company, the Company must hire Synergy, a company 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 has successfully revived the financial status of several companies with a similar business to the Company in various countries.

4.5 Expected Effects on the Company's Business Operation, Financial Position, and Operating Results as a Result of the Capital Increase and Implementation of the Proceeds Utilization Plan

Since the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme 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, the Company, therefore, is required to recognize the accounting loss by recording the difference between the offering price and the fair value multiplied with the number of the issued and offered shares as an expense from the debt restructuring in the comprehensive income statement.

However, such allocation and offering of the newly issued ordinary shares will result in a better equity structure of the Company. The debt to equity ratio as calculated based on the separate financial statements of the Company as at March 31, 2017, will be reduced from 12.44 to 1.01 (and, if calculated based on the consolidated financial statements of the Company, from 1.58 to 0.57).

Apart from the effects that may occur to the financial position and the operating results of the Company as stated above, the Company will incur debts from the loan and interest arising from the loan provided by Link Capital I, with the loan amount of USD 41,000,000, or equivalent to THB 1,414,878,111.11, with a loan period of 5 years[12]. Nevertheless, the Company believes that by clearing the total debt of USD 242,534,385, or equivalent to THB 8,369,672,988.50, as detailed in 2.2, receiving the Financial Assistance from Link Capital I under the Credit Agreement as detailed in 2.3.1, and clearing its other debts as stated above, including having professionals, i.e. Synergy, in charge of its management, will enable the Company to have adequate funding for its business operation and be able to resume its normal business operation, which is expected to result in the Company being able to generate adequate funds to repay Link Capital I and improve its revenue and profits in the future.

5. Directors' Affirmation

The Board of Directors certifies that the Board of Directors has performed its duty honestly and diligently to preserve the benefits of the Company in relation to the capital increase. However, if the performance of such duty by any director causes damage to the Company, the shareholders may file a legal action against such director on behalf of the Company for damages pursuant to Section 85 of the Public Limited Companies Act B.E. 2535 (1992) (as amended). In addition, if the performance of such duty results in any director or his/her related persons obtaining undue benefits, the shareholders may file a legal action to claim for restitution of such benefits from such director on behalf of the Company pursuant to Section 89/18 of the Securities Act. In addition, the Board of Directors further certifies that the Board of Directors has used due care in considering and examining the information of ACO I and has viewed that ACO I has the potential and capacity to invest in the Company.

6. Rights of Shareholders to Object to an Offering at a Low Price

Since the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme is an offering of the newly issued ordinary shares of the Company at an offering price with a discount of 58.89 percent of the market price as at the date of the Board of Directors' meeting (please see 1.4 for details on the market price), which is an offering to a specific investor (Private Placement) at a specific offering price with a discount of more than 10 percent of the market price pursuant to the Tor Chor. 72/2558 Notification, which requires approval from the shareholders' meeting with votes of not less than three-fourths of the total votes of the shareholders attending such meeting and having the right to vote 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, as well as permission from the SEC prior to the offering.

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[12] Please see footnote 9.

7. Value of the Benefits to Be Received in Comparison to the Offering at a Low Price Taking into Account the Effects on the Company's Expenses and Financial Position Pursuant to the Financial Reporting Standard on Share-Based Payments

The allocation and offering of the newly issued ordinary shares of the Company to ACO I at the price of THB 0.19613 per share, which is lower than the market price as at the date of the Board of Directors' meeting (please see 1.4 for details on the market price), will not have an effect on the Company's expense and financial position pursuant to the financial reporting standard on share-based payments, but may result in an accounting expense of THB 0.281 per share, or a total of THB 6,125.21 million. However, the effect may be higher or lower than the calculated amount depending on the market price on the date on which the shareholders' meeting approves the issuance and offering of the newly issued ordinary shares.

In this regard, the Board of Directors has viewed that the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme at the offering price of THB 0.19613 per share to ACO I creates good value and is beneficial to the Company and its shareholders even though such offering price contains a discount of 58.89 percent of the market price, which is more than 10 percent of the market price as prescribed under the Tor Chor 72/2558 Notification, whereas the details of the opinion of the Board of Directors on the benefits of the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme that the shareholders will gain, which exceeds the effects on the price dilution or voting rights of the shareholders, are as provided above in 3.

In addition, despite such accounting expense, which reduces the total profits of the Company, the issuance and offering of shares to ACO I at the said offering price, still creates value for the Company because:

- The Company, which is already facing a financial crisis, is not required to seek funding for the repayment of the total due current liabilities of USD 242,534,385, or equivalent to THB 8,369,672,988.50, as detailed in 2.2.

- The debt to equity conversion scheme and the waiver of interests and relevant withholding tax as detailed in 2.2 result in a better equity structure of the Company. The debt to equity ratio as calculated based on the separate financial statements of the Company as at March 31, 2017, will be reduced from 12.44 to 1.01 (and, if calculated based on the consolidated financial statements of the Company, from 1.58 to 0.57).

- There will be no more risk in relation to seizure by law enforcement (for the debt owed to Cargill). (Please consider the effects in case the implementation of the debt restructuring plan and the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme fails in 2.3.2.)

- The Company will receive additional working capital from the 2nd Loan Portion of USD 14,070,000, or equivalent to THB 485,544,756.67, to be utilized in the situation where the Company is unable to secure financing from other financial institutions.

- The Company will receive benefits from hiring Synergy, a company having a team of experts with experience in the steel industry at the international level to help improve the production efficiency and seek new marketing channels to increase sales in the future.

Please be informed accordingly.

Sincerely yours,

....

(Miss Soontareeya Wongsirikul)

Director