



Quality Steel by Quality People

บริษัท จี เจ สตีล จำกัด (มหาชน)
G J Steel Public Company Limited

ทะเบียนเลขที่ 0107538000401

No. GJS/ELCID-28/2560

November 13, 2017

Subject: Reports on Connected Transaction (receiving financial assistance) (Revised)

Dear: President
The Stock Exchange of Thailand

The Board of Directors Meeting of G J Steel Public Company Limited (“**Company**”) No.10/2017 held on November 6, 2017, under the approval of the Company’s Audit Committee’s Meeting No.7/2017 held on November 10, 2017, has passed the resolution to approve financial support from Link Capital I (Mauritius) Limited (“**Link Capital I**”) in form of a secured loan for the amount not exceeding USD 50 million or equivalent to THB 1,657 million (Weighted-average Interbank Exchange Rate at THB 33.137 per USD as of November 8, 2017) for a period of not more than 2 years from the first draw down date with additional in mortgage value for the same Land, Building, and Machinery Mortgaged in order to use the fund as working capital in business operation, sourcing raw materials, and increase Company’s production capacity. The interest rate of this loan can be divided into 3 categories as follow;

1. Funded portion at 12% per annum
2. Committed portion under Standby Letters of Credit at 8% per annum
3. Commitment fee on unfunded portion at 2% per annum

Since this transaction is between the Company and Link Capital I, a company having the same major shareholder with the Company which is Kendrick Global Limited (“**KG**”) who is a subsidiary company of SSG Capital Partners III, L.P. (“**SSG III**”), so this financial support is deemed as a connected transaction according to the Notification of the Capital Market Supervisory Commission No. Tor Chor 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand (SET) Re: Disclosure of Information of Listed Company Concerning the Connected Transactions B.E. 2546 (2003), the details of which are as follows:

Date of Transaction

Within November 2017

Transaction Parties

Finance supporter : Link Capital I, a company having the same major shareholder with the Company which is KG, in addition, KG and SSG III are major shareholder in Asia Credit Opportunities I (Mauritius) Limited which holds shares directly 24.00 percent of the Company’s paid-up capital.

Finance receiver : The Company

Description of the Transaction

The Company will enter into an amendment of credit facility agreement with Link Capital I in form of a secured loan to be used as working capital in the business operation and fund to source raw materials in the amount of not exceeding USD 50 million or equivalent to THB 1,657 million. The drawdown of fund will be funded portion of not exceeding USD 25 million or equivalent to THB 828 million and will be for Standby Letters of Credit (SBLC) of not exceeding USD 25 million or equivalent to THB 828 million in order to support import procurement of metal scraps from overseas which will benefit the Company to be able to increase production, sales, and higher profitability.

Total Value and Criteria used in determining a transaction's total value

The Company will enter into an amendment of credit facility agreement with Link Capital I in the amount not exceeding USD 50 million or equivalent to THB 1,657 million for a period of not more than 2 years with fees and interest rate at 2% or 8% or 12% per annum, depending on the type of loans and loans outstanding in each period of time.

Total value of transaction comprises of interest on the loan agreement according to the loan period which the total interest (calculating by using interest rate at 8% and 12% per annum) will not exceed USD 10 million or equivalent to THB 331 million throughout the duration of the contract.

Transaction Size: The aforementioned transaction is considered as the receipt of financial assistance. The size of the transaction is approximately 2.62 percent of the Company's Net Tangible Assets (NTA) (NTA of the Company as per the latest financial statement as of June 30, 2017 was Baht 12,668.99 million) which is less than Baht 20 million or 3 percent of the Company's Net Tangible Assets (NTA), whichever is higher. Accordingly, this transaction shall be approved by the Board of Directors and disclosed to the Stock Exchange of Thailand.

Criteria : Net tangible Asset of the Company according to the financial statement as of June 30, 2017

Financial Source for Loan Repayment

The financial source of the Company to repay Link Capital I's loan comes from its working capital and/ or new funding from outside source which is currently in process. The company expects such loan can be repaid within **stipulated timeline**.

Related persons and conflict of interests

The Company directors, namely, Mr. Richard Jim Yee, Mr. Sudhir Maheshwari, and Mr. Andreas Rizal Vourloumis are considered as interested and/or connected directors; therefore, in order to ensure the transparency of voting procedures and to facilitate the independent judgment of other directors, those mentioned directors abstained from voting in this matter and temporarily left the Meeting during voting session.

Opinion of the Board of Directors

The Board of Directors has considered the reason and necessity and resolved that the receipt of financial assistance is reasonable and will eventually increase Company's profitability and benefit to obtain stronger financial condition of the Company. Thus, the Board of Directors has approved the receipt of financial assistance from Link Capital I in form of a secured loan for the amount not exceeding USD 50 million or equivalent to THB 1,657 million for a period of not more than 2 years at the maximum interest rate of 12% per annum. Moreover, the Board of directors has also considered

the condition of this loan, which included fees, interest rate, and period of the loan, by comparing to interest rates and conditions of other Private Equity Funds, where the interest rate is normally charged in the range of 15%-18% per annum, and conditions of other financial supports that the Company had contacted in the past. Therefore, the conditions in the loan agreement with SSG group is deem reasonable and not inferior to other loan agreements of the Company in the past with same interest rate charged at 12% per annum. According to the mentioned reasons, the Board of Director has resolved to approve the receipt of financial assistance from Link Capital I which conditions, fees, interest rate, and loan period are suitable considering to the Company's current situation based on its current financial statement as of June 30, 2017 and the Company's unstable profitability and unfavorable of steel industry which caused the Company might not be able to receive source of funds from other financial institutes.

Opinion of the Audit Committee which is different from the Board of Directors' opinion

- None –

Please be informed accordingly,

Yours Faithfully,

(Miss Panee Tanaprateepkul)
Company Secretary