



Quality Steel by Quality People

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

ทะเบียนเลขที่ 0107538000401

– Unofficial Translation –

No. GJS/ELCID-2/2562

18 January 2019

Subject: Reports on Connected Transaction (the extend period for granted financial assistance) (Revised)

To: The President
The Stock Exchange of Thailand

G J Steel Public Company Limited (“**the Company**”) would like to report information on the financial support to G Steel Public Company Limited (“**GSTEL**”), the Company’s major shareholder. This financial support was 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 (“**Notification of the Connected Transaction**”), the details of which are as follows;

1. The Board of Directors’ Meeting of the Company Limited No. 3/2017 held on March 16, 2017 passed the resolution to approve a financial support transaction to be provided to its major shareholder, GSTEL who at that time held shares both direct and indirect totaling 25.7 percent of the Company’s paid-up capital. The Company intends to provide the unsecured short-term loan to GSTEL for temporary financial support to be used as working capital in their operation business as GSTEL was currently in the process of debt restructuring and seeking funds from external source with aim to enhance its balance sheet and improve their financial strength. The Company’s Board of Directors deliberated and approved this financial support to GSTEL based on the ability to repay the debt from the cash flow of GSTEL at that time that GSTEL should able to repay the loan within the loan tenor. This financial support was deemed as connected transaction according to the Notification of the Connected Transaction which has detail as follows;

Total Value and Criteria used in determining a transaction’s total value: Loan in the amount not exceeding Baht 94 million at the interest rate of 12.5% per annum for a period of not more than 6 months from the first draw down date. Total value of transaction comprises of loans value equivalent to maximum Baht 94 million and the total cost of financing of Baht 5.875 million for the period of 6 months ending September 30, 2017. Thus, total transaction value was equivalent to Baht 99.875 million.

Transaction Size: The aforementioned transaction was considered as granting financial assistance. The size of the transaction was approximately 0.84 percent of the Company’s Net Tangible Assets (“NTA”) (NTA of the Company as per the financial statement as of December 31, 2016 was Baht 11,934.47 million) which was less than Baht 100 million or 3% of the Company’s Net Tangible Assets (NTA), whichever is lower. Accordingly, this transaction shall be required an approval by the Board of Directors and disclosed to the Stock Exchange of Thailand, which the Company had disclosed the report on March 16, 2017.

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Criteria: Principal and interest throughout the loan period

2. The Board of Directors Meeting of the Company No. 9/2017 held on September 22, 2017 passed the resolution to approve the second financial support to GSTEL, who at that time held shares both direct and indirect totaling 25.70 percent of the Company's paid-up capital. The Company extended the loan tenor from September 30, 2017 to November 15, 2017 to assist GSTEL who was still in the process of seeking funds from external source for their working capital as detail described below;

Total Value and Criteria used in determining a transaction's total value: Extending the maturity period of the loan in the amount of Baht 98.09 million (divided into principal of Baht 94 million and accrued interest of Baht 4.09 million) with new maturity date to repay both principal and interest within November 15, 2017 at the interest rate of 12.5% per annum.

Total Value: The combination of loans value equivalent to Baht 94 million and the total maximum cost of financing of Baht 5.57 million calculated until November 15, 2017. Thus, total transaction value was equivalent to Baht 99.57 million.

Transaction Size: The aforementioned transaction was considered as granting financial assistance. The size of the transaction was approximately 0.79 percent of the Company's Net Tangible Assets ("NTA") (NTA of the Company as per the financial statement as of June 30, 2017 was Baht 12,668.99 million) which was less than Baht 100 million or 3% of the Company's Net Tangible Assets, whichever was lower. Accordingly, this transaction shall be approved by the Board of Directors and disclosed to the Stock Exchange of Thailand, which the Company had disclosed the report on September 26, 2017.

Criteria: Net tangible Asset

3. Recently, the Board of Directors Meeting of the Company No. 1/2019 held on January 14, 2019 has passed the resolution to approve the third financial support to GSTEL, who at that time held shares both direct and indirect totaling 17.44 percent of the Company's paid-up capital (based on the latest closing register as on December 31, 2018). The Company extended the loan tenor from November 15, 2017 to May 15, 2019. Since GSTEL had filed the rehabilitation petition to the Central Bankruptcy Court on November 14, 2017 as disclosed to the Stock Exchange of Thailand (SET), GSTEL was unable to repay the loan to the Company under Section 90/12 (9) of Bankruptcy Act B.E. 2483 (1940) prohibited GSTEL from making any disposal, distribution or transfer, grant a lease, make repayment of debt, create debts or perform any action having the effect of creating any encumbrance over the debtor's property except that it is an action necessary for the continuance of normal operation of the debtor's business. However, on December 24, 2018, the Central Bankruptcy Court had made an order to dismiss the rehabilitation petition of GSTEL, as a result, GSTEL is able to repay the loan as normal but due to GSTEL's situation of seeking funds from external source has not yet been successful, GSTEL has enquired to extend the loan tenor to be on May 15, 2019.

The Company has provided the loan to GSTEL for the principle amount of Baht 94 million, interest payable of Baht 23.15 million (calculated until May 15, 2019), totaling of Baht 117.15 million, which GSTEL has gradually drawn down the said loan and will be due on May 15, 2019 as per details below:

							Unit: THB
Item	Loan Amount	Drawdown Date	Due Date	No. of Days	Interest Rate	Interest Payable	
1	13,000,000.00	30-Mar-17	15-May-19	777	12.50%	3,459,246.58	
2	15,000,000.00	11-Apr-17	15-May-19	765	12.50%	3,929,794.52	
3	15,000,000.00	15-May-17	15-May-19	731	12.50%	3,755,136.99	
4	2,000,000.00	24-May-17	15-May-19	722	12.50%	494,520.55	
5	7,000,000.00	30-May-17	15-May-19	716	12.50%	1,716,438.36	
6	20,000,000.00	14-Jun-17	15-May-19	701	12.50%	4,801,369.86	
7	15,000,000.00	27-Jun-17	15-May-19	688	12.50%	3,534,246.58	
8	1,000,000.00	05-Sep-17	15-May-19	618	12.50%	211,643.84	
9	3,000,000.00	11-Sep-17	15-May-19	612	12.50%	628,767.12	
10	3,000,000.00	22-Sep-17	15-May-19	601	12.50%	617,465.75	
Total	94,000,000.00					23,148,630.14	

This financial support is deemed as connected transaction according to the Notification of the Connected Transaction, the details of transaction value are as follows:

Date of Transaction

Within January 31, 2019

Transaction Parties

Finance supporter G J Steel Public Company Limited (“the Company”)

Finance receiver G Steel Public Company Limited (“GSTEL”), which holds shares in the company, both direct and indirect totaling 17.44 percent of the Company’s paid-up capital.

Description of the Transaction

The Company will grant the financial assistance to GSTEL by extending the period of unsecured short term loan to be used as temporary working capital in the business operation. Currently, GSTEL is in the process of obtaining loan facilities from the new lender. Upon the funding completion, the short term loan will be promptly repaid by GSTEL.

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

The Company will enter into an amendment of the agreement with GSTEL to extend the loan period of the ending previous loan in the total amount of Baht 117.15 million (divided into principal of Baht 94 million and interest of Baht 23.15 million) with new maturity date to repay both principal and interest within May 15, 2019 at the interest rate of 12.5% per annum.

Total value of transaction: comprises of loans value of Baht 94 million and the total cost of financing at Baht 23.15 million until May 15, 2019. Thus, total transaction value is equivalent to Baht 117.15 million.

Transaction Size: The aforementioned transaction is considered as granting financial assistance. The size of the transaction is approximately 0.86 percent of the Company’s Net Tangible Assets (“NTA”) (NTA of the Company as per the latest financial statement as of September 30, 2018 was Baht 13,651.07 million). The criteria for a large transaction size is over Baht 100 million or 3% of the Company’s Net Tangible Assets, whichever is lower.

Since this transaction size is larger than Baht 100 million, the Company is obliged to present and seek ratification approval from the shareholders' meeting. The Company will hold the Board of Directors' meeting on February 26, 2019 to consider including this matter as an agenda to ratify the approval in the coming Annual General Meeting of the Company. The Company will appoint an Independent Financial Advisor to give an opinion to shareholders on the appropriateness and rightfulness of the price and the terms and conditions of this related party transaction, disclose the report to the Stock Exchange of Thailand ("SET"), and participate the shareholders' meeting to seek approval on ratification of this transaction.

Criteria: Net tangible Asset

Financial Source for the Financial Support

The financial support from the Company to GSTEL comes from excess internal cash flow from operation of the Company of which after providing the financial support, the Company will still have sufficient working capital for operating business.

Related persons and conflict of interests

Some of the Company directors, namely, Mr. Yanyong Kurovat, Ms. Soontareeya Wongsirikul, Mr. Somchai Leeswadtrakul and Mr. Chainarong Monthienvichienchai 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 grant of financial support is reasonable transaction and will eventually benefit the financial restructuring of the group. Thus, the Company has approved granting the extend period of financial assistance to GSTEL in the principal amount of Baht 94 million until the new maturity date on May 15, 2019 and interest rate at 12.5% per annum which corresponds to the long-term financial costs of company. Moreover, the Board of Directors had also resolved to present this financial support as an agenda in the Board of Directors' Meeting No. 2/2019 on February 26, 2019 to consider including this matter as an agenda to ratify the approval in the coming Annual General Meeting of the Company.

Please be informed accordingly.

Yours faithfully,

(Miss Pannee Tanaprateepkul)
Company Secretary