

(Unofficial Translation)

No. GSTEEL/ELCID-10/2567

19 June 2024

**Subject** Notification of resolutions of the Board of Directors Meeting on Schedule for the Extraordinary General Meeting of Shareholders No. 1/2024, and Determined the Record Date for the right to attend the meeting

**To** President  
The Stock Exchange of Thailand

**Enclosure:** Information Memorandum on the Connected Transaction in relation to the Approval to enter into a Credit Agreement between G Steel Public Company Limited and Nippon Steel (Thailand) Company Limited

We, G Steel Public Company Limited (“**Company**”), would like to disclose the resolutions of the Board of Directors Meeting No. 6/2567, held on 19 June 2024 (the “**Meeting**”), where the Meeting has passed the following resolutions related to Shareholders Meeting:

- It is deemed appropriate to propose to the Extraordinary General Meeting of Shareholders No. 1/2024 to consider and approve the secured loan from a connected person of the Company for an amount of THB 1,600 million. Details regarding the receipt of financial assistance from a connected person of the Company transaction are as shown in the Information Memorandum on the Connected Transactions in relation to the Approval to enter into a Credit Agreement between G Steel Public Company Limited and Nippon Steel (Thailand) Company Limited (Enclosure).
- A resolution was passed to convene the Extraordinary General Meeting of Shareholders No. 1/2024 to be held on 7 August 2024, at 9.30 hrs. via electronic mean (E-Meeting), to consider the following agenda items:
  - Agenda 1 Chairman of the Board of Directors Notification
  - Agenda 2 To consider and approve the secured loan from a connected person of the Company for an amount of THB 1,600 million
  - Agenda 3 Other business (if any)
- Determined the shareholders’ names who will be entitled to attend the Extraordinary General Meeting of Shareholders No. 1/2024 on July 8, 2024 (Record Date).

Please be informed accordingly.

Yours faithfully,

- Signature -

(Ms. Arttaya Sookto)  
Company Secretary

## Information Memorandum on the Connected Transaction in relation to the Approval to enter into a Credit Agreement between G Steel Public Company Limited and Nippon Steel (Thailand) Company Limited

The Board of Directors' Meeting of G Steel Public Company Limited (“the Company”) No. 6/2567 held on 19 June 2024, where the same had been reviewed and concurred by the Company’s Audit Committee’s Meeting No. 5/2024 held on 19 June 2024 (the “Meeting”), resolved to approve the Company to propose to the shareholders to vote for a financial support transaction (the “Transaction”) by entering into a credit agreement (the “Credit Agreement”) with Nippon Steel (Thailand) Company Limited (“NSTH”) which is beneficial to the Company in getting a secured long term loan for capital expenditure and general operating expenses of the Company in order to improve operation to reduce the operating expenses and improve product quality. 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 (including any amendments thereto) 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) (including any amendments thereto) (collectively, the “Notifications on Connected Transaction”), the details of which are as follows:

### Background and Objective of the Credit Agreement

Except in 2021, the Company has been incurring losses for a long period which continued to 2023. In addition to weak domestic demand and intensified competition from Chinese imports, the Company’s performance has been impacted by production and quality problems. This is due to underinvestment in capex/maintenance resulting in deteriorating equipment health, production inefficiency, cost inefficiency and quality problems. This has undermined the Company’s capability to deliver good quality products in a time reliable manner, which should have been the key strengths as a domestic mill. This has led to loss of credibility and volumes. In addition to that, the Company has been impacted by several legacy issues including losing of the Mahachai case and other legacy liability payments. Under such severe condition, the Company only managed to maintain cash flow by reducing working capital and postponing the critical capital investments and maintenance expenses until now. **It is not sustainable to continue the Company in such manner. It is urgently required to restore operational and quality reliability / stability to regain its strength as a reliable domestic supplier.**

G Steel Key Financial Summary for Last 10 years as per Audited Financial Statements

	(MB)										
Profits	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
PBT (*)	(3,115)	(1,944)	(3,280)	(1,097)	(1,005)	(1,810)	3,345	(604)	1,430	(1,966)	(1,016)

\* FY2019: incl. 5,506MB of Gain from debt restructuring, 1,130MB of Gain from decreased capital of investment in subsidiary

FY2022: incl. (1,497)MB of Impairment loss

	(MB)										
Cashflow Summary	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Operating CF	(658)	(679)	78	426	-	83	(951)	405	1,880	874	209
Capex	(42)	(0)	(3)	(2)	(4)	(35)	(43)	(18)	(189)	(46)	(139)
Other Investing CF (**)	(446)	72	(6)	(104)	138	0	1,821	1	17	4	2
FCF	(1,146)	(607)	69	320	134	48	827	388	1,708	832	72
Financing CF	1,138	598	(72)	(9)	(132)	(2)	(844)	(97)	(1,623)	(483)	(329)

\*\* FY2019: incl. 1,800MB of Proceeds from decreased capital of investment in subsidiary

	(MB)										
Balance Sheet Summary	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Total Liabilities	14,617	17,279	18,082	18,551	17,035	17,518	7,497	7,331	6,562	6,920	6,423
Equity	6,584	4,640	1,360	263	(767)	(2,577)	4,963	4,342	5,651	3,356	2,039
Debt to Equity ratio (*)	2.22	3.72	13.30	70.54	(22.21)	(6.80)	1.51	1.69	1.16	2.06	3.15

\* Debt to Equity Ratio” means the ratio of total liabilities to the total equity

To turn around this Company, it is essential to make investments, including the Skinpass Mill, Scrap system and other critical Capex, as well as restoring the long overdue revamping investments. Based on these investments, the Company's business plan is to regain PBT positive and cash flow positive.

During the implementation of the capex projects, the free cash flow (including investments) will be negative. Such negative number will also include repayment of other legacy liabilities. In order to fund these cash flow shortages, the Company needs to raise THB 1,600MB for FY2024.

As the Company's financial track record has been weak - loss making except in 2021, and the heavy debt - borrowing from commercial banks at competitive rates will not be possible without a guarantee from its majority shareholder, Nippon Steel Corporation (NSC). Any loan from commercial banks will therefore be subject to high interest rates which will have a huge impact on the profitability and cash flow of the company.

Under this difficult situation, the best scenario possible would be for the Company to seek support from NSC which is what the Company has done in this case. NSC has agreed for NSTH to provide a group financing for 100% of the required funding - amount of THB 1,600MB. The interest rates are competitive which is beneficial for the Company. The loan contains covenants and conditions provided by NSC which is standard / reasonable under the financial condition of the Company. With this loan, NSC (through NSTH), as the majority shareholder, will provide the loan while the other shareholders do not bear the commitment to provide the same. Such support from NSC to revive the Company is thus in the best interest of employees, shareholders and all stakeholders of the Company.

**Therefore, the Company deems it appropriate to seek approval from the shareholders' meeting to enter into the Credit Agreement as per the below details:**

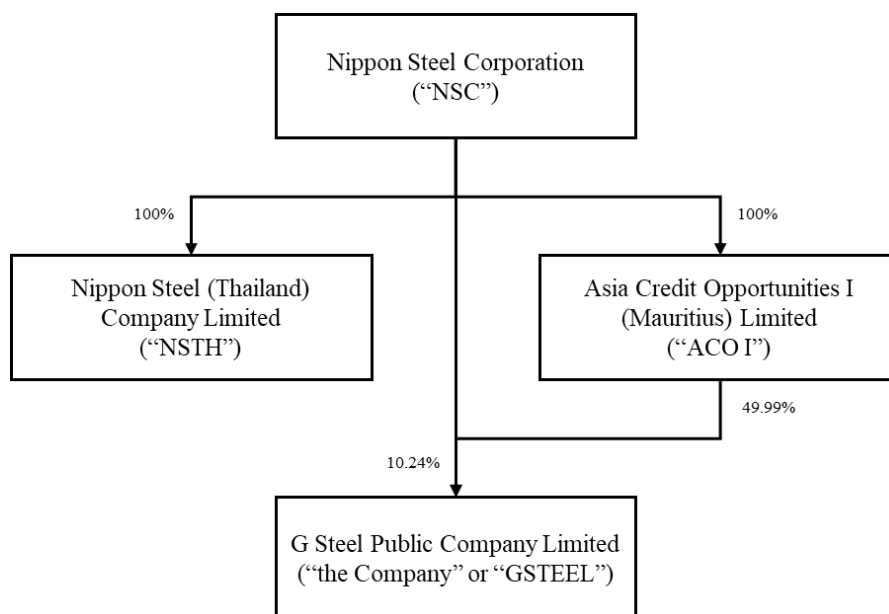
**Date of Transaction**

Execution and signing of the Credit Agreement shall be within August 2024.

**Transaction Parties**

Finance supporter: Nippon Steel (Thailand) Company Limited ("NSTH") who has the same majority shareholder with the Company which is Nippon Steel Corporation ("NSC") where NSC directly holds 10.24% of the Company's paid-up capital and indirectly, through Asia Credit Opportunities I (Mauritius) Limited ("ACO I"), holds 49.99% of the Company's paid-up capital.

Finance receiver: G Steel Public Company Limited



### **Description of the Transaction**

The Company will receive financial assistance from NSTH by entering into a credit agreement which the Company can borrow the secured loan from NSTH for an amount of THB 1,600.00 million for a period within 9 August 2024 to 31 December 2029 with the interest rate at the policy interest rate of the Bank of Thailand (“**Policy Interest Rate**”) currently at 2.50% + maximum 2.50% margin, totaling 5.00% per year (Policy Interest Rate equal to 2.50% per year as of 19 June 2024).

#### **Term Sheet of the Credit Agreement between NSTH and GSTEEL (NSTH Term Sheet)**

Key Terms	Credit Agreement <sup>1/</sup>
Loan Type	Secured loan
Loan Currency	Thai Baht
Purpose	For capital expenditure and general purpose to turn around the business
Tenor of the Loan	Not exceeding period from 9 August 2024 to 31 December 2029
Loan Amount	THB 1,600.00 million
Interest Rate	Policy Interest Rate currently at 2.50% + maximum 2.50% margin, totaling 5.00% per year as of 19 June 2024
Prepayment Fee	None
Covenants	<p>1) Debt to Equity Ratio shall not exceed 5 times since the financial year ending 2026</p> <p>2) Profit Before Taxes as set out in the audited financial statement of the Company shall not be negative for 2 consecutive financial years since the 2025 financial year</p> <p>For the purpose of these terms, the above financial ratios shall be calculated from the audited financial statement of the Company ended as of each financial year.</p> <p>In case of breach of any of these covenants, NSTH has the right to declare or accelerate all or part of the indebtedness under the loan agreement (whether or not presently payable) to be due and payable and require the Company to repay in full all amounts outstanding under the loan agreement together with accrued interest thereon. In case the Company fails to repay the same, NSTH, to the extent and for the purpose of securing the due and payable payment, retains the right to enforce the mortgages and/or convert the loan to equity at a valuation reflecting the value of the Company under such default situation, which could be a nominal amount, subject to required approvals. For the avoidance of doubt, in case of occurrence of an event of default under the loan agreement (including</p>

Key Terms	Credit Agreement <sup>1/</sup>
	the breach of financial covenants), NSTH shall be entitled to use its sole discretion to enforce all or any parts of the security granted by the Company (i.e. the mortgages and debt to equity conversion). The enforcement of one security by NSTH shall not prejudice the right of NSTH to enforce the remaining security afterwards until the outstanding indebtedness of the Company under the loan agreement has been paid in full.
Securities	<p>(i) the mortgage of 15 pieces of land, total area of 429-2-49.9 Rai, valued at THB 430 million and all of the buildings valued at THB 645 million located at the premises of the Company at 55 Moo 5, Nonglaloek Subdistrict, Baan Khai District, Rayong 21120 and</p> <p>(ii) the mortgage of all of the machinery, total 75 items, valued at THB 4,340 million located at the premises of the Company at 55 Moo 5, Nonglaloek Subdistrict, Baan Khai District, Rayong 21120</p> <p>The Company undertakes with NSTH that, from the date of the Credit Agreement and until all indebtedness owing to NSTH under the Credit Agreement has been fully paid, it shall not create, incur, assume or permit to subsist, any mortgage, pledge, business collateral, assignment by way of security, retention of title, preferential right or any other security interest whatsoever or any other agreement or arrangement having the effect of conferring security on all or any part of the properties mortgaged in favour of NSTH as required by the Credit Agreement, except for (i) the security interest created by the requirement of the Credit Agreement, (ii) any security interest existing on or before the date of the Credit Agreement or (iii) any other security interest created with the prior written consent of NSTH (such consent not to be unreasonably withheld).</p>

Remarks: 1/ Other detailed terms and conditions to be finalized by the Board of Directors while finalizing the Credit Agreement. However, the amendments to the Key Terms of the credit agreement must be in line with terms specified in the NSTH Term Sheet. The Audit Committee is fully aware of its duty to ensure that the Key Terms of the Credit Agreement will not deviate significantly from the NSTH Term Sheet. In the event that such significant change of the terms happens, which will impact the Company adversely, the Audit Committee will recommend to the Company's Board of Directors to convene shareholder meeting for approval of such changes.

In proposing for approval of the Transaction to the shareholders' meeting, the Company deems it appropriate to propose to the shareholders' meeting to authorize the Board of Directors of the Company to take the following actions:

- 1) to determine other terms and conditions for the Transaction and perform any other acts related to documents;
- 2) to sign contracts and/or financial support documents and other relevant financial documents, any contracts and/or amendments as well as to approve the fees, expenses and taxes associated with the execution of such contracts and/or documents; and

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

The Company will receive financial assistance from NSTH by entering into a Credit Agreement in the amount THB 1,600.00 million for a tenor within 9 August 2024 to 31 December 2029 with the interest rate at Policy Interest Rate currently at 2.50% + maximum 2.50% margin, totaling 5.00% per year.

Total value of transaction:

Total Value of the transaction comprises of interest on the loan, the amount of which is not fixed and can be gradually drawdown. It is therefore uncertain as to when and for how long the interest will be incurred. Hence, the transaction value shall be the total interest which is not exceeding Baht 432.00 million throughout the duration of the Agreement calculated at an interest rate of 5.00% per annum using current Policy Interest Rate.

**Transaction Size:**

The aforementioned transaction is considered as the receipt of financial assistance from connected person. The size of the transaction is approximately 22.75% of the Company’s net tangible assets (“NTA”) (NTA of the Company as per the latest financial statement as of 31 March 2024 was Baht 1,899.21 million). In addition to that, if other connected transactions with related persons of NSC in the past 6 months are included in the transaction size, it will be approximately 23.32% of NTA which is higher than 3% of the Company’s NTA. Accordingly, this transaction shall be approved by the shareholders’ meeting.

By calculating the transaction size according to the criteria for connected transactions, the details are as follows.

**The Company’s financial information  
(Consolidated financial statements of the company ending on 31 March 2024)**

Description	(Unit: THB Million)
Total Asset (1)	8,430.23
Non-Tangible Asset (2) <sup>1/</sup>	1.31
Total Liabilities (3)	6,529.71
Non-controlling shareholders’ equity (4)	0.00
Net Tangible Asset (NTA = (1) – (2) – (3) – (4))	1,899.21
Net profit (loss) attributable to shareholders of the parent company (last quarter)	(203.85)

Remark: 1/ Intangible assets include other intangible assets.

**Details of the calculation of the size of the connected transaction**

Calculation formula	Calculation details	Transaction size
Value of consideration / NTA of the Company	= THB 432.00 million / THB 1,899.21 million	22.75%

When combined with the size of related transactions during the past 6 months before the date the Board of Directors resolved to approve this Transaction, the total transaction size will be equal to 23.32% of the Company’s net tangible assets. The details are as follows:

No.	Related transactions of the Company	Transaction value	Connected transaction	Date of resolution of the Board of Directors
		THB million	%	
1	Renewal of Cash Management Service Agreement	11.60	0.56	22 February 2024
2	Business support from G J Steel Public Company Limited	0.32	0.02	10 May 2024
3	Transaction	432.00	22.75	19 June 2024
	Total	443.92	23.32	

Therefore, in entering into the Transaction, the Company has duties to take various actions as follows:

- a) To prepare and disclose the information memorandum regarding the Transaction to the SET pursuant to the Notifications on Connected Transaction immediately;
- b) To appoint the independent financial advisor (“**IFA**”) to provide opinion on the Transaction pursuant to the Notifications on Connected Transaction and submit such opinion to shareholders.

In this regard, the Company has appointed Welcap Advisory Company Limited, which is a financial advisor approved by the Securities and Exchange Commission (“**SEC**”) to act as an IFA to provide opinions to shareholders for Transaction;

- c) To send a notice of the shareholders’ meeting to shareholders no less than 14 days prior to the date of the shareholders’ meeting which shall at least contain the information as stipulated in the Notifications on Connected Transaction;
- d) To hold the shareholders’ meeting to approve the Transaction with the vote of not less than three-fourths of the total number of shares of the shareholders attending the meeting and having the right to vote excluding the vote of shareholders with interest.

**Criteria:** Net Total Asset

**Expected Benefits of the Transaction**

The Company needs to implement a capex programme to stabilize production and improve the quality of its products. The Company plans to install a new skin pass mill and other capex to improve the product quality, production condition and stability which will help production of new grades of hot rolled coils to expand the volumes in domestic and export markets. These new capex projects will also help in reducing costs and make the Company’s products more competitive.

**Estimated timeline for entering into the Transaction**

Action	Estimated schedule <sup>1/</sup>
Request for approval of the Transaction from the Company's shareholder meeting	7 August 2024
Negotiation of the terms and conditions of the Credit Agreement completed.	It is anticipated that the process will be completed by August 2024, which is the month that the approval obtained at the Company's shareholder meeting.
Execution and signing of the Credit Agreement.	Within August 2024
Disbursement of funds according to the Credit Agreement.	Within August 2024

Remark: 1/ The aforementioned schedule is an initial estimate and subject to change.

**Related persons and conflict of interests**

Some of the Company’s directors, namely, Mr. Nobuo Okochi, Mr. Hideki Ogawa, Mr. Hisato Ishizaki, and Mr. Yoshinao Ikeda are considered as interested and/or connected directors; therefore, in order to ensure the transparency of voting procedures and to facilitate the independent judgement of other directors, those aforementioned directors abstained from voting in this matter and temporarily left the Meeting during voting session.

The shareholders who have interest are NSC which directly holds 10.24% of the Company’s paid-up capital and ACO I, a subsidiary of NSC, who holds 49.99% of the Company’s paid-up capital. They are considered as interested and/or connected shareholders and shall have no rights to vote in the

Company's shareholders meeting in this agenda (based on the latest closing register as of 29 March 2024).

Shareholder	Number of shares	Percent
1. Asia Credit Opportunities I (Mauritius) Limited	14,461,489,473	49.99
2. Nippon Steel Corporation	2,963,182,785	10.24
Total	17,424,672,258	60.23

### **Opinion of the Board of Directors**

The Board of Directors has considered the reason and necessity of the transaction and unanimously resolved that the receipt of financial assistance is reasonable and will eventually benefit the operation of the Company. The interest rate is lower than the median of MLR (Minimum Lending Rate) of 10 financial institutions in Thailand, including Bangkok Bank, Krung Thai Bank, Kasikorn Bank, Siam Commercial Bank, Bank of Ayudhya, TMBThanachart Bank, TISCO Bank, Kiatnakin Phatra Bank, CIMB Thai Bank, and Land and House Bank which is in the range of 7.05% to 8.35% per year (the median is 7.50% per year). The Board of Directors viewed that the Credit Agreement is necessary and provides a source of funds for capital expenditure and general operating expenses of the Company in order to improve operation to reduce the operating expenses and improve product quality. Thus, the Board of Directors have resolved to approve the Company to propose to the shareholders' meeting to consider and approve a financial support transaction by entering into a Credit Agreement with NSTH for an amount of THB 1,600.00 million during a period within 9 August 2024 to 31 December 2029 and the interest rate at Policy Interest Rate currently at 2.50% + maximum 2.50% margin, totaling 5.00% per year (Policy Interest Rate equal to 2.50% per year as of 19 June 2024).

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

The Audit Committee unanimously recognizes the necessity of entering into the Transaction with a related party as the Company is unable to obtain secured loans from other sources to fund the capital expenditure of the Company. Furthermore, considering the interest rates and Key Terms of the Credit Agreement, it is deemed to be the condition that benefits the Company as other sources may probably have a much higher interest rate than the interest rate of this Credit Agreement. However, the Audit Committee is fully aware of its duty to ensure that the Key Terms of the Credit Agreement will not deviate significantly from the NSTH Term Sheet. In the event that such significant change of the terms happens, which will impact the Company adversely, the Audit Committee will recommend to the Company's Board of Directors to convene shareholder meeting for approval of such changes.