



(Translation)

Ref. GSTEEL/ELCID-29/2010

August 26, 2010

Subject : Further Explanation on Allotment of Newly-issued Ordinary Shares of the Company

To : The President
The Stock Exchange of Thailand

Reference : Letter of the Company No. GSTEEL/ELCID-28/2010 dated August 25, 2010

G Steel Public Company Limited (the "Company") had given notice of the resolutions of the Board of Directors Meeting No. 10/2010, held on August 26, 2010, the details of which are as appear in the referenced letter. The Company would like to notify the revision of the resolutions of the Board of Directors Meeting on the part related to the allotment of the newly-issued ordinary shares along with further explanation as follow:

1. Revision of the resolutions of the Board of Directors Meeting on the part related to the allotment of the newly ordinary shares

The current resolution:

"The allotment of the newly-issued ordinary shares in the number of not exceeding 5,100 million shares at the par value of Baht one per share with the following details:

1) The allotment of the newly-issued ordinary shares in the number of not exceeding 5,100 million shares to the shareholders of GS Notes Holdings Co., Ltd. (a subsidiary in which the Company has a 99.99% shareholding of the registered capital) for no more than 50 shareholders (under the private placement criteria). The shareholders of the subsidiary will bring not less than 5,100 million shares to pay the price of the newly ordinary shares of the Company. As a result, the Company will receive the price of the newly-issued ordinary shares in the form other than the money. This is done in preparation for the restructure of the Company's debt in the amount of US\$ 170 million arising out of the bonds under the Bonds Exchange Program prior to the due date. The par value of ordinary shares of GS Notes Holdings Co., Ltd. is Baht one per share, totaling Baht 5,100 million.

Under the Bonds Exchange Program, GS Notes Holdings Co., Ltd. will purchase the bonds of the Company from all bond holders who offer to sell the bonds according to GS Notes Holdings Co., Ltd.'s offering to purchase; and GS Notes Holdings Co., Ltd. will issue the newly-issued ordinary shares to the bond holders as the payment of the price of such bonds. Afterwards, the bond holders who are shareholders of GS Notes Holdings Co., Ltd. will be able to exchange the ordinary shares of GS Notes Holdings Co., Ltd. for the ordinary shares of the Company pursuant to the procedure described above. Please note that, after the restructure of the Company's debt arising out of the bonds under the Bonds Exchange Program, the Company will request the revision of the conditions for the determination of the rights under the bonds in order to allow the Company to operate the business more efficiently.

In addition, the Board of Directors Meeting assigned three managements of the Company; Mr. Ryuzo Ogino, Mr. Yanyong Kurovat and Pol. Lt. Gen. Prakard Sataman, to have the power to determine other details relevant to the allotment of the newly-issued ordinary shares, e.g. offering price (the price that is not lower than the Market Price specified in the Notification of the Office of Securities and Exchange Commission No. Sor. Jor. 39/2551 re: Calculation of Offering Price and

Determination of Market Price with a view to the Offer for Sale of New Shares at a Low Price), the offering period, the payment of the share price, the offering method, the allotment of the newly-issued ordinary shares, the negotiation, agreement and the execution of any contract or agreement as well as to proceed with any action necessary and appropriate for the allotment of the newly-issued ordinary shares of the Company.

Market Price means the weight average price of the ordinary shares of the Company on the Stock Exchange of Thailand for the period of seven business days continually prior to the date that the Board of Directors resolves to increase the capital. (The weight average price of the ordinary shares of the Company on the Stock Exchange of Thailand for the period of seven business days continually prior to the date that the Board of Directors resolves to increase the capital, during August 9 – 24, 2010, is at Baht 0.448 per share.)

2) The allotment of the newly-issued ordinary shares in the number of not exceeding 200 million shares to the financial advisor of the Bonds Exchange Program, provided that such financial advisor shall bring the newly-issued ordinary shares of GS Notes Holdings Co., Ltd. to pay the price of the newly-issued ordinary shares of the Company. As a result, the Company will receive the price of the newly-issued ordinary shares in other form than the money.

In addition, the Board of Directors Meeting assigned three managements of the Company; Mr. Ryuzo Ogino, Mr. Yanyong Kurovat and Pol. Lt. Gen. Prakard Sataman, to have the power to determine other details relevant to the allotment of the newly-issued ordinary shares, e.g. offering price (the price that is not lower than the market price specified in the Notification of the Office of Securities and Exchange Commission No. Sor Jor. 39/2551 re: Calculation of Offering Price and Determination of Market Price with a view to the Offer for Sale of New Shares at a Low Price), the offering period, the payment of the share price, the offering method, the allotment of the newly-issued ordinary shares, the negotiation, agreement and the execution of any contract or agreement as well as to proceed with any action necessary and appropriate for the allotment of the newly-issued ordinary shares of the Company.

Market Price means the weight average price of the ordinary shares of the Company on the Stock Exchange of Thailand for the period of seven business days continually prior to the date that the Board of Directors resolves to increase the capital. (The weight average price of the ordinary shares of the Company on the Stock Exchange of Thailand for the period of seven business days continually prior to the date that the Board of Directors resolves to increase the capital, during August 9 – 24, 2010, is at Baht 0.448 per share.)

The revisions are as follow:

"The allotment of the newly-issued ordinary shares in the number of not exceeding 5,100 million shares at the par value of Baht one per share with the following details:

1) The allotment of the newly-issued ordinary shares in the number of not exceeding 4,900 million shares to the shareholders of GS Notes Holdings Co., Ltd. (a subsidiary in which the Company has a 99.99% shareholding of the registered capital) for no more than 50 shareholders (under the private placement criteria). The shareholders of the subsidiary will bring not less than 4,900 million shares to pay the price of the newly ordinary shares of the Company. As a result, the Company will receive the price of the newly-issued ordinary shares in the form other than the money. This is done in preparation for the restructure of the Company's debt in the amount of US\$ 170 million arising out of the bonds under the Bonds Exchange Program prior to the due date. The par value of ordinary shares of GS Notes Holdings Co., Ltd. is Baht one per share, totaling Baht 4,900 million.

Under the Bonds Exchange Program, GS Notes Holdings Co., Ltd. will purchase the bonds of the Company from all bond holders who offer to sell the bonds according to GS Notes Holdings Co., Ltd.'s offering to purchase; and GS Notes Holdings Co., Ltd. will issue the newly-issued ordinary shares to the bond holders as the payment of the price of such bonds. Afterwards, the bond holders who are shareholders of GS Notes Holdings Co., Ltd. will be able to exchange the ordinary shares of GS Notes Holdings Co., Ltd. for the ordinary shares of the Company pursuant to the procedure described above. Please note that, after the restructure of the Company's debt arising out of the bonds under the Bonds Exchange Program, the Company will request the revision of the conditions for the determination of the rights under the bonds in order to allow the Company to operate the business more efficiently.

In addition, the Board of Directors Meeting assigned three managements of the Company; Mr. Ryuzo Ogino, Mr. Yanyong Kurovat and Pol. Lt. Gen. Prakard Sataman, to have the power to determine other details relevant to the allotment of the newly-issued ordinary shares, e.g. offering price (the price that is not lower than the market price specified in the Notification of the Office of Securities and Exchange Commission No. Sor Jor. 39/2551 re: Calculation of Offering Price and Determination of Market Price with a view to the Offer for Sale of New Shares at a Low Price), the offering period, the payment of the share price, the offering method, the allotment of the newly-issued ordinary shares, the negotiation, agreement and the execution of any contract or agreement as well as to proceed with any action necessary and appropriate for the allotment of the newly-issued ordinary shares of the Company.

Market Price means the weight average price of the ordinary shares of the Company on the Stock Exchange of Thailand for the period of seven business days continually prior to the date that the Board of Directors resolves to increase the capital. (The weight average price of the ordinary shares of the Company on the Stock Exchange of Thailand for the period of seven business days continually prior to the date that the Board of Directors resolves to increase the capital, during August 9 – 24, 2010, is at Baht 0.448 per share.)

The preliminary share exchange ratio is that one US\$ of bond can be exchanged for three ordinary shares of GS Notes Holdings Co., Ltd.; and three ordinary shares of GS Notes Holdings Co., Ltd. can be exchanged for 30 ordinary shares of the Company, provided the ratio will be subject to the negotiation of the assigned managements and the bond holders in the future.

2) The allotment of the newly-issued ordinary shares in the number of not exceeding 200 million shares to the financial advisor of the Bonds Exchange Program, provided that such financial advisor shall bring the newly-issued ordinary shares of GS Notes Holdings Co., Ltd. to pay the price of the newly-issued ordinary shares of the Company. As a result, the Company will receive the price of the newly-issued ordinary shares in other form than the money.

The financial advisor of the Bonds Exchange Program is not a related person or connected person under the prescription of 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 the Governors of the Stock Exchange of Thailand re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions B.E. 2546 ("**Connected Transaction Notification**"). The Company will later announce the name of the financial advisor.

In addition, the Board of Directors Meeting assigned three managements of the Company; Mr. Ryuzo Ogino, Mr. Yanyong Kurovat and Pol. Lt. Gen. Prakard Sataman, to have the power to determine other details relevant to the allotment of the newly-issued ordinary shares, e.g. offering price (the price that is not lower than the Market Price specified in the Notification of the Office of Securities and Exchange Commission No. Sor Jor. 39/2551 re: Calculation of Offering Price and Determination of Market Price with a view to the Offer for Sale of New Shares at a Low Price), the offering period, the payment of the share price, the offering method, the allotment of the newly-

issued ordinary shares, the negotiation, agreement and the execution of any contract or agreement as well as to proceed with any action necessary and appropriate for the allotment of the newly-issued ordinary shares of the Company.

Market Price means the weight average price of the ordinary shares of the Company on the Stock Exchange of Thailand for the period of seven business days continually prior to the date that the Board of Directors resolves to increase the capital. (The weight average price of the ordinary shares of the Company on the Stock Exchange of Thailand for the period of seven business days continually prior to the date that the Board of Directors resolves to increase the capital, during August 9 – 24, 2010, is at Baht 0.448 per share.)

The preliminary share exchange ratio is that one US\$ of bond can be exchanged for three ordinary shares of GS Notes Holdings Co., Ltd.; and three ordinary shares of GS Notes Holdings Co., Ltd. can be exchanged for 30 ordinary shares of the Company, provided the ratio will be subject to the negotiation of the assigned managements and the bond holders in the future.

2. Further explanation in relation to the allotment of the newly-issued ordinary shares of the Company to the financial advisor of the Bonds Exchange Program

GS Notes Holdings Co., Ltd. has engaged the financial advisor to study and help GS Notes Holdings Co., Ltd. in the operation of the Bonds Exchange Program. In this regard, GS Notes Holdings Co., Ltd. agreed to pay the compensation to the financial advisor in the form of the newly-issued ordinary shares of GS Notes Holdings Co., Ltd. However, since the newly-issued ordinary shares of GS Notes Holdings Co., Ltd. are no liquidity shares, therefore, there was an agreement that such newly-issued ordinary shares can be exchanged for the newly-issued ordinary shares of the Company. As a result, the Company is required to allot the newly-issued ordinary shares in the number of no more than 200 million shares in preparation for such exchange.

3. Further explanation in relation to the cause of the change to the previous allotment method

With regard to the previous method for the allotment of the newly-issued ordinary shares, the Company will allot the newly-issued ordinary shares in the number of not exceeding 5,100 million shares at the par value of Baht one per share to GS Notes Holdings Co., Ltd. And GS Notes Holdings Co., Ltd. will bring its newly-issued ordinary shares to pay the price of the newly-issued ordinary shares of the Company. At the stage where GS Notes Holdings Co., Ltd. will bring its newly-issued ordinary shares to pay the price of the newly-issued ordinary shares of the Company, the price of the newly-issued ordinary shares of GS Notes Holdings Co., Ltd. will not yet paid. When considering on the new allotment method, the price of the newly-issued ordinary shares of GS Notes Holdings Co., Ltd. will be paid by the bonds that the bond holders offer to sell under the Bonds Exchange Program which means GS Notes Holdings Co., Ltd. will purchase the bonds of the Company from all bond holders who offer to sell the bonds according to GS Notes Holdings Co., Ltd.'s offering to purchase; and GS Notes Holdings Co., Ltd. will issue the newly-issued ordinary shares to the bond holders as the payment of the price of such bonds. Afterwards, the bond holders who are shareholders of GS Notes Holdings Co., Ltd. will be able to exchange the ordinary shares of GS Notes Holdings Co., Ltd. for the ordinary shares of the Company pursuant to the procedure for the allotment of the newly-issued ordinary shares of the Company to the shareholders of GS Notes Holdings Co., Ltd.

In this regard, according to the cause of the change to the previous allotment method as described above, the Board of Directors Meeting then resolved to cancel and change the date for the Extraordinary General Meeting of Shareholders No. 1/2010 to September 29, 2010, at 2:30 pm, at 3rd floor of Anoma Grand room of Anoma Hotel, located at No. 99 Ratchadumri Road, Lumpini, Pathumwan, Bangkok; and change the date for the closure of the shares registration book for the suspension of the share transfer to September 8, 2010, up until the end of the meeting in order to

determine the names of the shareholders entitled to attend the meeting. The agenda items of the meeting are as follow:

- Agenda 1** To consider and approve the minutes of the Annual General Meeting of Shareholders for the year 2010, held on April 29, 2010.
- Agenda 2** To consider and approve the increase of the Company's capital in the amount of Baht 5,100 million which will increase from Baht 13,860 million to Baht 18,960 million, by the issuance of 5,100 newly-issued ordinary shares at the par value of Baht one per share.
- Agenda 3** To consider and approve the registration for the amendment of Clause 4 of the Memorandum of Association in tandem with the capital increase of the Company.
- Agenda 4** To consider and approve the allotment of the newly-issued ordinary shares in the number of not exceeding 5,100 million shares.
- Agenda 5** To acknowledge the Financial Statement for the year 2009 (restatement)
- Agenda 6** To consider other matters (if any)

Please note that the Company will proceed to publish the financial statement for the year 2009 (updated) on the Electronic Company Information Disclosure: ELCID of Stock Exchange of Thailand prior to the Extraordinary General Meeting of Shareholders No. 1/2010, to be held on September 29, 2010.

Please be informed accordingly.

Sincerely yours

(Mr. Yanyong Kurovat)
Director

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