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# บริษัท สหวิริยาสตีลอินดัสตรี จำกัด (มหาชน) SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED

สร้างสรรค่นวัตกรรมผลิตภัณฑ์เหล็กและบริการที่มีมูลค่าเพิ่มกับลูกค้า สร้างกำไรสม่ำเสมอ สร้างผลตอบแทนแก่ผู้มีส่วนได้เสียอย่างยั่งยืน  
Innovate premium value steel products and services for customer; generate consistent profit and sustainable value for stakeholders.  
A MEMBER OF SAHAVIRIYA GROUP

No. S.E.C. 133/2015

1 October 2015

Re: Notification on the Progress of Sahaviriya Steel Industries UK Limited, the Call Default of Sahaviriya Steel Industries Public Company Limited, and the Resolution of the Board of Directors' Meeting No. 15/2015 regarding the Submission of an Application of Sahaviriya Steel Industries Public Company Limited for Business Rehabilitation to the Court

Attn: President  
Stock Exchange of Thailand

- Ref: 1. Letter of the Company No. S.E.C. 124/2015 dated 18 September 2015, Re: A Notice of a temporary pause of Upstream Business's slab production
2. Letter of the Company No. S.E.C. 128/2015 dated 21 September 2015, Re: Resolutions of the Board of Directors' Meeting No. 14/2015 regarding the Call Default of Sahaviriya Steel Industries UK Limited, the subsidiary of Sahaviriya Steel Industries Public Company Limited and Information Memorandum related thereto

Enc: Information Memorandum Concerning the Call Default of Sahaviriya Steel Industries Public Company Limited

Reference is made to the fact that Sahaviriya Steel Industries Public Company Limited (the "Company") convened the Board of Directors' Meeting No. 15/2015 on this day (1 September 2015), at 10.00 hrs., at 28/1 Prapawit Building Meeting Room, Surasak Road, Silom, Bangrak, Bangkok, in order to consider the following subject matters:

- With reference to the Company's notification of the temporary suspension of Upstream Business's slab production at SSI Teesside Steelworks, operated by Sahaviriya Steel Industries UK Limited ("SSI UK") which is the Company's wholly-owned subsidiary, the decision to suspend production was taken while awaiting the outcome of ongoing discussions with stakeholders including the UK Government, trading partners, and the trade union, to reduce production costs and stop loss at the Upstream Business, as detailed in Reference 1

Following the latest discussions, the Company would like to announce that, after a further evaluation and assessment of the situation, SSI UK had

decided to mothball its iron and steel making operation. As a result, it was proposed to reduce by approximately 1,700 employees from the total of approximately 2,000. Should there be any progress on such matters, the Company will further disclose information to the Stock Exchange in due course.

2. As SSI UK had been requested by the group of banks which are creditors of SSI UK, comprising: The Siam Commercial Bank Public Company Limited, Krung Thai Bank Public Company Limited, and TISCO Bank Public Company Limited (collectively, the "**Major Creditors**") to pay its obligations under the loan conditions, all debts borrowed from the Major Creditors were immediately due to be payable, and the Major Creditors demanded the Company to pay the obligations of SSI UK, as its guarantor. As a result, the Company had to recognize all debts of SSI UK. However, the Company could not meet such demands. Subsequently, the Major Creditors have decided to demand the Company to pay its obligations under the loan conditions additionally to SSI UK's case, as the Company has liabilities exceeding its total assets. Furthermore, the Major Creditors will exercise their rights to demand guarantee obligations from SSI UK, as the guarantor of the Company, in order to protect their rights. The details are set out in Reference 2 and Enclosure hereto.
  
3. In light of the above situations and the Company has discussed with the Major Creditors in order to obtain the solution for the HRC Business of the Company to be able to carry on operations as normal, including to maintain business value and competitiveness of the Company, as well as to minimize the impact upon the employees, customers, and trading partners of the Company. Therefore, the Board of Directors deemed that the Company should enter into Business Rehabilitation for its debt restructuring, with the Board of Directors' resolutions as follows:
  - 3.1 Approved the Company to submit an application for Business Rehabilitation to the court on 1 October 2015
  
  - 3.2 Approved the Company to act as the Planner of the aforementioned Business Rehabilitation. In such case, the powers, duties, and responsibilities of the Planner will be carried out by the directors of the Company whose names are specified in the Company's Affidavit, provided that either Mr. Win Viriyaprapaikit or Mr. Narongrit Chotnuchittrakul, the executives of the debtor (the Company), is authorized to act as the Planner.

In this regard, the Major Creditors will continue to support the Company by providing financial support in the form of working capital as they deem appropriate, in order to enhance the Company's liquidity for its operation, whereby a financial advisor will be appointed to monitor the Company's cash.

In addition, the Company and the Major Creditors will work together to instill confidence in the Company's trading partners for ongoing operations.

Please be informed accordingly.

Sincerely yours,

-Signature-

(Win Viriyaprapaikit)  
President

**Information Memorandum Concerning the Call Default of**  
**Sahaviriya Steel Industries Public Company Limited**

The Board of Directors' Meeting No. 15/2015 of Sahaviriya Steel Industries Public Company Limited (the "**Company**") held on 1 October 2015 has taken into consideration of the fact that the group of banks which are creditors of the Company, comprising: The Siam Commercial Bank Public Company Limited ("**SCB**"), Krung Thai Bank Public Company Limited ("**KTB**"), and TISCO Bank Public Company Limited ("**TISCO**") (collectively, the "**Major Creditors**") demanded the Company to pay its obligation under the loan conditions, as the Company has liabilities exceeding its assets. Furthermore, the Major Creditors will exercise their rights to demand guarantee obligations from Sahaviriya Steel Industries UK Limited ("**SSI UK**"), as the guarantor of the Company in order to protect their rights. In this regard, the Major Creditors will demand the obligations under the loan conditions for an amount of Baht 23.9 billion, divided into approximately Baht 11.45 billion from SCB, approximately Baht 11.45 billion from KTB, and approximately Baht 1.00 billion from TISCO, which will have an impact on the financial position and debt-service coverage of the Company. In order to provide investors with such information of the Company thoroughly and promptly so that the Company can clarify the procedures on such remedy for default to shareholders and investors according to the Notification of the Stock Exchange of Thailand, Re: Rules, Conditions and Procedures Governing the Disclosure of Information and Other Acts of a Listed Company, including any amendment thereto, the Company, therefore, would like to provide details on the information concerning the Company's Call Default as follows:

**1. Name of the Borrower**

Sahaviriya Steel Industries Public Company Limited

**2. Category of Default Transaction**

**2.1 Type of Debt**

The loan obligations between the Company and the group of creditors of the Company, which are: The Siam Commercial Bank Public Company Limited, Krungthai Bank Public Company Limited, and TISCO Bank Public Company Limited are in the total amount of Baht 23.9 billion, divided into long term debts amounting of Baht 11.9 billion and revolving loans amounting of Baht 12 billion.

**2.2 Repayment Conditions**

Long term debt amounting to Baht 11.9 billion shall be repaid quarterly as follows:

- 19 percent to be repaid in the year 2015;
- 13 percent to be repaid in the year 2016;
- 14 percent to be repaid in the year 2017;
- 15 percent to be repaid in the year 2018;

16 percent to be repaid in the year 2019;  
18 percent to be repaid in the year 2020; and  
5 percent to be repaid in the year 2021;

### **2.3 Interest Rate**

MLR interest rate.

### **2.4 Other Conditions under the Loan Agreement**

The loan is made between the Company and the Major Creditors whereby SSI UK is a guarantor and the mortgage/pledge of the land and construction and machinery of the Company are placed as the collateral security, including transfer of the benefits from the insurance of collateral security to the Major Creditors.

## **3. Details of the Loan Default**

### **3.1 Default Date**

The date on which Major Creditors exercise the Call Default, is 1 October 2015.

### **3.2 Reasons of the Loan Default**

As SSI UK had been demanded to pay its obligations under the loan conditions by the Major Creditors, all amounts borrowed from the Major Creditors were immediately due to be payable, and the Major Creditors demanded the Company to pay the obligations of SSI UK, as its guarantor. As a result, the Company had to recognize all debts of SSI UK. However, the Company could not meet such demands. Subsequently, the Major Creditors have decided to demand the Company to pay its obligations under the loan conditions additionally to SSI UK's case, as the Company has liabilities exceeding its total assets. Furthermore, the Major Creditors will exercise their rights to demand guarantee obligations from SSI UK, as the guarantor of the Company, in order to protect their rights.

## **4. Details of the Debts**

### **4.1 Debts specified in repayment notice**

The loan under the THB 23,900 Facilities Agreement in an amount of Baht 23.9 billion which is higher than 5 percent of total assets of the Company as specified in Consolidated Financial Statements of the Company ended 30 June 2015.

### **4.2 Default interest rate**

-Unspecified-

#### **4.3 Term of repayment**

Immediately due and payable

#### **4.4 Other conditions specified by the Creditors**

-None-

### **5. Remedy Procedures**

#### **5.1 Procedures on default of remedy**

The Majors Creditors and the Company shall jointly prepare an efficient financial restructuring and debt management plan of the Company. The Company has also decided to enter into Business Rehabilitation for its debt restructuring, in order to carry on operations as normal, including to maintain business value and competitiveness of the Company, as well as to minimize the impact upon the employees, customers, and trading partners of the Company.

In this regard, the Major Creditors will continue to support the Company by providing financial support in the form of working capital as they deem appropriate, in order to enhance the Company's liquidity for its operation, whereby a financial advisor will be appointed to monitor the Company's cash. In addition, the Company and the Major Creditors will work together to instill confidence in the Company's trading partners for ongoing operations.

#### **5.2 Impact on the financial status and operation result**

The demand of the Major Creditors that the Company pay its obligations under the loan conditions may impact on the financial position and the repayment capability of the Company, due to the high amount of debts to be paid. However, the Company has decided to enter into Business Rehabilitation as specified in Clause 5.1 and the Company anticipates that the progress regarding such matter can be reported to the Stock Exchange of Thailand in due course.