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

บริษัทหลักชั้นนำด้านนวัตกรรมและความเชื่อมั่น
Leading Innovative and Reliable Steel Company

-Translation-

No. S.E.C. 014/2020

13 February 2020

Re: Report on progress of the elimination of grounds for delisting and implementation on the Business Rehabilitation Plan for Q4/2019

Attn: President, The Stock Exchange of Thailand
Secretary-General, The Securities and Exchange Commission, Thailand

As Sahaviriya Steel Industries Public Company Limited (the "Company") has financial status that is subject to possible delisting from the Stock Exchange of Thailand ("SET") and SET had allowed the Company to eliminate the grounds for delisting and proceed in order to be qualified for resume trading within period specified by SET, the Company would like to report the progress of the elimination of grounds for delisting and implementation on the Business Rehabilitation Plan (the "Plan") for Q4/2019 as follows:

1. Debt Repayment and Debt to Equity Conversion in accordance with the Plan

1.1 Debt Repayment

During Q4/2019, the Company had made principal and interest repayments in accordance with the Plan with the amount totaling Baht 422 million. Total debt repayments since the beginning of the Plan was the sum of Baht 6,681 million which is Baht 1,678 million higher than the Plan as a result of the early repayment from the Company's excess cash. (Excluded Baht 500 million debt reduction from the 1st Debt to Equity Conversion)

1.2 Debt to Equity Conversion

1.2.1 The 1st Debt to Equity Conversion

Clause 7.3(3) of the Business Rehabilitation Plan provides that the Company is required to register the increase in its paid-up registered capital by issuing additional 10,000,000,000 newly-issued ordinary shares at the par value of Baht 1 per share to accommodate the conversion of debt into equity in favour of the second group of creditors, and/or the third group of creditors, and/or the fourth group of creditors at the price of the conversion of debt into equity of Baht 0.05 per share. On 28 March 2018, the Company has registered the increase in paid-up capital with the registrar of Public Limited Company, Department of Business Development, Ministry of Commerce. As a result, the Company's debt under the rehabilitation plan was decreased in the total amount of 500 million baht.

1.2.2 The 2nd Debt to Equity Conversion

Clause 7.3(4) of the Business Rehabilitation Plan provides that the Company may increase its registered share capital and increase paid up share capital by issuing adequate number of ordinary shares at the par value of Baht 1 per share to accommodate the Conversion of debt to equity for creditors whose debt will be repaid by the 2nd Debt to Equity Conversion which the Company shall proceed, together with other measures, in order to resolve the negative equity ground for delisting.

As a result of the Company's ability to repay debts and the implementation of the Plan for the 1st Debt to Equity Conversion, the outstanding principal has been reduced to Baht 45,188 million with Baht 9,563 million accrued interest under the Plan (unaudited). The accrued interest will be partially waived according to the condition specified in the Plan.



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2. Debt burden under the Plan

As reported earlier, the Company received a notification of the Official Receiver's order, dated 3 April 2019, to dismiss the application for receiving the debt settlement under the Plan of creditor #34. Later on 23 September 2019, the creditor filed an objection against the Official Receiver's order and the Court scheduled to consider the request on 25 November 2019. In the meantime, the Company and the Official Receiver submitted objections to the Court on 25 November 2019. Since the both sides request for witness investigation, the Court scheduled to investigate the creditor #34's side during 26-27 February 2020 and the two objecting parties (the Company and the Official Receiver) during 4-5 March 2020. All parties must submit statements for the investigation to the Court not less than 7 days in advance.

On 12 December 2019, the Company's legal advisor provided an opinion on the creditor #34's objection against the order of the Official Receiver that was submitted on 23 September 2019. The Opinion reveals that the rebuttal issue is similar to the issue in debt application submitted previously and the Official Receiver judged and issued an order on that application. This legal opinion confirms that Company's debt value under the Plan was as recorded and the Company is able to determine the debt value to be paid in the future in accordance with the Accounting Standard. This is one of the measures to eliminate the ground of delisting from the disclaimer of auditor opinion on the financial statements.

3. The Company's Long-Term Plan

The Company had reviewed and revised the long-term strategic plan with the main purpose to increase EBITDA so that it has ability to repay debt and recapitalize within specified timeframe. The revised plan was approved by the Board of Directors in November 2019.

4. Reduction of debt burden as a guarantor from liquidation of Sahaviriya Steel Industries UK Limited ("SSI UK") in United Kingdom

As reported earlier, the South Tees Development Corporation (STDC), which is a local government agency in charge of the area covering Sahaviriya Steel Industries UK Limited (SSI UK) land, issued an executive order under the United Kingdom law for Compulsory Purchase Order proceeding on many plots of land including the SSI UK's plant area. The Company and SSI UK's secured creditors, as qualifying entities filed an objection to such Compulsory Purchase Order, which was beginning stage of exercising right to claim compensation under the Compulsory Purchase Order. Thereafter, the creditors appointed a Private Receiver as representative of shareholders to protect interests of Port Business (Redcar Bulk Terminal Limited) where is a strategic business to increase the total collateral value in joint development together with the area on SSI UK's plant for the former industrial benefits. As a result, the Company will enable to reduce debt burden when selling or receiving compensation for expropriation and recorded as additional shareholders' equity as part of resolving the ground of delisting. Currently, the negotiation is in the process of finding a conclusion on the compensation.

Please be informed accordingly.

Sincerely yours,

-Signature-

Mr. Win Viriyaprapaikit
President