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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. SEC. 128/2015

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
- Attn: President
Stock Exchange of Thailand
- Ref: 1. Letter of the Company No. SEC. 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. SEC. 126/2015 dated 21 September 2015, Re: Temporary suspension of trading of the listed security of SSI
- Enc: Information Memorandum Concerning the Call Default of Sahaviriya Steel Industries UK Limited which is the subsidiary of Sahaviriya Steel Industries Public Company Limited

Reference is made to the fact that Sahaviriya Steel Industries Public Company Limited (the "Company") requested to temporarily suspend the trading of the listed securities as referred to in Reference 2. As detailed in the Letter of the Company in Reference 1, the Company convened the Board of Directors' Meeting No. 14/2015 on this day (21 September 2015), at 10:00 hrs., at 28/1 Prapawit Building Meeting Room, Surasak Road, Silom, Bangrak, Bangkok, in order to consider the progress of the temporary pause of the Upstream Business's slab production operated by Sahaviriya Steel Industries UK Limited ("SSI UK"), a subsidiary of the Company established in the United Kingdom, with the following subject matter:

1. The Board of Directors considered and approved that as the business of the Company was starting to incur loss primarily from the operation of Upstream Business due to the continuous downturn of the economy both in the country and overseas as well as the excessive global supply over demand which having had an impact on worldwide steel producers, resulting in a gradual decline in the global steel prices; therefore, SSI UK's Upstream Business (producing slabs) is required to temporarily suspend its production and negotiate with stakeholders, such as the British government, trading partners, and trade union to request for their cooperation to reduce production costs and to mitigate losses at SSI UK's Upstream Business. The chance whether Upstream Business will be able to recommence operations depends on an agreement between

the stakeholders. As a result, there are some uncertainties due to uncontrollable factors which will result in an uncertainty in the operation recommencement of Upstream Business.

In light of the above situations, 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 (the "**Major Creditors**") have decided to demand SSI UK to pay its obligation under the loan condition. According to the current financial position of SSI UK, SSI UK cannot respond to such demand. Consequently, the creditors of SSI UK requested the Company to be jointly responsible in such payment of the obligation as a guarantor of SSI UK for the obligation amounting to USD 790 million or approximately Baht 28 billion. In this regard, this responsibility for payment of the obligation by the creditors of SSI UK will have an impact on the financial position and debt-service coverage of the Company as such obligation is of high value. Therefore, the Major Creditors and the Company entered into a negotiation to find a solution for the HRC Business of the Company to be able to carry on operations and maintain its business value, including the competitiveness of its business and to minimize impacts on the employees, customers, and trading partners of the Company. In this regard, the Company and the Major Creditors will further prepare an efficient and stable financial restructuring and debt management plan.

2. The Board of Directors resolved to approve that Mr. Win Viriyaprapaikit, the President of the Company or any person delegated by Mr. Win Viriyaprapaikit to represent the Company in negotiations and entering into agreements with the Major Creditors with respect to the contemplated financial restructuring and debt management by all means, as well as negotiations and entering into contracts or carrying out legal proceedings as deemed necessary for the purpose of the contemplated financial restructuring and debt management, and to be authorized to prepare, execute, and amend documents and/or contracts in connection therewith and undertake any necessary action in order to complete the contemplated financial restructuring and debt management. In this regard, the Company anticipates that the progress regarding such matter can be reported to the Stock Exchange of Thailand by September 2015.

Please be informed accordingly.

Yours sincerely,

-Signature-

(Mr. Win Viriyaprapaikit)
President

Information Memorandum Concerning the Call Default of
Sahaviriya Steel Industries UK Limited
which is the subsidiary of Sahaviriya Steel Industries Public Company Limited

The Board of Directors Meeting of Sahaviriya Steel Industries Public Company Limited (the "**Company**") No.14/2015 held on 21 September 2015 considered the progress of the temporary suspension of the Upstream Business's slab production operated by Sahaviriya Steel Industries UK Limited ("**SSI UK**"), a subsidiary of the Company established in the United Kingdom and the case that the group of creditors of SSI UK, which are The Siam Commercial Bank Public Company Limited ("**SCB**"), Krungthai Bank Public Company Limited ("**KTB**"), and TISCO Bank Public Company Limited ("**TISCO**") (the "**Major Creditors**"), demanded SSI UK to pay its obligation under the loan condition. According to the current financial position of SSI UK, SSI UK cannot respond to such demand. Consequently, the Major Creditors of SSI UK requested the Company to be jointly responsible in such payment of the obligation as a guarantor of SSI UK for the obligation amounting to USD 790 million or approximately Baht 28 billion divided into the obligation of SCB in an amount of approximately USD 345 million, KTB in an amount of approximately USD 345 million and TISCO in an amount of approximately USD 100 million. In this regard, this joint responsibility for payment of the obligation between the Company and the Major Creditors of SSI UK 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 and the Company can clarify the procedures on such default remedy to general 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 as amendment thereto. The Company, therefore, would like to report the information concerning the Call Default of SSI UK as follows:

1. Name of the Borrower

SSI UK

Relationship with the Company

The borrower is a subsidiary of the Company established in the United Kingdom, in which the Company holds shares amounting to 100 percent of the register capital.

2. Category of Default Transaction

2.1 Type of Debt

The loan obligation between SSI UK and the group of creditors of SSI UK which are The Siam Commercial Bank Public Company Limited, Krungthai Bank Public Company Limited, and TISCO Bank Public Company Limited in an amount of USD 790 million, divided into long term debt amounting of USD 490 million and revolving loan amounting of USD 300 million.

2.2 Repayment Conditions

Long term debt amounting of USD 490 million shall quarterly repay as follows:

Repay 12 percent in the year 2015;

Repay 17 percent in the year 2016;

Repay 20 percent in the year 2017;

Repay 18 percent in the year 2018;

Repay 23 percent in the year 2019; and

Repay 10 percent in the year 2020

2.3 Interest Rate

LIBOR (London Interbank Offered Rate) with surplus in the range of approximately 4.0 – 4.5 percent

2.4 Other Conditions under Loan Agreement

The loan is made between SSI UK and the Major Creditors whereby the Company is a guarantor and mortgage/pledge of the land and construction and machinery of SSI UK are placed as the collateral security, including transfer of the benefit 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 21 September 2015.

3.2 Reasons of the Loan Default

Due to the fact that SSI UK has incurred highly and continuously losses from the operation results of Upstream Business as well as the excessive global supply over demand which having had an impact on worldwide steel producers resulting in a gradual decline in the global steel price. Therefore, the Upstream Business (producing slabs) of SSI UK is required to temporarily pause its production and negotiate with the stakeholders, such as the British government, trading partners, and the trade union to request for their cooperation in reducing production costs and to mitigate losses of the Upstream Business of SSI UK. As a result, the chance that the plant will be able to recommence operations depends on an agreement between the stakeholders. In addition, there is some uncertainty which has occurred due to uncontrollable factors which will result in uncertainty in the suspension of the operation of the Upstream Business.

In light of the above, the Major Creditors of SSI UK, therefore, decided to demand SSI UK to pay its obligation under the loan condition. According

to the current financial position of SSI UK, SSI UK cannot respond to such demand. Consequently, the Major Creditors requested the Company to be jointly responsible in such payment of the obligation as a guarantor of SSI UK.

4. Details of the Debts

4.1 Debts specified in repayment notice

The loan under the Senior Facilities Agreement in an amount of USD 790 million or approximately Baht 28 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 remedy

The Major Creditors and the Company shall jointly prepare an efficient and stable financial restructuring and debt management plan of the Company to find a solution for the HRC Business of the Company to be able to carry on operations and maintain its business value, including the retention of competitiveness of its business and to minimize impacts on the employees, customers, and trading partners of the Company.

5.2 Impact on the financial status and operation result

The Joint responsibility of the Company's repayment with the Major Creditors may impact on the financial positions and the repayment capacity of the Company, due to the high amount of debts to be jointly paid. However, the Company and the Major Creditors are jointly preparing the financial restructuring and debt management plan 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 by September 2015.