



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

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ISO/IEC 17025

สร้างสรรคณ์นวัตกรรมผลิตภัณฑ์เหล็กและบริการที่มีมูลค่าเพิ่มกับลูกค้า สร้างกำไรสม่ำเสมอ สร้างผลตอบแทนแก่ผู้มีส่วนได้เสียอย่างยั่งยืน
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A MEMBER OF SAHAVIRIYA GROUP

Ref. S.E.C. 080/2017

21 September 2017

Subject: Implementation on the Business Rehabilitation Plan - Court's order on the First Capital Increase and details of allocation of the newly-issued ordinary shares to the specific persons (Private Placement) under the Business Rehabilitation Plan of Sahaviriya Steel Industries Public Company Limited

Attention: President
Stock Exchange of Thailand

CC: Secretary-General
The Securities of Exchange Commission, Thailand

Reference is made to the fact that Sahaviriya Steel Industries Public Company Limited (the "Company") is obliged to conduct business rehabilitation in accordance with the Business Rehabilitation Plan of the Company with respect to its capital restructuring. 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 THB 10,000,000,000 by issuing additional 10,000,000,000 newly-issued ordinary shares 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 THB 0.05 per share. In this regard, on 24 July 2017, the Company filed a petition with the Court requesting the increase in the registered capital in accordance with the Business Rehabilitation Plan, as earlier reported. Thereafter, on 21 September 2017, the Court rendered the order approving such amendment thereof, as well as approved the amendment to the Company's Memorandum of Association.

According to the resolution passed by Board of Directors Meeting No. 8/2017 convened on 13 July 2017 (the "Board of Directors Meeting") approving the allocation of additional newly-issued ordinary shares to the specific persons (Private Placement) for the First Capital Increase under the Business Rehabilitation Plan, the Company, as the Administrator of the Business Rehabilitation Plan (the "Plan Administrator"), would like to report the resolution thereof with respect to the allocation of 10,000,000,000 (ten billion) newly-issued ordinary shares at the par value of THB 1 per share to the specific persons (Private Placement) as follows:

1. The Board of Directors approved the increase in the registered capital by issuing additional 10,000,000,000 newly-issued ordinary shares at the par value of THB 1 per share, from the existing registered capital of THB 1,113,018,280, to THB 11,113,018,280 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, i.e. Siam Commercial Bank Public Company Limited, Krung Thai Bank Public Company Limited, TISCO Bank Public



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SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED

สร้างนวัตกรรมผลิตภัณฑ์เหล็กและบริการที่มีมูลค่าเพิ่มกับลูกค้า สร้างกำไรสม่ำเสมอ สร้างผลตอบแทนแก่ผู้มีส่วนได้เสียอย่างยั่งยืน
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Company Limited, and CIMB Thai Bank Public Company Limited, at the price of the conversion of debt into equity of THB 0.05 per share. In this regard, any fraction of a share that is higher than or equivalent to 0.5 share shall be rounded up to 1 share, and any fraction lower than the said number shall be rounded down. The details of the allocation are as follows:

Creditors entitled to the allocation	Number of Shares	Total Value (THB)
Krung Thai Bank Public Company Limited	4,499,394,589	224,969,729.45
Siam Commercial Bank Public Company Limited	4,469,534,816	223,476,740.80
TISCO Bank Public Company Limited	874,888,641	43,744,432.05
CIMB Thai Bank Public Company Limited	156,181,954	7,809,097.70
Total	10,000,000,000	500,000,000

2. In addition, Board of Directors Meeting No. 8/2017 resolved to approve the amendment to Clause 4 of the Memorandum of Association in order to be in line with the Capital Increase. In this regard, when the Central Bankruptcy Court renders an order approving the increase in the registered capital and the amendment to the Memorandum of Association, the Company will proceed to the Registrar of Public Limited Companies with the registration of the Capital Increase and the amendment to the Memorandum of Association, including any other actions with regard to the registration. After the registration of Capital Increase is completed, the Company would proceed with the Second Capital Increase under the Business Rehabilitation Plan accordingly.

Please be informed accordingly.

Sincerely yours,

-Signature-

Mr. Win Viriyaprapaikit
President

Capital Increase Report Form
Sahaviriya Steel Industries Public Company Limited
21 September 2017

We, Sahaviriya Steel Industries Public Company Limited (the “**Company**”), would like to report the resolutions passed by Board of Directors Meeting No. 8/2017, convened on 13 July 2017, from 10:00am to 12:00pm, and the order issued by the Central Bankruptcy Court on 21 September 2017 with respect to the capital increase and the allocation of the newly-issued shares, as follows:

1. Capital Increase

The Board of Directors resolved to approve the increase in the registered capital by THB 10,000,000,000 at the par value of THB 1 per share, from the existing registered capital of THB 1,113,018,280, to THB 11,113,018,280 for the purpose of the conversion of debt into equity in favour of the creditors of the Company in line with the Business Rehabilitation Plan approved by the Central Bankruptcy Court on 15 December 2016. The Company, as the Plan Administrator, had filed an application for the First Capital Increase for the purpose of the conversion of debt into equity and the amendment to the Memorandum of Association on 24 July 2017 and the Central Bankruptcy Court had granted permission to the Plan Administrator to proceed with the increase in the paid-up registered capital of the Company 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 on 21 September 2017. The capital increase shall be made in the following manner:

Type of Capital Increase	Type of Shares	Number of Shares	Par Value (THB/share)	Total (THB)
<input checked="" type="checkbox"/> Specifying the purpose of proceeds utilization	Ordinary shares	10,000,000,000	1	10,000,000,000
	Preference shares	-	-	-
<input type="checkbox"/> General Mandate	Ordinary shares	-	-	-
	Preference shares	-	-	-

2. Allocation of Capital Increase

Purpose of proceeds utilization

Allocated to	Number of Shares	Ratio (old: new)	Offering Price (THB/share)	Subscription and Payment Period	Remark
Private Placement	10,000,000,000	-	0.05	Upon a tender offer for the securities of the Company /or the application for relaxation in respect of the tender offer being granted by the SEC Office	-

Allocation of newly-issued shares by means of private placement

- 2.1 The creditors to whom the shares will be allocated from the conversion of debt into equity are:

	Names of Shareholders	Number of Shares Allocated	Offering Price (THB)	Total Value (THB)
1.	Krung Thai Bank Public Company Limited	4,499,394,589	0.05	224,969,729.45
2.	The Siam Commercial Bank Public Company Limited	4,469,534,816	0.05	223,476,740.80
3.	TISCO Bank Public Company Limited	874,888,641	0.05	43,744,432.05
4.	CIMB Thai Bank Public Company Limited	156,181,954	0.05	7,809,097.70
	Total	10,000,000,000		500,000,000

- 2.2 Allocation criteria

The four creditors who will be entitled to the conversion of debt into equity from the capital increase are the second group of creditors, and/or the third group of creditors, and/or the fourth group of creditors in accordance with the conditions specified under the Business Rehabilitation Plan of the Company.

- 2.3 Criteria to determine the offering price

The Company issued 10,000,000,000 newly-issued ordinary shares, with the par value of THB 1 per share, to the four creditors in a private placement, at the price of the conversion of debt into equity of THB 0.05 per share. In this regard, any fraction of a share that is higher than or equivalent to 0.5 shares shall be rounded up to 1 share.

- 2.4 Rationales and benefits apart from the proceeds derived from the capital increase

The capital increase is carried out in accordance with the conditions under the Business Rehabilitation Plan approved by the meeting of the creditors on 15 September 2016, whereby the Plan was granted approval by the Court on 15 December 2016. In this regard, this First Capital Increase is a part of the Business Rehabilitation Plan carried out for the purpose of debt repayment to the creditors, and in order for the Company to be able to proceed the Plan without committing a default thereof, as well as to alleviate the financial obligation of the Company, in the best interests of the shareholders.

- 2.5 Other conditions

The Company shall complete the registration of the increase in the registered capital with respect to the newly-issued ordinary shares as the Central Bankruptcy Court rendered an order approving the allocation of such newly-issued ordinary shares to

(Translation)

the second group of creditors, and/or the third group of creditors, and/or the fourth group of creditors. Nevertheless, the creditors of the Company would acquire the newly-issued ordinary shares under the Business Rehabilitation Plan of the Company and become holding more than 25 percent of the total voting rights of the Company, i.e., Siam Commercial Bank Public Company Limited (to hold the Company's ordinary shares of not less than 40.218 percent) and Krung Thai Bank Public Company Limited (to hold the Company's ordinary shares of not less than 40.487 percent). The creditors which would hold the Company's shares at the number that exceeds the trigger point of more than 25 percent of the total voting rights are required to make a tender offer for the entire securities of the Company or to file for a relaxation in respect of a tender offer for the entire securities of the Company due to the acquisition of the newly-issued ordinary shares.

2.6 Impact on the shareholders

The impacts on the existing shareholders which may result from the allocation of the newly-issued ordinary shares, e.g. Price Dilution, Control Dilution, and Earnings Per Share Dilution, are detailed as follows:

1) Price Dilution

0.00 percent

Currently, the Company's shares are marked with "SP" sign and are not traded on the Stock Exchange. Accordingly, the market price before the offer for sale is the closing price on the last day on which the shares were traded on the Stock Exchange, i.e., THB 0.05 per share. Meanwhile, as the offering price under this allocation is THB 0.05 per share, there is no Price Dilution of the share price of the Company.

2) Control Dilution

$$\text{Control Dilution} = \frac{\text{No. of share increased}}{\text{No. of paid-up shares} + \text{No. of share increased}}$$

$$\text{Control Dilution} = \frac{10,000,000,000}{1,113,018,280 + 10,000,000,000}$$

$$\text{Control Dilution} = 89.98 \text{ percent}$$

3) Earnings Per Share (EPS) Dilution

$$\text{EPS Dilution} = \frac{\text{EPS before the increase} - \text{EPS after the increase}}{\text{EPS before the increase}}$$

Whereas:

EPS before the increase = Net profit / No. of paid-up shares

EPS after the increase = Net profit / (No. of paid-up shares + No. of share increased)

$$\text{EPS Dilution} = 89.98 \text{ percent}$$

In this regard, the Company's measures to deal with the impacts which may occur to the Company and/or its shareholders due to the debt obligations are:

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The Company has taken into consideration on the rights of the existing shareholders as stated in the Company's Rehabilitation Plan. Being a listed Company in the Stock Exchange of Thailand, the Company is obliged to comply with the regulations of the Stock Exchange with respect to the preservation of its existing shareholders' rights. The regulations provide that the debt restructuring must not result in the shareholding of the existing shareholders being lower than 10 percent of the paid-up capital of the Company after the restructuring. In this regard, the Company has successfully maintained the shareholding of the existing shareholders at 10.02 percent of its paid-up capital, which is in line with the Stock Exchange's criteria.

Moreover, the Company has strictly implemented the Business Rehabilitation Plan which was granted approval by the Court and the implementation has been overseen by the Creditor Committee. The Business Rehabilitation Plan that determines the debt restructuring, the extension of debt repayment, the interest rate discount, and the automatic stay will not only enable the Company to make continuous debt repayment to the creditors, but those measures also facilitate the Company in seeking financial support or loans for the purposes of debt repayment to the creditors required by the Business Rehabilitation Plan. As a result, the Company would be able to improve its financial status and be removed from the list of possible delisted companies so that its securities would be able to resume trading. This will increase liquidity in stock trading for shareholders and mitigating the impacts on the shareholders mentioned above.

3. Scheduling of the Annual / Extraordinary General Meeting of Shareholders to Seek Approval on the Capital Increase and the Allocation of the Newly-Issued Shares

The Company is not required to seek approval from its shareholders meeting as the Capital Increase and the allocation of the newly-issued shares are conducted in accordance with the Business Rehabilitation Plan.

4. Application to the Relevant Government Agency for Approval of the Capital Increase and the Allocation of the Newly-Issued Shares, and the Conditions Thereof (if any)

As the Company is required to increase the capital by allocating the newly-issued shares in a private placement in accordance with the Business Rehabilitation Plan under the law governing bankruptcy which was approved by the Court, the Company shall conduct the allocation of the newly-issued shares as if it has been granted permission by the Office of the Securities and Exchange Commission (the "SEC Office") (pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 72/2558 Re: Approval for the Listed Companies to Issue the Newly-Issued Shares to the Specific Investors). In this regard, on 21 September 2017, the Central Bankruptcy Court has rendered the order approving the petition for the capital increase for the purpose of the conversion of debt into equity amounting to 10,000,000,000 shares.

Nevertheless, the creditors of the Company would acquire the newly-issued ordinary shares under the Business Rehabilitation Plan of the Company and become holding shares in the amount of more than 25 percent of the total voting rights of the Company, i.e., Siam Commercial Bank Public Company Limited (to hold the Company's ordinary shares of not less than 40.218 percent) and Krung Thai Bank Public Company Limited (to hold the Company's ordinary shares of not less than 40.487 percent). The creditors who would acquire

the shares and become holding the Company's shares in the number that exceeds the trigger point of more than 25 percent of the total voting rights are required to make a tender offer for the entire securities of the Company or to file for a relaxation in respect of a tender offer for the entire securities of the Company due to the acquisition of the newly-issued ordinary shares for the purpose of business rehabilitation pursuant to Clause 11 of the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Condition, and Procedures for the Acquisition of Securities for Business Takeovers, dated 13 May 2011 (including any amendment thereto) in conjunction with Clause 2(1) of the Notification of the Office of the Securities and Exchange Commission No. OrChor. 8/2541 Re: Rules, Condition, and Procedures for Application of Relaxation on Tender Offer for Entire Securities of Business for Purposes of Accommodation or Rehabilitation of Business, dated 25 June 1998 (including any amendment thereto). In this regard, the Company shall allocate the shares to such creditors in accordance with the said details after such creditors completed the tender offer process, or are granted a relaxation in respect of the tender offer.

The Company will file an application for the registration of the capital increase, the amendment to the Memorandum of Association, and the change of paid-up capital, with the Department of Business Development, Ministry of Commerce.

5. Objectives of the Capital Increase and Plans for Utilizing the Proceeds Derived from the Capital Increase

Board of Directors Meeting No. 8/2017, convened on 13 July 2017, resolved to approve the allocation of 10,000,000,000 newly-issued ordinary shares at the par value of THB 1 per share to the specific persons (Private Placement), i.e. the second group of creditors, and/or the third group of creditors, and/or the fourth group of creditors, under the Business Rehabilitation Plan, at the price of the conversion of debt into equity of THB 0.05 per share. In addition, on 21 September 2017, the Central Bankruptcy Court has rendered an order approving the petition for the allocation of the newly-issued ordinary shares. Such actions are in accordance with Clause 7.3(3) of the Company's Business Rehabilitation Plan. In this regard, the Company shall receive the conversion of debt into equity valuing THB 500,000,000 instead of the share price from the issuance of the newly-issued ordinary shares.

6. Benefits to Company from the Capital Increase and the Allocation of the Newly-Issued Shares

The capital increase is carried out in accordance with the conditions under the Business Rehabilitation Plan approved by the meeting of the creditors on 15 September 2016, whereby the Plan was granted approval by the Court on 15 December 2016. In this regard, this First Capital Increase is a part of the Company's Business Rehabilitation Plan carried out for the purpose of debt repayment to the creditors, and in order for the Company to be able to proceed with the Plan without committing a default thereof, as well as to alleviate the financial obligation of the Company, in the best interests of the shareholders.

7. Benefits to Shareholders from the Capital Increase and the Allocation of the Newly-Issued Shares

7.1 Even though the debt restructuring and the capital restructuring under the Business Rehabilitation Plan provide the Company to be able to repay debts to its creditors by means of converting debt into equity and under this capital increase, and the

(Translation)

Company increases its capital by issuing 10,000,000,000 shares at value of THB 0.05 per share, the Company is still obliged to comply with the regulations of the Stock Exchange with respect to the preservation of its existing shareholders' rights. The regulations provide that the debt restructuring must not result in the shareholding of the existing shareholders being lower than 10 percent of the paid-up capital of the Company after the restructuring. In this regard, the Company has successfully maintained the shareholding of the existing shareholders to no less than 10 percent of its paid-up capital after the debt restructuring. Furthermore, the Company believes that in the case where the conversion of debt into equity is complete, the financial condition of the Company might improve and its shares might be removed from the list of companies which may be delisted, and that eventually, the Company's shares could again be traded on the Stock Exchange.

- 7.2 The Company will uphold the dividend policy to distribute to the shareholders no more than 25 percent of the net profit after deductions of corporate income tax and legal reserves, when the Business Rehabilitation is complete and the Company's operation results in profit with no accumulated loss.
- 7.3 The Company's financial structure shall be strengthened and become more stable which will benefit the share value of the Company in the future.

8. Other Details Necessary for the Shareholders to Make Decisions to Approve the Capital Increase and the Allocation of the Newly-Issued Shares

None.

9. Schedule of the Capital Increase and the Allocation of the Newly-Issued Shares after Approval of the Board of Directors

No.	Procedures	Date/Month/Year
1.	The Board of Directors Meeting resolves to approve the Capital Increase and allocation of the newly-issued shares.	13 July 2017
2.	The application is filed with the Central Bankruptcy Court for the Capital Increase, the registration for the conversion of debt into equity, and the amendment to the Memorandum of Association	14 July 2017
3.	The Central Bankruptcy Court renders an order approving the Capital Increase, the registration for the conversion of debt into equity, and the amendment to the Memorandum of Association	21 September 2017
4.	The Court's order and the resolution of the Board of Directors Meeting are reported to the Stock Exchange of Thailand	21 September 2017

(Translation)

No.	Procedures	Date/Month/Year
5.	The creditors who are the shareholders holding the shares in an amount equivalent to or exceeding 25 percent of the total voting rights of the Company proceed a tender offer/ or clarify the facts and other information relating to the actions on the application for relaxation in respect of the tender offer for the securities of the Company, with the SEC Office	After the Central Bankruptcy Court renders an order approving the Capital Increase
6.	The newly-issued shares are allocated to the second group of creditors, and/or the third group of creditors, and/or the fourth group of creditors	Upon the completion of the process in 5.
7.	The Company registers for the first Capital Increase for the purpose of the conversion of debt into equity	Within 14 days from the date on which the allocation of the newly-issued ordinary shares is complete

The Company hereby certifies that the information contained herein is true and complete in all respects.

- Signature -

(Mr. Win Viriyaprapaikit)

Director

Sahaviriya Steel Industries Public Company Limited

- Signature -

(Mr. Kamol Juntima)

Director

Sahaviriya Steel Industries Public Company Limited