



MILL 002/2016

February 2, 2016

**Subject:** Notification of the resolution of the meeting's Board of Director (Addition)

**Attention:** President

The Stock Exchange of Thailand

Millcon Steel Public Company Limited ("the Company") would like to inform that the meeting's Board of Directors No.1/2016, held on February 2, 2016 had the resolution approved to the Company joint venture with Kobe Steel, Ltd. ("Kobe Steel") of Millcon Special Steel Co., Ltd. ("MSS") and change name from "Millcon Special Steel Co., Ltd." to "Kobelco Millcon Steel Co., Ltd." details are as follows:

**Company name:** Kobelco Millcon Steel Co., Ltd. (or KMS)

**Location:** 119 Banlang-Natakhwan Road, Banlang Sub-district, Muang Rayong District, Rayong 21000.

**Business:** Production and sale of special steel and ordinary steel wire rods.

**Production capacity:** 480,000 tons per year.

**Total investment:** 6.79 Billion Thai Baht.

- Working capital 2 Billion Thai Baht.
- Investment and maintenance machines 4.79 Billion Thai Baht.

**Capital:** 2.83 Billion Thai Baht.

**Investment ratio:** Kobe Steel 50%, Millcon 50%

**Directors** Kobe Steel 3 people, Millcon 3 people

**Source of funds** The Company 1,415,000,000 Thai Baht, Kobe Steel 1,415,000,000 Thai Baht and loan from financial institution 3.9 Billion Thai Baht.

\*KMS will operate income around mid-year 2016.

The Company will waiver to subscribe the increasing ordinary shares in the amount 14,150,000 shares with par value of Baht 100. Determining offering price as per par value of Baht 100, total of Baht 1,415,000,000.

The Company's auditor has considered and give an opinion that the Company is a Joint Venture Company. Accordingly, to record the company's investment in the consolidated financial statement, the equity method have to be applied in accordance with the accounting standard.

As wire rod demand is anticipated to increase under these conditions, Kobe Steel and the Company decided to turn MSS into a joint venture to serve as a production base for wire rods. Kobe Steel will support production, technology and marketing for produce special wire rod which is benefit to Millcon group.



Profile of Kobe Steel, Ltd.

Founded	September, 1905
Registered Capital	Approximately JPY 250,930,033,900 as of March 31, 2015 (approximately 75,279,010,170 Thai Baht*)
Business	Iron & steel, welding, aluminum & copper, machinery, engineering, construction machinery, other businesses.

\*Note: Currency exchange rate: JPY0.30 per 1 Thai Baht

Profile of Millcon Special Steel Co., Ltd.

April 11, 2014	Setup MSS with registered capital 1,000,000 Thai Baht for produce and sale wire rod and special wire rod
April 28, 2015	Increased capital from 1,000,000 Thai Baht to 1,415,000,000 Thai Baht.
July 3, 2015	Acquired asset as land, building and machines from Millcon Steel Plc.

Transaction size

Basis of calculation	Transaction size
1. Net tangible asset value method (NTA)	13.13%
2. Net profit method	Cannot be calculation
3. Net value of consideration method	7.57%
4. Securities (issued to pay for asset acquired) value method	Cannot be calculation

This transaction was not considered as a material transaction on acquisition of asset according to the Notification of the Capital Market Supervisory Board No. Tor.Chor.20/2551 Re: Rules on entering into material transaction deemed as acquisition or disposal of assets and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of information of listed companies concerning acquisition or disposal of assets B.E.2547 as the size of the transaction was 13.13%, calculated by the net asset value for the assets acquired which was the highest criteria, was less than 15% when combine in the calculation of disposal of assets in the past six month. In addition, the counterparty of the transaction was person/juristic person who was not the connected person, thus, the transaction will not be considered as a related party transaction under the Notification of Capital Market Supervisory Board No. Tor.Chor.21/2551 concerning the connected transaction and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of information and other acts of listed companies concerning the connected transactions B.E.2546. Nevertheless, by these transactions, The Company is required to report the change of investment over 10% of the joint venture company's paid-up capital. This shares dilution in the Subsidiaries will change Millcon Special Steel Co., Ltd. status from the Company's subsidiary to an Associates company.



บริษัท มิลล์คอน สตีล จำกัด (มหาชน)

MILLCON STEEL PUBLIC COMPANY LIMITED

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Please be inform accordingly,

Yours sincerely,

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(Ms. Jureerat Lapanavanich)

Director