



MILL 022/2016

October 28, 2016

**Subject:** The guarantee to Million Miles Co., Ltd.

**Attention:** President

The Stock Exchange of Thailand

Regarding to MILL 021/2016, Millcon Steel Public Company Limited (“the Company”) had sold Million Miles Co., Ltd. (“Million Miles”)’s ordinary shares in the amount of 1,814,999 shares to the connected person. However, as of October 26, 2015 the Company has guaranteed on credit lines in type of hire-purchase credit and loan credit to Million Miles in the amount of 44,134,464 Baht. Therefore, its financial support provided to the connected person which is not non-core business of the Company within the scope of connected 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. The details are as follows;

**1. The date of the transaction**

June 16, 2010

**2. Transaction parties**

Financial Supporter: Millcon Steel Public Company Limited

Financial Receiver: Million Miles Co., Ltd. (Present, the Company did not held Million Miles’ ordinary shares)

**3. Detail of Finance Receiver**

Million Miles Co., Ltd.

Capital registered 150,000,000 Baht

Director Mr.Sunthorn Jitboontaweek

(Be the husband of Ms. Sutthirat Leeswadtrakul who is the director of the Company)

**4. Description of the Transaction**

The Company had set up Million Miles since February 1, 2010 with capital registered 5,000,000 Baht at the par value of 10 Baht. The objective is to engage in a business of transportation and logistics. The Company held shares in portion of 95%.

November 29, 2012 Million Miles had increased the company’s registered capital in the amount of 50,000,000 Baht. As a result, the capital registered had been changed from 5,000,000 Baht to 55,000,000 Baht



by issuing newly ordinary shares in the amount of 5,000,000 shares at the par value 10 Baht. The increasing ordinary share was allotted to existing shareholder at the holding portion of each existing shareholder with the offering price 10 Baht per share. The company has the right in investment in these increasing ordinary shares in amount of 4,749,970 shares. However, the Company had refused the right offering for subscription partial shares in order to decrease the portion of shareholding and, but the Company had subscribed partial shares in amount of 1,340,002 shares at the par value 10 Baht. As a result, the Company held shares had been changed from 474,997 shares to 1,814,999 shares or 33 percent of paid up capital after the said increasing of capital.

February 7, 2013 the resolution of the Extraordinary General Meeting of Million Miles had approved the increasing of capital in the amount of 95,000,000 Baht. As a result, the capital registered had been changed from 55,000,000 Baht to 150,000,000 Baht. By issuing increasing common share in amount of 9,500,000 shares at the par value 10 Baht per share, the Company had the right to invest in these increasing ordinary shares in amount of 3,134,998 shares. However, the Company had refused the right offering in all amount. As a result, the shareholding in Million Mile of the Company was 12.10 percent

And on September 19, 2016 the Company had sold Million Miles' ordinary shares in the amount of 1,814,999 shares or 12.10 percent of Million Miles' capital registered. Further, as of October 26, 2016 the Company had guaranteed on credit lines in type of hire-purchase credit and loan credit to Million Miles in the amount of 44,134,464 Baht. The Company had issued notice to Million Miles not to use additional credit line and had informed the banks to cancel the guarantee on credit, because the Company had decreased the equity in Million Miles caused Million Miles to not be the Company's associated anymore.

#### 5. Rational and background of this financial assistance

After the Company had set up Million Miles for engaging a business of transportation and logistics. Million Miles had taken on the loan from financial institutions. The details are as follows;

- Long term loan 49,975,000 Baht, Interest rate MLR -1.25
- Short term loan 7,000,000 Baht, Interest rate MOR
- Leasing 206,906,733 Baht

Million Miles will repay interest and principle each month from the first drawdown date who is an only borrower for investment using as a working capital for the business. The financial institution had determined the term of loan to be that the Company must guarantee to Million Miles because Million Miles was subsidiary of the Company.

November 14, 2012 the board of directors' meeting of the Company had resolved and approved the refusal of the right offering in subscribing partial shares of Million Miles. The Company had issued notice to Million Miles and financial institution not to use and/or withdraw additional credit line, because the Company had decreased the equity in Million Miles caused Million Miles to not be the Company's associated anymore. As of October 26, 2016 the Company had guaranteed on credit lines in type of hire-purchase credit and loan credit to Million Miles in the amount of 44,134,464 Baht which is repay to financial institutions until December 13, 2561. In the past, Million Miles had never made any default or in case of Million Miles make any default, the Company



can take find out principle and interest from primary debtor or enforce to pledge. According to the guarantee agreement and securities pledge agreement which will not affect the operating results of the Company significantly.

6. Shareholders Structure of Million Miles after the Company had sold ordinary shares of Million Miles.

Shareholders' name	Shares	Proportion
Mr.Sunthorn Jitboontaweek	5,904,999	39.37%
R.S.P. Steel Co., Ltd.	9,095,000	60.63%
Mrs. Sutthirat Leeswadtrakul	1	0.00%
<b>Total</b>	<b>15,000,000</b>	<b>100.00%</b>

The securities which were pledged as collateral that the Company will be repaid if Million Miles make any default are Mr. Sunthorn Jitboontaweek's all ordinary shares. As of June 30, 2016, Million Miles' share value is 8.69 Baht. Therefore, the total value of ordinary shares which are pledged as collateral is 51,314,441 Baht.

For the enforcement of collateral, in case that Million Miles is default to repay the loan to financial institutions. The Company who is guarantor under the condition of loan agreement may be called from financial institutions to repay the loan as co-borrower. When the Company repay the loan to financial institution instead of Million Miles who is primary debtor. The Company has right to recourse for principle and interest or for any lost or damage in any way arising from guarantee from primary debtor. The Company can enforce to take a pledged of securities (shares) from Mr.Sunthorn Jitboontaweek which has been pledged as collateral to the Company under the memorandum of understanding and pledge agreement between Mr.Sunthorn Jitboontaweek and the Company. When the enforcement of pledged shares make any fund in any amount, Mr.Sunthorn Jitboontaweek will repay loan to the Company forward.

7. The reason for consideration of approving the financial assistance to Million Miles

In consideration for any financial assistance to any persons, the Company has guideline and policy to guarantee in proportion of shareholding which is accordance to regulars of the Securities and Exchange Commission. In regard of the guarantee to Million Miles, the Company would like to inform that the Company had enter into the guarantee loan agreement for Million Miles to support the financial and proceed the business as planed which guaranteed while Million Miles was subsidiary of the Company (the Company is shareholder at the proportion of 95% of the total paid-up capital). The Company had reduced proportion of shareholding continuously until the Company had sold all Million Miles's all ordinary shares to other shareholder. However, the Company still acting as guarantor to Million Miles under the loan agreement as aforesaid.

As collateral to the Company, the Company will receive repayment in case of Million Miles does not repay the loan and Mr. Sunthorn Jitboontaweek, acting as major shareholder of Million Miles, has entered into the pledge of securities agreement with the Company to be securities. In case of Million Miles cannot repay to



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MILLCON STEEL PUBLIC COMPANY LIMITED

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financial institutions, the Company can enforce from pledged securities for principle and interest or for any lost or damage in any way arising from guarantee from Million Miles. In this regard, the Company believe that the Company is preferential creditor who has right to receive repayment before other creditor. The said guarantee is not likely to damage the Company because the Company has pledged shares as security for repayment. In addition, the Company had presented the agenda of the sale ordinary shares and the guarantee of the Company to the Board of Directors' meeting of the Company and the Board of Directors' meeting of the Company had considered and approved under fact and reasons as mention above.

Please be inform accordingly,

Yours sincerely,

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(Ms. Jureerat Lapanavanich)

Director