

Company Announcements

MATERIAL LITIGATION (1) Commencement of Arbitration Proceedings by Southern HRC Sdn Bhd ("SHRC") (a subsidiary of Southern Steel Berhad ("SSB")) against Danieli & C. Officine Meccaniche S.p.A. ("Danieli") and Danieli Malaysia Sdn Bhd ("DMSB") (2) Commencement of Arbitration Proceedings by Danieli and DMSB against SHRC (a subsidiary of SSB)

SOUTHERN STEEL BERHAD

Type	Announcement
Subject	MATERIAL LITIGATION
Description	(1) Commencement of Arbitration Proceedings by Southern HRC Sdn Bhd ("SHRC") (a subsidiary of Southern Steel Berhad ("SSB")) against Danieli & C. Officine Meccaniche S.p.A. ("Danieli") and Danieli Malaysia Sdn Bhd ("DMSB") (2) Commencement of Arbitration Proceedings by Danieli and DMSB against SHRC (a subsidiary of SSB)

We refer to our announcement dated 11 July 2016. Following the termination of the contract between Danieli and SHRC dated 16 June 2011 for the design, manufacture and supply of a "Thin Slab Casting Unit feeding directly a twin Steckel Mill" for the production of hot rolled coils ("Contract") and the Service Agreement No. 1 between SHRC, Danieli and DMSB dated 10 May 2014 ("Service Agreement"), SSB wishes to announce that its wholly-owned subsidiary, SHRC, and Danieli together with DMSB, a wholly owned subsidiary of Danieli, have submitted their respective disputes to arbitration.

Commencement of Arbitration Proceedings by SHRC

SHRC has commenced arbitration proceedings against Danieli and DMSB by way of a Request for Arbitration dated 29 August 2016 under the Arbitration Rules of the International Chamber of Commerce ("ICC Rules") arising out of the Contract and Service Agreement.

SHRC is claiming several reliefs against Danieli and DMSB, including repayment of contract sum and damages for misrepresentation and breach of contract.

Commencement of Arbitration Proceedings against SHRC

Danieli and DMSB have also commenced arbitration proceedings against SHRC by way of a Request for Arbitration under the ICC Rules and the Request came to the attention of SHRC's management on 25 August 2016.

Danieli and DMSB are seeking several declarations in relation to their obligations and entitlements under the Contract and the Service Agreement and to SHRC's termination of the Contract and the Service Agreement and claiming damages.

SHRC is disputing and will be challenging the claims during the arbitration proceedings.

This announcement is dated 30 August 2016.

Announcement Info

Company Name	SOUTHERN STEEL BERHAD
Stock Name	SSTEEL
Date Announced	30 Aug 2016
Category	General Announcement for PLC
Reference Number	GA1-30082016-00017