



MILL 015/2013

April 26, 2013

Subject: Inform to criteria for allocation of new shares to Private Placement  
(Addition)

Attention: President  
The Stock Exchange of Thailand

Accordingly, Millcon Steel Industries Public Company Limited (“the Company”) inform the resolution of the Board of Directors No.5/2013 for allocation of new shares to Private Placement. The company would like to inform schedule of action where the Board of Directors of the Company passes a resolution approving the allocation of new shares

### **1. Criteria for selection of investors**

- 1) Individual investors and/or institutional investor both local and foreign
- 2) Potential investors in investment and be able to make decision rapidly to provide maximum benefits to the Company
- 3) Long-term investors
- 4) Knowledgeable investors and be able to generate benefits to shareholders and the Company (Strategic Partners)
- 5) Private Placement 1 person can right offering ordinary shares and preferred shares

### **2. The reason that the Company offering of newly issued share to the Private Placement (PP) and the benefit that the shareholders will be received.**

The issuance and offering of newly issued share is price not lower than market price. It is a burden to the existing shareholders and may be not the attention of the existing shareholders. As a result, the company cannot rise funds to target. The Company will apply to the objectives and highest benefits of performance and the operations of the Company and the shareholders of the Company.

### **3. Objectives of the capital increase and plans for utilizing proceeds received from the capital increase.**

To support investment in related business and/ or to support current business and / or to use as working capital and / or repayment of debt and / or used in the acquisition of the assets of the TSSI. Nevertheless, the value investment about Baht 3,065 million which source of investment from increase capital and/or loans from financial institutions by value may be change based condition.



#### 4. Pricing and timing of the offering of shares to the Private

##### Placement.

Price not lower than the market price by the time of the offering within one year after the date of the resolution of a shareholders meeting.

#### 5. Effects on the shareholder

1) The ordinary shares issued for the exercise of the warrants shall have rights as equally as the ordinary shares of the Company which have been issued in earlier.

2) Apart from the newly-issued ordinary shares of 465,900,910 which have been reserved for the exercise of warrants, the Company would increase its registered capital to reserve for the events by rules and regulations of the SEC. which related to the issuance and offering of warrants

3) Effect for shareholders due to the issuance of warrants to existing shareholder. Including the issuance of ordinary shares and / or preferred shares at the same time. The approval is based on the resolution of the shareholders' meeting. Subject to approval of the issuance of such securities all Project or any project so the impact on shareholders can be divided into the following seven cases.

Case 1 The issuance and offering of warrants to existing shareholder only

Case 2 The issuance and offering of common stock to Private Placement only,

Case 3 The issuance and offering of preferred stock to Private Placement only,

Case 4 The issuance and offering of warrants to existing shareholder and the issuance and offering of common stock to Private Placement only,

Case 5 The issuance and offering of warrants to existing shareholder and the issuance and offering of preferred stock to Private Placement only,

Case 6 The issuance and offering of common stock to Private Placement and preferred stock Private Placement only,

Case 7 The issuance and offering of warrants to existing shareholder and the issuance and offering of common stock to Private Placement and the issuance and offering of preferred stock to Private Placement

Qo	=	The number of existing shares is equal to 1,863,603,640 Shares
Qs	=	The number of newly-issued shares exercise for warrants to existing shareholders is equal to 465,900,910 Shares
Qe	=	The number of newly-issued shares exercise for offering of common stock to Private Placement is equal to 1,000,000 Shares
Qc	=	The number of newly-issued shares exercise for offering of preferred stock to Private Placement is equal to 750,000,000 Shares



By

**1. Control Dilution**

Formula for Calculating of Control Dilution

$$\text{By} = 1 - [Q_o / (Q_o + Q_n)]$$

Q<sub>o</sub>

Q<sub>n</sub> = The number of existing shares is equal to 1,863,603,640 Shares

Q<sub>n</sub> = Number of the newly-issued shares for the conversion of warrants and debentures which shall be considered into 7 scenarios as follow: follows:

$$\text{Qn Case 1} = Q_s$$

$$\text{Qn Case 2} = Q_e$$

$$\text{Qn Case 3} = Q_c$$

$$\text{Qn Case 4} = Q_s + Q_e$$

$$\text{Qn Case 5} = Q_s + Q_c$$

$$\text{Qn Case 6} = Q_e + Q_c$$

$$\text{Qn Case 7} = Q_s + Q_e + Q_c$$

<b>Control Dilution</b>	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7
1. The existing shareholder subscribed the whole amount	-	30.03 %	24.35 %	29.84 %	24.35 %	42.90 %	42.90 %
2. Non- existing shareholder subscribed the whole amount	20.00 %	34.92 %	28.70 %	44.03 %	39.48 %	48.43 %	54.32 %

In case of the issuance and offering of warrants to existing shareholders and the existing shareholders subscribe the whole amount of warrants. The control dilution of the existing shareholders will not be affected due to the issuance and offering of warrants by pro rata. In case of the non-existing shareholders subscribe the whole amount of warrants, the control dilution of existing shareholders will be affected by 20.00% and will increase to 54.32% for the issuance and offering of ordinary shares and preferred shares to Private Placement

**2. Earnings Dilution**

$$\text{Formula for Calculating of Earnings Dilution} = (EPS_o - EPS_n) / EPS_o$$

EPS<sub>o</sub>

$$= \text{Net profit} / Q_o$$

EPS<sub>n</sub>

$$= \text{Net profit} / (Q_o + Q_n)$$



Where Qn shall be considered into 7 scenarios as follows:

Qn Case 1	=	Qs
Qn Case 2	=	Qe
Qn Case 3	=	Qc
Qn Case 4	=	Qs + Qe
Qn Case 5	=	Qs + Qc
Qn Case 6	=	Qe + Qc
Qn Case 7	=	Qs + Qe + Qc

Using Net profit for the first six month of the year 2012, which is equal to 90.87 Million Bath, in the formula

Effect of Earnings Dilution	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7
1. The existing shareholder subscribed the whole amount	-	30.03 %	24.35 %	29.84 %	24.35 %	42.90 %	42.90 %
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### 3. Price Dilution

The offering mentioned above didn't effect on price dilution due to the offering price and/or exercise price was not lower than the market price

Please be inform accordingly,

Yours sincerely,

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(Mrs. Pirom Sawpayon)  
Director