

Term and conditions of warrant allocating to existing shareholders

Type	: Warrant to purchase ordinary shares of Thai Yuan Metal Public Company Limited
Category	: Named and Transferable
Terms of Warrant	: 3 Years from the date of issuance
Number of Warrant	: 1,000,000,000 units
Offering Price	: Baht 0 per unit
Offering Method	: Allocating to existing shareholders as the ratio of 4 Ordinary Shares to 1 unit of warrant (any fraction will be discarded by the Board of Directors or its authorized person may discarded the fraction) whose names appeared on the shareholding book on the date of closing such book for the purpose of determining the shareholder who shall be entitled to warrants allotment on May 27, 2011 (record date), and gathering the shareholders' name in accordance with section 225 of Securities and Exchange Act B.E. 2535 (1992) by book closing date on May 30, 2011.
Number of Reserved Share	: 1,000,000,000 shares or equivalent to 25 percent of total paid up shares, which is 4,000,000,000 shares The number of reserved shares to accommodate the exercise of warrants shall not exceed 50 percent of the total issued shares of the Company, in accordance with any related laws and regulations notified by the Securities and Exchange Commission.
Exercise Ratio	: 1 unit of warrant per 1 ordinary share (subsequently amendable in accordance with the condition on right adjustment)
Exercise Price	: Baht 0.50 per share (subsequently amendable in accordance with the condition on right adjustment)

- Exercise Date : The warrant holders shall exercise the warrants on the last business day of March and September of each year through the maturity date. The first exercise date shall be on the last working date on March, 2011 and the last exercise date shall be on the date of the third anniversary of the issuance date of warrant. In case that, the last exercise date shall fall on the Company's holiday, the last exercise date shall be changed to the last business day prior to such last exercise date. The exercise period shall not be less than 15 days before the last exercise date. The Company's Board of Directors or its authorized person has the authority to determine the first exercise date and the last exercise date as proper.
- Secondary Market of Warrant : The Company shall list the warrants on The Stock Exchange of Thailand.
- Secondary Market of Ordinary Share : The Company shall list the Ordinary Shares from exercise of Warrant on The Stock Exchange of Thailand.
- Registrar : Thailand Securities Depository Company Limited

Adjustment of Right of the Warrants : The Company will adjust the exercise price and the exercise ratio, upon the incurrence of the following events that may cause the Company to issue new ordinary shares to accommodate the adjustment, with the aim to protect the warrant holders' benefit

1. The change to the par value resulting from the amalgamation or division of share.
2. The new offering of share at the price lower than the market price at the time of offering or prior to the time of offering. The calculation method is provided under the terms and conditions of the warrant.
3. The offering of convertible debenture or warrant at the price lower than the market price at the time of offering or prior to the time of offering. The calculation method is provided under the terms and conditions of the warrant.
4. The partial or whole payment of dividend by issuing new shares to shareholders.
5. The payment of dividend in exceeding of the rate that specified in the terms and condition of warrant adjustment.
6. Any other similar event to those of clause 1 to clause 5 which result in the warrant holders are considered less benefit.

The Board of Directors and its authorized person shall be entitled to determine the terms and conditions of the adjustment on exercise price and ratio.

Other Conditions : The Board of Directors and its authorized person shall be entitled to determine the terms and conditions of the adjustment of exercise price and ratio including negotiation, agreement, execution in any document other related agreement together with performing any necessary action for the issuance of the warrant such as listing the warrant with The Stock Exchange of Thailand and contact any other government agency.

- Dilution effect to Shareholder :
1. The share derived through the exercise of Warrant shall have the same right and entitlement with those of the existing shares
 2. Apart from 1,000,000,000 of ordinary shares reserved for the exercise of warrant, the Company may additionally increase its registered capital to support the adjustment of right in accordance to the rules and regulations of the Office of the Securities and Exchanges Commission.
 3. Dilution effect to the existing shareholders
 - a) Dilution effect to the existing shareholders
- Formulae = $1 - [Q_o / (Q_o + Q_w)]$

Where

Q_o = The total paid-up capital amounting of 4,000,000,000 shares

Q_w = Additional shares increased from issuance and sell to existing shareholders equals to 1,000,000,000 shares.

Therefore

Control Dilution

$$= 1 - [Q_o / (Q_o + Q_w)]$$

$$= 1 - [4,000,000,000 / (4,000,000,000 + 1,000,000,000)]$$

$$= 20.00 \%$$

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 proportion holding. 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 %

b) Earnings Dilution

$$\text{Formulae} = (\text{EPSo} - \text{EPSnew}) / \text{EPSo}$$

Where

$$\text{EPSo} = \text{Net Profit} / \text{Qo}$$

$$\text{EPSnew} = \text{Net Profit} / (\text{Qo} + \text{Qw})$$

The calculation replaces net profit of 12 months period as ended December 31, 2010 or equals to Baht 149,482,304.49

Therefore

$$\begin{aligned} \text{EPSo} &= \text{Net Profit} / \text{Qo} \\ &= 149,482,304.94 / 4,000,000,000 \\ &= 0.03737 \end{aligned}$$

$$\begin{aligned} \text{EPSnew} &= \text{Net Profit} / (\text{Qo} + \text{Qw}) \\ &= 149,482,304.94 / (4,000,000,000 + \\ &\quad 1,000,000,000) \\ &= 0.02990 \end{aligned}$$

Earnings Dilution

$$\begin{aligned} &= (\text{EPSo} - \text{EPSnew}) / \text{EPSo} \\ &= (0.03737 - 0.02990) / 0.03737 \\ &= 20.00 \% \end{aligned}$$

In case of the issuance and offering of warrants to existing shareholders and the existing shareholders subscribe the whole amount of warrants. The earnings dilution of the existing shareholders will not be affected due to the issuance and offering of warrants by proportion holding. In case of the non-existing shareholders subscribe the whole amount of warrants; the earnings dilution of existing shareholders will be affected by 20.00 %

c) Price Dilution

$$\text{Price Dilution} = \frac{[(P_o - P_n) \times Q_w]}{[(Q_o + Q_w) \times P_o]}$$

Where

P_o = The weight average of the closing price of the company shares during 15 business days before the date of Board of Directors Meeting on March 25, 2011 (March 4 – March 24, 2011) which equals to Baht 0.61 per share

P_n = Using the right price of Warrant to existing shareholders equals to Baht 0.50 per share

Therefore

$$\begin{aligned} \text{Price Dilution} &= \frac{[(P_o - P_n) \times Q_w]}{[(Q_o + Q_w) \times P_o]} \\ &= \frac{[(0.61 - 0.50) \times 1,000,000,000]}{[(4,000,000,000 + 1,000,000,000) \times 0.61]} \\ &= 3.61\% \end{aligned}$$

In case that all of the warrant be exercised, the price of the company's share will be diluted by 3.61%

Calculation of reserved share in details

The method of proportion of reserved share = $\frac{((\text{Number of shares reserved warrant offer for sell this time}) + (\text{Number of shares reserved warrant offer to sell other time which not included shares reserved for ESOP – Warrant}))}{(\text{Number of company share sold})}$

By

Number of share reserved warrant to sell this time = 1,000,000,000 shares

Number of share reserved warrant to sell other time which not included shares reserved for ESOP - Warrant = 0 share

Number of company shares = 4,000,000,000 shares

sold

Therefore

Proportion for reserving shares = 1,000,000,000 shares / 4,000,000,000 shares

= 1,000,000,000 / 4,000,000,000

= 25.00 %

Any terms, conditions, amount, and any other details related to the warrants, including the cause for issuing new shares as reserves for any adjustment of exercise price and exercise ratio of warrants, will be determined by the Executive Committee, the authorized directors, or their assignees as appropriate.