

Details of Substantial Terms and Conditions of Convertible Debentures

Issuer	Rich Asia Steel Public Company Limited
Objectives	<p>The Company will utilize proceeds received from the issue and offer for sale of convertible debentures for:</p> <ul style="list-style-type: none"> (1) repayment of debts to financial institutions according to the debt restructuring negotiation; (2) operating fund of the Company or its subsidiaries for improving of business to be reactivated in achieving profit and/or other purposes as the Board of Directors or the Executive Committee considers appropriate.
Type of Debentures	<p>Convertible debentures in registered form or issued to bearer which grant the right to convert into ordinary shares of the Company, unsecured, without the representative of debenture holders, subordinated or unsubordinated, depending on market condition at the time of offering of convertible debentures and other related factors.</p> <p>The convertible debentures which will be offered by the Company will consist of 6 tranches as follows:</p> <p><u>Convertible Debentures Tranche 1:</u> value of not exceeding SGD 2 million or its equivalent amount in other currencies, separated into 20 sub-tranches, which each sub-tranche will not exceed SGD 100,000 or its equivalent amount in other currencies.</p> <p><u>Convertible Debentures Tranche 2:</u> value of not exceeding SGD 2 million or its equivalent amount in other currencies, separated into 20 sub-tranches, which each sub-tranche will not exceed SGD 100,000 or its equivalent amount in other currencies.</p> <p><u>Convertible Debentures Tranche 3:</u> value of not exceeding SGD 2 million or its equivalent amount in other currencies, separated into 20 sub-tranches, which each sub-tranche will not exceed SGD 100,000 or its equivalent amount in other currencies.</p> <p><u>Convertible Debentures Tranche 4:</u> value of not exceeding SGD 4 million or its equivalent amount in other currencies, separated into 20 sub-tranches, which each sub-tranche will not exceed SGD 200,000 or its equivalent amount in other currencies.</p> <p><u>Convertible Debentures Tranche 5:</u> value of not exceeding SGD 4 million or its equivalent amount in other currencies, separated into 20 sub-tranches, which each sub-tranche will not exceed SGD 200,000 or its equivalent amount in other currencies.</p> <p><u>Convertible Debentures Tranche 6:</u> value of not exceeding SGD 6 million or its equivalent amount in other currencies, separated into 20 sub-tranches, which each sub-tranche will not exceed SGD 300,000 or its equivalent amount in other currencies.</p>
Offering Size	Not exceeding SGD 20 million (or its equivalent amount in other currencies) by issuing and offering for sale of single tranche or various tranches at the same time or several times.
Currency	Singapore Dollar currency
Allocation Method	To be entirely offered for sale to one single foreign investor in foreign country by offering in one or several tranches at one time or several times, which the foreign investor can select to convert at fixed or floating conversion price. The Company will offer the entire amount of convertible debentures to one specific investor, namely, Advance Opportunities Fund in Singapore which is managed by Advance Capital Partners Ltd.
Term	1 year from the issue date of the convertible debentures, subject to market condition at the time of issue and offer for sale of the convertible debentures at each time.
Interest Rate	1% per annum

Transfer Restriction of Convertible Debentures	As the convertible debentures will be issued and offered specially to one single foreign investor by way of a private placement, any sale or transfer of the convertible debentures must be done abroad only.
Exercise Period	The holders of convertible debentures can exercise its right on any business day from and including the issue date of the convertible debentures up to the close of business on the business day falling one week preceding the maturity date of the convertible debentures of the 1 year period starting from the date of issuing of the Tranche 1 Convertible Debentures; provided that it must be held according to the terms and conditions of the issuance of debentures at each time.
Initial Conversion Price	<p>The holders of convertible debentures shall be entitled to choose one of the following conversion prices:</p> <p>(1) 145% of the average of the daily traded volume weighted average prices per share for the 45 business days immediately prior to:</p> <ul style="list-style-type: none"> (a) For the Tranche 1 Convertible Debentures: the date of Subscription Agreement; (b) For the Tranche 2 Convertible Debentures: the issue date of the Tranche 2 Convertible Debentures; (c) For the Tranche 3 Convertible Debentures: the issue date of the Tranche 3 Convertible Debentures; (d) For the Tranche 4 Convertible Debentures: the issue date of the Tranche 4 Convertible Debentures; (e) For the Tranche 5 Convertible Debentures: the issue date of the Tranche 5 Convertible Debentures; (f) For the Tranche 6 Convertible Debentures: the issue date of the Tranche 6 Convertible Debentures; <p>(“Fixed Conversion Price”); or</p> <p>(2) 80% of the average closing prices per share on any 3 consecutive business days during 45 business days immediately preceding the relevant conversion date of the convertible debentures.</p> <p>(“Floating Conversion Price”)</p> <p>The Fund who is the purchaser of the convertible debentures shall be entitled to exercise either Fixed Conversion Price or Floating Conversion Price of each tranche within 1 year from the issuing date of the convertible debentures.</p>
Maximum Discount of Exercise Price of Convertible Debenture	The Company will determine the exercise price of convertible debenture with discount of market price of the Company’s shares according to the above conversion prices.
Rate of Conversion	The principal amount divides the conversion price.
Amount of New Common Shares to be Reserved for	<p>The amount of not exceeding 320,000,000 shares of which the Company will issue and offer for sale of the convertible debentures in the amount of not exceeding Baht 500 million.</p> <p>(Remark: If the amount of shares are not sufficient, both parties agree to cease or terminate the issuance of convertible debentures at this time.)</p>

Conversion	<p>If there will be remaining shares after the issue and offer for sale of convertible debentures for the whole amount of SGD 20 million or its equivalent amount of Baht 500 million, the Board of Directors will propose the shareholders to proceed with capital reduction.</p> <p>In case of issue and offer for sale of convertible debentures to the Fund and the Fund exercised conversion right of the convertible debentures and capital shares which was incased by the Company as reservation for conversion of convertible debentures in certain amount is not sufficient for conversion in the whole amount, the Board of Directors of the Company will agree with the Fund for further repayment in cash together with the interest at a rate of 1% per year for the portion of which was proceeded with the conversion exercise but there is no sufficient common shares which are reserved for conversion.</p>
Impacts to Shareholders	<p>In considering of the impact on the Company's shareholders, the “Worst Case Scenario” will be taken for consideration in the case that the Company offered and issued convertible debentures for the whole amount to the investor and the investor then exercised the conversion right of whole amount of the convertible debentures of SGD 20 million or its equivalent amount of Baht 500 million, even the Company has no plan to issue and offer for sale of convertible debentures to a foreign fund for the whole amount. It is divided into 2 cases as follows:</p> <ol style="list-style-type: none"> 1. In the case of using Fixed Conversion Rate 2. In the case of using Floating Conversion Rate by consideration of the impacts to shareholders of the Company, of which are 2 aspects including impact to market price of shares (Price Dilution) and impact to voting rights of existing shareholders (Control Dilution). <p>1) In the case of using Fixed Conversion Rate</p> <p>1.1) Dilution in share price (Price Dilution) can be calculated with the following equation:</p> $\text{Price Dilution} = (\text{Po} - \text{PE}) / \text{Po}$ <p>where;</p> $\text{PE} = (\text{PoQo} + \text{PeQe}) / (\text{Qo} + \text{Qe})$ <p>Po = Existing share price which is equivalent to Baht 0.29 per share (average closing price of 15 days during 4 – 25 February 2014 preceding the date of the Board of Director's meeting on 28 February 2014)</p> <p>Pe = Fixed Conversion Price of convertible debentures which is equivalent to Baht 0.41 per share (calculated based on 145% of the average of the daily traded volume weighted average prices per share for the 45 business days during 19 December 2013 – 25 February 2014)</p> <p>Qo = Number of existing shares which is equivalent to 1,002,913,226 shares</p> <p>Qe = Number of shares arising from the exercise of conversion right of the convertible debentures from the drawdown for the whole amount which equals to 1,219,512,195 shares (calculated based on the amount of Baht 500 million divides the Fixed Conversion Rate at Baht 0.41 per share). However, the Company has set the shares as reservation for conversion in the amount of 320,000,000 shares only.</p> <p>1.2) Dilution in shareholdings (Control Dilution) can be calculated with the following equation:</p> $\text{Control Dilution} = (\text{Qe} / (\text{Qo} + \text{Qe}))$ <p>Where;</p>

Qo = Number of existing shares which is equivalent to 1,002,913,226 shares
 Qe = Number of shares arising from the exercise of conversion right of the convertible debentures at each time which is equivalent to 320,000,000 shares

Summary of Impact on the Shareholders from Exercise of Fixed Conversion Price	In case where the investors purchase and exercise the rights to convert to ordinary shares for whole amount of Convertible Debentures
Dilution in share price (Price Dilution)	-10.01%
Dilution in shareholdings (Control Dilution)	24.19%

Impact on Market Price of Shares (Price Dilution)

In case where the conversion right is made for common shares according to the conversion of the whole amount of convertible debentures, the impact to market price of the shares will be -10.01% or the impact to market price of shares will be negative or there would be no impact to market price of share.

Impact on the Voting Right of the Existing Shareholders

In the case where the conversion right is made for the whole amount of common shares, the shareholders of the Company will be diluted of its shareholding at the rate of 24.19 percent.

2) In the case of using Floating Conversion Rate

2.1) Dilution in share price (Price Dilution) can be calculated with the following equation:

$$\text{Price Dilution} = (Po - PE) / Po$$

where;

$$PE = (PoQo + PeQe) / (Qo + Qe)$$

Po = Existing share price which is equivalent to Baht 0.29 per share (average closing price of 15 days during 4 – 25 February 2014 preceding the date of the Board of Director's meeting on 28 February 2014)

Pe = Floating Conversion Price of convertible debentures which is equivalent to Baht 0.21 per share (calculated based on average closing prices of 3 consecutive business days (2-6 January 2014) preceding the Board of Director's Meeting at the price of Baht 0.26 per share multiples conversion rate of 80 percent.

Qo = Number of existing shares which is equivalent to 1,002,913,226 shares

Qe = Number of shares arising from the exercise of conversion right of the convertible debentures from the drawdown for the whole amount which equals to 2,380,952,381 shares (calculated based on the rates of conversion right of convertible debentures at Baht 0.21 per share). However, the Company has fixed the total amount of shares which are reserved for conversion of the convertible debentures in the amount of 320,000,000 shares only.

2.2) Dilution in shareholdings (Control Dilution) can be calculated with the following equation:

$$\text{Control Dilution} = (Qe / (Qo + Qe))$$

Where;

Qo = Number of existing shares which is equivalent to 1,002,913,226 shares

Qe = Number of shares arising from the exercise of conversion right of the convertible debentures at each time which is equivalent to 320,000,000 shares

	<table><tr><th>Summary of Impact on the Shareholders from Exercise of Floating Conversion Price</th><th>In case where the investors purchase and exercise the rights to convert to ordinary shares for whole amount of Convertible Debentures</th></tr><tr><td>Dilution in share price (Price Dilution)</td><td>6.67%</td></tr><tr><td>Dilution in shareholdings (Control Dilution)</td><td>24.19 %</td></tr></table>	Summary of Impact on the Shareholders from Exercise of Floating Conversion Price	In case where the investors purchase and exercise the rights to convert to ordinary shares for whole amount of Convertible Debentures	Dilution in share price (Price Dilution)	6.67%	Dilution in shareholdings (Control Dilution)	24.19 %
	Summary of Impact on the Shareholders from Exercise of Floating Conversion Price	In case where the investors purchase and exercise the rights to convert to ordinary shares for whole amount of Convertible Debentures					
	Dilution in share price (Price Dilution)	6.67%					
	Dilution in shareholdings (Control Dilution)	24.19 %					
Impact on Market Price of Shares (Price Dilution) In case where the conversion right is made for common shares according to the conversion of the whole amount of convertible debentures, the impact to market price of the shares will be 6.67%.							
Impact on the Voting Right of the Existing Shareholders In the case where the conversion right is made for the whole amount of common shares, the shareholders of the Company will be diluted of its shareholding at the rate of 24.19 percent.							
Remark: The investor wants invest in the convertible debentures of the Company during the 1 year period. Therefore, there is no requirement for the forecast of the financial statement of the Company.							
Events requiring the Company to Issue New Shares Reserving for Conversion Right	Any event as specified in the terms and conditions of the convertible debentures, including the events specified in Clause 17 of the Notification of Capital Market Supervisory Board No. Tor Chor. 16/2552 Re: Criteria, Conditions and Procedures for Application for and Approval of the Offer for Sale of Newly Issued Debentures to Investors in Foreign Countries						
Other Conditions	Depending on market condition at the time of offering of the convertible debentures and other related factor						
Relationship	The investor who is offered for sale of the said convertible debentures by the Company has no connection with the Company or the management staffs of the Company, and is not the connected person as per the Notification of Securities Exchange Commission of Thailand Re: Disclosure of Information and Procedures of the Listed Companies for the connected transactions B.E. 2546 (2003) and/or Notification of Capital Markey Supervisory Board regarding rules on proceedings of the connected transaction. And, the offer for sale of convertible debentures at this time has no condition or agreement with the investor on the period for holding of shares, and will not cause any change of the management structure of the Company.						