

Information Memorandum for the Offering of Newly Issued Shares below Market Price to Private Placement

Board of Directors Meeting No. 4/2014 of Rich Asia Steel Public Company Limited (the “Company”), which convened on 3 October 2014, approved the issuance of up to 348,719,004 newly issued shares at the par value of Baht 1 per share for offering to specific persons under the private placement scheme and approved the offering of the remaining shares, after offering them to the existing shareholders in proportion to their shareholding (rights offering), to specific persons under the private placement scheme for the purpose of debt repayment to the financial institutions and the remaining shall be used as the Company’s revolving capital for the Company’s business operations in the future. Notwithstanding the foregoing, the offering price of the newly issued shares is lower than the par value and 90 percent lower than the market price pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 28/2551 re: Application for Permission and Grant of Permission to Offer Newly Issued Shares.

The material information provided for the shareholders’ decision is as follows:

1. Purpose of offering the newly issued shares at below market price

For debt repayment to the First Creditor Bank and the Second Creditor Bank and both First Creditor Bank and Second Creditor Bank have agreed to expand the repayment due date within December 2014 and the remaining shall be used as the Company’s revolving capital for the Company’s business operations in the future.

2. Details of the newly issued shares

The Company will offer the newly issued shares by allocating them to the shareholders as follows:

- 1) The Company will allocate up to 348,719,004 newly issued shares at the par value of Baht 1 per share and offer them to four specific persons who are not connected persons of the Company, namely, (1) Mr. Wichai Wachiraphong 87,179,751 shares (2) Mr. Kiaticchai Lohachitranont 87,179,751 shares (3) Miss Suratsawadee Raiput 87,179,751 shares and (4) Miss Ornuma Supornsirikul 87,179,751 shares, under the private placement scheme at the price of Baht 0.30 per share. As the offering price is lower than the par value and 90 percent lower than the market price, the Company is required to comply with and obtain the shareholders’ approval in accordance with Section 52 of the Public Limited Companies Act B.E. 2535 (1992) (including any amendment thereto).
- 2) The Company will allocate the remaining shares, after allocating and offering them to the existing shareholders in proportion to their shareholding (rights offering), to three specific persons who are not connected persons of the Company, namely, (1) Mr. Wichai Wachiraphong (2) Mr. Kiaticchai Lohachitranont (3) Miss Suratsawadee Raiput and (4) Miss Ornuma Supornsirikul, under the private placement scheme at the price of Baht 0.30 per share. As the offering price is lower than the par value and 90 percent lower than the market price, the Company is required to comply with and obtain the shareholders’ approval in accordance with Section 52 of the Public Limited Companies Act B.E. 2535 (1992) (including any amendment thereto).

The Board of Directors and/or Managing Director and/or their authorized persons are authorized to consider and determine other details with regard to the allocation for example: (1) to consider and determine whether the newly issued shares shall be allocated on one occasion or more, the offering period, payment of shares, other details and conditions relating to the allocation; (2) to enter into negotiations, agreements, and execute relevant documentation and agreements relating to the allocation, and to undertake any act in connection with the allocation; and (3) to sign application forms for permission and documentation necessary and relevant to the allocation and offering of the newly issued shares, as well as to contact and apply for permission for such documentation and evidence from the relevant government agencies, as well as the listing of the newly issued shares on the Stock Exchange, and any other action necessary for the purpose of the allocation of the newly issued shares.

3. The offering price and the criteria for determining the price

The offering price of the newly issued shares to specific persons under the private placement scheme is Baht 0.30 which is the price higher than the book value of the Company being Baht 0.22 only as a result of the Company's loss in its performance. Furthermore, such price is specified from the negotiation between the Company and 4 Private Placement. In this regards, such offering price has the 58.41% discount from the market price, which is exceeding than 10% of market price according to the Notification of the Capital Market Supervisory Board ThorChor. 28/2551 Re. Application for Permission and Grant of Permission to Offer Newly Issued Shares.

In this regard, the market price means the weighted average of the Company's share price trading on the Stock Exchange for 15 consecutive trading days prior to the date on which the Board of Directors tables a resolution to propose the agenda item in relation to the issuance of the newly issued ordinary shares to the Extraordinary General Meeting of Shareholders No. 1/2014 for approval, namely the period from 12 September 2014 to 2 October 2014, equivalent to Baht 0.7213.

4. Names of the persons who will be offered the newly issued shares at a price lower than the market price

The Company applies the following criteria in selecting the persons who will be offered the newly issued shares at a price lower than the market price.

1. The persons, who will be offered the newly issued shares at a price lower than the market price, must have a financial status which enables the Company to successfully make debt repayment to the First Creditor Bank and the Second Creditor Bank.
2. The persons, who will be offered the newly issued shares at a price lower than the market price, must be capable to assist and support the business of the Company and its current and future business plan.

Based on the criteria stated above, the Company considered that the following persons are qualified to be allocated the newly issued shares.

(1) Mr. Wichai Wachiraphong (2) Mr. Kiaticchai Lohachitranont (3) Miss Suratsawadee Raiput and (4) Miss Ornuma Supornsirikul (Details of the persons who will be offered the newly issued shares at a price lower than the market price are specified in the attachment.)

The shareholding structure before the capital increase:

| No. | Major shareholders | No. of shares | Percentage |
|-----|-------------------------------|---------------|------------|
| 1. | Mr. Narong Whangchareonwongse | 51,646,500 | 5.15 |
| 2. | Mr. Silpchai Seemawonganan | 49,569,070 | 4.94 |
| 3. | Miss Angkagajana Tantiwirul | 43,550,000 | 4.34 |
| 4. | Miss Nada Tepawattanasuk | 38,594,690 | 3.85 |

(Translation)

| | | | |
|-----|------------------------------|------------|------|
| 5. | Mrs. Pimsiri Keeratitiansiri | 33,450,000 | 3.34 |
| 6. | Miss Arporn Saneeprakornkrai | 31,169,500 | 3.11 |
| 7. | Mr. Anuroj Saneeprakornkrai | 23,000,000 | 2.29 |
| 8. | Mr. Krich Purisinsith | 19,770,000 | 1.97 |
| 9. | Mr. Surapol Tangkprasert | 16,897,070 | 1.68 |
| 10. | Mr. Apichart Chaiporamath | 12,862,700 | 1.28 |

The shareholding structure after the capital increase (under the subscription in full):

| No. | Major shareholders | No. of shares | Percentage |
|-----|-------------------------------|---------------|------------|
| 1. | Mr. Narong Whangchareonwongse | 102,929,000 | 4.29 |
| 2. | Mr. Silpchai Seemawonganan | 99,138,140 | 4.13 |
| 3. | Mr. Wichai Wachiraphong | 87,179,751 | 3.63 |
| 4. | Mr. Kiatichai Lohachitranont | 87,179,751 | 3.63 |
| 5. | Miss Suratsawadee Raiput | 87,179,751 | 3.63 |
| 6. | Miss Ornuma Supornsirikul | 87,179,751 | 3.63 |
| 7. | Miss Angkagajana Tantiwirul | 87,100,000 | 3.62 |
| 8. | Miss Nada Tepawattanasuk | 77,099,380 | 3.21 |
| 9. | Mrs. Pimsiri Keeratitiansiri | 66,900,000 | 2.79 |
| 10. | Miss Arporn Saneeprakornkrai | 31,169,500 | 1.30 |

5. Period for payment of the newly issued shares

Within December 31, 2014.

6. Effects on the shareholders from the offering of the newly issued shares to specific persons at below the market price

Price Dilution

In the case that the offering price of the Company's ordinary shares offered to specific persons under the private placement scheme is the same price offered to the existing shareholders according to their rights offering, the dilution effect shall be as follows:

Theoretical Ex-Rights and Private placement Price: TERPP

$$= \frac{(\text{No. of paid-up shares} \times \text{Market Price}) + (\text{RO shares} \times \text{offering price of RO}) + (\text{PP shares} \times \text{minimum offering price of PP})}{\text{Total issued shares after capital increase}}$$

Whereas:

No. of paid-up shares = Total issued shares of the Company as of 3 October 2014
Market Price = Baht 0.7213 per share (The weighted average of the Company's share price trading on the Stock Exchange of Thailand for 15 consecutive trading days prior to 3 October 2014, which is the date that the Board of Directors resolves to propose the offering of the newly issued shares at a shareholders' meeting for approval)

(Translation)

| | | |
|---|---|--|
| RO shares | = | The ordinary shares offered to the existing shareholders according to their rights offering |
| Offering price of RO | = | The offering price of the ordinary shares offered to the existing shareholders according to their rights offering |
| PP shares | = | The ordinary shares offered to specific persons under the private placement scheme |
| Minimum offering price of PP | = | The minimum offering price of the ordinary shares offered to the specific persons under the private placement scheme |
| Total of shares sold after capital increase | = | No. of paid-up shares + RO shares + PP shares |
| TERPP | = | $\frac{(1,025,640,498 \times 0.7213) + (1,025,640,498 \times 0.3) + (348,719,004 \times 0.3)}{(2,400,000,000)}$ |
| | = | Baht 0.4800 per share |
| Price dilution | = | $\frac{\text{Market Price} - \text{TERPP}}{\text{Market Price}}$ |
| | = | $\frac{(0.7213 - 0.4800)}{0.7213}$ |
| | = | 33.45 % |

Control Dilution – If the shareholders subscribe for the newly issued shares in full.

$$= \frac{\text{PP shares}}{\text{Total issued shares after capital increase}}$$

Whereas:

| | | |
|--|---|--|
| PP shares | = | The ordinary shares offered to the specific persons under the private placement scheme |
| Total issued shares after capital increase | = | No. of paid-up shares + RO shares + PP shares |
| | = | $\frac{348,719,004}{2,400,000,000}$ |
| | = | 14.53 % |

Control Dilution – If the existing shareholders do to subscribe for the newly issued shares.

The remaining of the shares will be equally allocated to specific persons under the private placement scheme. The effect to the voting right of the existing shareholders (control dilution), therefore, shall be as follows:

$$= \frac{\text{RO shares} + \text{PP shares}}{\text{Total issued shares after capital increase}}$$

Whereas:

| | | |
|--|---|---|
| RO shares | = | The ordinary shares offered to the existing shareholders according to their rights offering |
| PP shares | = | The ordinary shares offered to the specific persons under the private placement scheme |
| Total issued shares after capital increase | = | No. of paid-up shares + RO shares + PP shares |
| | = | $\frac{1,025,640,498 + 348,719,004}{\text{Total issued shares after capital increase}}$ |
| | = | 57.26 % |

Earnings per share dilution: EPS Dilution

$$\text{EPS Dilution} = (\text{EPS before the offering} - \text{EPS after the offering}) / \text{EPS before the offering}$$

Whereas:

$$\begin{aligned} \text{EPS before offering} &= \text{Net loss/No. of paid-up shares, equaling Baht -0.271 per share} \\ \text{EPS after offering} &= \text{Net loss/ (No. of paid-up shares + RO Shares+ PP Shares), equaling Baht -268.59 million/2,400 million shares} \\ &= -0.112 \text{ Baht per share} \\ \text{Net loss} &= \text{Net loss for 12 consecutive months (from 1 July 2013 to 30 June 2014), equaling Baht -268.59 million} \\ \text{Therefore:} & \\ \text{EPS Dilution} &= (-0.271 - (-0.112))/-0.271 \\ &= 58.67\% \end{aligned}$$

Resulting that the net loss sharing decreases to 58.67%.

7. Right of the shareholders to oppose the offering of the shares at below the market price to private placement

The newly issued shares can only be offered below the market price to specific persons in the private placement scheme with the approval at a shareholders' meeting of not less than three-fourths of all the votes of the shareholders attending the meeting and having the right to vote, provided that there are no shareholders holding 10 percent of shares or more in an aggregate of all the votes cast by the shareholders attending the meeting who oppose the offering.

8. Opinion of the Board of Directors on the necessity of offering the newly issued shares below the market price to private placement

The Board of Directors at the meeting considered the conditions of the allocation of the remainder of the newly issued shares after offering them to (1) Mr. Wichai Wachiraphong (2) Mr. Kiatichai Lohachitranont (3) Miss Suratsawadee Raiput and (4) Miss Ornuma Supornsirikul at Baht 0.30 per share, which is classified as the offering of the newly issued shares at the price lower than the market price, the necessity of offering the newly issued shares at a price lower than the market price to (1) Mr. Wichai Wachiraphong (2) Mr. Kiatichai Lohachitranont (3) Miss Suratsawadee Raiput and (4) Miss Ornuma Supornsirikul, as well as the benefits to be gained by the Company, the Board of Directors was of the view that the offering would be reasonable and bring about benefits to the Company in general, which will enable the Company to have funds for debt repayment to the Bank and revolving capital for the purpose of the Company's business operations in the future. In addition, with respect to determining the offering price, the Board of Directors is of the view that the criteria applied to determine the offering price is reasonable because the offering price of the newly issued shares of Baht 0.30 is higher than the book value of Baht 0.22. Furthermore, the Company's current performance shows a loss; therefore, it has become necessary for the Company to procure sources of funds which are stable and sufficient for debt repayment to the banks. Notwithstanding the foregoing, even though the offering price is lower than the market price, the Company needs the funds from these four persons that are stable, and the investment by these four investors is conditional upon the offering price of Baht 0.30, otherwise the four investors will not invest in the Company. The Board of Directors is, therefore, of the view that the offering of the newly issued shares to these four persons in a private placement scheme at the offering price of Baht 0.30 is reasonable and will bring the optimum benefit to the Company rendering that the Company will be able to make debt

repayment to the First Creditor Bank and the Second Creditor Bank as per the due date for the repayment specified in the Debt Restructuring Agreement.

9. Opinion of the Audit Committee on the capital increase or allocation of the newly issued shares to private placement

The Audit Committee attended the Board of Directors' Meeting on 3 October 2014 and considered the agenda on the capital increase and the allocation of the newly issued shares. In this regard, the Audit Committee was of the same opinion as the Board of Directors.

10. Other conditions or agreements with investors to whom the newly issued shares will be allocated

None

Resume of the persons who will be offered the newly issued shares at a price lower than the market price

| No. | Name | Education | Person who introduced these persons to the Company | Relationship with the directors, managements, shareholders of the Company/subsidiaries of the Company /Associated company of the Company | Relationship with the Company/subsidiaries of the Company /Associated company of the Company | Relationship with Between the person in no. 1 - 4 | Experience | |
|-----|---|--|--|--|--|---|--|--|
| 1 | Mr. Kiattichai Lohachitranon Age: 49 | 1988-1990 Master of Engineering, University of Texas at Arlington, USA 1982-1986 Bachelor of Engineering (Chemical Engineering) Chulalongkorn University | Asia Wealth Securities Company Limited | None | None | None | 1994- Present 1992-1994 1990-1992 1986-1988 | - Managing Director, Union TSL LTD and Union Chemtech LTD - General Manager, TIG Trading Co., Ltd. - Process Control, TIG Trading Co., Ltd. - Production Engineer, Wangkanai Sugar Refinery Co., Ltd. |
| 2 | Mr. Vichai Vachirapong Age: 59 | Bachelor of Agricultural Science Chiang Mai University | Asia Wealth Securities Company Limited | None | None | None | Present 1989 - Present | - Chief Executive Officer, Akaravichai Pattana Co., Ltd. - Owner of thin rice noodles factory at Phra Nakornsri Ayudhaya Province - Conducting Resort business (11 Rai) at Rayong province - Doing rubber plantation (1,000 |

| No. | Name | Education | Person who introduced these persons to the Company | Relationship with the directors, managements, shareholders of the Company/subsidiaries of the Company /Associated company of the Company | Relationship with the Company/subsidiaries of the Company /Associated company of the Company | Relationship with Between the person in no. 1 - 4 | Experience | |
|-----|---------------------------------------|---|--|--|--|---|--|---|
| | | | | | | | | rai) at Rayong province - Owner of warehouse business (140 rai) at Samut Prakarn |
| 3 | Miss Suratsawadee Roiput Age: 44 | Bachelor of Nursing Science Royal Thai Army Nursing College | Asia Wealth Securities Company Limited | None | None | None | | - Nurse, Phramongkutklao Hospital |
| 4 | Miss Orn-uma Supornsirikul Age: 34 | Bachelor's Degree in Marketing, Faculty of Business Administration, Huachiew Chalermprakiet University Masters' Degree in Management, Faculty of Business Administration, Ramkhamhaeng University | Asia Wealth Securities Company Limited | None | None | None | 2013-Present 2005 – 2012 2012-2013 | - Own business - Assistant to Marketing Manager, Thanachart Bank Public Company Limited - Manager (Private Banking Section), CIMB Thai Public Company Limited |

Remark - The Company expected that the persons named in no. 1 – 4 may have potential in introducing the new customer to the Company.