

March 15, 2017

Subject: Notification of Connected Transaction

To: President  
The Stock Exchange of Thailand (SET)

The Royal Ceramic Industry Public Company Limited (RCI) would like to clarify the service contract to manage business with Dynasty Ceramic Public Company Limited (DCC) with details as follows:

1. Date, Month, and Year of transaction	May 2, 2017																		
2. Name of parties concerned																			
2.1 Employer	The Royal Ceramic Industry PCL (RCI)																		
2.2 Employee	Dynasty Ceramic PCL (DCC)																		
3. Relationship of contract parties																			
3.1 Employer and Employee	RCI and DCC are manufacturer and distributor of ceramic floor and wall tiles with the persons who have the relationship of the contract as follows:																		
	<table border="1"> <thead> <tr> <th></th> <th>Position in DCC</th> <th>Position in RCI</th> </tr> </thead> <tbody> <tr> <td>1. Mr. Roongroj Saengsastra</td> <td>Director</td> <td>Director</td> </tr> <tr> <td>2. Mr. Morrak Saengsastra</td> <td>Director</td> <td>Director</td> </tr> <tr> <td>3. Mr. Maruth Saengsastra</td> <td>Director</td> <td>Director</td> </tr> <tr> <td>4. Mr. Jaruwat Traithavil</td> <td>Senior Vice President - Production</td> <td>Director</td> </tr> <tr> <td>5. Miss. Cattleya Saengsastra</td> <td>Director and the Company's Secretary</td> <td>the Company's Secretary</td> </tr> </tbody> </table>		Position in DCC	Position in RCI	1. Mr. Roongroj Saengsastra	Director	Director	2. Mr. Morrak Saengsastra	Director	Director	3. Mr. Maruth Saengsastra	Director	Director	4. Mr. Jaruwat Traithavil	Senior Vice President - Production	Director	5. Miss. Cattleya Saengsastra	Director and the Company's Secretary	the Company's Secretary
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	After the resolution passed at the Annual General Meeting (AGM) of Shareholders for the year 2017 on April 28, 2017 successfully.																		
4. General characteristics of the transactions	RCI hires DCC to manage and oversee manufacturing, marketing, finance, human resources, and business operations using team work of DCC who have direct experience.																		
5. Total value of transaction	Management fee of 1 million Baht per month																		
5.1 Management period for 1 year	From May 2, 2017 to May 1, 2018																		
5.2 Total management fee for 1 year	Totally 12.0 million Baht																		
5.3 Calculation of connected transaction size	(Calculated from consolidated financial statements as at 31 December 2016) $NTA = 1,002,780,880 - 274,102,474 - 8,247,514$ $= 12,000,000 / 720,430,892 = 1.67 \%$																		

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Tel. (02) 276-9280 Fax. (02) 693-1313 Website [www.rci.co.th](http://www.rci.co.th)

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ทะเบียนเลขที่ 0107537001137

<p>6. Opinion of the Board of Directors</p>	<p>Because RCI's current board is just an investor and lack of experience in the ceramic tile industry and cannot find co-investors or manage the business. The Board is of the opinion that DCC is the most recognized company in the ceramic tile industry at the moment.</p> <p>However, the management fee of 12.0 million Baht per year is higher than the other company, which RCI has hired to manage the business. But the RCI's current board of directors has considered that RCI is in a state of liquidity shortage and not credible in the opinion of financial institutions. It is necessary to find a competent and experienced management team, which DCC is the most recognized company by the ceramic industry. It is therefore appropriate that the management fee of 1 million Baht is appropriate.</p>
<p>7. Opinion of the Audit Committee and directors of the Company which is different from that of the Board of Directors of the Company</p>	<p>The Board agrees that it is reasonable for RCI to hire DCC to manage the business as DCC has direct tile manufacturing experience with Modern technology. Moreover, RCI can increase distribution channel through stores of DCC.</p>
<p>8. Persons with vested interests and have no right to vote for this agenda at the Board of Directors' Meeting</p>	<p>Mr. Viboon Wadcharasurang did not attend this agenda in the meeting.</p>
<p>9. Expected benefits to the Company for making the transaction</p>	<p>Plan of DCC Management Team</p> <ol style="list-style-type: none"> <li>1. <u>Production</u>: To improve production system, to introduce new technologies into production and to reduce production costs.</li> <li>2. <u>Purchasing</u>: To increase purchasing power / bargaining power from procurement of raw materials with combined large amount of the purchased quantity in order to save costs.</li> <li>3. <u>Marketing</u>: Increase distribution channels because DCC has a nationwide outlet. RCI products are different from DCC, for example: ceramic floor tiles size 30x60, ceramic wall tiles size 30x60 and porcelain tiles which is the products that DCC did not produce. It expands the distribution channel with characteristics of a fully comprehensive business support. Product Management, RCI will sell products to DCC; as a distributor, and RCI products will be delivered through DCC sales channels throughout the country.</li> <li>4. <u>Finance</u>: To strengthen RCI's liquidity and credibility with financial institutions. Due to current lack of liquidity, RCI is not supported by financial institutions on borrowing from the lack of confidence in the management team. After hearing the news that RCI will hire DCC to manage the</li> </ol>

	Company's operation, some financial institutions start to offer for financial support.																																								
10. Conflict management	<p>The Board of Directors of RCI is comprised of the followings:</p> <table border="1"> <thead> <tr> <th></th> <th>Present</th> <th>After AGM Resolutions April 28, 2017</th> </tr> </thead> <tbody> <tr> <td>1. Mr. Viboon Wadcharasurang</td> <td>Chairman of Executive Board of Director</td> <td>Chairman of Executive Board of Director</td> </tr> <tr> <td>2. Mr. Jesada Sophonpanich Yangpichit</td> <td>Director</td> <td>Director</td> </tr> <tr> <td>3. Mr. Kamolsut Dapparansi</td> <td>Director</td> <td>Independent Director and Audit Committee</td> </tr> <tr> <td>4. Mrs. Sirisook Hoontrakool</td> <td>Independent Director and Chairman of Audit Committee</td> <td>Independent Director and Chairman of Audit Committee</td> </tr> <tr> <td>5. Mr. Santi Piyatat</td> <td>Independent Director and Audit Committee</td> <td>Independent Director and Audit Committee</td> </tr> <tr> <td>6. Mrs. Pawanya Kirtachart</td> <td>Independent Director and Audit Committee</td> <td>Independent Director and Audit Committee</td> </tr> <tr> <td>7. Mr. Chaiyos Rungcharoenchai</td> <td>Executive Director</td> <td>Executive Director</td> </tr> <tr> <td>8. Mr. Chokechai Rungcharoenchai</td> <td>Executive Director</td> <td>Executive Director</td> </tr> <tr> <td>9. Mr. Rongroj Saengsastra</td> <td>-</td> <td>Director</td> </tr> <tr> <td>10. Mr. Monrak Saengsastra</td> <td>-</td> <td>Director</td> </tr> <tr> <td>11. Mr. Maruth Saengsastra</td> <td>-</td> <td>Director</td> </tr> <tr> <td>12. Mr. Jeruwat Traithavil</td> <td>-</td> <td>Director</td> </tr> </tbody> </table> <p>After passing the resolution of the Annual General Meeting of Shareholders for the year 2017, on April 28, 2017; There will be a nomination for the Board of Directors' resolution to propose the appointment of 4 directors (DCC Team) to be the Executive Board of Directors (Executive Committee). The Executive Committee will have the power to make all management decisions through RCI Board of Directors resolutions, such as investment budgeting or corporate restructuring, borrowing from financial institutions. RCI and DCC products are products with different bases of customers, RCI will sell the product to DCC; as a distributor, and DCC will sell RCI products through DCC distribution channels nationwide.</p>			Present	After AGM Resolutions April 28, 2017	1. Mr. Viboon Wadcharasurang	Chairman of Executive Board of Director	Chairman of Executive Board of Director	2. Mr. Jesada Sophonpanich Yangpichit	Director	Director	3. Mr. Kamolsut Dapparansi	Director	Independent Director and Audit Committee	4. Mrs. Sirisook Hoontrakool	Independent Director and Chairman of Audit Committee	Independent Director and Chairman of Audit Committee	5. Mr. Santi Piyatat	Independent Director and Audit Committee	Independent Director and Audit Committee	6. Mrs. Pawanya Kirtachart	Independent Director and Audit Committee	Independent Director and Audit Committee	7. Mr. Chaiyos Rungcharoenchai	Executive Director	Executive Director	8. Mr. Chokechai Rungcharoenchai	Executive Director	Executive Director	9. Mr. Rongroj Saengsastra	-	Director	10. Mr. Monrak Saengsastra	-	Director	11. Mr. Maruth Saengsastra	-	Director	12. Mr. Jeruwat Traithavil	-	Director
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This transaction is considered as a connected transaction that supports the normal business type. The size of the transaction is classified as a medium size transaction valued at 12.0 million Baht or 1.67percent, which is higher than 0.03percent but lower than 3percent of the Company's net asset value. Therefore, the Company is required to disclose information about the connected transactions.

Please be informed accordingly.

Yours Sincerely,

(Mr. Chokechai Rungcharoenchai)

Director