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11 August 2017

Subject : The establishment of Vanachai Wood Smith Company Limited
To : President
The Stock Exchange of Thailand

According to the meeting of board committee of Vanachai Group Public Company Limited (“company”) held on 10 August 2017, there are some major agreements which should be notified to the Stock Exchange of Thailand as follow;

1. There is an approval to the company to establish Vanachai Wood Smith Co., Ltd. which will process a business as the exhibition and product promotion center for Vanachai Group. The distribution will be one stop service for wholesale. The company will then invest in ordinary shares of Vanachai Wood Smith Co., Ltd. in 99,997 shares which is 99.997% of the capital at 10.00 Baht per share (par value) in total value of 999,970.00 Baht (Nine hundred and ninety-nine thousand nine hundred and seventy Baht).

2. There is an approval with authorization to board of executive directors to consider investing in newly-issued ordinary shares of Vanachai Wood Smith Co., Ltd. There is an agreement to increase the capital not more than 1,400,000 shares, and the company will invest in newly-issued ordinary shares in entire 1,400,000 shares at 10.00 Baht per share (par value). This is in total value not more than 14,000,000.00 Baht (Fourteen million Baht) and the share ratio is 99.9997% of the capital. The total investment in Vanachai Wood Smith Co., Ltd. is not more than 14,999,970.00 Baht.

Furthermore, Vanachai Wood Smith Co., Ltd. will do business as the exhibition and product promotion center for Vanachai Group. The distribution will be one stop service for wholesale. Vanachai Wood Smith Co., Ltd. will be located in 2/1 Wongsawang Road, Wongsawang, Bangsue, Bangkok. At present, we are in the process of establishing the company.

To invest the ordinary shares of Vanachai Wood Smith Co., Ltd. is considered as the asset of a listed company - according to the Capital Market Commission No. Tor Chor 20/2551 regarding “rules on transactions with significant acquisition and disposition of assets”, and according to notification of The Stock Exchange of Thailand regarding “disclosure of information and other acts of listed companies concerning the acquisition or disposition of assets, 2004”. The transaction size from the highest analyzed value, based on the net value of tangible assets, is subjected to 0.18% of net tangible assets of the consolidated financial statements as at 30 June 2017. And when totaling all transactions in the same

category within 6 months is subjected to 1.24% of net tangible assets of the financial statement as at 30 June 2017 and this is less than 15%. Therefore, the company does not subject to process any matters which conform to all those requirements. Nonetheless, this investment still conforms to information disclosure in participation/ (cancellation) in equity of more than 10% - according to The Stock Exchange of Thailand regarding "rules, conditions and procedures for disclosure of information and other acts of the listed companies". Therefore, the investment details should be affirmed as follow;

1. Date-Month-Year of transaction agreement

The company will invest in the ordinary share of Vanachai Wood Smith Co., Ltd. in 99,997 shares at 10.00 Baht per share (par value) in total of 999,970.00 Baht (Nine hundred and ninety-nine thousand nine hundred and seventy Baht) after there is an approval from board committee. The investment is expected to be completed within 2017.

To invest in the newly-issued ordinary shares not more than 1,400,000 shares at 10.00 Baht per share (par value) in total not more than 14,000,000.00 Baht (Fourteen million Baht) is proceeded when Vanachai Wood Smith Co., Ltd. has approval to increase capital and to require share payment which the company invests in all newly-issued ordinary shares. This is in order to invest these newly-issued ordinary shares for the business as mentioned above. And this mission has been delegated to board of executive directors to review and to identify the suitable duration.

2. Parties

Buyer : Vanachai Group Public Company Limited

Seller : Vanachai Wood Smith Company Limited

Relations with the listed company : When establishing Vanachai Wood Smith Co., Ltd., and the company has share in ratio 99.997% of the capital, then the seller will become a subsidiary of the company.

3. Type and size of the transaction

3.1 When investing in the ordinary shares of Vanachai Wood Smith Co., Ltd. in 99,997 shares at 10.00 Baht per share (par value) in total 999,970.00 Baht (Nine hundred and ninety-nine thousand nine hundred and seventy Baht) which is in ratio 99.997% of the capital, this transactions of company is then considered as the acquisition of asset which conforms to the announcement of The Stock Exchange of Thailand regarding "disclosures and practices of listed companies in the acquisition or disposition of assets 2004" ("participation or disposal announcement"). Once analyzing all criteria, by referring to the highest value analyzed in any criteria, the transaction size is in 0.01% of the net tangible assets of the consolidated financial statements as at 30 June 2017.

3.2 When investing in the newly-issued ordinary shares of Vanachai Wood Smith Co., Ltd. not more than 1,400,000 shares at 10.00 Baht per share (par value) in total not more than 14,000,000.00 Baht (Fourteen million Baht), this transaction is considered as the asset conforming to the announcement of The Stock Exchange of Thailand regarding “disclosures and practices of listed companies in the acquisition or disposition of assets 2004” (“participation or disposal announcement”). Once analyzing all criteria, by referring to the highest value analyzed in any criteria, the transaction size is in 0.17% of the net tangible assets of the consolidated financial statements as at 30 June 2017.

Acquisitions of company assets in the last six months record are concluded as follow;

Transaction	Release Date	Value (Baht)	Size of transaction
1. Vanachai Group Plc. make investment on warehouse.	27 Feb. 2016	150,000,000.00	1.06% VS total assets value of the consolidated financial statements as at 31 Dec. 2016
2. Vanachai Group Plc. invests the ordinary shares in Vanachai Wood Smith Co., Ltd.	11 Aug. 2017	999,970.00	0.01% VS NTA of the consolidated financial statements for the period as at 30 June 2017
3. Vanachai Group Plc. invests the newly-issued ordinary shares in Vanachai Wood Smith Co., Ltd.	11 Aug. 2017	14,000,000.00	0.17% VS NTA of the consolidated financial statements for the period as at 30 June 2017
Total		164,999,970.00	1.24%

4. List of asset and total value of return or the acquisition and disposition of assets

Investment asset : Ordinary Shares of Vanachai Wood Smith Co., Ltd.

Type of business : As the exhibition and product promotion center for Vanachai Group. The distribution will be one stop service for wholesale.

Location of investment company : 2/1 Wongsawang Road, Wongsawang, Bangsue, Bangkok

Shareholder Structure - Company Establishment

: When investing in the ordinary shares in 99,997 shares at 10.00 Baht (par value), this is in total of 999,970.00 Baht (Nine hundred and ninety-nine thousand nine hundred and seventy Baht).

<u>Name of shareholders</u>	<u>Shares</u>	<u>Ratio</u>
1. Vanachai Group Public Company Limited	99,997	99.997
2. Mr. Sompop Sahawat	1	0.001
3. Mr. Wanthana Jaroennawarat	1	0.001
4. Ms. Phattra Sahawat	1	0.001
Total	100,000	100.000

Shareholder Structure - after investing in newly-issued ordinary shares

: When investing in newly-issued ordinary shares not more than 1,400,000 shares at 10.00 Baht (par value), this is in total value not more than 14,000,000.00 Baht (Fourteen million Baht).

<u>Name of shareholders</u>	<u>Shares</u>	<u>Ratio</u>
1. Vanachai Group Public Company Limited	1,499,997	99.9997
2. Mr. Sompop Sahawat	1	0.0001
3. Mr. Wanthana Jaroennawarat	1	0.0001
4. Ms. Phattra Sahawat	1	0.0001
Total	1,500,000	100.0000

Total return value

: To invest in ordinary shares to establish company is in value of 999,970.00 Baht

: To invest in newly-issued ordinary shares is in value of 14,000,000.00 Baht

5. Source of Funds

Cash flow from operations.

6. The benefits of the listed company

1. To be learning center, and exhibition and product promotion center for Vanachai Group.
2. To increase more business channel.
3. To gain dividend from company net profit for investment.

7. Board committee's statements over the transactions

Board committee remarks that the investment in Vanachai Wood Smith Co., Ltd., which is demonstrated as the above transactions, is proper and gives benefits to the company which can increase revenue and profits to the group companies.

Please be acknowledge for your information

Yours Sincerely,

(Mr. Wanthana Jaroennawarat)

Director