

**Information Memorandum regarding Acquisition of Assets of
Fancy Wood Industries Public Company Limited**

September 8, 2017

The meeting of the Board of Directors of Fancy Wood Industries Public Company Limited (the “**Company**”) No. 8/2017 dated September 8, 2017 approved the investment in the property development business by acquiring the entire ordinary shares of Leyland Company Limited (“**Leyland**”) from its existing shareholders of Leyland by Fancy Asset Company Limited (the “**Subsidiary**”), the subsidiary of the Company.

The Company would like to disclose information on the said transaction to the Stock Exchange of Thailand (“**SET**”) in accordance with the Acquisition or Disposal Notification as follows:

1. Date / Month / Year of the Transaction

After obtaining approval from the Board of Directors’ meeting No. 8/2017 held on September 8, 2017. It is expected that the Subsidiary will enter into the Agreement to sale and purchase shares with all Leyland’s shareholders (“**Agreement to sale and purchase shares**”) within September 15, 2017

2. Parties involved and Relationship with the Company

Purchaser	:	Fancy Asset Company Limited, a subsidiary of the Company holding 99.99 percent of the Subsidiary’s registered capital.
Sellers	:	Existing shareholders of Leyland Company Limited (the “ Sellers ”).
Relationship with the Company	:	The Sellers do not have any relationship with the Company or the Subsidiary. The Transaction, therefore, is not considered a connected transaction under the Notification of the Capital Market Supervisory Board No. Tor Jor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546.

3. General Characteristic of the Transactions and Details of the Acquired Assets

3.1 General Characteristic of the Transaction

The Subsidiary shall purchase entire Leyland’s ordinary shares which currently have 1,000 shares with a par value of THB 1,000, equivalent to 100 percent of the total shares of Leyland and Leyland shall increase additional THB 14,000,000 of its registered capital in order to have registered capital at THB 15,000,000 (as per details set out below).

For the acquisition of Leyland's ordinary shares, the share purchase price was calculated from the asset value of Leyland's business agreed between the Subsidiary and the Sellers at THB 315,000,000 subtract with loan from Leyland's director. The details are summarized as follows:

1. Loan from a director of Leyland (Mr. Pongsan Leelaprad) ("**Director's Loan**") in the amount of THB 274,845,041.23 and;
2. Entire share purchase price in the amount of 40,154,985.77 (calculated based on the asset value of Leyland agreed between the Subsidiary and the Sellers in the amount of 315,000,000 subtract with the Director's Loan).

In this regard, during the period where the ownership of Leyland's ordinary shares had not yet been transferred to the Subsidiary (within June 30, 2018 pursuant to the details set out below), if (a) Director's Loan is increased (due to monthly expenses of Leyland that causes such director to lend additional loan), the share purchase price shall be decreased in order to maintain the total amount of share purchase price and Director's Loan in the limit of THB 315,000,000 at the time of the ownership of such shares transferred and (b) the capital increase of Leyland (pursuant to the conditions set out below) shall increase the number of Leyland's shares, the total amount of share purchase price and Director's Loan at the time of such ownership transfer shall be still in the limit of THB 315,000,000.

After obtaining approval from the Board of Director of the Company, the Subsidiary will enter into the Agreement to sale and purchase shares with the Sellers in which, the ownership over Leyland's ordinary shares shall be transferred from the Sellers to the Subsidiary in case the following conditions have been completed:

1. The Subsidiary is satisfied with the result of the due diligence result of Leyland.
2. The Subsidiary shall pay the deposit on share price to the Sellers in amount of THB 11,200,000 on the execution date of the Agreement to sale and purchase shares. For the outstanding share price in the amount of THB 28,954,958.77 (calculated based on the Director's Loan amount at THB 274,845,041.23) or any amount when including the Director's Loan in 3. shall not be exceeding THB 315,000,000, the Subsidiary shall fully pay such amount to the Sellers within June 30, 2018.
3. Leyland shall make a repayment of the outstanding Director's Loan to Mr. Pongsan Leelaprad in the current amount of THB 274,845,041.23 (which is the outstanding amount at the disclosure date of this Information Memorandum), or any amount as may further increase, when including the share purchase price in 2., shall not be exceeding THB 315,000,000. Such payment shall be made within June 30, 2018.
4. Leyland shall increase additional THB 14,000,000 of its registered capital in order to have its registered capital at THB 15,000,000 within June 30, 2018.

In this regard, after the Sellers receive the deposit as mentioned in 2., the Sellers shall procure Leyland to improve its assets to be in good condition, ready to be sold and/or utilized. (Please see details of assets in 3.2)

Moreover, after the ordinary shares of Leyland have been transferred to the Subsidiary, the Company will make an additional investment in Leyland in an amount of not exceeding THB 216,000,000 which will be funded for construction of building and various types of houses in the property development project of Leyland (Vacharaphol Project) for sale in the future.

3.2 Details of the acquired assets

Entire ordinary shares of Leyland with a par value of THB 1,000 per share.

Business of Leyland

Profile and business type	Leyland Company Limited, established in 1988, engages in the business of selling plots of land, land development including construction building for sale, lease or hire purchase and operating business in flat, apartment and condominium.
Head office	3/7 Soi Sukhumvit 31 (Soi Sawasdee), Sukhumvit Road, Kwaeng Klong Tun, Khet Klong Toey, Bangkok.
Registered capital	THB 1,000,000
Number of Shares	1,000 shares
Par value per share	THB 1,000
Paid-up per share	THB 1,000

Director of Leyland

There is one director of Leyland namely Mr. Pongsan Leelaprad.

Shareholders of Leyland

List of shareholders as at April 27, 2017 which is the most recent list of shareholders is summarized below:

Name of shareholders	Number of shares (share)	Shareholding Ratio (percent)
1. Mr. Pongsan Leelaprad	574	57.4
2. Mr. Piya Leelaprad	142	14.2
3. Mr. Charnchai Leelaprad	142	14.2
4. Mrs. Lee Zuzuyin	142	14.2

In this regard, Leyland's shareholders do not have any relationship with any director, executive, or major shareholder of the Company or the Subsidiary.

Property development project of Leyland

Leyland operates property development business namely “Vachraphol” Project located at Soi Ruammitpattana Yeak 3 (Eaknakorn village), Ruammitpattana Road, Kwaeng Tahrank, Khet Bangkok, Bangkok. At the present, assets in the Vachraphol Project are as follows:

1. Plots of land total area of 16 Rai 1 Ngan 81.4 square Wah
2. 8 units of 3-storey townhouses total area of 178.0 square Wah
3. Public utilities, i.e. roads and public parks total area of 14 Rai 10.4 square Wah

After acquiring Leyland’s ordinary shares, Leyland will manage assets in the Vachraphol Project as follows:

1. Selling the existing 8 units of 3-storey townhouses in the total area of 178.0 square Wah.
2. Building clubhouse and building for juristic person office in the total area of 164.1 square Wah.
3. Selling allocated plots of land in the total area of 10 Rai 16.20 square Wah.
4. Developing plots of land in the total area of 6 Rai 1.1 square Wah for construction of building and various types of houses. Leyland will utilize the fund for such development not exceeding THB 216,000,000 which will be funded from the Company and/or loan from a financial institution.

Summary of Leyland’s Financial Statements

(Unit: THB Million)

Details	2014	2015	2016
Total Assets	213.64	213.59	213.55
Total Liabilities	271.66	273.24	274.87
Shareholder’s equity	(58.02)	(59.65)	(61.32)
Revenue	2.32	0.02	0.01
Expenses	3.51	1.64	1.69
Net Profit/(Loss)	(1.18)	(1.63)	(1.67)

4. Calculation of Transaction Size

For the acquisition of Leyland’s ordinary shares, the Subsidiary will bear obligations and expenses as follows:

1. The Subsidiary pay for entire Leyland’s ordinary shares.
2. Leyland repays the Director’s Loan.

In this regard, the total amount in 1. and 2. shall not be exceeding THB 315,000,000 as per details explained in 3.1

3. The Company will make an additional investment for developing the Vacharaphol Project in the amount of not exceeding THB 216,000,000.

The total obligations and expenses that will occur as mentioned in 1.-3. above, shall make the value of consideration in total of not exceeding THB 531,000,000. In this regard, the calculation of the transaction size are as follows:

Basis	Calculation	Transaction size (Percent)
Net tangible asset basis	$\frac{\text{THB (61.32) million}^{1/}}{\text{THB 1,331.27 million}^{2/}}$	-4.61
Net profit basis	This basis cannot be used for calculation because the Company suffers net loss.	N/A
Consideration paid basis	$\frac{\text{THB 531 million}^{3/}}{\text{THB 1,632.33 million}^{4/}}$	32.53
Issuance of securities basis	-	-

- Remarks**
1. The value of assets on net tangible asset basis of Leyland pursuant to the audited financial statements of Leyland ended December 31, 2016.
 2. The value of assets on net tangible asset basis of the Company pursuant to the reviewed financial statements of the Company ended June 30, 2017.
 3. The total value of the consideration paid pursuant to the requirement of Consideration paid basis.
 4. The value of assets on consideration paid basis of the Company pursuant to the reviewed financial statements of the Company ended June 30, 2017.

After calculating using the above methods, the highest value of the transaction calculated by using such basis for the financial statement ended June 30, 2017 is the value derived from the consideration paid basis, which equals to 32.53 percent. In this regard, the Company and the Subsidiary does not acquire any asset between the period of 6 months prior to the date that the Board of Directors has approved this transaction.

This transaction is considered as class 2 transaction under the Notification of the Capital Market Supervisory Board No. Tor Jor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated August 31, 2008 and Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets BE 2547 dated October 29, 2004 (as amended) (the “**Asset Acquisition or Disposal Notification**”). Therefore,

this is a transaction with a transaction size of more than 15 percent, but less than 50 percent, where the Company is required to disclose information on the Transaction to the SET and to send a circular containing the minimum information required by the Asset Acquisition or Disposal Notifications to the shareholders of the Company within 21 days following the date on which the Company has disclosed such information to the SET.

5. Total Value of the Consideration

The total amount of the payment of Leyland's ordinary shares, repayment of the Director's Loan and the additional investment in Leyland's project make the value of consideration in total not exceeding THB 531,000,000.

6. Total Value of the Acquired Assets and Basis in Determining the Value of Consideration

After the acquisition of entire Leyland's ordinary shares, the Subsidiary will acquire entire assets of Leyland which has an estimated value at THB 388.32 million based on Adjusted Book Approach method (Book value as of December 31, 2017 is THB 213.55 million) which was appraised by Phet Siam Appraisal Company Limited, an independent appraiser approved by the Securities and Exchange Commission.

However, the method used for determining consideration value is derived from the negotiation between the Subsidiary and the Sellers at the consideration value of THB 315,000,000 which is lower than the price that has been valued by Adjusted Book Approach method.

7. Conditions of Transaction

The ownership over Leyland's ordinary shares from the Sellers shall be transferred to the Subsidiary in the event that the following conditions occurred:

1. The subsidiary is satisfied with the result of the due diligence result of Leyland.
2. The Subsidiary shall pay the deposit on share price to the Sellers in amount of THB 11,200,000 on the execution date of the Agreement to sale and purchase shares. For the outstanding share price in the amount of THB 28,954,958.77 (calculated based on the Director's Loan amount at THB 274,845,041.23) or any amount when including the Director's Loan in 3. shall not be exceeding THB 315,000,000, the Subsidiary shall fully pay such amount to the Sellers within June 30, 2018.
3. Leyland shall make a repayment of the outstanding Director's Loan to Mr. Pongsan Leelaprad in the current amount of THB 274,845,041.23 (which is the outstanding amount at the disclosure date of this Information Memorandum), or any amount as may further increase, when including the share purchase price in 2., shall not be exceeding THB 315,000,000. Such payment shall be made within June 30, 2018.
4. Leyland shall increase additional THB 14,000,000 of its registered capital in order to have its registered capital at THB 15,000,000 within June 30, 2018.

8. Source of Fund

1. Source of fund for purchasing Leyland's ordinary shares will be from the Subsidiary's working capital.
2. Source of fund for repayment of the Director's Loan within June 30,2018 will be from Leyland's working capital and/or loan from the Company and/or loan from a financial institution which will be secured by the Company.
3. Source of fund for the Vacharaphol Project development will be from the Company and/or loan from a financial institution.

9. Expected Benefits from the Transaction

The property development projects of the Company are decreased due to the continuous increase of sales. After the acquisition of Leyland's ordinary shares, the Company will acquire entire assets of Leyland which mainly consist of plots of land in the total area of 16 Rai 17.3 Square Wah located at Soi Ruammitpattana Yeak 3 (Eaknakorn village), Ruammitpattana Road, Kwaeng Tahrank, Khet Bangkhen, Bangkok which is a prime location (near significant places e.g. the Plearnary Mall, Ladprao Land Office and Rattanakosin school). It is a high potential asset for developing and for sale which can increase the Subsidiary's revenue in order to pay dividend to the Company as a shareholder.

10. Opinion of the Company's Board of Directors concerning the Transaction

The Meeting of the Board of Directors agreed to approve such transaction by considering that the acquisition of Leyland's ordinary shares is the investment in property development company which has potential growth. In addition, the transaction has reasonable conditions of Leyland's shares acquisition and the purchase price is below the appraisal price which can increase the Company's revenue in the future.

11. Opinion of the Audit Committee and/or Directors of the Company, which Differ from the Opinion of the Board of Directors as per Clause 10

The Audit Committee did not have any different opinion from that of the Board of Directors as mentioned above. All three Audit Committees attended this Board of Directors' meeting.

The Company's Board of Directors hereby certifies that the information contained in this information memorandum is true and complete in all respects.

Please be informed accordingly

Yours Sincerely,

(Mr. Vichai Tanpatanarat)

Director