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13 November 2018

Subject : Subsidiary's related transaction (acquisition of machine and equipment)

To : President

The Stock Exchange of Thailand

The Board of Directors meeting of Vanachai Group Public Company Limited ("VNG") was held with approval on 12 November 2018 that Particle Planner Company Limited (a subsidiary company which VNG has 99.99% of the shares sold) would acquire machine and equipment of Spindleless rotary veneer lathe and Knife grinding machine from Vanachai Veneer and Plywood Company Limited (related company). As the transaction is classified as a related transaction, the company therefore would like to disclose information of the transaction as follows:

1. Date-Month-Year of transaction agreement

Within 2019

2. The involved parties

	<u>Name</u>	<u>Business relationship with the company</u>
Seller	: Vanachai Veneer and Plywood Co., Ltd.	related company
Buyer	: Particle Planner Co., Ltd.	a subsidiary company

3. Type and size of the transaction

In order to manage raw material sourcing for the company and the subsidiaries, including proper cost of wood raw material, Particle Planner Company Limited (subsidiary) should then make an investment in Wood Veneer Project for more wood sourcing channels to supply wood in varied sizes. For improper sizes being produced for company products, they will be in wood veneer production process for sale distribution at Wood Veneer mill. For small sizes and scraps of wood, they will further be raw material in production of MDF Board and Particleboard for the company and the subsidiaries.

The company has reviewed and agreed that Particle Planner Company Limited (subsidiary) purchases the mentioned machine from Vanachai Veneer and Plywood Company Limited (related company) in 20,250,000 Baht (assessed by an independent appraiser). Such transaction is considered as the related transaction and has the transaction size in 0.26% of the net tangible assets of the consolidated financial statements on 30 September 2018. And when total all transactions which the company and the subsidiaries with related persons in the past 6 months which has total value in 1.07% of the net tangible assets (item 6.2), the company therefore would need to get approval from Board of Directors in order to process such transaction. And then it can be further to disclose the information memorandum to the Stock Exchange of Thailand (SET).

In addition, such transaction is also considered as an acquisition transaction of the subsidiary's assets of the listed company. This is according to the announcement of Capital Market Supervisory Board No. Tor Jor 20/2551 Re: Significant Rules on the Transactions to the Acquisition and Disposition of Assets and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547. Nonetheless, the calculated value of the transaction under these criteria has the maximum calculated value which is less than 15% (section 6.3), therefore, the company is not required to process any matter.

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

4.1 Acquisition : Machine and equipment of Spindleless rotary veneer lathe and
Knife grinding machine

Machine without obligation.

4.2 The value of transaction : 20,250,000 Baht

4.3 Payment term : Cash flow from operation

5. The criteria to be used to determine the consideration value

Some considerations to purchase machine and equipment are as follow;

Option No. 1 To purchase machine and equipment from a machine producer in overseas.

- The arrival period would requires more than 6 months - starting from purchasing date to delivery date.
- Cost of new machines is approximately 70,000,000 Baht per machine.

Option No. 2 To purchase machines and equipment from Vanachai Veneer and Plywood Company Limited (related company), those machines and equipment are approximately 10 years of having been operated.

- Be able to installed for prompt usage.
- The proposal of machine purchasing cost per one machine is 10,000,000 Baht, therefore, in total of 2 machines is 20,000,000 Baht. And one Knife grinding machine is 250,000 Baht (same as the value appraisal).

The objective of assessment in order to consider acquiring the asset.

Assessor : The Valuation & Consultants Company Limited

Method of Valuation : Market Comparison Approach

The estimated market value : 20,250,000 Baht

Total offer price: 20,250,000 Baht (same as the value appraisal)

6. Transaction volume

6.1 The above transaction is conformed to related transaction which is the transaction of assets or service in middle size in value more than 0.03% but less than 3% of book value of tangible assets (the reviewed of the consolidated financial statement as at 30 September 2018). Therefore, the company would need to disclose this information to The Stock Exchange of Thailand.

6.2 The transactions of the company and the subsidiary with related persons in the last 6 months are as follows:

6.2.1 The transaction in property leasing for not more than 3 years

Transaction	Release Date	Value (Baht)	Transaction Size% VS NTA financial statements for the period
1. Vanachai Panel Industries Co., Ltd. uses the service from Doctorwood Co., Ltd. to store goods in warehouse. (1 Jun. 2018 - 31 May 2019)	25 May 2018	19,332,000	0.23% as at 31 Mar. 2018
2. Vanachai Group Plc. leases office from Firstwood Co., Ltd. (1 Jul. 2018 - 30 Jun. 2019)	25 Jun. 2018	17,894,880	0.21% as at 31 Mar. 2018
3. Woodtek International leases the office from Firstwood Co., Ltd. (1 Jul. 2018 - 30 Jun. 2019)	25 Jun. 2018	5,160,000	0.06% as at 31 Mar. 2018
4. Woodtek International Co., Ltd. leases warehouse from Firstwood Co., Ltd. (1 Jul. 2018 - 30 Sep. 2018)	25 Jun. 2018	700,200	0.01% as at 31 Mar. 2018
5. Woodtek International Co., Ltd. leases warehouse from Firstwood Co., Ltd. (1 Oct. 2018 - 30 Dec. 2018)	28 Sep. 2018	700,200	0.01% as at 30 Jun. 2018
Total		43,787,280	0.52%

6.2.2 Normal business transaction is not in accordance with market terms and conditions

Transaction	Release Date	Value (Baht)	Transaction Size% VS NTA financial statements for the period
Vanachai Panel Industries Co., Ltd. uses services from Doctorwood Co., Ltd. for loading up and loading down of goods and container lifting.	25 May 2018	24,000,000	0.29% as at 31 Mar. 2018
Total		24,000,000	0.29%

6.2.3 The listed company's transactions on assets acquisition of the company and the subsidiary

Transaction	Release Date	Value (Baht)	Transaction Size% VS NTA financial statements for the period
Particle Planner Co., Ltd. buy machine and equipment from Vanachai Veneer and Plywood Co., Ltd.	13 Nov. 2018	20,250,000	0.26% as at 30 Sep. 2018
Total		20,250,000	0.26%

6.3 The listed company's transactions on assets acquisition of the company and the subsidiary in the last 6 months are as follows:

Transaction	Release Date	Value (Baht)	Transaction Size% VS NTA financial statements for the period
Particle Planner Co., Ltd. buy machine and equipment from Vanachai Veneer and Plywood Co., Ltd.	13 Nov. 2018	20,250,000	0.26% as at 30 Sep. 2018
Total		20,250,000	0.26%

7. The list of committees and related shareholders

Vanachai Group Public Company Limited (as at 12 November 2018)

<u>List of names</u>		<u>Position</u>	<u>Number of shares</u>	<u>%</u>
1. Mr. Sompop	Sahawat	Chairman	-	-
2. Ms. Yupaporn	Boongate	Vice - Chairman	31,000,000	1.98
3. Mr. Vasun	Jaroenavarat	Director	31,000,000	1.98
4. Mr. Wanthana	Jaroennawarat	Managing Director	31,004,000	1.98
5. Mr. Suthep	Chaipattanavanich	Director	-	-
6. Mrs. Siriporn	Chaipattanavanich	-	31,000,000	1.98
7. Mr. Patta	Sahawat	Director	31,000,000	1.98
8. Ms. Phattra	Sahawat	Director	31,000,000	1.98
9. Mr. Somprasong	Sahawat	Director	31,000,000	1.98
10. Ms. Somjairak	Sahawat	-	31,000,000	1.98
11. Mr. Sittiwat	Sahawat	-	31,000,000	1.98
12. Ms. Nipapat	Sahawat	-	31,000,000	1.98

Particle Planner Company Limited (as at 12 November 2018)

<u>List of names</u>		<u>Position</u>	<u>Number of shares</u>	<u>%</u>
1. Mr. Sompop	Sahawat	Chairman	1	-
2. Ms. Yupaporn	Boongate	Director	1	-
3. Mr. Vasun	Jaroenavarat	Director	1	-
4. Mr. Wanthana	Jaroennawarat	Managing Director	1	-
5. Mr. Suthep	Chaipattanavanich	Director	-	-
6. Mrs. Siriporn	Chaipattanavanich	-	1	-
7. Mr. Patta	Sahawat	Director	1	-
8. Ms. Phattra	Sahawat	Director	-	-
9. Mr. Somprasong	Sahawat	Director	1	-
10. Vanachai Group Public Company Limited			2,499,993	99.99

Vanachai Intertrading Group Company Limited (as at 12 November 2018)

<u>List of names</u>		<u>Position</u>	<u>Number of shares</u>	<u>%</u>
1. Mr. Sompop	Sahawat	Chairman	-	-
2. Ms. Yupaporn	Boongate	Director	1,150,000	10
3. Mr. Vasun	Jaroenavarat	Managing Director	1,150,000	10
4. Mr. Wanthana	Jaroennawarat	Director	1,150,000	10
5. Mr. Suthep	Chaipattananich	Director	-	-
6. Mrs. Siriporn	Chaipattananich	Director	1,150,000	10
7. Mr. Patta	Sahawat	Director	1,150,000	10
8. Ms. Phattra	Sahawat	Director	1,150,000	10
9. Mr. Somprasong	Sahavat	Director	1,150,000	10
10. Ms. Somjairak	Sahavat	Director	1,150,000	10
11. Mr. Sittiwat	Sahawat	-	1,150,000	10
12. Ms. Nipapat	Sahawat	-	1,150,000	10

The Vanachai Group of Companies Company Limited (as at 12 November 2018)

<u>List of names</u>		<u>Position</u>	<u>Number of shares</u>	<u>%</u>
1. Mr. Sompop	Sahawat	Chairman	-	-
2. Ms. Yupaporn	Boongate	Director	510,000	10
3. Mr. Vasun	Jaroenavarat	Director	510,000	10
4. Mr. Wanthana	Jaroennawarat	Director	510,000	10
5. Mr. Suthep	Chaipattananich	Director	-	-
6. Mrs. Siriporn	Chaipattananich	Director	510,000	10
7. Mr. Patta	Sahawat	Director	510,000	10
8. Ms. Phattra	Sahawat	Director	510,000	10
9. Mr. Somprasong	Sahavat	Director	510,000	10
10. Ms. Somjairak	Sahavat	Director	510,000	10
11. Mr. Sittiwat	Sahawat	-	510,000	10
12. Ms. Nipapat	Sahawat	-	510,000	10

Vanachai Veneer and Plywood Company Limited (as at 12 November 2018)

<u>List of names</u>	<u>Position</u>	<u>Number of shares</u>	<u>%</u>
1. Mr. Sompop Sahawat	Chairman	1	-
2. Ms. Yupaporn Boongate	Director	1	-
3. Mr. Vasun Jaroenavarat	Managing Director	1	-
4. Mr. Wanthana Jaroennawarat	Director	1	-
5. Mr. Suthep Chaipattananich	Director	-	-
6. Mrs. Siriporn Chaipattananich	Director	1	-
7. Mr. Patta Sahawat	Director	-	-
8. Ms. Phattra Sahawat	Director	1	-
9. Mr. Somprasong Sahawat	Director	1	-
10. Ms. Somjairak Sahawat	Director	-	-
11. Vanachai Intertrading Group Company Limited		199,993	90.91
12. The Vanachai Group of Companies Company Limited		20,000	9.09

8. The benefits of the listed company

1. For prompt installation and immediate use.
2. Able to manage wood purchase from plantation in varied sizes for sufficient production.
3. Able to manage cost of wood scraps which are the main production cost of MDF Board and Particleboard of the company and the subsidiaries.

9. Comments from committee and audit committee (VNG committee who has interest in the above transaction on item No. 7 did not attend the meeting to vote).

The purchase transaction of mentioned machines and equipment is appropriate since the company has to manage the wood purchase from plantation in varied sizes, in order to gain wood raw material quantity for sufficient production and in order to manage sufficient cost of wood scraps, which are the main production cost of the company and subsidiaries. Therefore, to process the mentioned transaction is reasonable and it will give the best benefits to the subsidiaries. For the cost of purchase, it is in the market price accessed by The Valuation & Consultants Company Limited.

Please kindly be acknowledged for your information

Yours Sincerely,

(Mr. Wanthana Jaroennawarat)

Director