

- Translation -

30 June 2020

Subject : Disclosure of connected transaction by a subsidiary

Attention : President

The Stock Exchange of Thailand

Vanachai Group Public Company "VNG" would like to disclose the connected transaction for warehousing service between Vanachai Woodsmith Company Limited (a subsidiary which VNG hold 99.99% of the paid-up shares) with Doctorwood Company Limited (related company). Transaction details are follow as:

**1. The date on which the transaction occurred:**

1 July 2020

**2. The parties involved:**

<u>Name</u>	<u>Relationship with the company</u>
Lessee : Vanachai Woodsmith Co., Ltd.	a subsidiary company
Lessor : Doctorwood Co., Ltd.	some shareholders and directors of VNG are also Doctorwood of shareholders and directors.

**3. The general characteristics of the transaction:**

3.1 On the use purpose of warehousing the company's finished products, Vanachai Woodsmith Company Limited has a warehouse service contract in 2,688 square meters, and the location is at 8/3, Moo 8, Tambol Thakam, Ampor Bang Pakong, Chachoengsao province. The contract is for one year - starting from 1 July 2020 to 30 June 2021.

3.2 On the use purpose of the company's employee office, Vanachai Woodsmith Company Limited is located at 8/3, Moo 8, Tambol Thakam, Ampor Bang Pakong, Chachoengsao province. The contract is for one year - starting from 1 July 2020 to 30 June 2021.

**4. The total value of the consideration:**

**4.1 The value of transaction.**

4.1.1 The service rate of warehouse area is 60 Baht per month per square meter, and the total area of 2,688 square meters for one year service contract is 1,935,360 Baht.

4.1.2 The service rate of office area is 20,000 Baht per month. To set an one year contract fee, it is from the cost value plus the processing fee - the total is 240,000 Baht.

**4.2 Payment term**

4.2.1 The service of warehouse area is 161,280 Baht per month.

4.2.2 The service of office area is 20,000 Baht per month.

## 5. Method use in calculation of value:

The mentioned service rate of warehouse is set from the market price - evaluated by The Valuation & Consultants Company Limited.

Assessor	The Valuation & Consultants Company Limited
Method of Valuation	Market Comparison Approach

## 6. Transaction Volume

6.1 The above transaction is conformed to the related transaction which is the common supporting business that is not in accordance with the market terms. The transaction is in medium size which has value more than 0.03% but less than 3% of book value of net tangible assets (the reviewed of the consolidated financial statement as at 31 March 2020). 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 Group Plc. leases the office from Firstwood Co., Ltd. (1 July 2020 - 30 June 2021)	22 June 2020	17,894,880.00	0.301% as at 31 Mar. 2020
2. Woodtek International leases the office from Firstwood Co., Ltd. (1 July 2020 - 30 June 2021)	22 June 2020	5,160,000.00	0.087% as at 31 Mar. 2020
Total		23,054,880.00	0.388%

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
1. VNG and subsidiaries trade among related companies.	25 Feb. 2020	43,000,000.00	0.701% as at 31 Dec.2019
2. Vanachai Panel Industries Co., Ltd. uses the service from Doctorwood Co., Ltd. to store goods in warehouse.	11 June 2020	19,332,000.00	0.325% as at 31 Mar. 2020
3. Vanachai Panel Industries Co., Ltd. uses the service from Doctorwood Co., Ltd. for loading up and loading down of goods and container lifting.	11 June 2020	30,000,000.00	0.504% as at 31 Mar. 2020
4. Vanachai Woodsmith Co., Ltd. has warehouse service contract with Doctorwood Co., Ltd.	30 June 2020	1,935,360.00	0.033% as at 31 Mar. 2020
5. Vanachai Woodsmith Co., Ltd. has office area service contract with Doctorwood Co., Ltd.	30 June 2020	240,000.00	0.004% as at 31 Mar. 2020
Total		94,507,360.00	1.567%

6.2.3 The receipt of financial assistance

Transaction	Release Date	Value (Baht)	Transaction Size% VS NTA financial statements for the period
Vanachai Panel Industries Co., Ltd. borrow a loan from Doctorwood Co., Ltd.	17 Mar. 2020	588,082.19	0.01% as at 31 Dec.2019
Total		588,082.19	0.01%

7. The list of committees and related shareholders:

Vanachai Group Public Company Limited (as at 30 June 2020)

<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	31,500,000	2.01
3. Mr. Vasun	Jaroenavarat	-	31,500,000	2.01
4. Mr. Wanthana	Jaroennawarat	Managing Director	31,500,000	2.01
5. Mr. Suthep	Chaipattananavich	Director	-	-
6. Mrs. Siriporn	Chaipattananavich	-	31,500,000	2.01
7. Mr. Patta	Sahawat	Director	31,500,000	2.01
8. Ms. Phattra	Sahawat	Director	31,500,000	2.01
9. Mr. Somprasong	Sahawat	Director	31,500,000	2.01
10. Ms. Somjairak	Sahawat	-	31,500,000	2.01
11. Mr. Sittiwat	Sahawat	-	31,500,000	2.01
12. Ms. Nipapat	Sahawat	-	31,500,000	2.01

Vanachai Woodsmith Company Limited (as at 30 June 2020)

<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	-	-
3. Mr. Wanthana	Jaroennawarat	Managing Director	1	-
4. Mr. Suthep	Chaipattananavich	Director	-	-
5. Mr. Patta	Sahawat	Director	-	-
6. Ms. Phattra	Sahawat	Director	1	-
7. Mr. Somprasong	Sahawat	Director	-	-
8. Mr. Sittiwat	Sahawat	Director	-	-
9. Vanachai Group Public Company Limited			15,999,997	99.99

Vanachai Intertrading Group Company Limited (as at 30 June 2020)

<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	Chaipattananavich	Director	-	-
6. Mrs. Siriporn	Chaipattananavich	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

Doctorwood Company Limited (as at 30 June 2020)

<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	Director	1	-
5. Mr. Suthep	Chaipattananavich	Managing Director	-	-
6. Mrs. Siriporn	Chaipattananavich	Director	1	-
7. Mr. Patta	Sahawat	Director	-	-
8. Ms. Phattra	Sahawat	Director	1	-
9. Mr. Somprasong	Sahavat	Director	1	-
10. Ms. Somjairak	Sahavat	Director	-	-
11. Vanachai Intertrading Group Company Limited			231,243	99.99

**8. The benefits of the company**

1. The warehouse of Doctorwood Company Limited (related company) is on appropriate location where is able to effectively manage product distribution to company's branches in the East.
2. The finished product can be stored and be processed in prompt time.

**9. The commitment of committee and the audit committee** (who be VNG's committee with conflict of interest as agreement of list on items 7 without meeting and vote).

This is in an agreement that such transaction is appropriate since Vanachai Woodsmith Company Limited can be the focal area for storing finished products that can be effectively distributed to customers in each branch in the East. To process the above transaction is appropriate and gives the best benefits to the company subsidiaries. For the warehouse service rate fee, it is set from the market price and evaluated by The Valuation & Consultants Company Limited.

Please be acknowledged for your information

Yours Sincerely

(Mr.Wanthana Jaroennawarat)

Director