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22 December 2021

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 21 December 2021 that Vanachai Panel Industries Company Limited (a subsidiary company which VNG has 99.99% of the shares sold) would acquire machine and equipment of multi-opening hot press machine and veneer rotary lathe 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 2021

**2. The involved parties**

	<u>Name</u>	<u>Business relationship with the company</u>
Seller	: Vanachai Veneer and Plywood Co., Ltd.	same group of major shareholders
Buyer	: Vanachai Panel Industries Co., Ltd.	a subsidiary

**3. Type and size of the transaction**

According to Vanachai Panel Industries Company Limited (the company's subsidiary) has invested in the plywood production plant project, this is in order to increase management proficiency of wood raw material for quantity efficiency in company's product production and to increase more revenue from selling products to the group of company.

According to operation plan of the project, there will be product production of film faced plywood, or concrete shuttering plywood, which is one product of the project. This is to face film after plywood has been produced. Therefore, this would require to have machine and equipment for film facing process.

In addition, in order to increase plywood production capacity and also to decrease the production cost per unit, there would also be veneer production which will be further produced for plywood. Therefore, a veneer rotary lathe machine is also required.



**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.

- Time duration starts from the order date to the machine delivery date, which is not less than 7 months.
- Time consuming on production and distribution of concrete shuttering plywood is approximately one year.
- The current total purchasing price of new machines are as follows;

- Multi-opening Hot Press Machine      approximately 40,000,000.00 Baht

- Veneer Rotary Lathe Machine      approximately 30,000,000.00 Baht

Option No. 2 To purchase machine and equipment from Vanachai Veneer and Plywood Company Limited (related company) which are currently proficiently operating.

- Be able to installed for prompt usage.
- Total purchasing price of 18,110,000.00 Baht (equivalent to the appraisal price) includes;

- Multi-opening Hot Press Machine      10,110,000.00 Baht

- Veneer Rotary Lathe Machine      8,000,000.00 Baht

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

- Multi-opening Hot Press Machine      10,110,000.00 Baht

- Veneer Rotary Lathe Machine      8,000,000.00 Baht

Total offer price: 18,110,000.00 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 net tangible assets (the reviewed of the consolidated financial statement as at 30 September 2021). 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 Woodsmith Co., Ltd. leases warehouse from The Vanachai Group of Companies Co., Ltd. (1 July 2021 - 30 June 2024)	22 Jun. 2021	4,320,000.00	0.074% as at 31 Mar. 2021
2. Vanachai Woodsmith Co., Ltd. prepares contract in providing services on infrastructure and the sharing areas from The Vanachai Group of Companies Co., Ltd. (1 July 2021 - 30 June 2024)	22 Jun. 2021	1,080,000.00	0.018% as at 31 Mar. 2021
3. Vanachai Woodsmith Co., Ltd. leases the office and warehouse from Firstwood Co., Ltd. (1 September 2021 - 31 August 2022)	19 Aug. 2021	8,724,000.00	0.139% as at 30 Jun. 2021
Total		14,124,000.00	0.231%

### 6.2.2 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
Vanachai Panel Co., Ltd. buy machine and equipment from Vanachai Veneer and Plywood Co., Ltd.	22 Dec. 2021	18,110,000.00	0.274% as at 30 Sep.2021
Total		18,110,000.00	0.274%

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 to SET	Value (Baht)	Transaction size (%)			
			Net tangible asset value (NTA) criteria	Net profit criteria	Total value of consideration criteria	Value of equity shares issued to pay for assets
1. Vanachai Logistics Co., Ltd. invests the ordinary shares in Vanachai Logistics Enterprise Co., Ltd.	22 Jun. 2021	489,700.00	0.008	-	0.003	-
2. Vanachai Panel Co., Ltd. buy machine and equipment from Vanachai Veneer and Plywood Co., Ltd.	22 Dec. 2021	18,110,000.00	0.274	-	0.089	-
Total		18,599,700.00	0.282	-	0.092	-

7. The list of committees and related shareholders

Vanachai Group Public Company Limited (as at 20 December 2021)

<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	36,000,000	2.075
3. Mr. Vasun	Jaroenavarat	-	35,999,999	2.075
4. Mr. Wanthana	Jaroennawarat	Managing Director	35,999,999	2.075
5. Mr. Suthep	Chaipattanavanich	Director	-	-
6. Mrs. Siriporn	Chaipattanavanich	-	36,000,000	2.075
7. Mr. Patta	Sahawat	Director	36,000,000	2.075
8. Ms. Phattra	Sahawat	Director	36,000,000	2.075
9. Mr. Somprasong	Sahawat	Director	36,000,000	2.075
10. Ms. Somjairak	Sahawat	-	36,000,000	2.075
11. Mr. Sittiwat	Sahawat	Director	36,000,000	2.075
12. Ms. Nipapat	Sahawat	-	36,000,000	2.075

Vanachai Panel Industries Company Limited (as at 20 December 2021)

<u>Name of shareholders</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	-	1	-
4. Mr. Wanthana	Jaroennawarat	Managing Director	1	-
5. Mr. Suthep	Chaipattananich	Director	-	-
6. Mrs. Siriporn	Chaipattananich	-	1	-
7. Mr. Patta	Sahawat	Director	-	-
8. Ms. Phattra	Sahawat	Director	1	-
9. Mr. Somprasong	Sahavat	Director	1	-
10. Mr. Sittiwat	Sahawat	Director	-	-
11. Vanachai Group Public Company Limited			474,999,993	99.99

Vanachai Intertrading Group Company Limited (as at 20 December 2021)

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

The Vanachai Group of Companies Company Limited (as at 20 December 2021)

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

Vanachai Veneer and Plywood Company Limited (as at 20 December 2021)

<u>List of names</u>	<u>Position</u>	<u>Number of shares</u>	<u>%</u>
1. Mr. Sompop Sahawat	-	1	-
2. Ms. Yupaporn Boongate	-	1	-
3. Mr. Vasun Jaroenavarat	Director	1	-
4. Mr. Wanthana Jaroennawarat	-	1	-
5. Mrs. Siriporn Chaipattananavich	Director	1	-
6. Ms. Phattra Sahawat	-	1	-
7. Mr. Somprasong Sahavat	-	1	-
8. Ms. Somjairak Sahavat	Director	-	-
9. Ms. Nipapat Sahawat	Director	-	-
10. Vanachai Intertrading Group Company Limited		199,993	90.91
11. 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. For more revenue from increased sales of concrete shuttering plywood which is in the market demand.
3. More production capacity of plywood and production cost reduction per unit.

**9. Comments from committee and audit committee**

With recommendations, to purchase the mentioned machine and equipment is an appropriate transaction since this is according to the action plan of the plywood project which has been explained. Consequently, in order to produce concrete shuttering plywood, which is currently in the market demand, would require to purchase machine and equipment (for film faced plywood process) and to purchase a veneer rotary lathe machine. The installation and production process will assist the company to increase production capacity of plywood which will also minimize the production cost per unit in overall. To process this transaction is proper and will give the best benefit to the subsidiary company. In term of the purchasing price, this is equivalent to the market price assessed by the Valuation and Consultants Company Limited.

Please kindly be acknowledged for your information

Yours Sincerely,

(Mr. Wanthana Jaroennawarat)

Director