



NEP031/2024

20 June 2024

Subject: Acquisition of VAVA Z from Related Parties
To: Board of Directors and Management
The Stock Exchange of Thailand
Enclosures: Related Transaction Information

Management has proposed the acquisition of VAVA Z to develop it into a core business aligned with the direction of NEP Real Estate and Industry Public Company Limited, focusing on environmental products as previously explained to investors at the Annual General Meeting of Shareholders on April 24, 2024, and during the Public Presentation on May 23, 2024.

The Board of Directors of NEP Real Estate and Industry Public Company Limited ("the Company"), in its 5/2567 meeting held on June 20, 2024, resolved to approve the acquisition of VAVA Z business with a total value of 7,882,988.44 baht (excluding VAT) from VAVA Z Company Limited ("VAVA Z"). The directors and authorized signatories of VAVA Z are Mr. Weerachat Lohsiri, who is also a shareholder in VAVA Pack Company Limited and the Company, and an authorized signatory of the Company. This transaction is considered a related party transaction involving assets or services, with a transaction size of 1.38% of the net tangible assets value based on the Company's latest consolidated financial statements audited as of March 31, 2024. The Company has not engaged in any other asset or service acquisition transactions with VAVA Z in the past six months.

This related party transaction exceeds 1 million baht but does not exceed 20 million baht, qualifying it as a medium-sized transaction under the Capital Market Supervisory Board Notification No. TorChor. 21/2008 Re: Rules on Related Party Transactions (as amended) and the SET Notification on Disclosure of Information and Other Acts of Listed Companies Concerning the Related Party Transactions B.E. 2003 (as amended). Therefore, the Company must obtain approval from the Board of Directors and disclose information about this transaction to the Stock Exchange of Thailand before proceeding with the transaction.

Additionally, the aforementioned transaction is considered an acquisition of assets or services, with a transaction size of 1.32% calculated based on the total consideration value according to the Company's consolidated financial statements reviewed as of March 31, 2024, audited by the Company's certified public accountant. Since the transaction size is less than 15%, the Company is not required to report information according to the criteria for acquisition and disposition of assets of listed companies.

The acquisition of VAVA Z includes assets, equipment, machinery for design and production, active inventory, the VAVA Z trademark/brand, and its customer base. VAVA Z operates in the environmental products sector using the Circular Upcycling model, which adds value to recycled materials. The Company will complete this acquisition by June 30, 2024, and start generating revenue from July 1, 2024, replacing the revenue recognition from the existing business, which will end in June 2024.

Attached herewith is the related transaction information as per the enclosed documents.

Your attention to this matter is appreciated.

Sincerely,

Mr. Soontorn Pojthanamas
Chairman of the Board

Information on Related Party Transactions

1) Date of Transaction

The Board of Directors of NEP Real Estate and Industry Public Company Limited held its 5/2567 meeting on 20 June 2024, and resolved to approve the purchase of VAVA Z brand assets. These assets include tangible assets such as equipment, machinery for production design and inventory, and intangible assets such as the customer database and VAVA Z trademark/brand from VAVA Z Company Limited. The Company expects to complete this transaction by 30 June 2024 to recognize revenue from the new business replacing the old business, which will end in June 2024. The Company will start production and sales of products under the VAVA Z brand from 1 July 2024 onwards.

2) Contracting Parties

Seller: VAVA Z Company Limited ("VAVA Z")

Buyer: NEP Real Estate and Industry Public Company Limited ("the Company")

3) General Nature of the Transaction

The Company will purchase VAVA Z brand assets, which include tangible assets such as equipment, machinery, Machinery for production design and inventory, and intangible assets such as the customer database and the VAVA Z trademark/brand from VAVA Z, which has operated the VAVA Z brand for 3 years and 8 months. The total consideration is 7,882,988.44 THB (excluding VAT). The Company agrees to pay the first installment within 30 days from the date of the purchase agreement and to complete the installment payments by the end of December 2024. The price for the tangible assets (equipment and inventory) and intangible assets (customer database and trademark/brand) is the fair value assessed by UK Valuation and Agency Company Limited, an independent appraiser approved by the Securities and Exchange Commission.

4) Total Value and Size of the Transaction

The total consideration for acquiring tangible assets (equipment, machinery for production design and inventory) and intangible assets (customer database and trademark/brand) from VAVA Z is 7,882,988.44 THB (excluding VAT), representing 1.38% of the net tangible asset value. This amount exceeds 1 million THB but does not exceed 20 million THB, classifying it as a medium-sized transaction per the Capital Market Supervisory Board Notification No. TorJor. 21/2008 on the criteria for related party transactions (including amendments) and the Stock Exchange of Thailand's Notification on Disclosure of Information and Operations of Listed Companies concerning Related Party Transactions B.E. 2003 (including amendments).

5) Details of Related Persons

The directors and authorized signatories of VAVA Z are Mr. Weerachat Lohsiri, who is also a director and authorized signatory of the Company. Mr. Weerachat Lohsiri holds 1.39% of the Company's paid-up capital, and his wife, Mrs. Thicomporn Chaiiam, holds 1.62% of the Company's paid-up capital. Therefore, Mr. Weerachat Lohsiri indirectly and directly holds 22.79% of the Company's paid-up capital.

Additionally, Mr. Weerachat Lohsiri is a director, managing director, and authorized signatory of NEP Real Estate and Industry Public Company Limited. The details are as follows:

Related Persons to the Company	Details of Shareholding and Position in the Company	Current Shareholding of the Company as of the Book Closure Date (March 13, 2024)	Percentage of Paid-Up Capital
VAVA Pack Company Limited Mr. Weerachat Lohsiri is a major shareholder of the company Mrs. Thicomporn Chaiiam is a major shareholder of the company / Director / Authorized Director	Major shareholder of the company	460,000,000 shares	19.78 %
Mr. Weerachat Lohsiri is a shareholder, director, and authorized signatory of VAVA Z Company Limited.	Shareholder / Director / Authorized Director of the Company	32,330,200 shares	1.39 %
Mrs. Thicomporn Chaiiam	Mr. Weerachat Lohsiri's wife Shareholder	37,735,300 shares	1.62 %
Total			22.79 %

6) Reasons and Necessity for the Transaction

Due to the company's ongoing net losses and negative cash flow resulting from production volumes not reaching the break-even point, increasing sales and production volumes of plastic sacks beyond the break-even point would require significant time and working capital. Continuing the current business would negatively impact the company's financial statements and liquidity. Therefore, the company needs to cease

the production and distribution of plastic sacks and flexible packaging products effective from February 23, 2024. The company will still deliver products to customers as scheduled and recognize revenue from the sale of flexible packaging until June 2024. In this business shift, the company focuses on profitable, environmentally-related businesses with low risk and sustainable growth potential. The related transaction is necessary and aligns with the strategic goals set by the organization. The VAVA Z business, a Circular Upcycling environmental product, follows the 2024 business plan approved by the Board of Directors meeting No. 18/2023 on December 21, 2023. This transaction allows the company to recognize revenue from the new business under the BCG (Bio-Circular-Green) sector starting from July 1, 2024. This business model change aims to reduce operating losses while ensuring the company meets the qualifications of a listed company.

7) Opinion of the Board of Directors

The Board of Directors has reviewed and concluded that the company has been continuously operating at a loss from producing and selling plastic sacks and flexible packaging products. The Board approved a business plan focusing on low-risk environmental businesses, suitable for the current economic conditions, which they believe can sustain the company's future. The VAVA Z business, producing and selling Circular Upcycling environmental products that add value to recycled materials under the Zero Waste concept, represents the start of the company's new environmental product line. Moreover, the purchase value of VAVA Z, which includes assets, equipment, machinery for production design, active inventory, trademark/brand VAVA Z, and the customer base, is a fair value assessed by UK Valuation and Agency Co., Ltd., an independent appraiser approved by the Securities and Exchange Commission (SEC). Thus, this transaction is deemed beneficial for the company.

Mr. Weerachat Lohsiri, being an interested director, did not participate in the meeting for this agenda item and had no voting rights on this matter.

8) Opinions of the Audit Committee Differing from the Board of Directors

- None -