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27 February 2017

Subject : Information Memorandum Concerning Acquisition of Assets

Attention : President

The Stock Exchange of Thailand

According to Vanachai Group Public Company Limited (“Company”) dated 27 February 2017 on the agreement approval for the company to make investment on warehouse construction at Saraburi plant - this is to support the increasing number of finished products which are in storage due to the Particleboard production line improvement in Saraburi plant from the production capacity 240,000 cubic meter per year to 360,000 cubic meter per year.

The mentioned transaction is an asset transaction of the subsidiary company of listed company, referring to Capital Market Commission Tor Jor. 20/2551, subject - criteria of significant transaction process on acquisition and disposition of assets (including the additional amendment announcement) and according to the announcement of the Stock Exchange of Thailand, subject - disclosure of information and operation of listed companies on acquisition or disposition of assets year 2004 (including the additional amendment announcement) (“the announcement on acquisition or disposition”). And when making evaluation in accordance with all criteria, the transaction size is 1.06%. This evaluation is in accordance with total value criteria of the return which is compared with total assets value of the consolidated financial statements of company - ended period on 31 December 2016 - and it has been audited by the auditor's company. It is also considered as the highest value item when being compared with other evaluation criteria.

Therefore, when combining this transaction with assets acquisition of company and subsidiary company of the listed companies in the last 6 months, the conclusions are summarized as follows.

Transaction	Release Date	Value (Baht)	Size of transaction (%) VS total assets value of the consolidated financial statements for the period
1. Vanachai Panel Industries Co., Ltd. invests in the production project of MDF Board.	11 Nov. 2016	2,200,000,000	16.05% as at 30 Sep.2016
2. Vanachai Group Plc. make investment on warehouse.	27 Feb. 2016	150,000,000	1.06% as at 31 Dec. 2016
The total value		2,350,000,000	17.11%

The total value is 2,350 Million Baht, it is 17.11%. This is conformed to asset transaction type No. 2 which has item size in 15% or more but less than 50% - according to the announcement of acquisition or disposition of assets.

The company has responsibility to disclose the transaction information to the Stock Exchange of Thailand and prepare information to the shareholders within 21 days from the date of reporting notification to the Stock Exchange of Thailand. The details of transaction are as follows.

- 1) Transaction Date : within 2017
- 2) Related parties : The company is in the period of consideration process to select an appropriate design - construction constructor.

Relationships with the Company : For this new project, the selected contractor has none of any relationships with the company, the subsidiary company and the connected persons.

Therefore, this is not considered as a processing transaction related to the listed company which is complied with the requirements of the Stock Exchange of Thailand.

- 3) The general characteristics of transaction

Type of transaction : The company makes investment on warehouse construction (extension area), Saraburi Plant, with the investment of 150 Million Baht.

This warehouse construction investment is located on the company land at Saraburi plant - front area of the production plants of Particleboard and laminate Particleboard - to construct 3 connected buildings with details as follows;

Building No.1 size 60x150 Meter	9,000	square meter
Building No.2 size 48x150 Meter	7,200	square meter
Building No.3 size 60x150 Meter	<u>9,000</u>	square meter
Total building area	<u>25,200</u>	square meter

Ready to construct road surrounding the warehouse buildings

Size of Transaction : The transaction process conforms to transaction type No.2, referring to the announcement of the committees of the Stock Exchange of Thailand, subject - disclosure and operation of the listed company in acquisition and disposition of assets year 2004 (including the additional amendment announcement) (“the announcement of acquisition and disposition”); the item size is equivalent to or more than 15% but less than 50% when evaluating the item size conforming to the criteria of total asset value of return. It is 1.06% of total assets of company’s of the consolidated financial statements ended on 31 December (total company’s assets value on that date is 14,106.8 Million Baht). Such announcement, the company has responsibility to disclose the information to the Stock Exchange of Thailand and must inform the information to the shareholders in writing within 21 days from the transaction date when it is disclosed to the Stock Exchange of Thailand.

4) Detail of acquired assets : The warehouse construction investment is able to store finished products approximately 70,000 cubic meter.

5) Total value of consideration : Total investment is expected to be approximately 150 Million Baht.

Payment process : Payment will depend on the agreement with the contract party that will be in portion payment and subjected to work progress. The period of project operation is approximately 12 months.

6) Total value of acquired assets : Approximately 150 Million Baht - equivalent to the total return value. Conforming to the asset investment budget, based on the overall market price, the details are as follows.

- Cost of improvement and land reclamation	6 Million Baht
- Cost of construction on 3 warehouse buildings	126 Million Baht
- cost of construction on road, public utility and others	<u>18</u> Million Baht
Total investment	<u>150</u> Million Baht

- 7) Benefit to the Company : To manage finished product storage with more efficiency.
- 8) Source of funds : Loans from domestic financial institutes in 150 Million Baht.  
(These loans are in the ratio 0.02 times of shareholders' equity, as of the consolidated financial statements, as of 31 December 2016. And when total liabilities of consolidated financial statements, as of 31 December 2016, debt to equity is in the ratio to shareholders' equity in 0.71:1).
- 9) Opinion of the Company's Board of Directors on the Transaction : Approved  
Company committees have made consideration with agreement to invest on warehouse construction at Saraburi plant. This mission is appropriate since the company develops the production line of Particleboard for greater production capacity; this is to fulfill the increased consumption of the Particleboard product which has substituted the decreased Particleboard production capacity of the companies group due to the production line adjustment from the Particleboard to MDF Board at Surat Thani plant. This operation generates benefit to the company, subsidiaries and shareholders - therefore, the approval is in agreement without any dispute or any other opinions.
- 10) Different opinions of the audit committees and/or the company directors from the company committees' opinion;  
The audit committees have opinions same as the opinions of the company committees, and there is no company committees have other different opinions from the opinions of the company committees.
- 11) Opinions of the Independent Expert. : None
- 12) Financial projections in the present year. : None
- 13) Pending material lawsuits of claims. : None
- 14) Interests or related transaction of the listed company and directors, executives, and shareholders who have either direct or indirect share holding from 10% indicates transaction characteristics or interests. : None

- 15) The responsibilities of the Company's Board of Directors to the Information.

The company committees hereby certifies that the report and the information contained herein are accurate and applicable in all respects.

Please be acknowledged for your information

Yours Sincerely

(Mr.Wanthana Jaroennawarat)

Director