



บริษัท เอ็นอีที อสังหาริมทรัพย์และอุตสาหกรรม จำกัด (มหาชน)
NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED
Public Company Registration No. 0107537000831



Ref: NEP052/2021

December 24, 2021

Subject: Notification of the Machine renting and plastic sack printing services of the connected person
To: The President
The Stock Exchange of Thailand
Attachment: Information memorandum on the connected transaction

The Board of Directors of NEP Realty and Industry Public Company Limited (“the Company”) meeting No.12/2021 held on December 24th, 2021 resolved to approve the entering into the connected transactions with Vava Pack Company Limited (“VAVA Pack”) with transactions as follows:

1. To provide 18 rental plastic sack printing machines with an average usage time of 9 years 6 months to VAVA Pack for a period of 1 year starting from January 1st, 2022 until December 31st, 2022 at the rental rate of 300,000 Baht per month in a total of 3,600,000 Baht for the whole rental period.
2. To provide a plastic sack printing service to VAVA Pack for a period of 1 year starting from January 1st, 2022 until December 31st, 2022 at the rate of not less than 1,325,000 Baht per month (exclusive of VAT), no more than 15,900,000 Baht (exclusive of VAT) for the whole agreement period.

Such transactions are considered as the connected transaction which VAVA Pack is the major shareholder of the Company holding 19.78% of the paid-up capital by Mr. Weerachart Lohsiri is the shareholder of the Company holding 1.39% of the paid-up capital and Mrs.Thicomporn Chai-iam, Mr. Weerachart’s spouse, is the shareholder of the Company holding 1.16% of the paid-up capital. Therefore, Mr. Weerachart Lohsiri is the direct and indirect shareholder, holding 22.33% of the paid-up capital. In addition, Mr. Weerachart Lohsiri and Mrs. Thicomporn Chai-iam are directors of the Company.

The aforementioned transactions are the connected transaction in the type of supporting normal business without general trading conditions. The transaction size (both 2 transactions) is 2.87% of the net tangible assets according to the reviewed financial statements as of September 30th, 2021. The transaction size exceeds 0.03% but not more than 3% of net tangible assets. The Company does not have any connected transaction in the past six months. Therefore, the transaction must be approved by the Board of Directors and disclose information to the Stock Exchange of Thailand before entering into such connected transactions.

Please be informed accordingly.

Yours sincerely,

Pol.Gen.

(Somchai Vanichsenee)

Chairman of the Board of Directors

Information memorandum on the connected transaction

1. Date of transaction: January 1st, 2022 (Rent and service agreement with a duration of 1 year ending December 31st, 2022)

2. Related Parties

Name of the rent/service provider: NEP Realty and Industry Public Company Limited

Name of the rent/service hirer: Vava Pack Company Limited

3. Type of transaction

Machine renting and plastic sack printing services

Rental machine	12 plastic sack printing machines consisting of cutters, printers, rollers, color trays, etc. with an average usage time of 9 years 6 months.
Duration	1 Year (January 1 st , 2022 – December 31 st 2022)
Rent	300,000 per month (3,600,000 Baht for the whole period)
Other terms	<ul style="list-style-type: none">- The rent provider may terminate the agreement by giving at least 1 month notice.- The hirer shall maintain the machines in good condition, may not modify the machines, and shall procure insurance for the machines.- The hirer may not sublease the machines.

Plastic sack printing service

Duty	Print plastic sacks according to the method and designs determined by the hirer.
Duration	1 Year (January 1 st , 2022 – December 31 st 2022)
Fee	Not less than 1,325,000 Baht per month (exclusive of VAT), no more than 15,900,000 Baht (exclusive of VAT) for the whole period.
Other terms	<ul style="list-style-type: none">- The hirer shall provide raw materials and bear the production costs.- The service provider shall comply with the operating procedures of the hirer.- The service provider may terminate the agreement by giving at least 1 month notice.

4. Total value and size of transaction

The total value of the rent and service fee (both 2 transactions) for the whole duration is 19,500,000 Baht equal to 2.87% of the net tangible assets as per the reviewed financial statements as of September 30th, 2021 consecutively which is more than 0.03% but not over 3.00% of the net tangible assets. The Company does not have any connected transaction in the past six months. The aforementioned transactions are the connected transaction in the type of supporting normal business without general trading conditions.

5. Details of the connected persons

At the present (on the book closing date as of November 30th, 2021), VAVA Pack is the major shareholder holding 19.78% of the paid-up shares by Mr. Weerachat Lohsiri (major shareholder of VAVA Pack) holding 1.39% of the Company's paid-up shares, and Mrs. Thicomporn Chai-iam, the spouse of Mr. Weerachat Lohsiri (major shareholder and director of VAVA Pack), a shareholder of the Company holding 1.16% of the Company's paid-up shares. Therefore, Mr. Weerachat Lohsiri is a shareholder both directly and indirectly of 22.33% of the Company's paid-up shares.

Moreover, Mr. Weerachat Lohsiri is a director/authorized director of the Company, and Mrs. Thicomporn Chai-iam is a director of the Company as the following details:

Connected person	Details of the shares / position in the Company	Share at the present (on the book closing date as of November 30th, 2021)	Percentage of the Company's paid share
Vava Pack Co., Ltd. - Mr. Weerachat Lohsiri Major shareholder - Mrs. Thicomporn Chai-iam Major shareholder/ director/authorized director	Major shareholder	460,000,000 shares	19.78
Mr. Weerachat Lohsiri	Shareholder/director/authorized director	32,330,200 shares	1.39
Mrs. ThiComporn Chai-iam	Spouse of Mr. Weerachat Lohsiri shareholder/director	27,045,000 shares	1.16

6. Reason and necessity of the transaction

The Company is a manufacturer and distributor of plastic sack products which are divided into plastic sacks and flexible packaging. In the past, the Company gained gross profit from the flexible packaging but loss in the plastic sack products due to the production capacity being lower than the break-even point. It would take a very long time and high working capital to increase the sales revenue and production capacity of the plastic sack products beyond the break-even point. If the Company still continues to produce plastic sacks products, it will never reduce the loss within a short period of time. Therefore, it is necessary for the Company to stop producing plastic sack products and focus on increasing the sales revenues and production of flexible

packaging which is already gaining profits in order to further increase the profits. In addition, the Company also provides rental plastic sack printing machines to increase income. However, it is difficult and takes a long time to find an outsider hirer because the machines provided by the Company have a high average usage time, and the potential hirers need to have enough plastic sack production capacity, sales revenues, and customer base.

7. Opinion of the Board of Directors

The Board of directors considered that the Company has continually suffered the loss from the plastic sack products due to the quantity of the production does not reach the break-even point. If the Company stops producing plastic sacks, then provide rental plastic sack printing machines and services, the Company would benefit from reducing loss, increasing income, increasing liquidity, reducing maintenance costs while increasing the capacity of flexible packaging that the Company is already gaining profit. Moreover, the rental rate charged by the Company is reasonable because the rental rate is higher than the depreciation cost and the service fee is higher than the service cost.

Mr. Weerachart Lohsiri and Mrs. Thicomporn Chai-iam, the connected persons/ directors did not attend the meeting considering this agenda item and had no right to vote.

8. Opinion of the Audit Committee and/or any Directors differ from the Board of Directors' opinion

-None-