

- Translation -

No. ECF02 084/2560

22 December 2017

Subject : Notification for the entering into the Memorandum of Understanding to study the feasibility of Solar Power Plant Project ([1<sup>st</sup> addition](#))

To President  
The Stock Exchange of Thailand

East Coast Furnitech Public Company Limited (“ECF” or “The Company”) would like to notify that the Company, by the resolution of the Board of Directors’ meeting No.15/2017 held on 18 December 2017, will be conducting a feasibility study for an investment in 1 Megawatt Solar Power Plant Project of CR Solar Co., Ltd. (“CRS”) located at Thern District, Lampang Province instead of an investment of Biomass Power Plant Project of True Energy Power Lopburi Co., Ltd. (“TRUE-P”), which upon the feasibility study, the Company was unable to come to an agreement for the investment in such project.

In this regard, the Company and CRS have mutually entered into the Memorandum of Understanding on 22 December 2017 to transfer the deposit as the security to secure the purchase payment of businesses of CRS, which the amount of deposits has been calculated on the loan principal amount of Baht 50 million, with accrued interest on the loan principal until 22 December 2017, amounted to Baht 2,024,589, and ongoing interest under the loan agreement which is the condition under the Memorandum of Understanding dated 26 December 2016 between the Company and TRUE-P. In this regard, TRUE-P gave the consent for the deposit transfer and agreed to terminate the Memorandum of Understanding dated 26 December 2016 on the signing date of the Memorandum of Understanding between the Company and CRS. [This Memorandum of Understanding dated 22 December 2017 was jointly signed by the authorized directors of CRS and the Company already inspected the conditions to sign on behalf of CRS according to the affidavit of CRS and viewed that signings by those directors are legally binding CRS.](#)

The Company will conduct a due diligence on CRS for 60 days from the date on which the Company completely receives all significant information from CRS, [e. g. financial statements, power purchase agreements, and relevant permits and licenses etc.](#) Then, the Company will conduct a feasibility study and make a decision on the investment of such Solar Power Plant Project in further step [which the Memorandum of Understanding specified that the Company and CRS shall enter into the agreement for sale and purchase of businesses within 3 months from the signing date of the Memorandum of Understanding \(which is 22 December 2017\).](#)

Moreover, the Company will make an addendum to the loan agreement dated 26 December 2016 to extend the due date of the loan repayment to the Company to 26 March 2018 [so that it is in line with the period as specified in the Memorandum of Understanding between the Company and CRS.](#) This repayment extension will be the fourth extension. The first, second and third extension of the due date were extended to

26 May 2017, 26 August 2017 and 26 December 2017 respectively. This addendum to the loan agreement will jointly be signed by the chief executive officer together with one of the director of Inter Far East Energy Corporation Public Company Limited (“IFEC”) and the Company already inspected the conditions to sign on behalf of IFEC according to the affidavit of IFEC and viewed that signings by those directors are legally binding IFEC.

The Company would like to clarify that along the period which an investment in True-P had not been agreeable, the Company attempted to demand for a return of deposit in the form of loan amount of Baht 50 million with accrued interest according to details as specified in the disclosure letter made to the Stock Exchange of Thailand, i.e. the disclosure letter no. ECF2 009/2560 dated 27 March 2017, the disclosure letter no. ECF2 013/2560 dated 31 March 2017, the disclosure letter no. ECF2 039/2560 dated 26 May 2017 and the disclosure letter no. ECF2 058/2560 dated 28 August 2017, respectively. The Company subsequently has been interested in the investment in solar power plant of CRS. The reasons why the Company has been interested in the additional investments of solar power plant projects are that the Company has continuously invested in the energy businesses, both solar power plant projects and biomass power plant projects, e.g. biomass power plant projects of Prize of Wood Green Energy Co., Ltd., which had already commenced the commercial operation date on 27 June 2017 and the Company recognized a return on such investment since 1 July 2017.

The Company foresees that the investment in the business of electricity production and distribution from solar energy could generate recurring income which creates yields upon investment and good profits to the Company, including such investment is in line with the business plan of the Company. Since the investment in TRUE-P had not been agreeable and in order to prevent the Company from losing opportunity for investment, the Company decided to conduct feasibility study of solar power plant of CRS instead, which the commercial operation date had already started. The Board of Directors therefore made decision to enter into the Memorandum of Understanding to conduct feasibility study and due diligence of CRS whereby transferring the deposit in the form of loan amount of Baht 50 million with accrued interest to be the new deposit under the Memorandum of Understanding with CRS instead. This would help the Company to solve the problem of claiming the return of deposit. In the case that the result of feasibility study is worth for the investment, the transferred deposit will be treated as the part of the business purchase price. As a result, the Company considered that the Company had not reserved an allowance for doubtful accounts for the loan amount of Baht 50 million with its accrued interest. However, the Company will follow up the situations and also make consultation on this matter with the auditor.

At present, the Company is on process of studying and inspecting the project value, the investment return, the risks, and relevant details in relation to the project, and other matters relating to the purchase of the project, including the capability of the seller for the sale of the project, and delivery of the assets and other performance on the terms and conditions pursuant to the sale and purchase agreement to be made between the parties.

Furthermore, the Company would like to inform general information of CRS as follows:



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<a href="#">CR Solar Co., Ltd.</a>	
<a href="#">Date of Incorporation</a>	<a href="#">18 June 2012</a>
<a href="#">Registered Office</a>	<a href="#">No. 184 Village No.5, Mae Pa Sub-district, Thoen District, Lampang 52160</a>
<a href="#">Type of Business</a>	<a href="#">Businesses of electricity production and distribution from 1 MW solar power plant</a>
<a href="#">Major Shareholder</a>	<a href="#">IFEC, with its shareholding of 99.99% of the total shares</a>

If the study result is satisfied by the Company, and the Company agrees to invest in the solar power plant project of CRS, the Company will report the progress or additional information to the Stock Exchange of Thailand and disclose it to the shareholders and other investors, and will comply with relevant regulations for entering into the transaction.

On the contrary, if there is no entry into the sale and purchase agreement of businesses within the specified time, CRS shall return the deposit (amounting to the principal and all accrued interest under the loan agreement) to the Company immediately and/or the Company can demand IFEC to repay the principal with its accrued interest under the loan agreement to the Company. This decision has been made prudently and considered for the benefits of the Company.

Please be informed accordingly,

Yours sincerely,

East Coast Furnitech Public Company Limited

-Signature-

(Mr.Arak Suksawad)

Managing Director