

No. ECF2 029/2561

28 June 2018

Subject The Entering into an Investment of the construction of the Manufacturing Plant and Distributing of the Medium Density Fiber Board or MDF Board in Narathiwat Province of Planet Board Company Limited, which is a Subsidiary of the Company

Attention President
 The Stock Exchange of Thailand

Enclosure Information Memorandum on Acquisition of Assets of East Coast Furnitech Public Company Limited

East Coast Furnitech Public Company Limited (the “**Company**”) would like to notify the resolutions of the Board of Directors’ Meeting of the Company No. 7/2018 on 27 June 2018 that the meeting has a unanimous resolution approving Planet Board Company Limited (“**Planet**”), which is a subsidiary of the Company, of which the Company holds 5,700,000 ordinary shares of Planet or 57.00 percent of the total number of sold shares of Planet, to enter into an investment of the construction of the manufacturing plant and distributing of the medium density fiber board or MDF board in Narathiwat province and expects that Planet will execute the relevant agreements and pay for all the relevant assets for the relevant parties of the agreements within the fourth quarter of the year 2019. The total initial investment that the Planet will invest in the project is Baht 1,456.31 million.

The transaction mentioned above is considered as an acquisition of assets under the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004) dated 29 October 2004 (as amended) (the “**Notification of Acquisition or Disposal of Assets**”). The highest transaction value is equal to 39.91 percent based on a total value of consideration paid basis, calculated from the reviewed consolidated financial statements of the Company for the latest three-month period ended 31 March 2018.

The total value of consideration is Baht 1,456.31 million, which is the total invest value, when deducting with the capital increase and newly ordinary shares paid up in Planet transaction, totaling of Baht 228,000,000 as per proportion of the shareholding of the Company, as per the resolution of the Board of Directors of the Company No. 2/2018 on 27 February 2018, in order to prepare for the investment in the manufacturing and distributing of MDF Board, which is part of the entering into this transaction of an investment in the construction of the manufacturing plant and distributing of the MDF Board, and the transaction value is considered the assets acquisition transaction occurred over the past six months prior to

the date on which the Board of Directors' Meeting resolving to approve this transaction. This investment value equals to Baht 1,228.31 million. Thus, the transaction value calculated under the total value of the consideration basis is 39.91 percent.

In addition, when combined with the assets acquisition transaction occurred over the past six months prior to the date on which the Board of Directors' Meeting resolving to approve this transaction, which is capital increase and newly issued ordinary shares paid up transaction in Planet, totaling of Baht 228,000,000, as per the details described above, the highest transaction value would equal to 48.10 percent, which under the total consideration value is considered as the Class 2 of the Notification of Acquisition or Disposal of Assets. As a result, the Company is required to disclose the information memorandum on entering into such transaction to the Stock Exchange of Thailand (the "SET") and to send a circular letter to the shareholders of the Company within 21 days from the date on which the information memorandum on entering into such transaction is disclosed to the SET.

The details of the transaction are in the Information Memorandum on Acquisition of Assets of East Coast Furnitech Public Company Limited (the Enclosure).

Please be informed accordingly.

Best Regards,

East Coast Furnitech Public Company Limited

- Signature -

((Mr. Arak Suksawad)

Managing Director

**Information Memorandum on the Asset Acquisition Transaction
of East Coast Furnitech Public Company Limited**

Reference is made to the Board of Directors' Meeting held by the Board of Directors of the East Coast Furnitech Public Company Limited (the "**Company**") No. 7/2018 on 27 June 2018 with an unanimous resolution to approve Planet Board Company Limited ("**Planet**"), a subsidiary held by the Company with 5,700,000 shares or 57% of Planet's total shares sold, of entering into an investment of setting up a manufacturing plant and distributing the medium density fiber board or MDF Board in Narathiwat Province.

The investment mentioned above is considered as an acquisition of assets in accordance with the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rule on Entering into Material Transactions Deemed as Acquisition or Disposal of Asset dated 31 August 2008 (as amended), and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Asset B.E. 2547 (2004) dated 29 October 2004 (as amended) (the "**Notification of Acquisition or Disposal of Assets**"). The highest transaction value is equal to 39.91 percent based on a total value of consideration paid basis, calculated from the reviewed consolidated financial statements of the Company for the latest three-month period ended 31 March 2018, and that when combined with other asset-disposing transaction of the Company over the past six months prior to the date on which the Board of Directors' Meeting, the highest size of the transaction equals to 48.10, being considered as a Class 2 transaction in accordance with the Notification on Acquisition or Disposal of Assets. As a result, the Company is required to disclose the information memorandum on entering into such transaction to the Stock Exchange of Thailand (the "**SET**") and to send a circular letter to the shareholders of the Company within 21 days from the date on which the information memorandum on entering into such transaction is disclosed to the SET.

Therefore, the Company would like to disclose the information memorandum on the assets acquisition transaction related to the "Notification of Acquisition or Disposal of Assets" as follows:

1. Transaction Date

The Company will enter into the transaction after the approval of the meeting of Board of Directors No. 7/2018, held on 27 June 2018. Planet is expected to complete the related agreements signing and assets payment to all parties involved within the fourth quarter, 2019.

2. Parties involved and their relationship with the listed company

2.1) Land Purchase Agreement	
Purchaser	Planet
Seller	In process of negotiation on land purchase agreement; however, the land seller is not a connected person of the Company pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions dated 31 August 2008 (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, dated 19 November 2003 (as amended) (collectively, the "Notifications on Connected Transactions").
Land Information	Located in Taporyor sub-district, Yi-ngor district, Narathiwat Province (Industrial area) with the area of 10 land parcels, having an approximately total area of 94 Rai 3 Ngan 38 Square Wah
Purchase Price	Not exceeding Baht 33,000,000
Payment Condition	Planet will pay a deposit of 10 percent of the purchase price on the agreement date (after receiving an agreement from the public hearing on the project construction) and will make a payment for the rest of 90 percent of the purchase price within 7 months from the agreement date.
2.2) Construction Contract on Plant, Warehouse and Office Building	
The Hirer	Planet
The Contractor	In process of the contractor selection and being yet concluded. However, the contractor will not be a connected person of the Company pursuant to the Notifications on Connected Transactions.
Service Fee	Not exceeding Baht 209,460,180
Construction Timeline	<ul style="list-style-type: none">▪ Construction of plant and warehouse is expected to spend 9 to 12 months from the agreement date and expected to complete the construction in the end of the year 2018.▪ Construction of office building is expected to complete within the first quarter of the year 2019.▪ Decoration of building, plant and landscape is expected to complete in the second quarter of the year 2019.

2.3) Purchase Agreement of Production Machine and Plant Equipment	
Purchaser	Planet
Seller	<ul style="list-style-type: none">▪ Shanghai Wood-based Panel Machinery Co., Ltd.▪ DIEFFENBACHER GMBH MASCHINEN-UND ANLAGENBAU▪ ANDRITZ▪ Zhuzhou New Times Conveyer Machinery Co., Ltd. <p>The four sellers as mentioned above are not a connected person of the Company pursuant to the Notifications on Connected Transactions.</p>
Purchase and Installation Price	Not exceeding Baht 960,505,000
Timeline	The purchase agreement signing is expected to complete in the second quarter of the year 2018 and the installation of the machine and equipment is expected to complete in the fourth quarter of the year 2019.

3. General characteristics of the transaction

3.1) General Characteristics

The Company shall enter into an investment of setting up a manufacturing plant and distributing of Medium Density Fiber Board or MDF Board in Narathiwat province by with an investment through Planet, the Company's subsidiary, held by the Company with 5,700,000 shares or 57% of Planet's total shares sold. Planet will complete all related agreements specified in Clause 2. above within the fourth quarter of the year 2019 with the initial project investment of Baht 1,456.31 million in aggregation.

3.2) Calculation of transaction value

Referring to the total transaction value of the Notification on Acquisition or Disposal of Assets based on the reviewed consolidated financial statements of the Company for the latest three-month period ended 31 March 2018 and the reviewed financial statements of Planet for the latest three-month period ended 31 March 2018, the calculation is as detailed below:

Calculation Criteria		Calculation Method
Net Tangible Asset (NTA)	=	Cannot be calculated as the assets are not considered as securities
Net Profits	=	Cannot be calculated as the assets are not considered as securities
Total Value of Consideration Paid	=	$\frac{\text{Value of Consideration Paid} \times 100}{\text{Total Assets of ECF}}$
	=	$\frac{1,228.31 \times 100}{3,077.59}$ <p>The total value of consideration paid is Baht 1,456.31 million, which is the total investment value, when deducting with the capital increase and newly ordinary shares paid up in Planet transaction, totaling of Baht 228,000,000 as per proportion of the shareholding of the Company, as per the resolution of the Board of Directors of the Company No. 2/2018 on 27 February 2018, in order to prepare for the investment in the manufacturing and distributing of MDF Board, which is part of the entering into this transaction of an investment in the construction of the manufacturing plant and distributing of the MDF Board, and the transaction value is considered as the asset acquisition transaction occurred over the past six months prior to the date on which the Board of Directors' Meeting resolving to approve the transaction. This investment value equals to Baht 1,228.31 million.</p>
	=	39.91 Percent
Value of Securities Issued as Consideration	=	Cannot be calculated as the Company did not issue securities for the assets acquisition.

From the calculation above, the highest transaction value is equal to 39.91 percent based on a total value of consideration paid basis and when combined with the asset acquisition transaction occurred over the past six months prior to the date on which the Board of

Directors' Meeting resolving to approve the transaction, which is capital increase and newly issued ordinary shares paid up in Planet, totaling of Baht 228,000,000 as per proportion of the shareholding of the Company, as per the resolution of the Board of Directors' Meeting No. 2/2018 on 27 February 2018, the highest transaction value is 48.10 percent, which under the total consideration value basis is considered as the Class 2 of the Notification of Acquisition or Disposal of Assets. As a result, the Company is required to disclose the information memorandum on entering into such transaction to the SET and to send a circular letter to the shareholders of the Company within 21 days from the date on which the information memorandum on entering into such transaction is disclosed to the SET.

3.3) Reasons of entering into the transaction

The Company foresees that currently the MDF Board is widely accepted to use in the production of furniture and decorating accessories, as its specification is similar to the natural wood with the lower price compared with the natural wood or plywood. In addition, there are no substituted products in the manufacturing of the furniture; thus, the usage of the MDF Board tends to increase continually. Moreover, the growth trend of related industry; for example, residential and furniture construction industry, is also a driven factor of the increase in the usage of the MDF Board.

For a wood material, especially the rubberwood, there is a large amount of rubber-wood and are a large number of available areas ready for cutting the rubber-wood in Thailand. Thus, the cost of wood material for the MDF Board production is relatively cheaper than other competitive countries. The location of the Planet's MDF Board manufacturing plant is in Yi-ngor district, Narathiwat Province, near the raw material area in the three southern border provinces. As the location has numerous rubber-wood plantation areas, the rubber-wood is sufficient for producing the MDF Board on a continuous basis.

As a consequence, the Company plans to expand an additional business further from furniture producing and distributing, the main business of the Company, to the related business, such as the MDF Board producing by investing through Planet. In addition, such business can support the main business of the Company and enhance the integrated business, resulting in the increase of potential, profit and sustainable growth of the Company in the long term.

4. Description of Asset to be Acquired**4.1) General Information**

The manufacturing plant of MDF Board has a capacity of 652 cubic meter per day or 195,600 cubic meter per year, located in Yi-ngor district, Narathiwat Province, near the raw material resource in 3 southern border provinces, within a radius of 100 kilometer.

As of 5 June 2018, Planet received the letter of approval supporting the investment of producing and distributing MDF Board from the Board of Investment of Thailand and the tax privilege are as follows:

- Permission to use foreign unskilled workers to work on the positions approved by the Board of Directors during the permitted period in Thailand
- Exemption of import duty on machinery
- 8-year corporate income tax exemption (unlimited)
- Any dividends distributed by promoted companies are exempt from income tax during the exempt period
- Additional 5-year 50% reduction of corporate income tax
- Double deductions from the costs of transportation, electricity and water supply for 15 years
- Additional 25% deduction of the cost of installation or construction of facilities apart from the usual depreciation expenses

4.2) Asset Obligations

-None- (information as of 27 June 2018)

5. Value of the consideration Paid

The transaction of investing in manufacturing plant and distributing of the medium density fiber board or MDF Board in Narathiwat Province with total value of Baht 1,456.31 million can be summarized as follows:

Asset and Capital Transaction	Initial Cost (Baht million)	Initial Cost (percent)
1. Land and land improvement	105.91	7.27
2. Construction Cost on Setting up Manufacturing Plant, Warehouse and Office Building	209.46	14.38
3. Machine and Equipment	960.51	65.95
4. Transportation (Truck, Crane, Combilift, Forklift)	43.70	3.00
5. Financing Cost and Front-End Fee	41.31	2.84

Asset and Capital Transaction	Initial Cost (Baht million)	Initial Cost (percent)
6. Start-up Expense	54.03	3.71
7. Working Capital	41.40	2.84
Total Expenses of the Project Investment	1,456.31	100.00

6. The Basis of the Value of Consideration Paid

The Company will enter into the assets acquisition transaction by investing in the MDF Board production and distribution with the investment value not exceeding Baht 1,456.31 million. The basis of the values consideration paid in the transaction is the agreed price between Planet and sellers or contractors based on the current market price taken into consideration of the value of consideration paid from the feasibility study. It has been expected to receive the internal rate of return of the project (Project IRR) of not lower than 10.43 percent per year with the payback period not exceed 10 years, and the internal rate of return on equity (Equity IRR) of not lower than 11.66 percent per year with the payback period not exceed 11 years.

7. Benefits to the Company from the Transaction

- 1) To expand the scope of the operation of business from the furniture production and distribution, the main business, to the related business which is the MDF Board production, which is an investment through Planet. This supports business or the upstream business, which can integrate the overall business and drive the capability, profit and the Company's sustainable growth in the long term.
- 2) The investment project has a potential growth as the demand on MDF Board in the market has increased continually, including the growth in the related businesses such as residential construction industry and furniture industry tend to use the MDF Board in the production, as its specification is similar to the natural wood, at a lower price, and there are not yet substituted products.
- 3) This project that the Company will invest in is the assets which generate a reasonable return and support a stable growth and income of the Company in the future. The project is expected to complete at the end of the year 2019. In addition, the Company's profit can be realized based on the shareholding proportion at 57.00 percent of Planet's total sold shares which can support the Company's profit, stable cash flow in the long term and the dividend payment capability to shareholders.

8. Source of Fund

The investment in manufacturing plant production and distribution of the MDF Board has an investment has the value of approximately at Baht 1,456.31 million with the source of fund as follows:

Source of Fund	Fund (Baht million)	Proportion (percent)
1. Newly ordinary shares from Planet's shareholders	633.13	43.47
2. Loan from financial institution	823.18	56.53
Total	1,456.31	100.00

At the present, Planet is in the process of negotiation of an indicative term sheet with a financial institution which consists of Letter of credit (L/C), Trust Receipt (T/R), and the long-term credit line not exceed Baht 823.18 million in total. There are no loan conditions specified affecting the rights of shareholders in this such as the dividend restriction, provided that there is no default or breach of the loan agreement with the bank and Planet is in compliance with the specified financial covenants thereunder. The money paid for newly ordinary shares received from Planet's shareholders will be used as the rest of the funds. Thus, Planet would have a sufficient fund to enter into the transaction.

9. Condition for the entering into the transaction

As this entering into the transaction is considered as the Class 2 of the Notification of Acquisition or Disposal of Assets, after the meeting of Board of Directors No. 7/2018, held on 27 June 2018, the Company is therefore required to disclose the information memorandum on entering into such transaction to the SET and to send a circular letter to the shareholders of the Company within 21 days from the date on which the information memorandum on entering into such transaction is disclosed to the SET.

Planet will complete all related agreements signing and the payment of assets for all parties involved within the fourth quarter of the year 2019.

10. Opinion of the Board of Directors on the entering into the transaction

The meeting of Board of Directors No. 7/2018, held on 27 June 2018, has carefully considered this investment, especially the benefits from the transaction, and has an opinion that the entering into the transaction (1) benefits the Company as Planet's shareholder and the Company; (2) is under the rational condition; and that (3) the investment value of Baht 1,456.31 million is reasonable, as it can support the Company's main business of furniture production as the upstream business, integrating the overall business and drive the capability, profit and the Company's sustainable growth in the long term.



EAST COAST FURNITECH PUBLIC COMPANY LIMITED
37/9 Moo 10, Banbung-Klaeng Rd, T.Thangkwan
A.Klaeng Rayong 21110 Thailand.
Tel : (66) 38-886-372-4 Fax : (66) 38-678-220
WWW.ECF-FURNITURE.COM

บริษัท อีสต์โคสต์เฟอร์นิเจอร์ จำกัด (มหาชน)
37/9 หมู่ 10 ถนนบ้านบึง-แกลง ตำบลทางเกวียน
อำเภอแกลง จังหวัดระยอง 21110
โทร : 038-886-372-4 แฟกซ์ : 038-678-220
WWW.ELEGATHAI.COM

11. Opinion of the Audit Committee and/or opinion of the Director which is different from the opinion in No. 10

The Company's Board of Directors has an opinion which is consistent with the Board of Directors' resolution above (unanimous) and no member of the Audit Committee has a different opinion from that of the Board of Directors.

The Board of Directors certifies that all information contained in this Information Memorandum is true, complete and accurate.

Yours sincerely,

East Coast Furnitech Public Company Limited

Mr.Chalee Suksawad

Vice President

Mr. Arak Suksawad

Managing Director