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No. ECF2 008/2017

March 22, 2017

Subject Clarification of the deposit for feasibility study of biomass power plant : True Energy Power Lopburi Co.,Ltd., as the subsidiary no.2 of Inter Far East Energy Corporation Public Company Limited (IFEC), in term of short-term loan to IFEC in the amount of Baht 50 million.

To President
The Stock Exchange of Thailand

Pursuant to the request of the Stock Exchange of Thailand for clarification about short-term loans to other party as shown on the statements of financial position as of December 31, 2016 of East Coast Furnitech Public Company Limited ("ECF" or "The Company").

The Company would like to clarify about the above short-term loans as the details below;

- Since December 2016, ECF received the offer to sell the biomass power plant of True Energy Power Lopburi Co.,Ltd. (TRUE) after that ECF has been interested to study the feasibility of that project. At the preliminary stage, the management team has already considered the reasonableness of investment by means of site visit, technical consideration and offered price when comparing to other projects. Then the management team has decided to start officially the feasibility study process in order that the information from due diligence process will be presented to the Board of Directors for making the decision whether invest or not.

- TRUE is the subsidiary of Inter Far East Thermal Power Co.,Ltd. (IFEC-T), held by IFEC-T at 99.99% of total shares of TRUE and IFEC-T is also the subsidiary held by Inter Far East Energy Corporation Public Company Limited. (IFEC) at 99.99% of total shares of IFEC-T. TRUE and ECF have entered into Memorandum of Understandings (MOU) that ECF has to pay the deposit to start the feasibility study process at the amount of Baht 50 million in form of refundable deposit that can be refunded under the condition of unsatisfactory result from feasibility study. Moreover the Board of Directors Meeting No.9/2016 held on December 11, 2016 has already been informed the agenda of entering into the feasibility study of this project. The progress of due diligence process will be reported to the next Board of Directors Meeting and the management committee will have authorization to deal with the relating matters.

- However, at that time IFEC would like to pass this amount of Baht 50 million come directly to IFEC. So IFEC requested ECF to enter into the short-term loan agreement not exceeding 90 days between IFEC and ECF by offering 5,000,000 ordinary shares that IFEC is holding in IFEC-T at the par value of Baht 10 or equivalent to 8.3 percentage of total shares, to be the collateral and specify the condition that this amount of short-term loan can be used as the refundable deposit regarding to the MOU. Furthermore, ECF has already considered that in normal case the refundable deposit of other projects will not have any benefit

from interest and collateral when comparing to this case ECF will gain interest, collateral and also in term of loan agreement is applicable by law. That is quite comparative when comparing to normal deposit. However the decision making is made by considering fact, information and situation at that time.

- Now the current status of feasibility study is to be waiting for the conclusion and following some requested information. ECF is on the due diligence process by hiring the experts from 3 fields, consisting of financial and accounting, technical and financial advisor to evaluate the reasonableness of the investment. Referring to the condition of the MOU, ECF could take 1.5 months for due diligence after gathering all completely significant document and information. However the Company expects to conclude the result of feasibility study by the 2nd quarter and now the MOU is still valid according to the condition of taking time for due diligence process.

- If the result of feasibility study is satisfactory, the amount of Baht 50 million will be a part of purchase price. In case of unsatisfactory result, IFEC has to return Baht 50 million to ECF within March 26, 2017 or immediately after having been informed the unsatisfactory result.

Besides the Company would like to inform the details of short-term loan in each subject as follows;

- Transaction date
December 26, 2016
- Counterparty and Relationship with the Company
Inter Far East Energy Corporation Public Company Limited (“IFEC”)
IFEC is not categorized as the connected person.
- Feature of transaction
Loan transaction at the amount of Baht 50 million, by calculation the transaction size, is equivalent to 7.65 percentage according to the criteria of net tangible asset from consolidated financial statements as of December 31, 2016.
- The Details of loan agreement
 - ECF will lend to IFEC at the amount of Baht 50 million.
 - Maturity date of loan : Within 90 days or by March 26, 2017. The Company will inform any significant progress again.
 - Interest payment will be calculated from the average of Minimum Loan Rate (MLR) from Bangkok Bank, Krung Thai Bank, Siam Commercial Bank and Kasikorn Bank or approximately to 6.25 percentage per year. The interest rate is subject to change of MLR from 4 banks as above.
 - Outstanding loan as of December 31, 2016
 - Principal : Baht 50 million
 - Interest : Baht 0.026 million
- Authorized person to approve the transaction
The management committee, by referring to operation manual : authorization to operate, could approve the loan not exceeding Baht 100 million.
- The Necessity and reason to enter into the transaction

To pay the deposit for start the feasibility study of biomass power plant project TRUE as the condition of MOU at the amount of Baht 50 million. It is normal practice of the market to pay the deposit for starting the feasibility study process.

- Factor for consideration

- Project information

- The Company considers the opportunity to study the feasibility of biomass power plant to expand the investment to renewable energy business regarding to the Company's policy by determining the condition to be refundable deposit in case the result is unsatisfactory. However if the result of feasibility study is satisfactory, the amount of Baht 50 million will be a part of purchase price.
- This project is located at 199 Moo 11 Nong Bua Sub District, Pattananikhom District, Lopburi province with the installed capacity 7.5 MW.
- At current, TRUE has entered into the additional amendment of power purchase agreement with Provincial Electricity Authority on September 20, 2016 by Feed-in Tariff (Fit) system with commercial operation date (COD) on November 3, 2011. The maturity date of agreement will be on June 2, 2028 (The remainder of duration of Feed-in Tariff is 11 years). However, the project will end the gain of Fit Premium (Baht 0.3/unit) on November 2, 2019. Now the project gains the electricity selling price at Baht 4.54 per unit.
- Financial Information as of December 31, 2015 and 2014

Unit : Baht million

Item	Year ended December 31, 2015	Year ended December 31, 2014
Asset	450.69	339.87
Liability	188.31	218.90
Paid-up capital	330.00	180.00
Equity	262.38	120.98
Revenue	100.47	116.94
Profit (Loss)-net	(8.60)	(24.48)

- The management committee has already considered that in normal case the refundable deposit of other projects will not have any benefit from interest and collateral when comparing to this case ECF will gain interest, collateral and also in term of loan agreement is applicable by law. That is quite comparative when comparing to normal deposit. However the decision making is made by considering fact, information and situation at that time. Furthermore, the management team has already considered the reasonableness of investment by means of site visit, technical consideration and offered price when comparing to other projects. Then the management team has decided to start the feasibility study process to deep details and pay the refundable deposit.

- Risk, If the result is unsatisfactory combining with the current financial status of IFEC, the Company may risk to refund the deposit or fail to receive the repayment from IFEC. The Company has collateral for the loan agreement in term of 5,000,000 ordinary shares that IFEC is holding in IFEC-T at the par value of Baht 10 (equivalent to totaling Baht 50 million) or 8.3 percentage of total shares. However the Company is still on the process of due diligence that is also valid according the condition of MOU.
- Current status and the progress to follow up the repayment
The Company is on the process of feasibility study to invest in biomass power plant project and not have any conclusion. However the Company will accelerate to find the conclusion that is still valid on the condition of MOU. For the date of repayment on March 26, 2017 the Company will inform the progress again.
- Impact in case the counterparty default
According to the Company's policy, the Company will consider the uncollectible debt exceeding 1 year and also the financial status of debtor to be the allowance for doubtful accounts at 100 percentage of total outstanding debt. However after 1 year and the financial status of IFEC at that time in case the Company could not collect the debt, the Company has risk to take the allowance for doubtful accounts at the amount of Baht 50 million to the financial statements and will have an impact on the operating results of the Company.
- The opinion of the Board of Directors
To be informed the process of feasibility study. However at the stage of due diligence will assign the authorization to the management committee. But in case of default or unsatisfactory result from the feasibility study, the Company will inform the Board of Directors.

Moreover, if there is any substantial progress about this matter, the Company will disclose information to the Stock Exchange of Thailand.

Kindly be informed accordingly,

Yours sincerely,
East Coast Furnitech Public Company Limited
(-Signature-)
Mr.Arak Suksawad
Managing Director