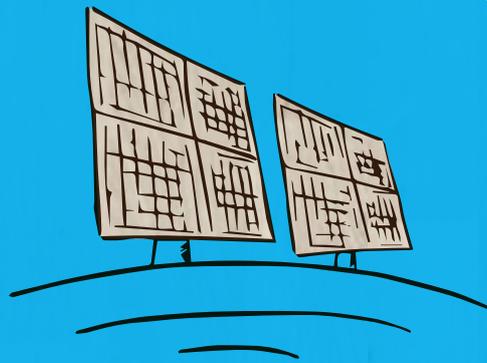


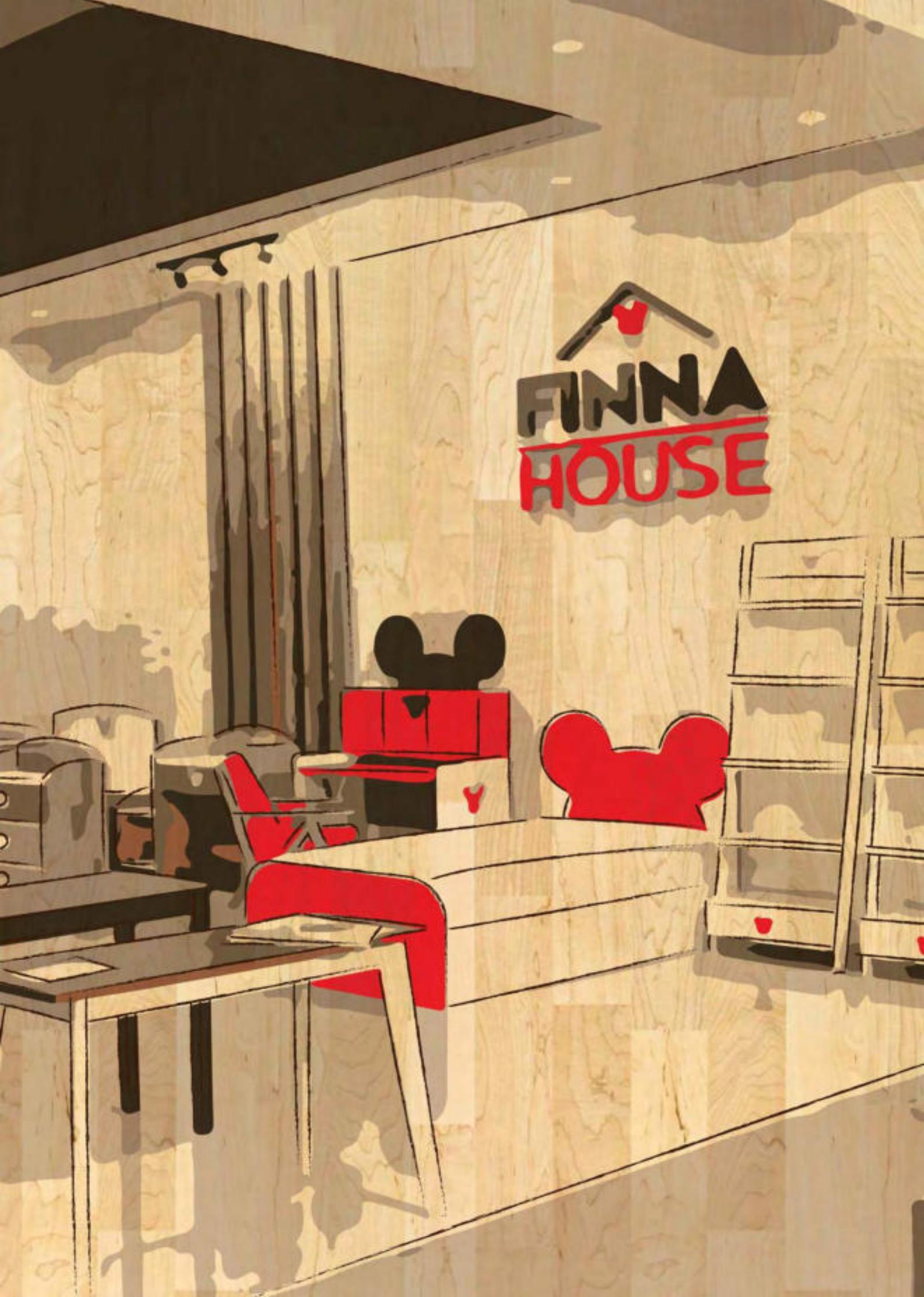
ECF

EAST COAST FURNITECH PUBLIC COMPANY LIMITED



รายงานประจำปี 2561
Annual Report 2018





FINNA
HOUSE

CONTENTS

02	Vision Mission Objective Long-Term Target	38	History and Significant Developments
04	Financial Highlight	46	Policy and Overview of Business
06	Message From The Chairman	52	Type of Business
07	Message From The Chairman of Executive Directors	63	Product Characteristics
08	Message From Managing Director	82	Revenue Structure
09	Audit Committee Report 2018	83	Industry Overview
11	Risk Management Committee Report 2018	94	Risk Factors
12	Nomination committee Report	99	Assets Used in Business Operation
13	Remuneration Committee Report 2018	103	Dividend Payment Policy
14	Board of Directors and Sub-Committees	104	Management Structure
16	Executive Committee and Management Team	118	Corporate Governance
21	Details of Directors, Executives and Company Secretary	162	Internal Control and Risk Management
33	Details of Directors in Subsidiaries and Joint Ventures	164	Connected Transactions
34	Securities and Shareholders Information	169	Statement of Responsibilities of the Board of Directors on Financial Statements
36	Business Structure	170	Management Discussion and Analysis (MD&A)
37	General Information and Other Information	183	Report of Certified Public Accountant
		190	Financial Statements
		200	Note to Financial Statement



VISION

"Committed to be the leader in furniture business in Southeast Asia and Create opportunities for continuous growth in business".

MISSION

⊙ Sustainability

The organization is developed to grow with sustainability such as the business expansion into the upstream business by being a manufacturer and distributor of MDF boards which is used in the furniture production helps to reduce the cost of major raw materials for the Company's furniture business / the expansion of business into the renewable energy business as an important tendency and a part of energy business establishment helps to continuously generate revenue and profit for the business in overall, etc.

⊙ Diversification

The risks from business operation are diversified, such as earning income from selling products in both domestic and international markets, having a variety of customer groups from exporting, modern trade stores, mid-to high level showrooms, wholesale stores and retail stores of furniture countrywide, the business expansion into other types of businesses including the energy business, the MDF board business (manufacturer and distributor), etc., under the aims to diversify risks and to rely on other businesses apart from furniture business solely.

⊙ Adaptation

The company is preparing its readiness to continuously establish a strategy of change and adaption in the business to create opportunities for stable and sustainable business operations starting from manufacturing furniture parts to manufacturer rubber wood furniture, particle board furniture and manufacturing foil paper to reduce the cost of furniture production, etc.





OBJECTIVE

"To lead the organization into the sustainable development and growth".

LONG-TERM TARGET

The Company formulates the long-term target by maintaining the growth rate of sales volume and profit from operation in furniture business group for continuous growth, aims to be the organization that develops our investment to reduce costs in the integrated furniture manufacturing business, sets target of returns from alternative energy business in the proportion for not below 30% of total net profit of the Company and its subsidiaries within 3 years, and diversifies the business operation risks by investing in other types of businesses with potentials and opportunities for continuous growth".

For the long-term target for over 3 years, the Company aims to be the leader in the business of manufacturing and distributing furniture for export and the leader in the furniture distribution business for wholesale stores, retail stores countrywide and in the ASEAN region.



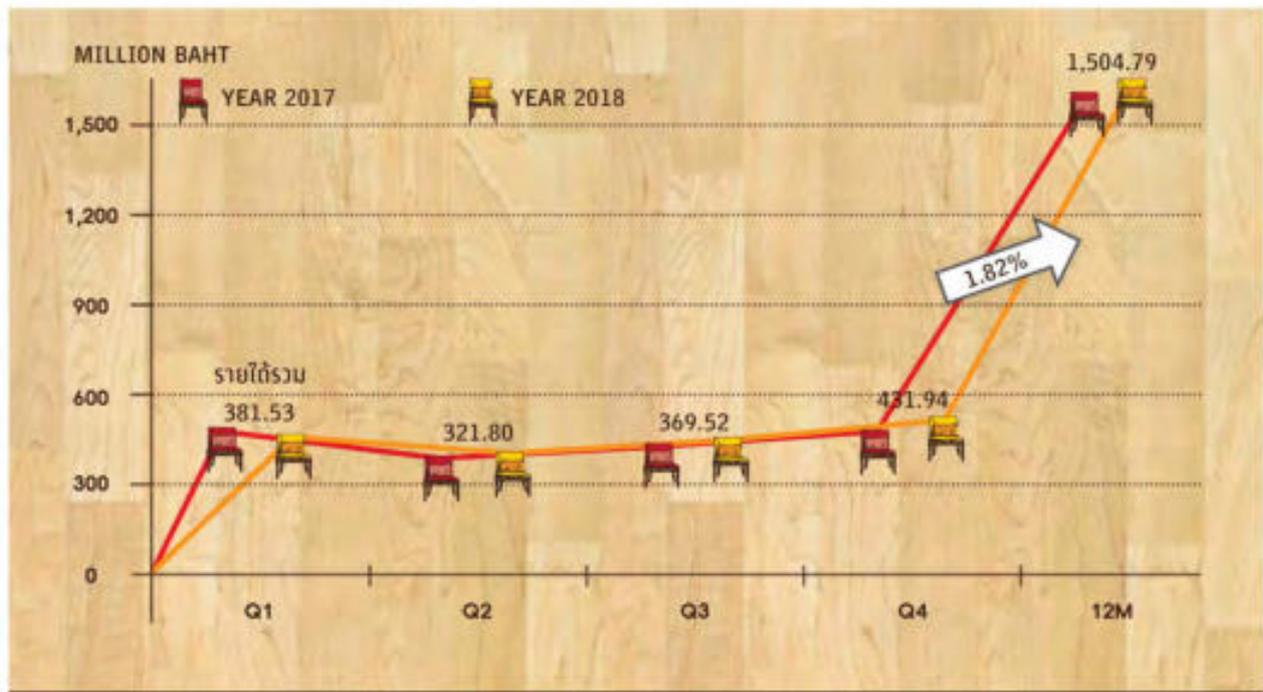
FINANCIAL HIGHLIGHT

Unit : Million Baht

Subject	Year 2018	Year 2017	Year 2016
Statement of Financial Position			
Total Assets	3,395.53	2,780.29	2,357.28
Total Liabilities	1,948.21	1,753.73	1,698.18
Shareholder's Equity	1,447.32	1,026.56	659.10
Paid-up Capital	239.85	207.50	142.21
Profit and Loss Statements			
Revenues from Sales-Net	1,454.57	1,444.62	1,370.78
Total Revenue	1,504.79	1,477.93	1,394.91
Cost of Goods Sold	1,014.99	1,004.20	983.27
Total Expenses	446.67	414.83	366.34
Corporate Tax	13.21	11.65	10.71
Profit for the year	29.05	64.27	65.00
Profit for the year - part belonging to the parent company	33.76	70.57	62.44
Net Profit	28.63	64.27	226.34
<i>Total comprehensive income for the year - equity attributable to parent company</i>	33.33	70.57	224.94
Financial Ratios			
Return on Asset (%)	1.09	2.75	3.37
Return on Equity (%)	2.73	8.37	11.68
Gross Profit Margin (%)	30.22	30.49	28.27
Net Profit Margin (%)	2.24	4.78	4.66
Debt to Equity Ratio (times)	1.35	1.71	2.58
Earnings per share (Baht)	0.04	0.11	0.11
Book value per share (Baht)	1.46	0.99	0.16



Quarterly Comparison Between 2017 and 2018



The export and distribution information within the comparison. And revenue growth.



- The revenue from furniture made of particle board was 941.10 million baht, accounting for 65% of total sales.
- Gross profit from furniture business was 48.54 million baht, and gross profit only part of the company was 33.76 million baht.
- Total assets continued from 2016, 2017 and 2018 with a value of 2,357.28 million baht, 2,780.29 million baht and 3,395.53 million baht.



MESSAGE FROM THE CHAIRMAN



On behalf of East Coast Furnitech Public Company Limited ("**The Company**"), its subsidiaries and joint ventures, I would like to inform that we are committed to operating business under the principles of good corporate governance with the aim to lead the organization to a stable and sustainable development. In terms of the Company's performance in 2018, it is another year that the Company has invested in new businesses to diversify operational risks and also from business opportunities for more revenue. The Board of Directors highly hopes that the investment in new businesses that will continue will be a part of driving force in generating revenue and creating good return on investment for the Company, shareholders and all interested parties.

I, on behalf of the Board of Directors, would like to thank all management and employees for collaboration with the commitment to support our company in successfully overcoming problems and obstacles with everyone's diligence on duties. Most importantly, we are appreciated by shareholders' good support including advices and suggestions useful to the Company's operational development and improvement, the Company hopes to fulfill all parties' demands with the commitment to create sustainable and stable growth for the Company.

On this occasion, wishing all shareholders, the management team, employees, partners, customers including supporters, sponsors and family happiness, prosperity, advancement and wealth including achievement in all desired things and matters.

On Behalf of the Board of Directors
East Coast Furnitech Public Co., Ltd.

General Terdsak Marom
Chairman of the Board



MESSAGE FROM THE CHAIRMAN OF EXECUTIVE DIRECTORS



2018 was a challenging year for furniture business as the overall import and export markets of furniture was negatively affected. However, thanks to the preparedness of the Board of Directors, executive team, and employees in facing any challenges, we were able to overcome the obstacles.

Our continuous growth would not have been possible without the support and dedication of the Board, executive team, employees, and shareholders as well as all the advice and recommendations which has contributed to our success. On behalf of the executive directors, I would like to express our deepest appreciation and sincerely hope that East Coast Furnitech PCL will continue to receive your support in 2019 and the following years.

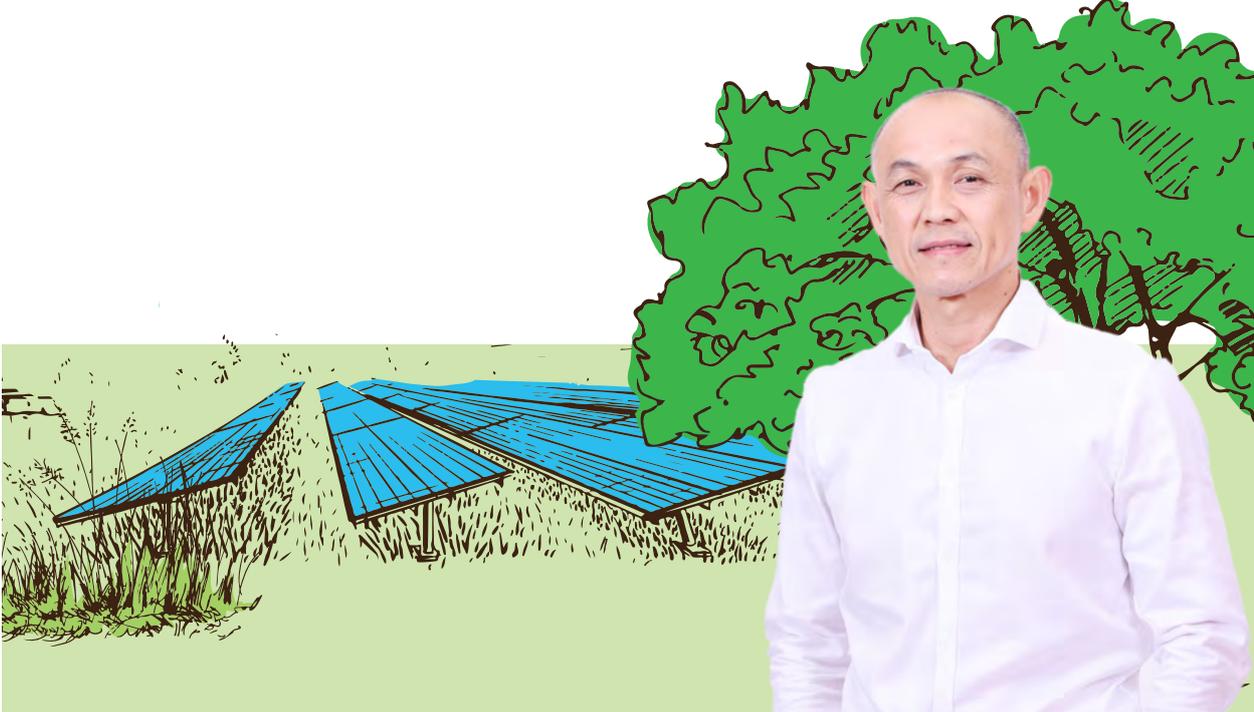
Lastly, on behalf of the executive directors, I would like to express our commitment to adhere to the principles of good corporate governance and value creation in order to ensure stakeholders' benefits and strong sustainable growth in the future.

Thank you.

Mr. Wanlop Suksawad
Chairman of the Executive Director



MESSAGE FROM MANAGING DIRECTOR



In 2018, ECF's performance was mainly from its main business, i.e., furniture business (both particle board furniture and rubber wood furniture), the revenue generated from domestic sales could continue to grow from the customer base in retail stores and wholesale stores countrywide. The Company could increase the customer base of this customer group for more than 50% and the revenue from domestic sales was grow over 10%, this is considered as a significant growth in increasing the opportunity of revenue from the main business to ECF.

In addition, the year 2018 is also considered as the first year to recognize the full return on investment from the Company's investment in renewable energy business, it is the profit from investment sharing in the 7.5-megawatt biomass power plant of Prize of Wood Green Energy Co., Ltd. In August 2018, the Company also started to recognize the profit from investment sharing from the 1-megawatt biomass power plant of Bina Puri Power (Thailand) Co., Ltd.

In terms of the business in the 220-megawatt solar power plant located in Minbu City, Republic of the Union of Myanmar, that the Company holds 20% of the shares in the project, is currently under the construction and the Phase 1 with capacity of 50 megawatts, and is expected to be completed and start its commercial power sale within April 2019.

In addition to the furniture business and the renewable energy business, the Company has also step up another level in developing its business expansion into new business, which is considered as an extreme challenge towards the Company. In the year 2018, the Company has increased the capital and approved for investing in Planet Board Company Limited, and adjusted the shareholding structure to find partners to strengthen the Company's business as a manufacturer and distributor of MDF boards that will be formed.

All above mentioned is a part of the plan that the management team is committed to create the growth for ECF in order to generate continuous income and good returns, the management team will adhere to the management guidelines under the principles of good corporate governance to achieve sustainable growth and stability on and on.

Mr. Arak Suksawad
Managing Director



AUDIT COMMITTEE REPORT 2018

Dear All Shareholders of East Coast Furnitech Public Company Limited

The Audit Committee of East Coast Furnitech Public Company Limited (ECF) comprises three independent committees who have knowledge, capability, specific experience, and complete qualifications in accordance with requirements from the Stock Exchange of Thailand and are independent to perform duties according to the Charter of the Audit Committee which consists of:

1. Associate Professor Dr. Montree Socratyanurak
Chairman of the Audit Committee
2. General Terdsak Marom
Audit Committee Member
3. Associate Professor Songklod Jarusombat
Audit Committee Member

In 2018, the Audit Committee held 5 meetings and in each meeting all audit committees have attended in the meetings, participants completely participated with the Audit Committee such as the internal auditors and certified accounting auditor who clarified the facts and the results of audits including identifying evidence and supporting documents for presentation in each quarter. However, in some agendas, the Audit Committee invited the executives attended the meeting in order to clarify the related enquiries of the Audit Committee.

In the meetings, the Audit Committee has complied with Charter of the Audit Committee which the Audit Committees has strictly approved and the results from each meeting has shown the operation in summary and recommendations which are beneficial for the Management for the acknowledgement of Board of Directors. Important issues can be summarized as follows:

- Review of quarterly financial statements and annual financial statements in 2018 before submitting them to the Board of Directors to assure that financial report, financial accounts of the Company and subsidiary Companies have correctly established and complied with accounting standards and requirements by law and have been adequately disclosed in the notes of financial statements. This includes considering the analysis of financial statements in case there are significant cases by quarter to ensure that preparation process of financial statements and disclosure of important information is accurate, reliable and in accordance with accounting standard pursuant to general certified accounting principles. The Audit Committee opined that financial report of the Company had been prepared in accordance with general certified accounting principles and is accurate and reliable, and that the implementation of accounting policies was reasonable.

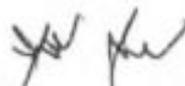


- Review of adequacy of internal audit system and internal auditing, the Auditor Committee had opined that it is efficient and appropriate, has no significant defect and the Internal Auditor Department is independent. In addition, the internal audit plan for 2018 has been approved which will audit and monitor the amendment to comply with prior recommendations. For additional improvements requested in non-significant issues, The Audit Committee has set the time frame for the Company to complete all amendments as soon as possible, the major issue for the year 2018 that the Audit Committee prioritized is the collection of accounts receivables in customer groups including wholesale stores, retail stores (Dealer) countrywide by finding ways to shorten the bill collection period.
- Review of compliance of Securities and Exchange Act, requirements of the Stock Exchange of Thailand and laws relevant to business of the Company. The Audit Committee opined that the Company has correctly complied with laws.
- Review of connected transactions or any transaction which may have a conflict of interest. The Audit Committee opined that the connected transaction was reasonable, fair and at arm's length as well as complied with requirements of the Stock Exchange of Thailand and completely disclosed in the notes to support financial statements.
- In terms of the risk management review, the audit report and the assessment of risk control systems including the opinion exchange with senior management, the Company will hold a meeting at least twice per year to consider the potential risks in the business operation. In 2018, two meetings were held for the Risk Management Committee. However, in order to control and prevent factors of potential risks, impacts and to recommend preventive measures or to minimize significant risks, in 2018, the Company focused on 7 areas of risk management. The details are shown by the report of the Risk Management Committee for the year 2018

In 2018, the Audit Committee considered that the Company's risk management system is adequate and no risk in any area was appeared to significantly affect the Company's performance.

- Selecting auditor needs to evaluate the performance of the auditor in the previous year by considering reputation, reliability, ability to audit and certification of financial statements. In the past, the auditor could constantly process in time. The Audit Committee has approved to the committees of the Company to present for approval at shareholders' meeting by designating Mr. Akadet Pliansakul, certified public accountant registration No. 5389 from M.R. & ASSOCIATES Co., Ltd. to be the auditor of the Company for the fiscal year of 2018. The total compensation will not exceed the limit which had been considered and approved. In this year, the auditor has performed the Company's auditor for 2 year.
- The Audit Committee has evaluated the overall performance of the Audit Committee per set of committees in 2018, the Audit Committee had overall opinion that the Audit Committee has performed its duties in accordance with the Charter of the Audit Committee adequately and completely.

On behalf of the Audit Committee
East Coast Furnitech Public Company Limited



(Associate Professor Dr. Montree Socratyanurak)

Chairman of the Audit Committee



RISK MANAGEMENT COMMITTEE REPORT 2018

Attention The Shareholders of East Coast Furnitech Public Company Limited

The Risk Management Committee of East Coast Furnitech Public Limited Company (ECF) consists of four members who have performed duties in accordance with the Charter of the Risk Management Committee as follows.

- | | |
|--|---|
| 1. Asso.Prof.Dr. Montree Socratyanurak | Chairman of the Risk Management Committee |
| 2. Asso.Prof.Songklod Jarusombat | Risk Management Committee Member |
| 3. Mr. Chalee Suksawad | Risk Management Committee Member |
| 4. Mr. Arak Suksawad | Risk Management Committee Member |

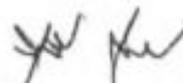
In last 2018, the Risk Management Committee held total of two meetings. In the said two meetings, the Risk Management Committee Members attended the meetings in constituted quorum. The attendees at the meeting with the Risk Management Committee included Assistant Managing Director, Finance and Accounting Director, who are management level to clarify fact and risk management result, and declare evidence and supporting information for each presentation of the meeting.

The Risk Management Committee's Meeting strictly complied with the Charter of the Risk Management Committee considered and approved by the Board of Directors. According to the result of each meeting, duty performance in summary and suggestions which are deemed to be useful for the Management were reported to the Board of Directors for acknowledgement and could be summarized in the following essence.

- In respect to review of risk management, report of risk management result, and assessment of risk control system in last 2018, the Company emphasized on risk management which could be summarized as follows.
 1. In duty performance aspect, the Company could currently manage contingent risk from duty performance in adequate and proper manner.
 2. Preventive guideline for foreign currency exchange rate was to consider preparing hedging contract on exchange rate to support contingent fluctuation of money value.
 3. In production aspect, the Company has utilized alien labor in production line. In this aspect, the Management was assigned to legally take any related actions.
 4. In machine aspect, maintenances were performed based on formulated plan.
 5. Factory insurance was insured based on formulated plan.
 6. In account receivable management aspect, due to the Company's continuous expansion, the responsible work unit has been assigned to accelerate the correction of the management system for prudent and circumspect debt collection that catches up with situations occurred with each customer for correct and proper system entry under purpose of reduction on collection period of debts, and reduction of long outstanding debt value in continuous and fast manner.

- In 2018, in the opinion of the Risk Management Committee, the Risk Management Committee has adequately and completely performed its duties in accordance with the Charter of the Risk Management Committee.

On behalf of the Risk Management Committee
East Coast Furnitech Public Company Limited



(Asso.Prof.Dr. Montree Socratyanurak)

Chairman of the Risk Management Committee



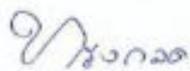
NOMINATION COMMITTEE REPORT

The Nomination Committee of East Coast Furnitech Public Company Limited consists of 3 members and Assoc. Prof. Songklod Jarusombat acts as the Chairman of the Nomination Committee and has a qualification of independent director. The Nomination Committee performs duties as assigned by the Company's Board of Directors with prudence, transparency and fairness, and conducts the improvement of operational guidelines to be more covered and in line with the Company's business policy and strategy as well as aware of shareholders' and stakeholders' utmost benefits. In 2018, there were 3 meetings held by the Nomination Committee to consider following important matters:

- Considered and appointed the directors to replace those who are retired by rotation by using information for consideration, select candidates with appropriate qualifications according to relevant laws and regulations, the Company's regulations, the Company's Corporate Governance Code as well as appropriate knowledge, competency and experience and being able to respond to the Company's operational strategies.
- Considered to apply Board Skill Matrix to know the current components of the Company's Board of Directors and to be criteria for new director nomination. The Nomination Committee will consider components including skill, knowledge, expertise and experience of the Board's members to be diversified, updated and appropriated to the Company's business by being aware of leading corporate to achieve planned targets.
- Considered and approved for the positions of Deputy Managing Director and Chief Financial Officer, top executives in accounting and finance with the nomination and selection process, and then propose to the Board of Directors meeting for further approval.
- Considered and reviewed the guidelines of the Nomination Committee by specifying additional details of the guidelines in the Charter to improve in accordance with changes of practices.

Moreover, in 2018, the Board of Directors allowed minor shareholders to nominate persons who are deemed appropriate to be selected as directors, it was appeared that nobody proposed by the shareholders as candidates for the nomination process at the 2018 Annual General Meeting of Shareholders.

On behalf of the Nomination Committee



(Assoc. Prof. Songklod Jarusombat)

Chairman of the Nomination Committee



REMUNERATION COMMITTEE REPORT 2018

Attention The Shareholders of East Coast Furnitech Public Company Limited

The Remuneration Committee of East Coast Furnitech Public Limited Company (ECF) consists of three Remuneration Committee Members in total who have performed duties in accordance with the Charter of Remuneration Committee as follows.

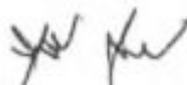
1. Asso.Prof.Dr. Montree Socratyanurak
Chairman of the Remuneration Management Committee
2. Mr. Chalee Suksawad
Remuneration Committee Member
3. Mr. Arak Suksawad
Remuneration Committee Member

In last 2018, the Remuneration Committee held total of three meetings. In the said three meetings, the Remuneration Committee Members attended the meetings in constituted quorum.

The Remuneration Committee's Meeting strictly complied with the Charter of the Remuneration Committee considered and approved by the Board of Directors and could be summarized in the following essence.

1. **Considered determining remuneration of the Board of Directors** and Sub-Committees for considering from information of the Company's turnover in previous year, duty performance and responsibility of the directors, considering increasing number of subsidiaries and associated companies under structure of business operation, benefit acquired by the Company from duty performance of the directors. The information of the primary determined remuneration was taken to compare and refer to information of survey result summary on information of directors and executives of the listed companies for remuneration of directors under classification by business category-Market for Alternative Investment (mai), classification by the company revenues, and classification by size of net company profit (loss), being prepared by Research and policy Department, Thailand Institution of Directors, for the year 2018.
2. **Considered the assessment guideline to determine remuneration** of the Managing Director by considering factors in various aspects, such as overall operation, factors in management ability and leadership, in accompany with consideration on assessment result of the Managing Director, being prepared by every independent director as supporting information for consideration of the Remuneration Committee prior to proposing to the Board of Directors.
3. **Considered reviewing practical guideline of the Remuneration Committee**, specifying additional details of practical guideline in the Charter for update in consistency with the occurred changes in practical guidelines.

On behalf of the Nomination Committee
East Coast Furnitech Public Company Limited



(Asso.Prof.Dr. Montree Socratyanurak)
Chairman of the Nomination Committee



BOARD OF DIRECTORS AND SUB-COMMITTEES



Assoc. Prof. Dr. Montree Socratyanurak

1. Chairman of the Audit Committee
2. Chairman of Risk Management Committee
3. Chairman of Remuneration Committee
4. Independent Director

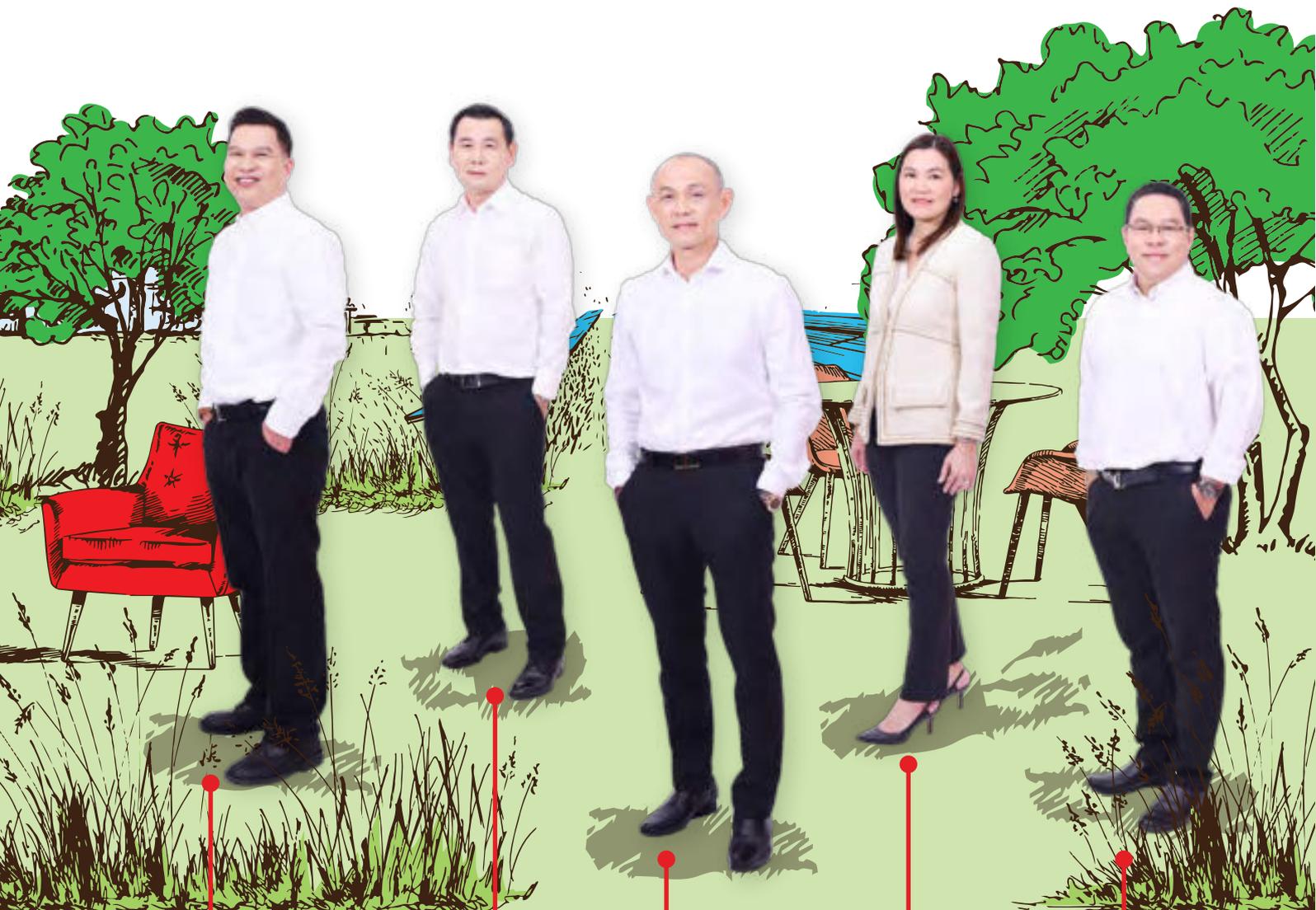
Mr. Wanlop Suksawad
Director

General Therdsak Marom

- Chairman of the Board
Audit Committee Member
Independent Director

Mrs. Waraporn Suksawad
Director





Assoc. Prof. Songklod Jarusombat
 Chairman of the Nomination Committee
 Audit Committee Member
 Risk Management Committee Member
 Independent Director

Mr. Chalee Suksawad
 Vice Chairman of the Board
 Risk management Committee Member
 Nomination Committee Member
 Remuneration Committee Member

Mr. Arak Suksawad
 Director
 Managing Director
 Risk Management Committee Member
 Nomination Committee Member
 Remuneration Committee Member

Miss Tippawan Suksawad
 Director
 Deputy Managing Director
 Company Secretary

Dr. Ekarin Vasanasong
 Independent Director



EXECUTIVE COMMITTEE

At Present, the Company has four Executive Committee members consisting of:



Mr. Chalee Suksawad
Executive Committee Member

Mr. Wanlop Suksawad
Chairman of Executive Committee

Mr. Arak Suksawad
Executive Committee Member

Miss Tippawan Suksawad
Executive Committee Member



MANAGEMENT TEAM

There are eight directors as the names were shown below:



Ms. Tippawan Sukasawad
Deputy Managing Director

Mr. Sittichoke Chinnurat
Assistant Managing Director
(Head Office)

Mr. Arak Sukasawad
Managing Director
Sale and Marketing Director (Be in charge)

Mrs. Supak Sukasawad
Assistant Managing Director
(Branch 1)

Ms. Pachanan Singphu
Assistant Managing Director

Mr. Pongpan Suriya-Amporn
Accounting and Financial Director

Mr. Racha Pojariya
Factory Director of Head Office

Mr. Aatthaphol Thanaphol
Factory Director of Branch 1

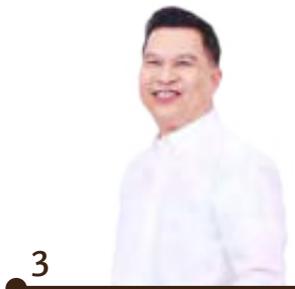




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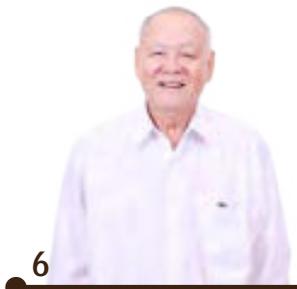
3



4



5



6



7



8



9

BOARD OF DIRECTORS

At Present, the Company's Board of Directors consisting of 9 Directors as follows.

- | | |
|---|--|
| 1. General Therdsak Marom | Chairman of the Board, Audit Committee Member and Independent Director |
| 2. Assoc. Prof. Dr. Montree Socratyanurak | Chairman of the Audit Committee and Independent Director |
| 3. Assoc. Prof. Songklod Jarusombat | Audit Committee Member and Independent Director |
| 4. Dr. Ekarin Vasanasong | Independent Director |
| 5. Mr. Chalee Suksawad | Vice Chairman of the Board |
| 6. Mr. Wanlop Suksawad | Director |
| 7. Mr. Arak Suksawad | Director |
| 8. Miss Tippawan Suksawad | Director |
| 9. Mrs. Waraporn Suksawad | Director |





AUDIT COMMITTEE

At Present, the Company has 3 Audit Committee members consisting of

- | | |
|--|--|
| 1. Assoc. Prof. Dr. Montree Socratyanurak | Chairman of the Audit Committee and Independent Director |
| 2. General Terdsak Marom | Audit Committee Member |
| 3. Associate Professor Songklod Jarusombat | Audit Committee Member |



RISK MANAGEMENT COMMITTEE

At Present, the Company has four Risk Management Committee members consisting of:

- | | |
|---|--|
| 1. Assoc. Prof. Dr. Montree Socratyanurak | Chairman of Risk Management Committee and Independent Director |
| 2. Assoc. Prof. Songklod Jarusombat | Risk Management Committee Member |
| 3. Mr. Chalee Suksawad | Risk Management Committee Member |
| 4. Mr. Arak Suksawad | Risk Management Committee Member |





NOMINATION COMMITTEE

At Present, the company appointed 3 Nomination Committee members as follows:

- | | | |
|----|----------------------------------|---|
| 1. | Assoc. Prof. Songklod Jarusombat | Chairman of the Nomination Committee and Independent Director |
| 2. | Mr. Chalee Suksawad | Nomination Committee Member |
| 3. | Mr. Arak Suksawad | Nomination Committee Member |



REMUNERATION COMMITTEE

At Present, the company appointed 3 Remuneration Committee members as follows.

- | | | |
|----|--------------------------------------|---|
| 1. | Assoc.Prof.Dr. Montree Socratyanurak | Chairman of Remuneration Committee and Independent Director |
| 2. | Mr. Chalee Suksawad | Remuneration Committee Member |
| 3. | Mr. Arak Suksawad | Remuneration Committee Member |



DETAILS OF DIRECTORS, EXECUTIVES AND COMPANY SECRETARY

General Terdsak Marom

Chairman of the Board

Audit Committee

Independent Director

Member (Old Name-Surname) : None

Ages (years) : 83

Appointment date as director : on 26 October 2012

Family Relationship Between Executives : None

Proportion of Shareholding in the Company (%) : No change in shareholding proportion when compared between the years

Educational Qualification :

- Honorary Degree Innovation for Education Technology Rajamangala University of Technology Phra Nakhon
- Bachelor of Science (B.S.) Chulachomkhalo Royal Military Academy (CRMA)
- Associate Infantry Career Course, Georgia , USA.
- Internal Defense and Development, North Carolina, USA.
- Command and General Staff College
- Royal Thai Army War College
- Course of Law for High-Level Commander Ministry of Defence
- National Defence College
- Certificate of Director Accreditation Program (DAP), Batch 10/2004, Thai Institute of Directors (IOD)

Work Experience in Retrospective 5 Years Period :

Listed Company

2014 - Present Chairman of the Boards / Audit Committee Member / Independent Director
East Coast Furnitech Pcl. - Manufacturer and Distributor of Furniture

2004 - Present Chairman of the Board
T. Krung Thai Industry Pcl. - Manufacturer and supplier of molds for plastic parts.

Non-Listed Company

1986 - Present Advisory Chairman and Director
E.Tech Co.,Ltd. (Eastern College of Technology (E. Tech) - College of Vocational Education, Diploma of Vocational Education

Agencies and other organizations

1977 - Present President, the Lions Clubs International District 310 Thailand - Support public and charitable activities.

1986 - Present Special Military Officer Stationed at 21st Infantry Regiment Kindergarten

1992 - Present Chairman, Trai Kaew Foundation (Education) Thammawatee School - Primary School

2004 - Present President, Vietnam Veterans Association of Thailand under the Royal Patronage

2016 - Present President and Advisor, the Lions Foundation in Thailand - Support public and charitable activities.



Assoc. Prof. Dr. Montree Socratyanurak

Chairman of Audit Committee

Director

Independent Director

Member (Old Name-Surname) : None

Ages (years) : 61

Appointment date as director : on 26 October 2012

Family Relationship Between Executives : None

Proportion of Shareholding in the Company (%) : No change in shareholding proportion when compared between the years

Educational Qualification :

- Doctor's Degree PhD. (Economics) University of Minnesota, U.S.A.
- Master's Degree MA (Economics) University of Minnesota, U.S.A.
- Master's Degree Master of Development Administration (Development Economics) National Institute of Development Administration
- Bachelor's Degree Bachelor of Economics (Economics) Thammasat University
- Certificate DAP, Batch No. 69/2008, Thai Institute of Directors (IOD)

Work Experience in Retrospective 5 Years Period :

Listed Company

- 2013 - Present Chairman of Audit Committee / Director / Independent Director
East Coast Furnitech Pcl. - Manufacturer and Distributor of Furniture
- 2013 - 2017 Chairman of the Board
Ocean Commerce Pcl. - Manufacturer and Distributor of Faucet
- 2013 - Present Independent Director
Union Auction Pcl. - Service Business as Intermediary in Asset Auction Management
- 2014 - Present Chairman of Audit Committee / Chairman of the Board
TV Thunder Co., Ltd. - Producer of Television Program
- 2015 - Present Chairman of Audit Committee / Independent Director
Megachem (Thailand) Pcl. - Manufacturer and Distributor of Chemicals
- 2016 - Present Chairman of the Board
Thai Plastic Industrial (1994) - Manufacturer and Distributor of Plastic Bags

Non-Listed Company

- 2011 - Present Director
Learn Tech Co., Ltd. - Provider of Integrated Instruction Media Development and Training Service (e-Learning Total Solution)
- 2015 - Present Audit Committee Member / Independent Director
Baan Souy Group (Suratthaini) - Real Estate Development
- 2017 - Present Chairman of the Board
PCN Corp Plc. - Contractor of construction for public utilities relating to communication and transportation system



Assoc. Prof. Songkhlod Jarusombut

Director

Audit Committee Member

Independent Director

Member (Old Name-Surname) : None

Ages (years) : 55

Appointment date as director : on 26 October 2012

Family Relationship Between Executives : None

Proportion of Shareholding in the Company (%) : No change in shareholding proportion when compared between the years

Educational Qualification :

- Master's Degree Master of Science Faculty of Forestry Kasetsart University
- Bachelor's Degree Bachelor of Science Faculty of Forestry Kasetsart University
- Certificate (DAP), Batch 99/2012, Thai Institute of Directors (IOD)

Work Experience in Retrospective 5 Years Period :

Listed Company

2012 - Present Director / Audit Committee Member / Independent Director
East Coast Furnitech Pcl. - Manufacturer and Distributor of Furniture

Agencies and other organizations

1996 - Present

- Director of Center of Excellence for Academics in Hevea
- Specialist of Industrial Technology Assistant Program (iTAP), National Science and Technology Development Agency
- Advisor of Thai Furniture Industries Association
- Advisor of Thai Hevea Wood Association

No position holding in other businesses both of listed and non-listed companies



Dr. Ekarin Vasanasong

Independent Director

Director

Member (Old Name-Surname) : None

Ages (years) : 47

Appointment date as director : on 28 April 2017

Family Relationship Between Executives : None

Proportion of Shareholding in the Company (%) : No change in shareholding proportion when compared between the years

Educational Qualification :

- Doctor's Degree Ph.D. (Electrical Engineering) The University of New South Wales, Australia
- Master's Degree M. Eng (Electrical Engineering) Kasetsart University
- Bachelor's Degree B. Eng (Power Engineering) Mahanakorn University of Technology

Work Experience in Retrospective 5 Years Period :

Listed Company

2017 - Present Director / Independent Director
East Coast Furnitech Pcl. - Manufacturer and Distributor of Furniture

Non-Listed Company

2017 - Present Director Corporate Governance and Social Affairs Committee
The Krungthep Thanakom Co., Ltd. - Enterprise of Bangkok Metropolitan Administration, implementing infrastructure system

2017 - Present Director Risk Management Committee
The Krungthep Thanakom Co., Ltd. - Enterprise of Bangkok Metropolitan Administration, implementing infrastructure system

2017 - Present Executive Vice President
The Krungthep Thanakom Co., Ltd. - Enterprise of Bangkok Metropolitan Administration, implementing infrastructure system

2009 - 2017 Power Plant Project Manager
Navanakorn Electric Co., Ltd. - Private Electricity Manufacturer



Mr. Chalee Suksawad

Vice Chairman of the Board

Executive Director

Member (Old Name-Surname) : None

Ages (years) : 51

Appointment date as director : on 26 October 2012

Family Relationship Between Executives : The son of Mr. Wanlop and Mrs. Waraporn, and the elder brother of Mr. Arak / Miss Tippawan

Proportion of Shareholding in the Company (%) : 15.6329%

15.6331% (including spouse and immature children)

Shareholding ration increased 1.1768% when compared between years

Educational Qualification :

- Bachelor's Degree Bachelor of Economics University of the Thai Chamber of Commerce
- Certificate (DAP) Batch 94/2012, Thai Institute of Directors (IOD)

Work Experience in Retrospective 5 Years Period :

Listed Company

1999 - Present Vice Chairman of the Board / Executive Director
East Coast Furnitech Pcl. - Manufacturer and Distributor of Furniture

Non-Listed Company

2015 - Present Director
ECF Holdings Company Limited - Holding Company

2017 - Present Director
ECF Power Company Limited - Investment in Energy Business

2017 - Present Director
SAFE Energy Holding Co., Ltd. - Investment in Biomass Power Plant Business

2017 - Present Director
Prize of Wood Green Energy Co., Ltd. - Biomass Power Plant, Narathiwat Province

2017 - Present Director
Green Earth Power (Thailand) Co., Ltd. - Solar Power Plant, Myanmar

2017 - Present Chairman of the Board
Planet Board Co.,Ltd.- MDF wood production and distribution plant



Mr. Wanlop Suksawad

Director

Chairman of Executive Committee

Member (Old Name-Surname) : None

Ages (years) : 77

Appointment date as director : on 26 October 2012

Family Relationship Between Executives : The spouse of Mrs. Waraporn and the father of Mr. Chalee / Mr. Arak / Miss Tippawan

Proportion of Shareholding in the Company (%) : 2.4535%

3.0042% (including spouse)

Shareholding ratio decreased 3.3247% when compared between years

Educational Qualification :

- Wat Huay Sarn Salika School
- Certificate (DAP), Batch No. 96/2012, Thai Institute of Directors (IOD)

Work Experience in Retrospective 5 Years Period :

Listed Company

1999 - Present Director / Chairman of Executive Committee

East Coast Furnitech Pcl. - Manufacturer and Distributor of Furniture

Non-Listed Company

2017 - Present Director

ECF Holdings Company Limited - Holding Company

2017 - Present Director

ECF Power Company Limited - Investment in Energy Business

2017 - Present Director

Planet Board Company Limited - MDF wood production and distribution plant



Mr. Arak Suksawad**Director****Executive Director****Managing Director****Director of Sales and Marketing Department (Acting)**

Member (Old Name-Surname) : None

Ages (years) : 48

Appointment date as director : on 26 October 2012

Family Relationship Between Executives : The son of Mr. Wanlop and Mrs. Waraporn, and the younger brother of Mr. Chalee / the elder brother of Miss Tippawan

Proportion of Shareholding in the Company (%) : 15.6777%

15.7746% (including spouse)

Shareholding ratio increased 1.3186% when compared between years

Educational Qualification :

- Master's Degree Master of Economics Ramkhamhaeng University
- Bachelor's Degree Bachelor of Economics in Monetary Economics Program Ramkhamhaeng University
- Certificate (DAP) Batch No. 95/2012, Thai Institute of Directors (IOD)
- Executive Program Capital Market Academy (CMA), Batch 16
- Expert and Specialist for Member of Parliament Course, Batch 6, King Prajadhipok's Institute
- Executive Course of Energy Technology, Thailand Energy Academy (TEA)
- Course "Bahumipalung Phandin" for Executives, Batch 4, Chulalongkorn University
- Master of Investment Courses (Ultra Wealth Group, Batch 3)
- Management science courses for senior management (Batch 1) Course, Faculty of Public Administration, National Institute of Development Administration (NIDA)

Work Experience in Retrospective 5 Years Period :**Listed Company**1999 - Present Director / Executive Director / Managing Director / Director of Sales and Marketing Department (Acting)
East Coast Furnitech Pcl. - Manufacturer and Distributor of Furniture**Non-Listed Company**

2015 - Present Director
ECF Holdings Company Limited - Holding Company

2017 - Present Director
ECF Power Company Limited - Investment in Energy Business Investment in Biomass Power Plant Business

2017 - Present Director
SAFE Energy Holding Co., Ltd. - Biomass Power Plant, Narathiwat Province

2017 - Present Director
Prize of Wood Green Energy Co., Ltd. - Biomass Power Plant, Narathiwat Province

2017 - Present Director
Green Earth Power (Thailand) - Solar Power Plant, Myanmar

2017 - Present Director
Planet Board Company Limited - MDF wood production and distribution plant

Agencies and other organizations

2007 - Present Director Council of Asia Furniture Associations (CAFA)

2012 - 2016 President Thai Furniture Industries Association



Miss Tippawan Suksawad

Director

Executive Director

Deputy Managing Director

Company Secretary

Member (Old Name-Surname) : None

Ages (years) : 45

Appointment date as director : on 26 October 2012

Family Relationship Between Executives : The daughter of Mr. Wanlop and Mrs. Waraporn, and the young sister of Mr. Chalee / Mr. Arak

Proportion of Shareholding in the Company (%) : 15.6537%

15.6541% (including spouse and immature children)

Shareholding ratio decreased 0.0072% when compared between years

Educational Qualification :

- Bachelor's Degree Bachelor of Accountancy, Bangkok University
- Certificate (DAP) Batch No. 94/2012, Thai Institute of Directors (IOD)

Work Experience in Retrospective 5 Years Period :

Listed Company

1999 - Present Director / Executive Director / Deputy Managing Director Company Secretary
East Coast Furnitech Pcl. - Manufacturer and Distributor of Furniture

Non-Listed Company

2015 - Present Director

ECF Holdings Company Limited - Holding Company

2017 - Present Director

ECF Power Company Limited - Investment in Energy Business

2017 - Present Director

Planet Board Company Limited - MDF wood production and distribution plant



Mrs. Waraporn Suksawad**Director****Member (Old Name-Surname) :** Miss Buklung Sae Low**Ages (years) :** 76**Appointment date as director :** on 26 October 2012**Family Relationship Between Executives :** The spouse of Mr. Wanlop and the mother of Mr. Chalee / Mr. Arak / Miss Tippawan**Proportion of Shareholding in the Company (%) :** 0.5507%

3.0042% (including spouse)

Shareholding ratio decreased 3.3274% when compared between years

Educational Qualification :

- Certificate (DAP), Batch No. 96/2012, Thai Institute of Directors (IOD)

Work Experience in Retrospective 5 Years Period :**Listed Company**

1999 – Present Director

East Coast Furnitech Pcl. – Manufacturer and Distributor of Furniture

No position holding in other businesses both of listed and non-listed companies. Manufacturer and Distributor of Furniture

Non-Listed Company

2015 – Present Director

ECF Holdings Company Limited – Holding Company

2017 – Present Director

ECF Power Company Limited – Investment in Energy Business

2017 – Present Director

Planet Board Company Limited – MDF wood production and distribution plant (Under Study Project)

Mrs. Suphak Suksawad**Assistant Managing Director (Branch Part)****Member (Old Name-Surname) :** Miss Nittaya Toepongarnan**Ages (years) :** 46**Family Relationship Between Executives :** The spouse of Mr. Chalee**Proportion of Shareholding in the Company (%) :** 0.0000%

15.6331% (including spouse and immature children)

Shareholding ratio increased 1.1768% when compared between years

Educational Qualification :

- Bachelor's Degree Bachelor of Economics, Dhurakij Pundit University

Work Experience in Retrospective 5 Years Period :**Listed Company**

2003 – Present Assistant to Deputy Managing Director (Branch Part)

East Coast Furnitech Pcl. – Manufacturer and Distributor of Furniture



Mr. Sitthichoke Chinnurat

Assistant Managing Director (Headquarter Part)

Member (Old Name-Surname) : None

Ages (years) : 46

Family Relationship Between Executives : The spouse of Miss Tippawan

Proportion of Shareholding in the Company (%) : 0.0001%

15.6613% (including spouse and immature children

Shareholding ratio increased 0.0072% when compared between years

Educational Qualification :

- Bachelor's Degree Bachelor of Laws Ramkhamhaeng University

Work Experience in Retrospective 5 Years Period :

Listed Company

1999 – Present Assistant to Deputy Managing Director (Headquarter Part)

East Coast Furnitech Pcl. – Manufacturer and Distributor of Furniture

Miss Pachanan Singphu

Assistant Managing Director

Member (Old Name-Surname) : Miss Namthip Singphu

Ages (years) : 42

Family Relationship Between Executives : None

Proportion of Shareholding in the Company (%) : 0.0000%

Shareholding ratio decreased 0.0001% when compared between years

Educational Qualification :

- Bachelor's Degree Bachelor of Accountancy Rambhai Barni Rajabhat University

Work Experience in Retrospective 5 Years Period :

Listed Company

1999 – 8 Nov 2018 Director of Finance and Accounting Department

East Coast Furnitech Pcl. – Manufacturer and Distributor of Furniture

9 Nov 2018 – Present Assistant of Managing Director

East Coast Furnitech Pcl. – Manufacturer and Distributor of Furniture



Mr. Pongpan Suriya-Amporn**Director of Finance and Accounting Department****The person taking the highest responsibility in finance and accounting**

Member (Old Name-Surname) : None

Ages (years) : 50

Family Relationship Between Executives : None

Proportion of Shareholding in the Company (%) : 0% No change in shareholding proportion when compared between the years

Educational Qualification :

- Master's Degree Master of Business Administration (Management of Accounting) Thammasat University
- Bachelor's Degree Bachelor of Accountancy Thammasat University

Work Experience in Retrospective 5 Years Period :**Listed Company**

Present	Director of Finance and Accounting Department East Coast Furnitech Pcl. - Manufacturer and Distributor of Furniture
2016 - 2017	Vice President (Accounting) Eastern Polymer Group Pcl. - Manufacturer and Distributor of Car accessories
2013 - 2016	Director of Finance and Accounting Department Salee Printing Pcl. - Label manufacturers and high-quality prints Budget Director and evaluate the performance Siam Commercial Bank Pcl.

Non-Listed Company

2013 - 2016	Assistant of Managing Director VIV Group Co.,Ltd. - Holding Company
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Mr. Racha Pojariya**Director of Headquarter Plant**

Member (Old Name-Surname) : None

Ages (years) : 49

Family Relationship Between Executives : None

Proportion of Shareholding in the Company (%) : 0% No change in shareholding proportion when compared between the years

Educational Qualification :

- Master's Degree Master of Business Administration, Ramkhamhaeng University
- Bachelor's Degree Bachelor of Business Administration, Ramkhamhaeng University

Work Experience in Retrospective 5 Years Period :**Listed Company**

2010 - Present	Director of Headquarter Plant East Coast Furnitech Pcl. - Manufacturer and Distributor of Furniture
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Mr. Atthapol Thanapol

Director of Branch 1 Plant

Member (Old Name-Surname) : Mr. Atthapol Pholhar

Ages (years) : 48

Family Relationship Between Executives : None

Proportion of Shareholding in the Company (%) : 0.0000%

No change in shareholding proportion when compared between the years

Educational Qualification :

- High School Education Grade 6 Assumption College Sriracha

Work Experience in Retrospective 5 Years Period :

Listed Company

2008 – Present Director of Branch 1 Plant

East Coast Furnitech Pcl. – Manufacturer and Distributor of Furniture



DETAILS OF DIRECTORS IN SUBSIDIARIES AND JOINT VENTURES

Name- Surname	ECF	VV-Decor	ECFH	ECF-P	PNB	SAFE	PWGE	SAFE-B	SAFE-P	GEP
1. General Terdsak Marom	1									
2. Assoc. Prof. Dr. Montree Socratyanurak	2									
3. Assoc. Prof. Songkhlod Jarusombut	2									
4. Dr. Ekarin Vasanasong	2									
5. Mr. Wanlop Suksawad	2, 3	2	2	2	2					
6. Mr. Chalee Suksawad	2, 4	2, 4	2, 4	2, 4	2, 4	2, 4	2, 4	2, 4	2, 4	2
7. Mr. Arak Suksawad	2, 4	2, 4	2, 4	2, 4	2, 4	2, 4	2, 4	2, 4	2, 4	2
8. Miss Tippawan Suksawad	2, 4	2, 4	2, 4	2, 4	2, 4					
9. Mrs. Waraporn Suksawad	2	2	2	2	2					

Note 1 Chairman of the Board 2 Director 3 Chairman of the Executive Directors 4 Executive Director

COMPANY NAME:

Company	
1. ECF	East Coast Furnitech Public Co., Ltd. (the Company)
2. VV-Decor	VV Décor Co., Ltd. is the subsidiary which the Company holds 99.95% of company shares
3. ECFH	ECF Holdings Co., Ltd. is the subsidiary which the Company holds 75.00% of company shares
4. ECF-P	ECF Power Co., Ltd. is the subsidiary which the Company holds 99.99% of company shares
5. PNB	Planet Board Company Limited is the subsidiary which the Company holds 57.00% of company shares
6. SAFE	SAFE Energy Holding Co., Ltd. is the joint venture which the Company holds 33.37% of company shares
7. PWGE	Prize of Wood Green Energy Co., Ltd. is the subsidiary which SAFE holds 99.99% of company shares
8. SAFE-B	SAFE Biomass Co., Ltd. is the subsidiary which SAFE holds 99.99% of company shares
9. SAFE-P	SAFE Energy (Phrae) Co., Ltd. changing the name from Bina Puri Power (Thailand) Co., Ltd. is the subsidiary which SAFE holds 49.00% of company shares
10. GEP	Green Earth Power (Thailand) Co., Ltd. is the joint venture which ECF-P holds 20% of company shares



SECURITIES AND SHAREHOLDERS INFORMATION

Registered Capital and Paid-up Capital

Presently, the Company has registered capital of 354,137,269 Baht (Three Hundred Fifty Four Million One Hundred Thirty Seven Thousand Two Hundred Sixty-Nine Baht Only) which has been divided into 1,416,549,076 ordinary shares at a par value of 0.25 Baht (Twenty-Five Satang). The paid-up capital is equivalent to 239,851,270.50 Baht (Two Hundred Thirty-nine Million Eight Hundred Fifty-one Thousand Two Hundred Seventy Baht Fifty Satang) which has been divided into 959,405,082 ordinary shares at a par value of 0.25 baht per share (Twenty-Five Satang)

Major Shareholders

The namelist of major shareholders as of December 31, 2018: the total number of shareholder is 5,528 people) as following details:

Name-Surname	Shareholding data as of December 31, 2018	
	Number of shares (shares)	Proportion (% of paid-up capital)
1. Suksawad Group	479,604,150	49.9897
1.1 Mr. Arak Suksawad	150,412,750	15.6777
1.2 Miss. Tippawan Suksawad	150,182,750	15.6537
1.3 Mr. Chaløe Suksawad	149,982,750	15.6329
1.4 Mr. Wanlop Suksawad	23,538,800	2.4535
1.5 Mrs. Waraporn Suksawad	5,283,100	0.5507
1.6 Mr. Thamrong Suksawad	200,000	0.0208
1.7 Mstr. Nopparut Suksawad	600	0.0001
1.8 Miss. Warisara Suksawad	600	0.0001
1.9 Mstr. Pøerawut Suksawad	600	0.0001
1.10 Miss. Supichaya Suksawad	600	0.0001
1.11 Mstr. Wantana Suksawad	600	0.0001
1.12 Mr. Sitthichock Chinnurat	600	0.0001
1.13 Mrs. Suphak Suksawad	400	0.0000
2. Panich Group	26,768,000	2.7901
2.1 Mrs. Pikul Panich	25,000,000	2.6058
2.2 Miss Prapassorn Panich	1,760,000	0.1834
2.3 Miss Nuchanart Panaich	8,000	0.0008
3. Thai NVDR Co.,Ltd.	23,963,651	2.4978
4. KTB Securities (Thailand) Public Company Limited Group	21,491,700	2.2401
4.1 Mr. Chamnan Kongthaworn	7,388,700	0.7701
4.2 Mrs. Kunthong Udommahuntisuk	6,410,300	0.6682
4.3 Mrs. Nongyao Mahat Thanarak	1,109,900	0.1157
4.4 Mr. Pete Kerd-yu	794,500	0.0828
4.5 Mr. Wasin Phuttharee	702,400	0.0732
4.6 Mrs. Mayuree Lorchalokun	653,000	0.0681
4.7 Miss Uraiwan Jane Wiriya Sophak	544,200	0.0567



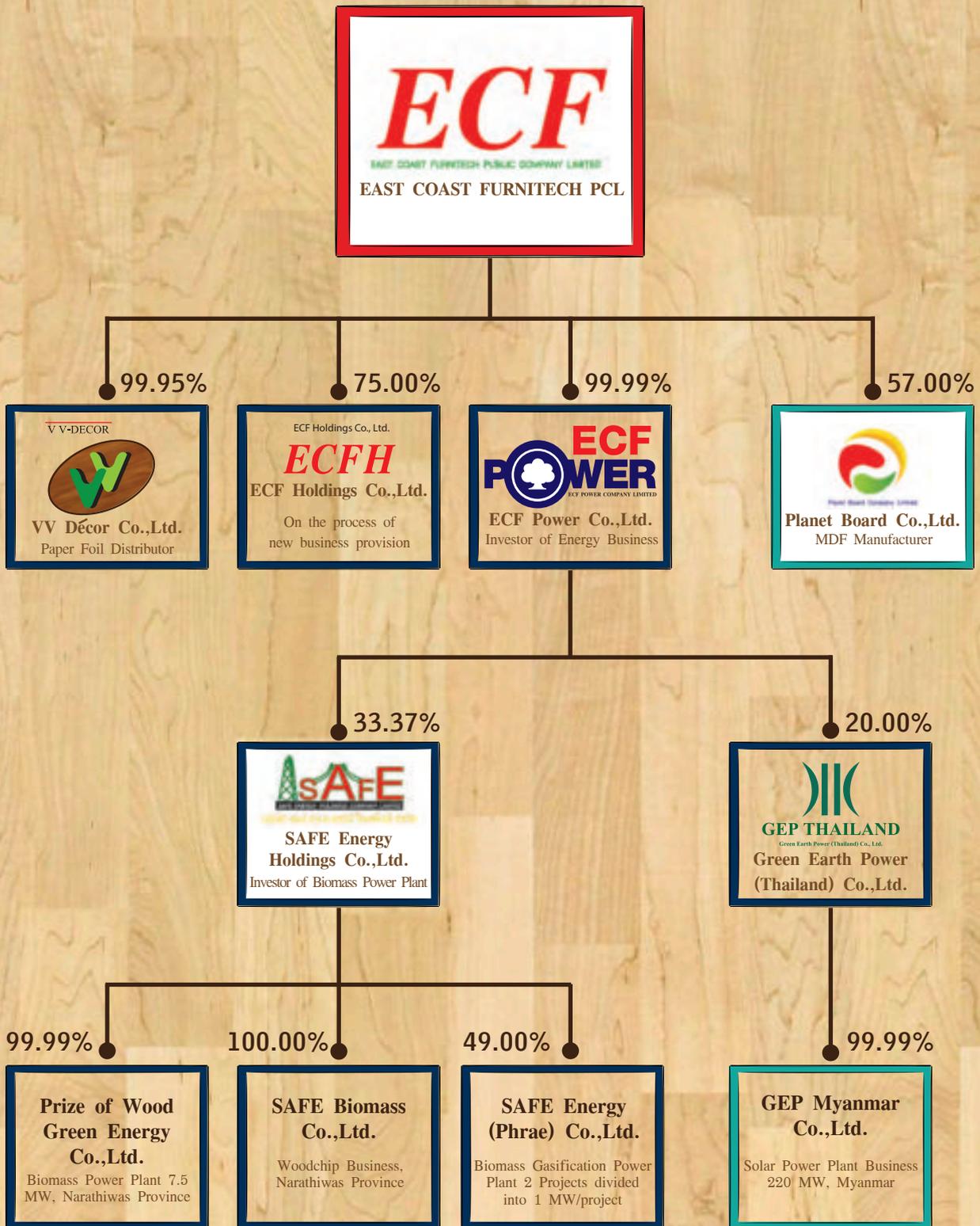
Name-Surname	Shareholding data as of December 31, 2018	
	Number of shares (shares)	Proportion (% of paid-up capital)
4.8 Mr. Suttipong Pipattanathikanan	544,200	0.0569
4.9 Mr. Phumphat Siwara	535,500	0.0558
4.10 Mrs. Watinee Ratithong	535,500	0.0558
4.11 Mr. Samart Islam	435,300	0.0454
4.12 Miss Suwanana Ratithong	321,300	0.0335
4.13 Mrs. Nuan Chira Yothasamut	217,700	0.0227
4.14 Miss Wanna Nami	163,300	0.0170
4.15 Mr. Burin Watcharawaropas	163,300	0.0170
4.16 Mrs. Rangsini Seiwiset	163,300	0.0170
4.17 Mr. Wisarut Loewithi	141,500	0.0147
4.18 Mr. Taksa Busayapoka	122,500	0.0128
4.19 Mrs. Kaniittha Sungsevi	94,400	0.0098
4.20 Mrs Sutteera Phuttharee	90,200	0.0094
4.21 Empress Satana Sonakun Na Ayutthaya	73,600	0.0077
4.22 ML Thirachet Sonakun	72,300	0.0075
4.23 ML Ratanamongkol Chayapirat	63,400	0.0066
4.24 Mr. Suwanan Chatiudomphan	50,300	0.0052
4.25 Miss Lek Winaisuratern	36,600	0.0038
4.26 Mrs. Waleeporn Ingthanet	36,500	0.0038
4.27 Miss Narinhip Viriyabunditkul	28,000	0.0029
5. Wiriyatornphan Group	11,118,300	1.1589
5.1 Mrs. Wassana Wiriyatornphan	9,384,500	0.9782
5.2 Mr. Vitthaya Wiriyatornphan	1,661,900	0.1732
5.3 Miss Weeraya Wiriyatornphan	71,900	0.0075
6. Pattamasuttayasonthi Group	10,820,300	1.1278
6.1 Mrs. Kunthong Udommahuntisuk	6,190,300	0.6452
6.2 Mr. Pisit Pattamasuttayasonthi	3,700,000	0.3857
6.3 Miss Kritchanok Pattamasuttayasonthi	930,000	0.0969
7. Miss Tassanee Wongjiraj	7,204,000	0.7509
8. Mr. Singhon Jampanya	5,950,000	0.6202
9. Mrs. Maneerat Ananpumtraipop	5,618,000	0.5856
10. Mr. Kanungnit Jinda	5,050,000	0.5264
11. Other shareholders (5,474 people)	361,816,981	37.7126
Total shares	959,405,082	100.0000

Foreign shareholders : As of December 31, 2018, there are 1 foreign shareholder with total shares of 150,000 shares or 0.00016 percent of paid-up capital

Note : The Company has a limitation on the percentage of equity shares held by foreign shareholders stated in the article 11 of that "the Company's shares can be transferred without restriction unless 49 percent of paid-up stock is held by foreign shareholders".



BUSINESS STRUCTURE



Currently Operates



Project Company Under Construction



GENERAL INFORMATION AND OTHER INFORMATION

General Information of East Coast Furnitech Public Company Limited

Company's name in Thai	:	East Coast Furnitech Public Company Limited
Company's name in English	:	East Coast Furnitech Public Company Limited (ECF)
Date of registration	:	October 12, 1999 as the Limited Company Later as of October 18, 2012, the Company has registered and transformed into Public Company Limited and changed the name to East Coast Furnitech Public Company Limited (ECF).
Registered company/ TAX ID	:	0107555000449
Securities Symbol	:	ECF
Type of business	:	A manufacturer and distributor of furniture made of particle board and rubber wood, foil paper for using as a raw material for furniture manufacturing, a manufacturer and distributor of dried rubber wood, a distributor of furniture by the branches of showrooms, and the service in cutting of pasting edge (PVC).
Registered Capital	:	354,137,269.00 Baht which has been divided into 1,416,549,076 ordinary shares at a par value of 0.25 Baht
Paid-up Capital	:	239,851,270.50 Baht which has been divided into 959,405,082 ordinary shares at a par value of 0.25 baht per share
Head Office Location	:	37/9 Moo 10 Banbueng – Klaeng Road, Thang Kwian Subdistrict, Klaeng District, Rayong Province 21110
Branch Office Location		
Branch 1	:	No. 29/1 Moo 3 Soi Chongko – Chunnumnai Wang Chan Subdistrict, Wang Chan District, Rayong Province, this branch is used as a factory for furniture manufacturing and assembly, sawmill for rubber wood and dried rubber wood, and production of foil paper using as a raw material furniture manufacturing.
Branch 2	:	No. 25/28 Moo 12, Bueng Kham Phroi Subdistrict, Lam Luk Ka District, Pathum Thani Province, this branch is used as a general management division and a warehouse. As of December 31, 2018, the Company also has other 12 registered branches used as the showrooms for display and distribution for ELEGA Brand
Telephone Number	:	+66 38-675-181-4, +66 2-152-7301-4
Fax Number	:	+66 38-678-220
Home Page	:	www.ecf-furniture.com, www.elegathai.com

Other Information

-None-



HISTORY AND SIGNIFICANT DEVELOPMENTS

History

The Company registered its establishment on 12 October 1999 with the initial registered capital of 6,000,000 Baht (Six Million Baht Only), in the beginning of its establishment, the objective is to operate business as a manufacturer and distributor of self-assembled particle board furniture under the management of the group of Thai businessmen led by Mr. Wanlop Suksawad, as the current major shareholder, and the Suksawad family, who are the founder and pioneer of furniture manufacturing and distribution business since 1992.

In 1992, the management team or the Suksawad family have established East Coast Industry Co., Ltd. (ECI) to operate the business of sawmill and wood drying factory for processed rubber wood as well as manufacturing and distributing rubber wood. In 1996, East Coast Design Co., Ltd. (ECD) was established to operate main business as the manufacturer and distributor of furniture both domestically and internationally and importing or exporting all types of furniture including related materials and equipment. ECI moved its production base from the manufacturer and distributor of rubber wood furniture from ECI to ECD. As a result, ECI changed its main business model to be the sole distributor of furniture by taking care of marketing and being responsible for branches and showrooms for exhibitions and distribution of products under the brand "ELEGA" which is the brand for rubber wood furniture and furniture ordered from both domestic and overseas. Later, in 1999, the Company established East Coast Furnitech Co., Ltd. (ECF) to operate business as a manufacturer and distributor of self-assembled particle board furniture. At that time, the popularity of furniture in particle board furniture was dramatically increasing. After that, in 2002, two companies were established, one company was V-Chats Decor Co., Ltd (VCD) which operates its business as a manufacturer and distributor of foil paper and in providing service of edge cutting (PVC) for selling to general furniture factories. Another company is V-Chats Industry Co., Ltd (VCI) which operates business as a manufacturer and distributor of dried rubber wood and moved the production base from ECD to VCI.

At the time, the shareholding structure of East Coast Industry Company Limited (ECI), East Coast Design Company Limited (ECD), East Coast Furnitech Company Limited (ECF), V-Chats Decor Company Limited (VCD) and V-Chats Industry Company Limited (VCI), consisting of Suksawad family as the shareholders of 99.99% of shares and as directors, executives and persons authorizing and controlling the Company.

The reason of establishing many companies in such manner is for the benefit of Board of Investment (BOI) promotion. The establishment of this group of companies, collectively known as the East Coast Group, can be summarized of the nature of the business operation prior to the restructuring of the Group during 2010 as follows:

Company	Type of Business
1. East Coast Furnitech Co., Ltd. (ECF)	Manufacture and Distribute Particle Board Furniture
2. East Coast Design Co., Ltd. (ECD)	Manufacture and Distribute Rubber Wood Furniture
3. East Coast Industry Co., Ltd. (ECI)	Trading Business of Rubber Wood Furniture manufactured by the Company and Real Wood Furniture purchased from domestic and imported from overseas; and sold via showrooms which are rented by the Company.
4. V-Chats Decor Co., Ltd. (VCD)	Manufacture and Distribute Foil Paper and Give Service of Edge Cutting (PVC) to be used in furniture assembly.
5. V-Chats Industry Co., Ltd. (VCI)	Manufacture and Distribute Dried Rubber Wood



Later in 2010, the management of the East Coast Group had planned to prepare the Company to be transformed into listed company in the Market for Alternative Investment (mai), the Company has restructured its business and financial operations within the new East Coast Group. Four companies (ECD, ECI, VCD and VCI) are under the control of the Company through the acquisition of assets used in the business of each company to gather at East Coast Furnitech (ECF) Company Limited only, at the purchase price for buildings and machineries based on the valuation methodology proceeded by the asset appraisal company approved by the Office of the Securities and Exchange Commission (SEC Office) to be an appraisal company for public purposes and the purchase price refers to the appraised price that is lower. At that time, such restructure was proceeded by taking into account the benefit being a listed company in the mai Securities Market, the removal of connected transaction issues, the conflict of interest issues and the utmost effective business operation. Maximum performance is important. Also, the reason to choose East Coast Furnitech Co., Ltd. as the main company to prepare to become a listed company at that time is because the main business model is being a manufacturer and distributor of particle board furniture which had the continuous growth of sales revenue, the highest revenue from sales and better performance than other companies in the group. Moreover, there is BOI privileges remained while other companies already exercised their rights fully according to the promotion period.

After restructuring the new business, the Company has following business characteristics:

1. Manufacturer and distributor of dried rubber wood which are mostly used as raw materials in the production of rubber wood furniture and some parts are sold to outsiders.
2. Manufacturer and distributor of rubber wood furniture.
3. Manufacturer and distributor of particle board furniture.
4. Distributor of furniture (Trading) for rubber wood furniture manufactured by the Company including real wood furniture ordered in domestic and imported from overseas.
5. Manufacturers of furniture accessories such as foil paper, and service provider of edge cutting (PVC) to be use as a raw material to manufacture of particle board furniture and to sell to outsiders.

Significant Development

- 1992** : ● The first company under the East Coast Group, namely, East Coast Industry Company Limited (ECI) was established to operate business of sawmill, drying wood factory, as well as manufacturing and distributing of rubber wood furniture at Ban Bung-Klaeng Road, Thang Kwian Subdistrict, Klaeng District, Rayong Province.
- 1996** : ● East Coast Group expanded its business to be a manufacturer of rubber wood furniture and particle board furniture by establishing **East Coast Design Company Limited (ECD)** as the second company of the group to operate such business by moving production base of the rubber wood furniture from ECI to ECD.
● In the same year, the East Coast Group began to export its products to overseas markets such as Japan, the United States of America and countries in Western Europe.
- 1998** : ● The East Coast Group has expanded its furniture business to the domestic market by establishing the brand "ELEGA" to be the brand for rubber wood furniture manufactured by the Company and real wood furniture ordered from domestic and imported from overseas. The brand "Leaf" is also established to use as a brand for manufacturing and distributing to Home Pro at the same time to respond to government policies under the campaign of Thai product promotion at that time.



1999 :

- ECD has been selected by the Department of Export Promotion to use the "Thailand's Brand" logo to represent high quality export products.
- ECI was awarded of the "Prime Minister Award" from the Ministry of Commerce. This is an award given to exporters with excellent performance and excellent product quality
- 12 October: the East Coast Group expanded its business by establishing **East Coast Furnitech Co., Ltd. (ECF)** as the third company of the group with the initial registered capital of 6,000,000 Baht (Six Million Baht Only), divided into 60,000 ordinary shares with a par value of Baht 100 each, fully paid-up.
- In the same year, in order to operate business as a factory manufacturing and distributing furniture made of particle board, the Company expanded more capacity than ever to support the number of wooden furniture sale which is continuously increased. In addition, the Company also used as reference to request the Board of Investment (BOI) privileges and ECF was granted by BOI for the manufacturer of particle board / wooden sheet furniture.

2000 :

- 16 March: ECF increased its registered capital from 6,000,000 Baht to 13,080,000 Baht (Thirteen Million and Eighty Thousand Baht Only), divided into 130,080 ordinary shares with a par value of Baht 100 each, fully paid-up, to be used as working capital of the company.
- 24 March: ECF was promoted by Board of Investment (BOI) for the manufacturer of furniture by being granted of the exemption of corporate income tax for the net profit derived from promoted businesses for a period of 8 years and the reduction of income tax, juristic person for the net profit derived from promoted businesses at the rate of 50% for a period of 5 years.

2001 :

- ECD has been certified of ISO 9001 Quality Management Standard from the United Kingdom Accreditation Service (UKAS) for the manufacturer of wooden furniture.
- ECF has been certified of ISO 9001 Quality Management Standard from URS (United Registrar of Systems (Thailand) Ltd.) for wood furniture manufacturer.
- 13 December: ECF increased its registered capital from 13,080,000 Baht to 25,000,000 Baht (Twenty-Five Million Baht Only), divided into 250,000 ordinary shares with a par value of Baht 100 each, fully paid-up, to be used as working capital of the Company.

2002 :

- The East Coast Group has expanded its production capacity and increased the quality of production by investing in hi-technology machinery, which used a large amount of investment in order to buy such machines, i.e Horizontal Sparing Machine, Vertical Spraying Robot Machine, etc.
- In that year, the East Coast Group established two more companies: **V-Chats Decor Co., Ltd. (VCD)**, the fourth company of the group to produce foil paper because ECF produces a number of particle board furniture and needs to import foil paper, then VCD was established to produce foil paper in order to control the quality of production by itself and produce foil paper to sell to ECF and general furniture manufacturing factories. Additionally, in the same year, the East Coast Group established **V-Chats Industry Co., Ltd. (VCI)** as the fifth company of the group to operate a saw mill, drying factory for rubber wood instead of ECI operation and ECI changed its business operations to be a trading of rubber wood furniture manufactured by the Company and real wood furniture ordered from domestic and imported from overseas. Both VCD and VCI expanded their investment to new land and plant construction. The area more than 54 Rais in Soi Chongko - Chumnumnai, Wang Chan Subdistrict, Wang Chan District, Rayong Province. Later, in 2012, it was registered as the first branch of the company.



- 2003 :**
- ECI has expanded its distribution market by continuously establishing showrooms in the large-scaled retail shop. In 2003, the company expanded its showrooms to Index Living Mall and Home Pro.
- 2004 :**
- ECD was awarded of the Outstanding Exporter of Products and Services of the Year 2004 for Thai Owned Design from the Ministry of Commerce.
 - ECF has been upgraded to the ISO 9001: 2000 Quality Standard from URS (United Registrar of Systems (Thailand) Ltd.) for wood furniture manufacturer.
- 2010 :**
- 1 October: the East Coast Group started to restructure its operations from all five companies within the group to remain only one company which is ECF. The restructure of the Group started with the purchase of all lands used in the business that was owned by the Company's directors to be owned by ECF, transfer of production line and finished goods, goods in process, raw materials, supplies, some machineries and equipment from 4 companies to be owned by ECF, including negotiation to reduce the amount of credit of companies in the group with the financial institutions and transfer to increase the credit line of ECF as the repayment of debts within companies in the group to eliminate the problem of connected transactions and conflict of interest.
 - 26 October: the Company increased its registered capital from Baht 25,000,000 to Baht 90,000,000 (Ninety Million Baht Only), divided into 900,000 ordinary shares with a par value of Baht 100 each, fully paid-up, to expand the investment and to be used as working capital of the Company.
- 2011 :**
- 9 February: the company was granted of Board of Investment (BOI) privileges in the manufacture of furniture by being exempted from corporate income tax for the net profit derived from promoted businesses for a period of 3 years.
 - 10 February: the Company was granted of Board of Investment (BOI) privileges in the manufacture of foil paper by being exempted from corporate income tax for the net profit derived from promoted businesses for a period of 3 years.
 - 11 May: The Company established VV Décor Co., Ltd. (VV-Décor) as a subsidiary and the Company holds 99.95% of shares with registered capital of 1,000,000 Baht (One Million Baht Only), divided into 10,000 ordinary shares with a par value of Baht 100 each by calling fully paid-up. VV Décor was established to be a trading company for ECF as a supplier of foil paper to some of the Company's clients.
 - The East Coast Group continued its restructuring, during 2011, the Company additionally carried out the transfer of remaining buildings, machineries and equipment and other fixed assets, transferred of credit limit with financial institutions which the outstanding debt was remained to ECF including the transfer of employees from 4 companies to be employees of ECF. As of 30 June, the East Coast Group has restructured its business operations by remaining only ECF to solely operate business and prepared itself to transform into a public company.
 - 4 November: the Company increased its registered capital from Baht 90,000,000 to Baht 100,000,000 (One Hundred Million Baht Only), divided into 1,000,000 ordinary shares with a par value of Baht 100 each, to be used as working capital of the Company



2012 :

- In July, the company began to expand its distribution channels to retail shops (Dealer) to help strengthen sales growth under the brand "Costa".
- 11 October, 2012: the Extraordinary General Meeting of Shareholders No. 12/2012 resolved to approve the change of the par value of the Company's shares from the par value of Baht 100 per share to the par value of Baht 0.25 per share and the change of the number of shares with the registered capital of Baht 100,000,000, divided into 400,000,000 ordinary shares with a par value of Baht 0.25 each. In addition, the Company has approved the increase of the Company's registered capital from Baht 100,000,000 to be Baht 130,000,000 (One Hundred and Thirty Million Baht Only), divided into 520,000,000 ordinary shares with a par value of Baht 0.25 per share, there were 120,000,000 ordinary shares to be allocated to offer to the public.
- 18 October 2012: the Company has registered to transform its status from a limited company to be a public limited company and changed its name to be East Coast Furnitech Public Company Limited (ECF).

2013 :

- 26 March: the Company began trading in mai securities market as First Trading Day.
- In October, the Company began to expand its distribution channels to Mega Home which is the home and building material distribution center for both retail and wholesale in order to help increase sales growth under the brand "a7".
- 31 December: the Company had rental space to be used as showrooms and exhibitions in Index Living Mall, totally 11 branches and showrooms inside Home Pro, totally 3 branches.

2014 :

- The Extraordinary General Meeting of Shareholders No. 1/2014 held on July 18, 2014 resolved to approve the increase of the registered capital from Baht 130,000,000 to be Baht 195,000,000 with a par value of Baht 0.25 per share, and the amendment of Clause 4 of the Memorandum of Association to be complied with the increase of the Company's registered capital to the Public Limited Company Registrar, Department of Business Development, Ministry of Commerce. It was completed on August 8, 2557. Therefore, the Company has a registered capital of Baht 195,000,000, divided into 780,000,000 ordinary shares with a par value of Baht 0.25 per share. The registered and fully paid-up capital is Baht 130,000,000 divided into 520,000,000 ordinary shares with a par value of Baht 0.25 per share. The paid-up capital is Baht 65,000,000 divided into 260,000,000 shares with a par value of 0.25 Baht each. This allocation is to support the exercise of warrants No. 1 (ECF-W1).
- 18 August: The Stock Exchange of Thailand was notified of the Warrant No. 1 to be registered securities and the first trading day was on the same day.
- 18 September: the Company affixed the signature in Memorandum of Understanding ("MOU") for joint business operation of PV Solar Rooftop Power Plant with Gunkul Engineering Public Company Limited ("GUNKUL"). The Company and GUNKUL will jointly incorporate joint venture to support project development in the proportion of 74.99 : 25.01%, respectively. The Company shall be responsible for supply of leasehold and/or right to use roof area for installation of solar cells as submission support as the proposer of power for sales, management and supply of capital source, and GUNKUL shall be responsible for service of supply of equipment, procurement and construction for PV Solar Rooftop Power Generation Project so that the project can be implemented according to Power Purchase Agreement (PPA) and being the service provider of management and maintenance under the operation. Both parties have duty to apply for license of the proposer for sales of power with the Provincial Electricity Authority (PEA) or the Metropolitan Electricity Authority (MEA) as the case may be.
- In October, the Company started to sell its products to Thai Wasadu to expand its distribution channels under the brand "HASTA"



- The Board of Director Meeting No. 6/2014 held on November 8, 2014 approved the Company to invest in the establishment of six new subsidiaries to operate Solar PV Rooftop power generation). The objective of the establishment of subsidiaries is to prepare for the bid for the purchase of electricity from PV Solar Rooftop Power Plant as announced by the Energy Regulatory Commission on the purchase of electricity from PV solar rooftop power generation, currently, it is waiting for the policy from government regarding the bidding period for the sale of electricity.

2015 :

- 23 February: the Company established ECF Holdings Company Limited to operate the business of holding company. Presently, the Company has a registered capital of 10,000,000 Baht (Ten Million Baht Only), divided into 100,000 ordinary shares (Ten Thousand Shares) with a par value of Baht 100 each (One Hundred Baht).
- 27 February: the Board of Director Meeting No. 2/2015 resolved to approve the establishment of a new indirect subsidiary in Japan, namely, ECF Tornado Energy Godo Kaisha, to support the expansion of investment in Japan. The Solar Power Plant has the installed production capacity approximately 1.5 megawatts and it is located at 1737 Kodani, Toyotomi-cho, Himeji city, Hyogo, Japan, with a registered capital of 100,000 yen and ECFH holds shares of 51%, at present, the Company has already sold this project to other investors.
- 30 June: the Company entered into Memorandum of Understanding (MOU) for cooperation in the business of biomass power generation. The joint venture will be established under the joint shareholding with other shareholders, including Fortune Parts Industry Public Company Limited (FPI), Wit Industry Company Limited, and other operators of wood plant or sawmills in the area located of each power plant project. Subsequently, 20 November, 2015, the Board of Director Meeting No. 7/2015 resolved to approve ECF Holdings Co., Ltd. on behalf of a subsidiary to invest in the Biomass Power Plant by becoming a shareholder in 5 new joint ventures to participate in the auction, selection and authorizing the sale of electricity to acquire Purchase Power Agreement (PPA) with the Provincial Electricity Authority (PEA) or the Electricity Generating Authority of Thailand (EGAT). Thailand (EGAT), as the case may be, in accordance with the Notification of the Energy Regulatory Commission (ERC) on the criteria for the purchase of electricity from renewable energy manufacturers, the company is currently in the process of waiting for the government's policy to open the bidding for power offering. All 5 joint ventures consist of SAFE Energy Group (Narathiwat 1) Co., Ltd., SAFE Energy Group (Narathiwat 2) Co., Ltd., SAFE Energy Group (Yala 1) Co., Ltd., SAFE Energy Group (Pattani) Co., Ltd., and SAFE Energy Group (Songkhla) Co., Ltd. Presently, the liquidation of these four companies has been completed because it is failure to pass an auction to obtain a power purchase agreement from the government.
- In October, the Company began to distribute its products to retailers such as Do Home under the brand "My Fur".
- 9 December: ECFH, as a subsidiary, entered into a franchise agreement with Can Do Company Limited ("Can Do"), Japan. ECFH will be permitted to use the trade mark, store format, shop and order management system from Can Do, Japan. The objective is to operate domestic business in the form of one-price shop (100 yen stores originating in Japan) with a term of contract for 5 years.
- 19 December: the Company arranged the Official Grand Opening for the first branch of Can Do shop at Future Park Rangsit, with an area of 175 square meters.



2016 :

- 11 December: the Board of Director Meeting No. 9/2016 approved following major resolution: Approval of ECF Holdings Co., Ltd. as a subsidiary to invest in a new joint venture that will be incorporated to invest in the biomass power plant business under the name of a new joint venture which is SAFE Energy Holdings Company Limited ("SAFE") with the initial registered capital of Baht 1,000,000 (One Million Baht Only), divided into 10,000 ordinary shares with a par value of Baht 100 each. The Company will hold 49.98% of total shares and this joint venture was registered and established on 7 February 2017.

2017 :

- 12 January: The Board of Directors Meeting No. 1/2017 approved the restructuring of East Coast Furnitech Group of companies and approved to established additional 1 subsidiary which is ECF Power Co., Ltd. to invest in energy business instead of ECF Holdings Co., Ltd. with the initial registered capital of 1,000,000 Baht (One Million Baht Only), divided into 100,000 ordinary shares at a par value of 10 Baht each, the Company will hold 99.99% of shares. Subsequently, it was incorporated on January 16, 2017, the Company has set ECFH business policy to invest in and operate the retail business such as Can Do Shop, the shop selling products at a single price or any other business that may happen in the future excluding the energy business.
- 13 February: The Board of Directors Meeting No. 2/2017 had a resolution to approve the investment in biomass power plant project of Prize of Wood Green Energy Co., Ltd. ("Project" or "PWGE"), located at No. 149 Moo 3, Kayu Khla Subdistrict, Waeng District, Narathiwat Province, with the installed production capacity of 7.5 megawatts, through SAFE Energy Holdings Co., Ltd. ("SAFE") which is the joint venture of the Company (ECF Power Co., Ltd. ("ECF-P") which is the subsidiary of the Company holds shares in SAFE, currently holding in the proportion of 33.37%, such proportion is decreased from 49.98% due to selling shares to new investor group who invests in SAFE, namely, Prize of Wood Green Energy Co., Ltd. (PWGE). PWGE, the existing shareholder of PWGE power plant project, holds 33.26% of SAFE shares), to buy ordinary shares from the project's shareholder (99.99%), total value of investment for the whole project is not over than 425,000,000 Baht (The investment of ECF-P equals to 141,652,500 Baht). At present, ECF-P has registered capital of 522,652,500 Baht, divided into 52,265,250 shares at a par value of 10.00 Baht each and has paid-up registered capital of 454,252,500 Baht while SAFE has registered capital of 426,000,000 Baht, divided into 4,260,000 ordinary shares at a par value of 100 Baht each, fully paid-up.
- 3 April: The Board of Directors Meeting No. 6/2017 had a resolution to approve the investment in solar power plant with the total installed capacity at 220 MW of Green Earth Power (Thailand) Co., Ltd. ("Minbu Power Plant Project" or "GEP") located in Minbu City, Magwe District, Republic of the Union of Myanmar ("Myanmar"). ECF Power Co., Ltd. ("ECF-P"), a 99.99% subsidiary of the Company, invested to buy shares of this project in the portion of 20%, later in the extraordinary meeting of shareholders No. 1/2017 on 31 May 2017 had a resolution to approve the purchase of GEP's ordinary shares.
- 15 June: The Board of Directors Meeting No. 8/2017 had an important resolution for the transaction of asset acquisition consisting of totally 2 projects, the meeting considered and approved to invest in many companies through ECF Power Co., Ltd. as a subsidiary which the Company holds 99.99% of total shares, and SAFE Energy Holdings Co., Ltd. (SAFE) as the joint venture which the subsidiary holds 33.37% of shares in the total investment value of 50.62 Million Baht such as the investment in buying shares of SAFE Biomass Co., Ltd. in the proportion of 100% and SAFE on behalf of joint venture invests in the operation of wood chopping plant, located in Waeng District, Narathiwat Province with the investment value of 33.37 Million Baht from total investment value of 100 Million; and invested in buying shares of Bina Puri Power (Thailand) Co., Ltd. in the proportion of 49%, SAFE, on behalf of joint venture, invests in operating



business of biomass power plant with Gasification technology sized 2 megawatts, 1 megawatt per each project, one project is located in Long District, Phrae Province and another project is located in Sung Men District, Phrae Province. The investment value is 17.25 Million Baht from total investment value of 105.495 Million Baht.

- 27 June: The biomass power plant project of Prize of Wood Green Energy Co., Ltd. ("Project" or "PWGE"), Narathiwat Province, with the capacity of 7.5 megawatts had started to realize the commercial power distribution by investing in PWGE. It is the investment through ECF Power Co., Ltd. on behalf of subsidiary which the Company holds 99.99% of shares and SAFE Energy Holdings Co., Ltd. (SAFE) on behalf of subsidiary which the Company holds 33.37 % of shares, and SAFE had started to realize profit share from investment since 1 July 2017.
- 27 October: The Board of Directors Meeting No. 13/2017 had a resolution to approve the establishment of one additional subsidiary which the Company shall hold 99.99% of total shares, namely, Planet Board Company Limited. Its registered capital is Baht 50.00 Million divided into 10,000,000 ordinary shares with a par value of Baht 5.00 per share and its paid-up capital is Baht 12.50 Million. The objective is to establish a wood-based panel business such as MDF Board and Partition Board, it is under feasibility study.
- 18 December: the Board of Director Meeting No. 15/2017 on 18 December 2017 approved the feasibility study on the investment of solar power plant project of CR Solar Co., Ltd. ("CRS") with capacity of 1 megawatt, located in Thoen District, Lampang Province instead of the investment in biomass power plant project of True Energy Power Lopburi Co., Ltd. ("TRUE-P"). The Company had made the feasibility study but it is impossible to make a deal of investment. CRS shares has been holding by Inter Far East Energy Corporation Public Company Limited ("IFEC") with the proportion of 99.99% while the Company is studying and verifying the project value, return of investment ratio, risks, and other information related to the project and other matters related to the project acquisition as well as the competency of seller in entering the project selling transaction and delivery of traded assets including complying with conditions in trading agreement.

2018 :

- The Board of Directors' Meeting No. 7/2561 held on 27 June resolved to approve Planet Board Company Limited ("Planet"), the Company's subsidiary which the Company acquired 5,700,000 ordinary shares of Planet or 57.00% of the total issued shares of Planet, to invest in the construction of a factory manufacturing and distributing Medium Density Fiber Board or MDF Board, located in Narathiwat Province. It is expected that Planet will sign relevant agreements and pay for all related assets to relevant parties within Q4 of 2019, Planet will spend the initial investment in the project totaling 1,456.31 million baht.
- On 1 August, Bina Puri Power (Thailand) Co., Ltd., Project 1, located in Long District, ("Project" or "BINA 1"), Phrae Province, with the capacity of 1 Megawatt had started to realize the commercial power distribution. It is the investment through ECF Power Co., Ltd. on behalf of subsidiary which the Company holds 99.99% of shares and SAFE Energy Holdings Co., Ltd. (SAFE) on behalf of subsidiary which the Company holds 33.37 % of shares, and SAFE has started to realize profit share from investment since 1 August 2018.



POLICY AND OVERVIEW OF BUSINESS

Furniture Business

East Coast Furnitech Public Company Limited ("ECF" or "Company") set the business goals and strategies with the aim to occupy the market share as a top furniture exporter of Thailand. Although in 2018, the Company could not achieve the target growth rate in export due to the baht appreciation during 2018, the export situation began to be improved during the fourth quarter of 2018 and the Company has received advance orders from foreign customers continuously until the first quarter of 2019, this shows a good sign of better export tendency.

For the year 2018, the Company exported products to many countries around the world, including Japan, Middle East, India, USA, Taiwan, China, and countries in the ASEAN Economic Community (AEC), such as Malaysia, Philippines. The sale growth rate in some countries has continuously increased, especially customers from China.

In terms of the domestic market situation over the past two years, the distribution of furniture products for wholesale customers and retail stores which the Company sells products to this group of customers under Costa Brand, is steadily growing. The performance indicator was achieved with more customer base. The distribution of furniture products for wholesale customers and retail stores under Costa Brand can achieve the target set for the year 2018 and the customer base was increased at least 50% when comparing to 2017.

The Company uses the market share information for non-monetary performance indicators. In which manufacturers and distributors of furniture, among furniture manufacturers and distributors, the Company's market share is ranked in No. 4, still keeping the same position with the market share at 1.5% of the total revenue of furniture business in Thailand, this is referred from the data processing by the Research Center of Government Savings Bank for the year 2017, the topic "Industry Situation/Competitive Situation in Furniture Industry" will show more details.

However, considering from the distribution channels, another important channel for domestic customers is the modern trade stores which purchase the products under the Company's own brand. In 2018, it was found that the sale volume was decreased by 10% when comparing to the same period of previous year. The products sold to modern trade stores are under different brands as follows:

1. House Brand of Tesco Lotus for distribution to Tesco Lotus stores.
2. a7 Brand for distribution to Mega Home
3. HASTA Brand for distribution to Dohome
4. Furniture production for distribution to Winner Brand

The Company's decreasing sale volume was caused by the decreasing sale volume of modern trade stores, some stores minimized the space of furniture products and more consumers turn to online shopping. However, due to the above situation, the Company has planned to modify the strategies to increase sale volume, such as the new product models are developed to be more attractive to respond the needs of new generation consumers, or the Company cooperates with modern trade stores in developing sales promotion campaign including selling products through more online channels.

However, the overall domestic sale growth was increased with the rate of not less than 10% for the year 2018.

For distribution channel via ELEGA Showroom which is the product distribution channel for middle to upper customer groups, the non-consumption confidence atmosphere and domestic spending as well as the Company's new distribution channels under the strategy adjustment plan, the Company decided to close 7 branches in ELEGA showrooms that is not cost-effective with fixed expense during 2018, resulted in the decrease of growth rate more than 30% of revenues from distribution via such channels.



However, if the domestic economic confidence condition and spending atmosphere recovers again, product distribution channel via ELEGA showroom shall be normally generated continuous growth rate. In addition, the Company will adjust the strategy to prevent fixed costs and expenses from some showrooms that have not achieved the sale target and will find ways to develop and improve the showrooms in a new style to achieve better performance than ever.

In addition to the business overview in terms of sale revenue which was from the production and distribution of furniture, the Company generated its revenue from selling the foil paper including dried rubber wood which both were used as raw material for furniture production.

For the foil paper distribution, on 11 May 2011, the Company registered the establishment of VV Décor Co., Ltd. (VV-Décor) as its subsidiary with the Company's shareholding ration of 99.95%, its registered capital is 1,000,000 บาท (One Million Baht only), divided into 10,000 ordinary shares at a par value of 100 Baht, fully paid-up. VV-Décor is established to operate trading business for ECF as the foil paper distributor to some customers of the Company.

Retail business

In addition to the business overview of ECF Holdings Company Limited ("ECFH" or "subsidiary company") as a subsidiary by the Company's shareholding as of 31 December 2018 of 75%. The retail business ("Can Do") is currently implementing:

Can Do is a store selling all products at one price (100 yen). It originated in Japan, established by Can Do Co., Ltd., a registered company listed in Tokyo Stock Exchange. Its Headquarter is located Shinjuku, Tokyo. The latest information as of 30 November 2018, over 1,008 branches of Can Do are opened in Japan and abroad with minimum income of 70,741 Million Yen.

The company represented by Mr. Arak Suksawad, Managing Director, was interested in such retail store (100 yen for all products) in Japan. He starts a survey in all stores of this kind and was impressed by Can Do. Therefore, he is interested in buying franchise to perform the business in Thailand so as to provide good products under Japanese brand to Thai people. With affordable price for all products, he decided to contact the Headquarter of Can Do. Then, the joint venture is made.

The concept of Can Do shop in Thailand is to provide good quality of products imported from Japan and sell them at only one price (60 baht), and over 10,000 product types such as home devices, beauty products, food container, cleaning tools, stationery, handicraft, electronic tools, boxes, baskets, festive products, etc. The target customers cover teenagers, students, housewives, working age groups.

In Thailand, there are many retail shops that sell same price products, this type of business is very competitive and Thai consumers see that the price of some products sold in the shop is higher when comparing to other retail shops, therefore, the Can Do Thailand shops could not achieve its target, causing ECF Holdings Co., Ltd. to recognize the loss from such business. Finally, the Management decided to terminate this business. As of 31 December 2018, the Company stopped selling all products and completely closed all branches of Can Do shops to reduce the impact of fixed costs and expenses that will incur to prevent the effect on the overall performance of the Company. The Company is under the process of proceeding with other related issues under the Franchisee Agreement with Can Do Co., Ltd., the Japanese franchiser. It is expected that the closure of all Can Do Thailand shops will be completed by 31 January 2019.

However, the Company is currently in the process of acquiring new business models that are appropriate and complied with the current situation of economy and consumer behavior to consider for the investment by ECF Holdings Co., Ltd., this new business aims to generate revenue and provide good performance to the Company Group as a whole, at present, we are waiting for the conclusion of this new business.



Alternative Energy Business

The Company registered the establishment of ECF Power Company Limited on 16 January 2017. East Coast Furnitech Public Co., Ltd. is holding 99.99% of total shares, the initial registered capital was Baht 1.00 Million and presently, its registered capital is Baht 547,652,500 divided into 54,765,250 shares with a par value of Baht 10.00 each. The paid-up capital is 547,652,500 Baht

● Biomass Power Plant

In 2017, the Company significantly expanded its investment in the renewable energy business. Later, ECF-P joined the investment in SAFE Energy Holdings Company Limited ("SAFE") in the proportion of 33.37%. Presently, SAFE has a registered capital of Baht 426,000,000, divided into 4,260,000 ordinary shares with a par value of Baht 100 per share, fully paid-up. SAFE was registered and established on 7 February, 2017 with the objective to invest in a biomass power plant.

Presently, SAFE is investing in many companies related to biomass power plant as following details:

1. Prize of Wood Green Energy Co., Ltd. ("PWGE") : SAFE has acquired 99.99% of the total issued share capital of PWGE, it currently operates a biomass power plant with the capacity of 7.5 megawatts, located at Waeng District, Narathiwat Province. PWGE power plant project has generated revenue from the sale of electricity since June 27, 2017.

At present, PWGE has a registered share capital of Baht 85,000,000 divided into 8,500,000 ordinary shares with a par value of Baht 10 each, fully paid up.

2. SAFE Biomass Co., Ltd. ("SAFE-B"): SAFE is holding 99.99% of total registered capital of SAFE-B, at present, it operates wood chopping plant business to supply as material such as Wood Chip to PWGE power plant for using as raw material in power generation.

Presently SAFE-B has registered capital at 100,000,000 Baht, divided into 10,000,000 ordinary shares at par value of 10 Baht each, fully paid-up.

3. Bina Puri Power (Thailand) Co., Ltd. ("BINA"): SAFE holds share for 49 % of total registered capital in BINA, presently, it was registered the new name as Safe Energy (Phrae) Co., Ltd. ("SAFE-P") on 24 December 2018 and SAFE invests with the ratio of 49%. Presently, SAFE-P is the juristic person holding power distribution license by selling power to the Provincial Electricity Authority, its license is categorized in biomass power plant business with gasification system. BINA presently operates 2 projects, 1 megawatt production capacity each, the 1st project is located in Long District, Phrae Province and already started of commercial power sale since 1 August 2018, the 2nd project is located in Sung Men District, Phrae Province and under the construction. Presently, BINA has registered capital of 55,000,000 Baht, divided into 5,500,000 ordinary shares at par value of 10 Baht, fully paid-up.

● Solar Power Plant

During 2017, the Company expanded its investment in solar power plants with the total installed capacity at 220 MW and has a capacity of 170 MW for Green Earth Power (Thailand) Co., Ltd. ("Minbu Power Plant Project" or "GEP") located in Minbu City, Magwe District, Republic of the Union of Myanmar ("Myanmar"). ECF Power Co., Ltd. ("ECF-P"), a 99.99% subsidiary of the Company, invested to buy shares of this project in the portion of 20%.



The Company purchased the existing ordinary shares of GEP for 51,512 shares or representing 20% of GEP's total paid-up shares, as approved by the Extraordinary General Meeting of Shareholders No. 1/2017 held on 31 May 2016, with value of USD 9 Million. The total value of the Minbu power plant project is USD 292.62 Million, with a debt to equity ratio of 65: 35. Therefore, ECF-P has the obligation to increase its capital in accordance with the shareholding proportion at 20% or USD 20.22 Million.

Presently, GEP has registered capital of 125,755,800 Baht, divided into 1,257,558 shares at a par value of 100 Baht per share and the paid-up registered capital is equal to 62,755,800 Baht, its project is under construction of solar power plant at Magwe District, Minbu City, Myanmar with the installed production capacity of 220 Megawatts. It is expected to start generating revenue from commercial electricity for 50 megawatts, which is the first phase within the third quarter of 2018, from all four phases which will be gradually constructed over a period not exceeding 4 years or by 2021.

GEP has one subsidiary, namely, GEP (Myanmar) Co., Ltd. ("GEP-Myanmar"), which is a sole investment in GEP-Myanmar. GEP-Myanmar was incorporated as a national company of Myanmar with a registered capital of USD 500 Million. These shares are divided into 500,000,000 ordinary shares with a par value of USD 1 each. Its paid-up capital is USD 5.398 Million, or approximately Baht 176.29 Million in accordance with the exchange rate announced by the Bank of Thailand as of December 29, 2017. GEP has a 100% shareholding in GEP-Myanmar or 100.00% of total paid-up registered capital. The objective is to operate business in developing and managing Solar power plant project In Myanmar, the total installed capacity is 220 MW and the production capacity is 170 MW.

GEP-Myanmar entered into the Power Purchase Agreement (PPA) with Electric Power Generation Enterprise ("EPGE") (previously, Myanmar Electric Power Enterprise) which is an organization under the Ministry of Electricity and Energy of Myanmar. Main content of agreement is to develop, construct, seek for fund source, manage and administer, maintain and transfer of business, EPGE will purchase electricity from the solar power plant project with install production capacity of 220 MW or the ratio of maximum power purchase at 170 MW, the plant is located in Minbu City, Magwe District, Myanmar, for 30 years from the Commercial Operation Date ("COD") of the Phase 1 project from total 4 phases. The rate of power price is fixed at 0.1275 USD per unit throughout the term of PPA including the renewal of PPA which may be occurred. The power generation will be divided into 4 phases based on the maximum ratio of power generation which will be generated in each phase as follows:

- Phase 1 Maximum trading ratio: 40 MW from installed production capacity of 50 MW.
- Phase 2 Maximum trading ratio: 80 MW from installed production capacity of 100 MW.
- Phase 3 Maximum trading ratio: 120 MW from installed production capacity of 150 MW.
- Phase 4 Maximum trading ratio: 170 MW from installed production capacity of 220 MW.

After the first phase started COD, following phases are expected of their COD by 360 days.

For the investment in the solar power plant business for other additional projects, the resolution of the Board of Director Meeting No. 15/2017 on 18 December 2017 approved the feasibility study on the investment of solar power plant project of CR Solar Co., Ltd. ("CRS") with capacity of 1 megawatt, located in Thoen District, Lampang Province instead of the investment in biomass power plant project of True Energy Power Lopburi Co., Ltd. ("TRUE-P"). The Company had made the feasibility study but it is impossible to make a deal of investment.

The Company will review the status of the Company for 60 days from the date that the Company received the complete information from CRS, such as financial statements, power purchase agreements and licenses, and will conduct a feasibility study and decide on the investment in such solar power plant projects as following stages. The Company will enter into the Takeover Agreement within 3 months from the date of signing the memorandum of understanding signed between the Company and CRS on December 22, 2017.



The 1st amendment record was done on 30 March 2018 to extend the business inspection period to be within 31 August 2018 and the Acquisition Agreement Execution is extended to be within 30 September 2018, the fact is that the Company already inspected the status of the business but the Company has not yet received some important documents which CRS is in the process with the relevant government agencies to completely obtain such documents. In principle, such documents will spend several months to obtain, the Company and CRS agreed to extend the business inspection period to be within 28 February 2019 and extend the Acquisition Agreement execution to be within 31 March 2019.

Presently, the Company is still considering the feasibility of the investment in renewable energy business for additional projects, if those projects are feasible with proper return on investment and worth to invest when considering many risk factors, the Company considers these projects with carefulness and caution before making decision on investment.

The Investment in Wood-Based Panel Business

This business is operated by Planet Board Co., Ltd. as a subsidiary in which the Company holds 57% of the investment in the wood-based panel business.

The Board of Directors Meeting No. 13/2017 held on 27 October 2017 had a resolution to approve the establishment of one additional subsidiary which the Company shall hold 99.99% of total shares, namely, Planet Board Co., Ltd. Its registered capital is 50,000,000 Baht, divided into 10,000,000 ordinary shares with a par value of 5.00 Baht and its paid-up capital is 12,500,000 Baht, divided into 10,000,000 ordinary shares with a par value of 1.25 Baht. The objective is to establish a wood-based panel business such as MDF Board and Partition Board. Its production capacity is expected to reach 600-800 cubic meters per day and Planet Board Co., Ltd. was registered of its establishment on 19 December 2017.

Subsequently, the Board of Directors' Meeting No. 1/2018 held on 23 January 2018 had a resolution to approve the sale of existing shares that East Coast Furnitech Public Company Limited invested in Planet Board Co., Ltd. ("Planet") as a subsidiary, totaling 43% of a total registered capital of Planet by offering to following persons: Mr. Khomwit Boonthamrongkit (25%), Ms. Kritchanok Pattamasuttayasonthi (3.75%), Ms. Pichapim Pattamasuttayasonthi (3.75%), Mr. Eakalak Pattamasuttayasonthi (3.75%), Mr. Ekaridhi Pattamasuttayasonthi (3.75%), and Mr. Warattakrit Pornjamsai (3%), the shareholding structure was therefore, changed as follows:

1. East Coast Furnitech Public Co., Ltd.	5,700,000 shares, or 57%
2. Mr. Khomwit Boonthamrongkit	2,500,000 shares, or 25%
3. Ms. Kritchanok Pattamasuttayasonthi	375,000 shares, or 3.75%
4. Ms. Pichapim Pattamasuttayasonthi	375,000 shares, or 3.75%
5. Mr. Eakalak Pattamasuttayasonthi	375,000 shares, or 3.75%
6. Mr. Ekaridhi Pattamasuttayasonthi	375,000 shares, or 3.75%
7. Mr. Warattakrit Pornjamsai	375,000 shares, or 3%



Later, in April 2018, Planet allocated shares in the Management group of Index Living Mall Co., Ltd. as a shareholder of Planet Board Co., Ltd., by increasing one more shareholder from 4 shareholders with a total 15% of shareholding to be 5 shareholders. The new shareholder is Mrs. Kunthong Udommahuntisuk and the ratio of shareholding is maintained at 15% of the total shares, the shareholding structure is changed as follows: East Coast Furnitech Public Co., Ltd. (57%), Mr. Khomwit Boonthamrongkit (25%), Mrs. Kunthong Udommahuntisuk (3%), Ms. Kritchanok Pattamasuttayasonthi (3%), Ms. Pichapim Pattamasuttayasonthi (3%), Mr. Eakalak Pattamasuttayasonthi (3%), Mr. Ekaridhi Pattamasuttayasonthi (3%), and Mr. Warattakrit Pornjamsai (3%). The increase of registered capital amounting 400 Million Baht was also approved and is under the process, so a total registered capital is 450 Million Baht, the shareholding structure was therefore, changed as follows:

1. East Coast Furnitech Public Co., Ltd.	5,700,000 shares, or 57%
2. Mr. Khomwit Boonthamrongkit	2,500,000 shares, or 25%
3. Mrs. Kunthong Udommahuntisuk	300,000 shares, or 3%
4. Ms. Kritchanok Pattamasuttayasonthi	300,000 shares, or 3%
5. Ms. Pichapim Pattamasuttayasonthi	300,000 shares, or 3%
6. Mr. Eakalak Pattamasuttayasonthi	300,000 shares, or 3%
7. Mr. Ekaridhi Pattamasuttayasonthi	300,000 shares, or 3%
8. Mr. Warattakrit Pornjamsai	300,000 shares, or 3%

The Board of Directors' Meeting No. 7/2018 held on 27 June 2018 had a resolution to approve the Company to invest in Planet Board Co., Ltd. by holding 57% of the total registered capital with the aim to operate the business of MDF boards, Planet will spend the initial investment amounting 1,456.31 Million Baht.

At present, Planet is in the process of surveying the details of operations in terms of surveying in land that is suitable for the plant construction, many factors to be considered include raw material sources, transportation distance of raw materials, transportation distance of products from the factory to customers, etc. in order to providing the worth return on investment with utmost benefits. It is expected that the construction period will be 2 years after completing the selection of land.

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TYPE OF BUSINESS

The business operated by East Coast Furnitech Public Company Limited and VV Decor Company Limited as the subsidiary of the Company held by 99.95% of total shares

Furniture Business

East Coast Furnitech Public Company Limited (ECF) is a manufacturer and distributor of furniture made of particle board and rubber wood, foil paper, dried rubber wood using as a raw material for furniture manufacturing, a distributor of rubber wood furniture manufactured by ECF and of wood furniture manufactured by other domestic and oversea, and a service provider in cutting of pasting edge (PVC) using as a raw material for particle board furniture.

VV-Décor Co., Ltd. is one of subsidiaries which the company holds 99.95 percent of the registered capital. It has registered capital of 1,000,000 Baht with fully paid-up. It operated its business as trading of foil paper to some customers of the Company.

Product line of ECF and its subsidiaries can categorize into 5 types which are related to Furniture:

1. Rubber wood furniture
2. Particle board furniture
3. Furniture distributed through showroom, wholesale shops and retail shops
4. Foil paper
5. Dried rubber wood

The Company has main revenue from manufacturing and distribution of made-to-order for foreign customers, and from the manufacturing and distribution of the Company brand such as particle board furniture and rubber wood furniture to domestic customers consisting of modern trades such as Tesco Lotus, Big C, Home Pro, Mega Home, Thai Wasadu and Winner.

Oversea customers are made-to-order customers who are various furniture distributors and large modern trade companies in Japan. Revenue from sale is mostly from Japan consist of 50% of total sale revenue. The Company has emphasized the expansion of foreign customer base to customers in countries under AEC (Asian Economic Community), the Company will export products to AEC customers under the Brand "My Fur".

Diagram About the Countries of Customers



The secondary revenue ratio is the revenue from manufacturing and distribution in domestic market. Brands that the Company manufacture and distribute to modern trade comprise of in-house brands which are "a7" "HASTA". They are the brands that ECF manufactures to Mega Home and Thai Wasadu, respectively. Moreover, the products sold to Tesco Lotus and Winner will be manufactured and use Tesco Lotus and Winner's brands. Moreover, the Company manufactures and distributes to determined Big-C and Home Pro with the brands by the customers.

The Brand "ELEGA" is the brand that the Company uses for the distribution in showroom and exhibit its product which distributes only rubber wood furniture manufactured by ECF and real wood furniture acquired from domestic and oversea. As of December 31, 2018, The Company's showrooms located in Index Living Mall and Home Pro are total of 9 branches and 3 branches, respectively. Apart from the distribution channels mentioned above, ECF also has the revenue from furniture distributing to the group of wholesalers and retailers under the brand "Costa".

For "Finna House" brand launched in 2015, the objective of the brand is to distribute products in furniture product group manufactured under the copyright of Disney cartoon design on behalf of the copyright purchasing company as the franchisee in use of Disney cartoon design for use with furniture products. At this moment, it has just been the sole franchisee in Thailand. At present, Finna House has products sold in the showroom area of ELEGA, Rama 2 branch, Bangna, Rangsit and Chaiyaprupek.

Company's Brands

Brand	Symbol	Distribution Channel
ELEGA		Used for distributing all solid wood furniture that produced by our own factory or imported from overseas. This brand is used for Showroom ELEGA.
Finna House		Used for distributing furniture that produced under license from Disney. This brand is used for Showroom Finna House.
a7		Used for distributing furniture to Mega Home
Hasta		Used for distributing furniture to Thai Wasadu
Costa		Used for distributing furniture to wholesaler and retailer all over the country.
My Fur		Used for exporting furniture to countries under AEC



Showroom “ELEGA”

The Company's showrooms located in Index Living Mall and Home Pro are total of 9 branches and 3 branches, respectively.

- As of December 31, 2018, rental areas of ELEGA in Index Living Mall comprise of Bang Na, Rangsit, Pattaya, Bang Yai, Chiang Mai, Ratchapruek, Kaset-Nawamin, Hat Yai and Pha Ram 2 total 9 branches.
- As of December 31, 2018, rental areas of ELEGA in Home Pro comprise of Chacheangsao, Nakhon Ratchasima and Chaiyapruek total 3 branches.

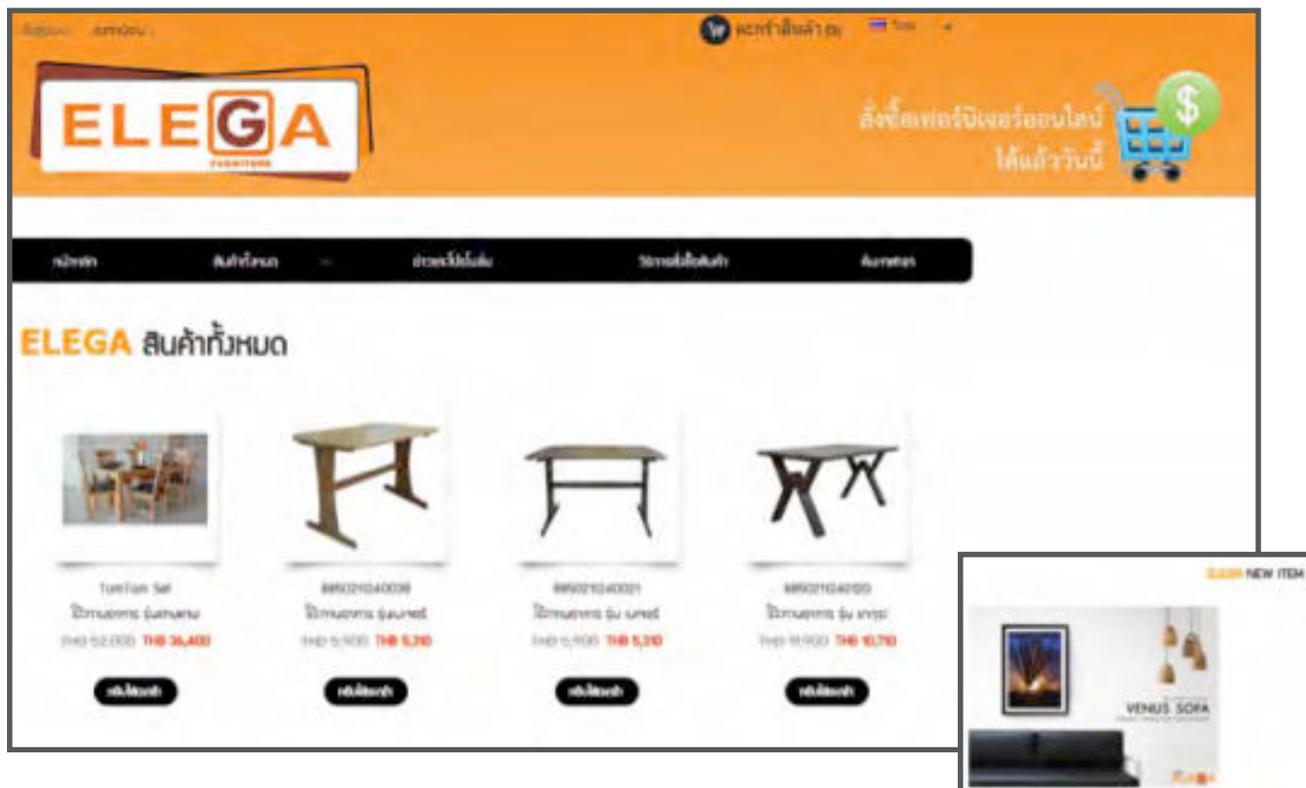


“Finna House”

- As of 31 December 2018, the products under "Finna House" Brand are available for sale in ELEGA showrooms including Rama 2 Branch, Bang Na Branch, Rangsit Branch and Chaiyaphruek Branch.



Online Distribution Channel via www.elegathai.com



The business operated by ECF Holding Company Limited as the subsidiary held by the Company 75% of total shares.

Retail Business : Can Do Shop

The Company has established 1 additional subsidiary, namely ECF Holdings Company Limited ("subsidiary company" or "ECFH") which the Company hold 51.00% of initial shares as of 31 December 2015 and later in January 2016, the Company invested in shares increased to 75.00%, by the subsidiary was registered of its establishment on 23 February 2015. The main business is to invest in other companies (Holding Company), Including being an investor in the retail business. Its registered capital is 1,000,000 Baht (one million baht), divided into 10,000 ordinary shares with a par value of 100 Baht (a hundred baht). Which later increased the paid-up capital from 1,000,000 baht to 10,000,000 baht, divided into 100,000 ordinary shares with a par value of 100 baht. With details of the shareholders as of 31 December 2018 as follows :

No.	List of Shareholders	Shareholding proportion	Number of Shares
1.	East Coast Furnitech Pcl.	75%	75,000
2.	Mrs. Sirilak Nukcharoen	15%	15,000
3.	Miss Napaporn Supawong	10%	10,000
Total		100%	100,000

In 2018, ECFH has a business under management that is a retail business namely Can Do which originated from Japan. ECFH has contacted to buy a franchise from Japan for open a business 100 yen shop style in Thailand , that sells products at the same price as the whole shop at the price of 60 baht (60 baht for all products).



'Can Do' is a store selling all products at one price (100 yen). It originated in Japan, established by Can Do Co., Ltd., a registered company listed in Tokyo Stock Exchange. Its Headquarter is located at Shinjuku, Tokyo. The latest information of Can Do as of 30 November 2018, (at the end of 12-month period) there are not less than 1,008 branches in Japan and all over the world, and its revenue is not lower than 70,741 Million Yen, it is continuously expanding in both number of branches and revenue amount from selling through all branches in Japan and overseas.

The concept of Can Do shop in Thailand is to provide good quality of products imported from Japan and sell them at only one price (60 Baht), and over ten thousand product types such as home devices, beauty products, food container, cleaning tools, stationery, handicraft, electronic tools, boxes, basket, festive products, etc. The target customers cover teenagers, students, housewives, working age groups.

There are totally 8 branches of Can Do Thailand Shop which sells all products at the same unit price of 60 Baht, as follows:

1. Future Park Rangsit Branch with a total area of 175 sq.m.
2. Seacon Square Branch with a total area of 120 sq.m.
3. The Patio Park Kanchanapisek Branch with a total area of 130 sq.m.
4. Home Pro Rattana Thibet Branch with a total area of 140 sq.m.
5. HomePro Ratchapruek Branch with a total area of 99 sq.m.
6. Index Living Mall Bang Yai Branch with a total area of 195 sq.m.
7. Little Walk Bangna Branch with a total area of 83.25 sq.m.
8. Major Cineplex Ratchayothin Branch with a total area of 102.11 sq.m.

However, in Thailand, there are many retail shops that sell same price products, this type of business is very competitive and Thai consumers see that the price of some products sold in the shop is higher when comparing to other retail shops, therefore, the Can Do Thailand shop could not achieve its target, causing ECF Holdings Co., Ltd. to recognize the loss from such business. Finally, the Management decided to terminate this business. As of 31 December 2018, the Company stopped selling all products and completely closed all branches of Can Do shops to reduce the impact of fixed costs and expenses that will incur to prevent the effect on the overall performance of the Company. The Company is under the process of proceeding with other related issues under the Franchise Agreement with Can Do Co., Ltd., the Japanese franchiser. It is expected that the closure of all Can Do Thailand shops will be completed by 31 January 2019.

However, the Company is currently in the process of acquiring new business models that are appropriate and complied with the current situation of economy and consumer behavior to consider for the investment by ECF Holdings Co., Ltd., this new business aims to generate revenue and provide good performance to the Company Group as a whole, at present, we are waiting for the conclusion of this new business.



The business operated by ECF Power Company Limited as the subsidiary held by the Company 99.99% of total shares.

Alternative Energy Business

Biomass Power Plant

Presently, ECF Power Co., Ltd. ("ECF-P") as the subsidiary invests in SAFE Energy Holdings Co., Ltd. ("SAFE") which was registered and established on 7 February, 2017 with the registered capital starting at 1,000,000 Baht with the objective to invest in the biomass power plant business. At present, ECF-P is holding SAFE shares at 33.37% and SAFE has current registered capital at 581,000,000 Baht, dividing into 5,810,000 ordinary shares at par value of 100 Baht per share with fully – paid amount. Following is the shareholding structure:

1. ECF Power Co., Ltd. (ECF-P)	1,938,760 shares, or 33.37%
2. Fortune Parts Industry Public Co., Ltd. (FPI)	1,938,760 shares, or 33.37%
3. Prize of Wood Holding Co., Ltd.	1,932,480 shares, or 33.26%

Presently, SAFE has invested in many companies relating to biomass power plant business as following details:

Prize of Wood Green Energy Co., Ltd. ("PWGE")

Prize of Wood Green Energy Co., Ltd. ("PWGE") was registered and established on 26 July 2012, later, SAFE has invested for the whole project with no exceeding 425,000,000 Baht by following payment methods for PWGE shares:

- a. Ordinary shares in PWGE for not exceeding 5,666,100 shares with cash payment for not exceeding 283,305,000 Baht and
- b. Ordinary shares in PWGE for not exceeding 2,833,900 shares with total value not exceeding 141,695,000 Baht and the payment is Share Swap, SAFE issued new ordinary shares of SAFE for not exceeding 1,416,950 shares at par value of 100 Baht per share with total amount not exceeding 141,695,000 Baht to existing shareholders of PWGE in order to exchange PWGE shares which the existing shareholders are holding, the ratio of share swap is 2 shares of PWGE per 1 share of SAFE.

SAFE has acquired 99.99% of the total issued share capital of PWGE, at present, PWGE has a registered share capital of Baht 85,000,000 divided into 8,500,000 ordinary shares with a par value of Baht 10 each, fully paid up.

PWGE operates a biomass power plant with the installed capacity of 7.5 megawatts, located at 43, 44 Moo 9, Kayu Khla Subdistrict, Waeng District, Narathiwat Province. The fuel used in the production is wood chip, with a volume of 283 tons per day. The PWGE power plant project has generated revenue from the sale of electricity since June 27, 2017.

Main contents of Power Purchase Agreement can be summarized as follows:



Agreement	Contract Date	Main Contents of Contract
Existing Power Purchase Agreement No. VSPP-PEA 048/2556	24 December 2013	Between Prize of Wood Green Energy Co., Ltd. and Provincial Electricity Authority (PEA) PEA agreed to purchase and electricity manufacturer agreed to sell electricity for the maximum volume at 7 megawatts Electricity Purchase is at the installation point in Kayu Khla Subdistrict, Waeng District, Narathiwat Province
Later, the agreement has been amended to add the condition to purchase electricity from micro electricity manufacturer (for the power generation from renewable energy), Agreement No. VSPP-PEA 048/2556 Rev.1	28 July 2015	Between Prize of Wood Green Energy Co., Ltd. and Provincial Electricity Authority (PEA) Change from Adder to be Feed-in tariff (FiT) The Scheduled Commercial Operation Date (SCOD) was extended to be 18 January 2017 (later, PWGE requested to extend SCOD to be 10 April 2017 and this requested was already approved). The agreement term is 20 years from the date of supplying power into the system Purchase price is 4.24 Baht per unit throughout 20 years by accepting FiT Premium at 0.3 Baht per unit and 0.50 Baht per unit for 8 years and 20 years, respectively

SAFE Biomass Co., Ltd. (“SAFE-B”)

SAFE Biomass Co., Ltd. was registered and established on 5 July 2016, later, SAFE has invested 100 Million Baht for approximately 5 Rais of land including 8,700 square meters of building, all machineries used in production and all relevant permits of business operations. SAFE is holding 100% of total registered capital of SAFE-B. Presently SAFE-B has registered capital at 100,000,000 Baht, divided into 10,000,000 ordinary shares at a par value of 10 Baht each, fully paid-up.

SAFE-B operates its business of wood chopping plant and sends wood chip as raw material for power generation of PWGE power plant. SAFE-B rents the NS. 3K land No. 5393, Land No. 35, Book No. 54 Khor, Page 43 or approximately 4 Rais and 20 square wah, located on No. 43, 44 inside PWGE power plant, Moo 9 Kayu Khla Subdistrict, Waeng District, Narathiwat Province including one wood chopping and fuel storage building with the objective to use for business operation. The term of rent agreement is 3 years with the rental fee at 60,000 Baht per month. The renewal of contract shall be proceeded prior to the expiry of contract, both lessor and tenant jointly agreed that the renewal will be proceeded every 3 years and the renter agreed to allow the lessor to increase the rental fee for 10% every 3 years of contract renewal cycle.

SAFE-B wood chopping plant has an installed capacity of 60 tons per hour. Currently, the production capacity of PWGE is 12.12 tons per hour. In terms of the remaining installed production capacity, it will be used to produce wood chip for other potential power plant projects which may be added in the future including the business of chopping wood for external companies which have demands in the area adjacent to the wood chopping plant.

Bina Puri Power (Thailand) Co., Ltd. (“BINA”)

Bina Puri Power (Thailand) Co., Ltd. was registered its new name as Safe Energy (Phrae) Co., Ltd. (“SAFE-P”) on 24 December 2018, SAFE-P was originally registered its establishment on 11 December 2012. Subsequently, SAFE has invested a total of 51.69 Million Baht to acquire SAFE-P shares with the ratio of 49%.



1. Project in Long District, Phrae Province: investment value of 45.495 Million Baht for approximately 5 Rais of land, building and structure, all machineries used in production, power purchase agreement including all relevant permits of business operations.
2. Project in Sung Men District, Phrae Province: investment value of 60 Million Baht for approximately 5 Rais of land, building and structure, all machineries used in production, power purchase agreement including all relevant permits of business operations.

SAFE holds share for 49 % of total registered capital in SAFE-P, presently, SAFE-P has registered capital of 55,000,000 Baht, divided into 5,500,000 ordinary shares at par value of 10 Baht each, fully paid-up.

SAFE-P operates power plant business with Gasification system for 2-megawatt capacity, its business consists of 2 projects, 1 megawatt each. One project is located in Long District, Phrae Province and another project is located in Sung Men District, Phrae Province. At present, the project in Long District, Phrae province becomes to realize the income from commercial power sale since August 2018, and the second project located at Sung Men District, Phrae Province, is under the construction.

The main contents of Power Purchase Agreement can be summarized as follows:

- Agreement Parties are Bina Puri Power (Thailand) Co., Ltd. and Provincial Electricity Authority (PEA).
- PEA agreed to purchase and electricity manufacturer agreed to sell electricity for the maximum volume at 0.92 megawatts per project.
- The agreement term is 20 years from the date of supplying power into the system.
- Purchase price is 5.84 Baht per unit for the first 8 years, after that the price will be changed to be 5.34 Baht per unit until the expiry of agreement and the power system will be Feed-in tariff (FiT).

Solar Power Plant

In 2015, the Company registered and established the indirect subsidiary in Japan, namely, ECF Tornado Energy Godo Kaisha ("ECF Tornado"), to support the investment expansion in Japan for solar farm project with 1.5 MW of approximate installed production capacity. The Project is located at No. 1737, Kaminoyama, Kamiya, Tokotomi-Cho, Himeiji City, Hyogo, Japan. ECF Holding Company Limited on behalf of the subsidiary holds 51% of total shares or invested value in the Project for approximately JPY 106,617,00 or approximately Baht 29.52 million to help build growth to the Company and diversify business operation risk. The commercial operation date of this solar farm project has been from 21 December 2015.

Later, in September 2016, ECF Holding Co., Ltd. decided to sell invested asset in ECF Tornado in the proportion of 51% to Capital Inc. Capital Inc. is the juristic person which has been registered for incorporation since 1983 to operate real estate business, solar energy and other energy business in Japan. Sales Contract of Asset was entered on 19 August 2016. The sold asset's selling price from related tax was Baht 82.19 million as the selling price under best condition when compared with total of other five proposers for sales; or as approximately 43.94% of profit when compared with investment cost. The cause of decision making for sales of the said asset was due to the consideration from profit that will be gained when compared with approximately 8% per annum of return on investment from project operation for 20 years of the project operation duration. After completion of the return of investment and profit from sales of asset to shareholders on 29 September 2016, ECF Tornado has currently completed the procedure of winding up registration since last 22 February 2017.

After the business restructuring through the establishment of ECF Power Co., Ltd. as an investor in the renewable energy business, ECF Holdings Company Limited ended its role as a subsidiary for the investment in energy business. Presently, it operates only one business in Can Do retail shops in the form of one-price shop.



During 2017, the Company expanded its investment in solar power plants with the total installed capacity at 220 MW and has a capacity of 170 MW for Green Earth Power (Thailand) Co., Ltd. ("Minbu Power Plant Project" or "GEP") located in Minbu City, Magway District, Republic of the Union of Myanmar ("Myanmar"). ECF Power Co., Ltd. ("ECF-P"), a 99.99% subsidiary of the Company, invested to buy shares of this project in the portion of 20%, the Company purchased the existing ordinary shares of GEP for 51,512 shares or representing 20% of GEP's total paid-up shares, as approved by the Extraordinary General Meeting of Shareholders No. 1/2017 held on 31 May 2016, with value of USD 9 Million. The total value of the Minbu power plant project is USD 292.62 Million, with a debt to equity ratio of 65: 35. Therefore, ECF-P has the obligation to increase its capital in accordance with the shareholding proportion at 20% or USD 20.22 Million.

Presently, GEP has a registered capital of 155,755,800 Baht, divided into 1,557,558 shares with a par value of 100 Baht and a paid-up capital of 145,507,800 Baht. Currently, the project of solar power plant located in Minbu City, Magway District, Republic of the Union of Myanmar is under the construction, its production capacity to be installed is 220 Megawatts. It is expected that the commercial power sale for 50 Megawatts (1st Phase) will start to realize the revenue within the second quarter of 2019 from, there are totally 4 phases that will start of commercial power sale (SCOD) every 360 days after the earlier phase started the commercial power sale.

GEP has one subsidiary, namely, GEP (Myanmar) Co., Ltd. ("GEP-Myanmar"), which is a sole investment in GEP-Myanmar. GEP-Myanmar was incorporated as a national company of Myanmar with a registered capital of USD 500 Million. These shares are divided into 500,000,000 ordinary shares with a par value of USD 1 each. Its paid-up capital is USD 5.398 Million, or approximately Baht 176.29 Million in accordance with the exchange rate announced by the Bank of Thailand as of December 29, 2017. GEP has a 100% shareholding in GEP-Myanmar or 100.00% of total paid-up registered capital. The objective is to operate business in developing and managing Solar power plant project In Myanmar, the total installed capacity is 220 MW and the production capacity is 170 MW.

GEP-Myanmar entered into the Power Purchase Agreement (PPA) with Electric Power Generation Enterprise ("EPGE") (previously, Myanmar Electric Power Enterprise) which is an organization under the Ministry of Electricity and Energy of Myanmar. Main content of agreement is to develop, construct, seek for fund source, manage and administer, maintain and transfer of business, EPGE will purchase electricity from the solar power plant project with install production capacity of 220 MW or the ratio of maximum power purchase at 170 MW, the plant is located in Minbu City, Magway District, Myanmar, for 30 years from the Commercial Operation Date ("COD") of the Phase 1 from total 4 phases. The rate of power price is fixed at 0.1275 USD per unit throughout the term of PPA including the renewal of PPA which may be occurred. The power generation will be divided into 4 phases based on the maximum ratio of power generation which will be generated in each phase as follows:

- Phase 1 Maximum trading ratio: 40 MW / (Alternating current) from installed production capacity of 50 MW.
- Phase 2 Maximum trading ratio: 80 MW / (Alternating current) from installed production capacity of 100 MW.
- Phase 3 Maximum trading ratio: 120 MW / (Alternating current) from installed production capacity of 150 MW.
- Phase 4 Maximum trading ratio: 170 MW / (Alternating current) from installed production capacity of 220 MW.

The Minbu Power Plant Project is the project approved of the investment proposal and MIC Permit by Myanmar Investment Commission (MIC) in the Meeting No. 5/2017 on 13 March 2017. Such MIC Permit is dated of approval on 12 April 2017 and it is necessary for investor who wishes to make direct investment in Myanmar to obtain this MIC Permit. Followings are the main benefits and privileges:

- Long-term lease of land: The maximum lease term is 50 years, depending on the type and size of the investment and the contract can be renewed twice in 10 years, total lease term of land up to 70 years (Note: Foreign investors have no right to hold land. However, it is possible to lease land from the government and the private sector in Myanmar for a long term.)
- Income tax exemption privilege: They will be exempted from income tax for 5 consecutive years from the start of business.
- Have the right to hire experts or technicians from abroad.
- The Myanmar Government guarantees to not suspend any business licensed by the Board of Investment (MIC) prior to the expiration of the permitted period without sufficient reason.



- The Myanmar Government guarantees of No Nationalization during the investment.

Main Contents of the Power Purchase Agreement can be summarized as follows:

Agreement Date	20 March 2016 and its amendments dated 9 January 2017 and 19 December 2018 Buyer: Electric Power Generation Enterprise ("EPGE")
Agreement Parties	Seller: GEP (Myanmar) Company Limited ("GEP-Myanmar") on behalf of the subsidiary of GEP
Power Price	at 0.1275 USD per Kilowatt-Hour
Power Trading Volume	<ul style="list-style-type: none"> • EPGE shall purchase net volume of power which GEP-Myanmar actually produces and supplies into the system. The maximum production is expected to be 105 % of expected net power generation volume in accordance with the agreement • If at any period, the Minbu power plant produces net power over 105% of its net power output, EPGE will accept that excessive net power without paying for such excessive power.
Term of Agreement	30 years from the Commercial Operation Date of Minbu Power Plant Phase 1
Commercial Power Sale Starting Date	31 January 2019
Agreement Termination	In the event that GEP-Myanmar does not comply with any provision in the Agreement within 90 days (except the case of not complying with the Agreement on the Commercial Operation Date, such period will be extended to 240 days), EPGE can inform GEP-Myanmar with a written notice to correct it. EPGE is entitled to terminate the Agreement if GEP-Myanmar failed to correct.

The business operated by Planet Board Company Limited as the subsidiary held by the Company 57.00% of total shares.

The Board of Directors Meeting No. 13/2017 held on 27 October 2017 had a resolution to approve the establishment of one additional subsidiary which the Company shall hold 99.99% of total shares, namely, Planet Board Co., Ltd. Its registered capital is 50,000,000 Baht, divided into 10,000,000 ordinary shares with a par value of 5.00 Baht and its paid-up capital is 12,500,000 Baht, divided into 10,000,000 ordinary shares with a par value of 1.25 Baht. The objective is to establish a wood-based panel business such as MDF Board and Particle Board. Its production capacity is expected to reach 600-800 cubic meters per day and Planet Board Co., Ltd. was registered of its establishment on 19 December 2017.

Subsequently, the Board of Directors' Meeting No. 1/2018 held on 23 January 2018 had a resolution to approve the sale of existing shares that East Coast Furnitech Public Company Limited invested in Planet Board Co., Ltd. ("Planet") as a subsidiary, totaling 43% of a total registered capital of Planet by offering to following persons: Mr. Khomwit Boonthamrongkit (25%), Ms. Kritchanok Pattamasuttayasonthi (3.75%), Ms. Pichapim Pattamasuttayasonthi (3.75%), Mr. Eakalak Pattamasuttayasonthi (3.75%), Mr. Ekaridhi Pattamasuttayasonthi (3.75%), and Mr. Warattakrit Pornjamsai (3%), the shareholding structure was therefore, changed as follows:



1. East Coast Furnitech Public Co., Ltd.	5,700,000 shares, or 57%
2. Mr. Khomwit Boonthamrongkit	2,500,000 shares, or 25%
3. Ms. Kritchanok Pattamasuttayasonthi	375,000 shares, or 3.75%
4. Ms. Pichapim Pattamasuttayasonthi	375,000 shares, or 3.75%
5. Mr. Eakalak Pattamasuttayasonthi	375,000 shares, or 3.75%
6. Mr. Ekaridhi Pattamasuttayasonthi	375,000 shares, or 3.75%
7. Mr. Warattakrit Pornjamsai	375,000 shares, or 3%

Later, in April 2018, Planet allocated shares in the Management group of Index Living Mall Co., Ltd. as a shareholder of Planet Board Co., Ltd., by increasing one more shareholder from 4 shareholders with a total 15% of shareholding to be 5 shareholders. The new shareholder is Mrs. Kunthong Udommahuntisuk and the ratio of shareholding is maintained at 15% of the total shares, the shareholding structure is changed as follows: East Coast Furnitech Public Co., Ltd. (57%), Mr. Khomwit Boonthamrongkit (25%), Msr. Kunthong Udommahuntisuk (3%), Ms. Kritchanok Pattamasuttayasonthi (3%), Ms. Pichapim Pattamasuttayasonthi (3%), Mr. Eakalak Pattamasuttayasonthi (3%), Mr. Ekaridhi Pattamasuttayasonthi (3%), and Mr. Warattakrit Pornjamsai (3%). The increase of registered capital amounting 400 Million Baht was also approved and is under the process, so a total registered capital is 450 Million Baht, the shareholding structure was therefore, changed as follows:

1. East Coast Furnitech Public Co., Ltd.	5,700,000 shares, or 57%
2. Mr. Khomwit Boonthamrongkit	2,500,000 shares, or 25%
3. Mrs. Kunthong Udommahuntisuk	300,000 shares, or 3%
4. Ms. Kritchanok Pattamasuttayasonthi	300,000 shares, or 3%
5. Ms. Pichapim Pattamasuttayasonthi	300,000 shares, or 3%
6. Mr. Eakalak Pattamasuttayasonthi	300,000 shares, or 3%
7. Mr. Ekaridhi Pattamasuttayasonthi	300,000 shares, or 3%
8. Mr. Warattakrit Pornjamsai	300,000 shares, or 3%

The Board of Directors' Meeting No. 7/2018 held on 27 June 2018 had a resolution to approve the Company to invest in Planet Board Co., Ltd. by holding 57% of the total registered capital with the aim to operate the business of MDF boards, Planet will spend the initial investment amounting 1,456.31 Million Baht.

At present, Planet is in the process of surveying the details of operations in terms of surveying in land that is suitable for the plant construction, many factors to be considered include raw material sources, transportation distance of raw materials, transportation distance of products from the factory to customers, etc. in order to providing the worth return on investment with utmost benefits. It is expected that the construction period will be 2 years after completing the selection of land.



PRODUCT CHARACTERISTICS

Business Furniture

East Coast Furnitech Public Co., Ltd. ("the Company" or "ECF") is a manufacturer and distributor of furniture made of particle board and rubber wood, foil paper, dried rubber wood using as a raw material for furniture manufacturing, a distributor of rubber wood furniture manufactured by ECF and of wood furniture manufactured by other domestic and overseas as well as a service provider in cutting the pasting edge (PVC) as raw material for particle board furniture.

Main 5 products of ECF started from the beginning of business operations as a rubber wood sawmill in which the rubber wood shall be dried and lumbered to rubber wood plate as a raw material for ECF's furniture manufacturing while some portions shall be sold to other furniture manufacturers or general customers. For particle board which generates main revenue for the Company, raw materials shall be purchased from suppliers who are not all with connected transactions. All purchased particle board shall be finished with foil paper which was manufactured by the Company. Most foil papers shall be utilized internally with only some portions for sale. Finishing particle boards shall then enter the manufacturing process. Moreover, ECF also imported some furniture for sale in our 12 showrooms of ELEGA (as of 31 December 2018).

Details are as follows:

Dried rubber wood

Rubber wood is a wood with many physical qualities similar to teak such as beautiful pattern, dyeable, easy to decorate on wood, light weight and cheaper price when compared to other types of wood used to produce furniture. With such good properties, rubber wood is popular among people around the world in short time under the name of "White Teak". Presently, rubber plantation trees are generally harvested for wood after they complete the latex producing cycle, when they are old. After the latex yields become extremely low, the trees are then fell, and new trees are usually planted in accordance with the natural cycle of rubber tree farmers. According to Office of the Rubber Replanting Aid Fund's regulations, rubber farmers must request for approval to cut rubber trees down and be approved by the Office of the Rubber Replanting Aid Fund before taking the rubber wood into lumbering process. The process starts from sending woods to sawmill for chopping them into desired size, then dipped into soluble wood preservatives, causing high water contents in wood and requiring to adjust the moisture level to be balanced with weather condition by drying to maintain wood shape to prevent the problem of wood stretch or shrinkage which may cause the problem of cracking, splitting or warping, such problems shall make product damaged. Additionally, the decrease of wood moisture will minimize the opportunity of fungus. Therefore, lumbered rubber wood is necessary to have moisture level which is appropriate to the standard criteria, then it can be further used to produce furniture.

Lumbered rubber wood is an important raw material for rubber wood furniture manufacturing and ECF has complete lumbering process before supplying them into the production process of rubber wood furniture.

The first step is purchasing the rubber timber for sawing before having them dried. ECF plans to purchase the rubber wood in each cycle to avoid the shortage which may cause interruption in the manufacturing process.



Experience and expertise are significant in the manufacturing process, starting in the sawmill, timber will be sawn at a specific size then impregnated by water solution then adjusted the moistness by drying to avoid the shrinkage or stretch which may cause cracking, splitting or warping. Moistness reduction with high pressure also protects the wood against fungal and insect attacks so that the rubber wood is standardized and ready for furniture manufacturing. Sawing rubber wood is different than other woods as the timbers are usually curved as well as there are many joints and flaws so automatic sawing cannot be applied.

95% of lumbered rubber wood shall be forwarded to ECF's manufacturing process while the remaining shall be sold to general customers or small rubber wood manufacturers.



Lumbered rubber wood and dried rubber wood

Rubber Wood Furniture

Rubber wood furniture is strong furniture as it is built from real wood. Main raw materials are rubber and other woods which are 35% of the cost structure but this percentage varies according to the market price of rubber wood.

Due to its durability, strength and beautiful pattern & line, dyeable and easy to decorate with properties suitable to the function which need durability to environment or application outside the building, rubber wood furniture is popular for outdoor usage or customers who live in fluctuating climate areas. When compared to particle board furniture, rubber wood furniture's price is more expensive due to raw material price and the trend to use real wood furniture, therefore, the popularity of rubber wood furniture is for niche market only, it is not popular big group of consumers. Such niche target group will consider the appropriateness of properties in using rubber wood furniture and its niceness, additionally there is no any other products with similar properties to suitably replace this rubber wood furniture.

ECF's rubber wood furniture is categorized into 3 groups as follows:

Category	Product Type
1	Dining Table
2	Living Room
3	Bedroom



Sample Photos of Rubber Wood Furniture**Sample of Dining Set****Sample of Living Room****Bedroom Products**

For the rubber wood products, ECF will manufacture and sell to these customers:

1. Made-to-order for overseas customers. They are mainly furniture distributors and large modern trades in Japan.
2. Sale in rental area in 12 showrooms of Home Pro and Index Living Mall under the brand "ELEGA".



Particle Board Furniture

This is modern furniture with particle board as the main raw material at 50% of cost structure while the foil paper is approximately 10%.

Particle board is made of crushed rubber and other woods then pack with urea formaldehyde resin. The up and down layer is fine wood chips while the middle layer is rough wood chips. Consequently, the particle board cannot be attached with nails or surface or edge decorated. Most particle board size is 4 x 8 feet with the thickness from 6 - 35 millimeters.



Particle Board

Particle board is the lightest board in fiber boards and with less strength to MDF board and other hard woods. Moreover, particle board will expand easily when exposed to the moistness. However, particle board is popular for interior usage as it has light weight, cheap and easy to move. In addition, particle board is environmental-friendly as no hard woods in the forest shall be cut down.

Particle board manufacturing process is easier as most process is done via machines and it requires less time when compared to hard woods furniture manufacturing. Therefore, the lower production cost is the main advantage.

If comparing the process of hardwood furniture or real wood furniture manufacturing, it will consist of sawing, dipping of preservative, cutting, assembling, polishing, painting, and wood coating, each process requires a lot of workers for production to obtain more elaborate and time-consuming work in each production step. The Company then focuses on the increase of production capacity for particle wood furniture by adding modern semi-automatic machine to the production in order to reduce labor costs, increase efficiency and effectiveness to the production.



Products of particle board are categorized into 7 types and each type will be categorized by the product model as follows:

Type	Product
1	Multi-purpose shelves
2	Multi-purpose cabinet/showcase
3	Wardrobe
4	Computer desk/working desk
5	Television cabinet
6	Shoes cabinet
7	Dressing table, Bed



Sample of Particle Board Furniture Products



For Particle Board Furniture, ECF will manufacture and sell to these customers by classifying as follows:

1. Made-to-order for overseas customers. They are mainly furniture distributors and large modern trades in Japan.
2. Domestic sale by using the brands of the Company, "a7" and "Hasta" for selling to Big C, Home Pro, Mega Home and Thai Wasadu, respectively.
3. Domestic sale under the brand "FINNA HOUSE" within the area ELEGA showroom RAMA 2 branch, Bangna branch, Rungsit branch and Chaiyaphruek branch which distributes the furniture under license of Disney.



4. Furniture sale via showrooms

The Company operates its business of integrated furniture manufacturing and distribution with the Company's own brand by selling via showrooms which are rented inside Index Living Mall and Home Pro. As of 31 December 2018, ECF comprises of 12 rented areas in Index Living Mall and Home Pro in the brand "ELEGA" and this brand is rubber wood furniture manufactured by ECF plus real wood furniture purchased from domestic and overseas. These products are categorized as follows:

1. Dining Set
2. Living Room
3. Bed Room

Products sold in the showroom cover the products manufactured by the Company such as rubber wood furniture and real wood furniture purchased from domestic and overseas. The furniture sold in the showroom is mostly made from real wood. The proportion of products manufactured by the Company and the proportion of products purchased for sale is approximately 40% and 60%, respectively.

Sample of Furniture sold via showrooms



In August 2015, the Company has opened "FINNA HOUSE" showroom for distribution the furniture produced under the license of Disney and all of the products are produced from our own factory. The furniture products comprise of many categories as follows;

1. Bed Room Products such as bed set, cabinet, side table
2. Sofa Products
3. Multi-Purpose Cabinet
4. Typical Products such as hangers, wall shelf, mirror etc.



At present, customers can choose to watch furniture products under the Disney license at Corner "FINNA HOUSE" within the area ELEGA showroom RAMA 2 branch, Bangna branch, Rungsit branch and Chaiyaphruek branch.

Sample products brand FINNA HOUSE



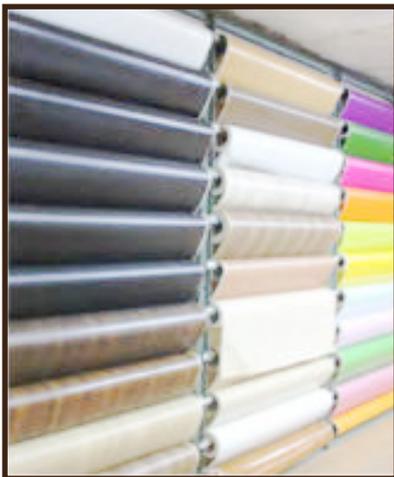
Foil Paper

ECF produces and sells foil paper which is used in coating the particle board for fine looking and ready for furniture manufacturing. Foil paper can be designed in various paints such as hard wood, cartoon, graphic or by order. The hard wood style is suitable for fiber board due to easy production with low cost although its weaknesses are low resistant to moisture. However, its properties is suitable for some functions which are not required of durability. Therefore, particle board furniture's price has more advantage than general hard wood furniture.



All particle board purchased from manufacturers shall be coated with foil paper in ECF's factory for cost reduction when compared to ordering foil paper from outside. In addition to the use in the production process of the Company, ECF also sells foil paper to general customers and some shall be sold through VV-Décor Co., Ltd (VV-Décor) as ECF's subsidiary held by ECF total 99.95% of registered capital. At present, 40% of foil papers are sold to general customers

Sample of Foil Paper manufactured and distributed by the Company



The product characteristics as mentioned above will be implemented by East Coast Furnitech Public Company Limited ("the Company" or "ECF") and VV Decor Co., Ltd., as a subsidiary, 99.95% held by the Company. Both companies have business operation related to furniture.



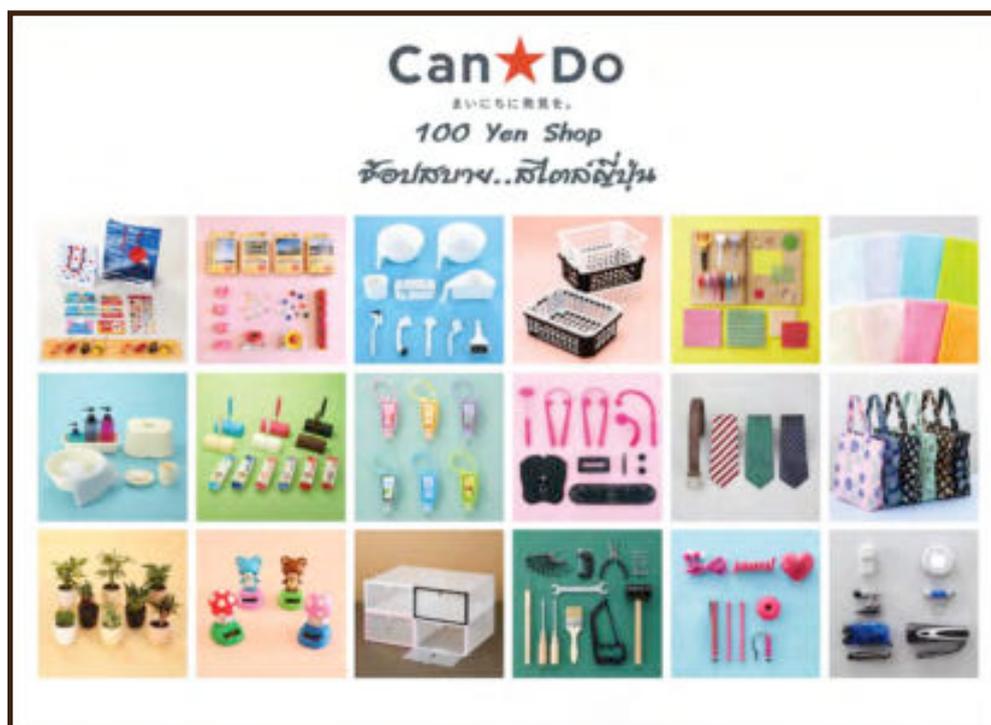
Retail Shop Business

The concept of Can Do shop in Thailand is to provide good quality of imported products under Japanese brands and sell them at only one price (60 Baht), and over ten thousand product types such as home devices, beauty products, food container, cleaning tools, stationery, handicraft, electronic tools, boxes, basket, festive products, etc.

There are totally 8 branches of Can Do Thailand Shop which sells all products at the same unit price of 60 Baht, as follows:

1. Future Park Rangsit Brand with a total area of 175 sq.m.
2. Seacon Square Brand with a total area of 120 sq.m.
3. The Paseo Park Kanchanapisek Branch with a total area of 130 sq.m.
4. Home Pro Rattanathibet Branch with a total area of 140 sq.m.
5. HomePro Ratchapruek Branch with a total area of 99 sq.m.
6. Index Living Mall Bang Yai Branch with a total area of 195 sq.m.
7. Little Walk Bangna Branch with a total area of 83.25 sq.m.
8. Major Cineplex Ratchayothin Branch with a total area of 102.11 sq.m.

Products sold in Can Do Shop



However, in Thailand, there are many retail shops that sell same price products, this type of business is very competitive and Thai consumers see that the price of some products sold in the shop is higher when comparing to other retail shops, therefore, the Can Do Thailand shop could not achieve its target, causing ECF Holdings Co., Ltd. to recognize the loss from such business. Finally, the Management decided to terminate this business. As of 31 December 2018, the Company stopped selling all products and completely closed all branches of Can Do shops to reduce the impact of fixed costs and expenses that will incur to prevent the effect on the overall performance of the Company. The Company is under the process of proceeding with other related issues under the Franchisee Agreement with Can Do Co., Ltd., the Japanese franchiser. It is expected that the closure of all Can Do Thailand shops will be completed by 31 January 2019.

However, the Company is currently in the process of acquiring new business models that are appropriate and complied with the current situation of economy and consumer behavior to consider for the investment by ECF Holdings Co., Ltd., this new business aims to generate revenue and provide good performance to the Company Group as a whole, at present, we are waiting for the conclusion of this new business.

Renewable Energy Business

Biomass Power Plant

Presently, ECF Power Company Limited ("ECF-P"), as a subsidiary, invests in SAFE Energy Holdings Co., Ltd. ("SAFE") by holding 33.37% of total shares of SAFE.

At present, SAFE has invested in many companies related to biomass power plant business as following details:

Prize of Wood Green Energy Co., Ltd. ("PWGE")

At present, SAFE has acquired 99.99% of the total issued share capital of PWGE, it currently operates a biomass power plant with the capacity of 7.5 megawatts, located at Waeng District, Narathiwat Province. Its plant uses biomass from para rubber tree as fuel for production, it will produce and distribute power to government sector in accordance with the policy on promotion of power generation and utilization from alternative energy by the Energy Policy and Planning Office (EPPO), Ministry of Energy and it is supported by the government in the form of power purchase in Feed in Tariff (FiT) system including tax privileges from Board of Investment (BOI). PWGE power plant project has generated revenue from Commercial Operation Date (COD) since June 27, 2017.

PWGE operates its business with the vision and mission to create green energy by advanced technology along with the development of forestry for green economy on the concept of Cullelose-Based World

PWGE power plant located on land which one side is adjacent to the 4-lane main road on Highway No. 4057 and another side is adjacent to Golok River, the river is 30 meters wide and provides water for using throughout the year. The front of the land is a high hill and the land is about 3 meters above the road, which will reduce the risk of flooding.

It is also located near the source of raw materials for fuel used in production within an inner radius of 30 km., a middle radius of 60 km. and an external radius of 100 km. This location will reduce the risk of raw materials in the future. Additionally, it is away from Kelantan state, Malaysia for only 30 km. where there are many sawmills and wood chips plant being located. There are more than 30 sawmills located at the border of Malaysia, most of them will produce and export lumbered woods to Thailand through the border of Su-ngai Golok, the location of the power plant helps to gain advantage in transportation costs and reduce the risk of future oil costs. The factory's location is opposite to the village of Mai Khao where there are Thai people who are Buddhists, consisting of more than 320 households. Waeng District has no risk of terrorism and it is the area that safer than other areas.



Biomass Power Plant of PWGE



Power Generation Technology

Equipment	Technology/Manufacturer	Type
Combustion chamber	Germany / China	The combustion chamber using step-styled perforation and additional combustion chamber at the back
Boiler	Germany / China	Tube-typed with 1 set of Drum, having water pipe as the wall for receiving heat and natural circulated water.
Steam Turbine	Czechoslovakia / China	Impulsed steam turbines with 9 sets of propellers and all steam distillation with reduction gear.
Generator	Switzerland / China	Wholly covered synchronous generator with air cooling and heat exchange with water, the magnetic field generator is rotatable and non-coal convert

Source : <https://biological-energy.com>



Source of Raw Material used for production

According to the agricultural statistics of Thailand in 2017 from the Office of Agricultural Economics, it said that in the area of Narathiwat Province, there are 1,007,135 rais of rubber trees.

PWGE has calculated the amount of wood to determine the adequacy of the amount of wood to be used as a biomass fuel for PWGE power plants as follows:

Areas of alive rubber trees	1,007,135 Rais
Areas of 20-years-old rubber trees which will be cut down (5%)	50,357 Rais per year
Firewood equal to 50,357 Rais per year x amount of firewood 21.9 cubic meters per Rai	1,108,813 cubic meters
1 ton of Firewood is 1.3 cubic meters which will be equal to	848,318 tons per year or 70,693 tons per month
PWGE Power Plant uses biomass fuel at 283 tons per day or approximately 8,490 tons per month	Therefore, it is 12 % of total firewood to be obtained

Based on the calculation of the demand for biomass used in production compared to the total firewood volume, it is adequate excluding 503,570 cubic meters of bark, which is calculated from 10 cubic meters multiplied by 503,570 Rais per year or equivalent to 387,361 tons per year.

However, the Company plans to reduce its dependence on biomass fuel wood from Thailand, more than 50% of rubber wood will be purchased from Malaysia, most of them are wood distributors who have good relationship with PWGE for at least 25 years



SAFE Biomass Co., Ltd. (“SAFE-B”)

Presently, SAFE owns 100% shares in SAFE-B, SAFE-B operates a wood shredder business to supply wood chips to the PWGE power plant. SAFE-B rents land inside the PWGE power plant for business use. The internal area of the wood chopping plant and fuel storage building including wood shredders and belt conveyer is located on the total area of 6,480 square meters.

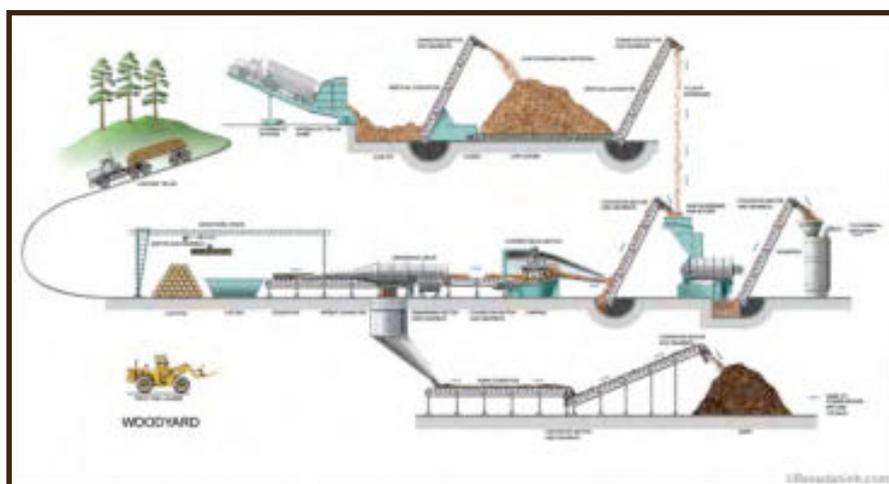
The SAFE-B wood chopping plant has an installed production capacity of 60 tons per hour, the number of days used in the production of wood chips is 8 hours per day. Presently, the production capacity to support the fuel for PWGE power plant is equal to 12.12 tons per hour. In terms of remaining installed production capacity, it will be used to produce wood chips for supporting other power plant projects which may be added in the future and produce wood chips for general companies located nearby which have demands.

At present, SAFE-B has started the commercial operation date on June 27, 2017 which is the same day of the commercial operation date of PWGE biomass power plant.

Wood Chopping Technology

Equipment	Technology/Manufacturer	Type	Working process
Chain/Belt Conveyer	China / China	Chain Conveyer	Timbers with 12-cm diameter and 1.2-meter length are conveyed to Conveyer for transfer to a shredder sized 3*3 cm.
Wood Shredders	China / China	4-blade type	Cutting timbers to be smaller with the size of 3*3 cm for storing in storage tank of wood chips
Belt Conveyer	China / China	Rubber belt conveyer	Conveying wood chips to store in wood stock tank before delivery to the boiler.
Screw Conveyer	China / China	Deliver wood chips to conveyer	Conveying wood chips from storage tank to send to conveyer and to boiler

Wood Chopping Process Flow



Source : <https://www.linkedin.com/pulse/production-wood-chips-luciano-r-oliveira/>



Photo inside the wood chopping plant of SAFE-B



Bina Puri Power (Thailand) Co., Ltd. (“BINA”)

Bina Puri Power (Thailand) Co., Ltd. was registered its new name as Safe Energy (Phrae) Co., Ltd. ("SAFE-P") on 24 December 2018, SAFE-P was originally registered its establishment on 11 December 2012. Subsequently, SAFE has invested a total of 51.69 Million Baht to acquire SAFE-P shares with the ratio of 49%.

Presently, SAFE holds the proportion of shareholding in BINA for 49.00%, BINA operates biomass power plant business with gasification system. At present, BINA enters into two Power Purchase Agreements with the Provincial Electricity of Authority (PEA) consisting of 2 projects. One project is located in Long District, Phrae Province and another project is located in Sung Men District, Phrae Province, both are 1.0-megawatt capacity.

At present, the project in Long District, Phrae Province becomes to realize the income from commercial power sale with capacity of 1 megawatt since August 2018, and the second project located at Sung Men District, Phrae Province, is under the construction.

Photo showing the power plant project in Long District, Phrae Province which is under construction.



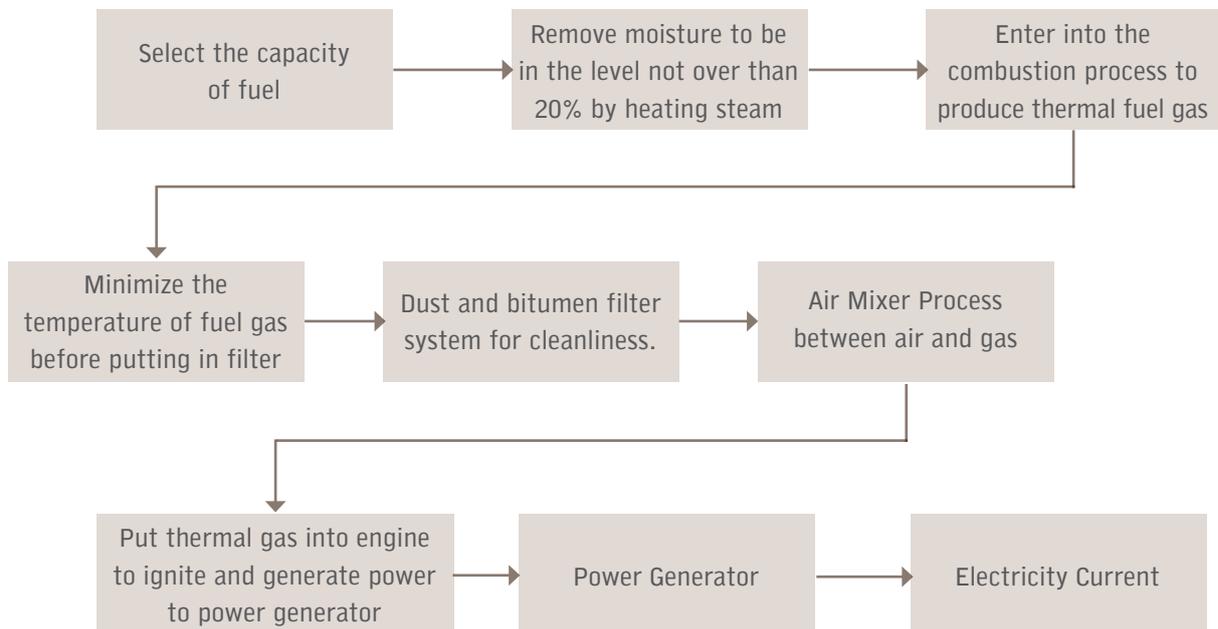
Gasification technology is the use of biomass fuel to burn in a specially designed furnace which is called as "Gasifier stove", it will control the amount of air entering the furnace in lesser volume than usual to force the situation which is called "Incomplete combustion". Such condition will cause the heat inside the stove approximately 1100 degrees Celsius and there are five types of gas occurred:

- 1. Carbon Dioxide 8%
- 2. Nitrogen 50%
- 3. Carbon monoxide 20%
- 4. Hydrogen 20%
- 5. Methane 2%

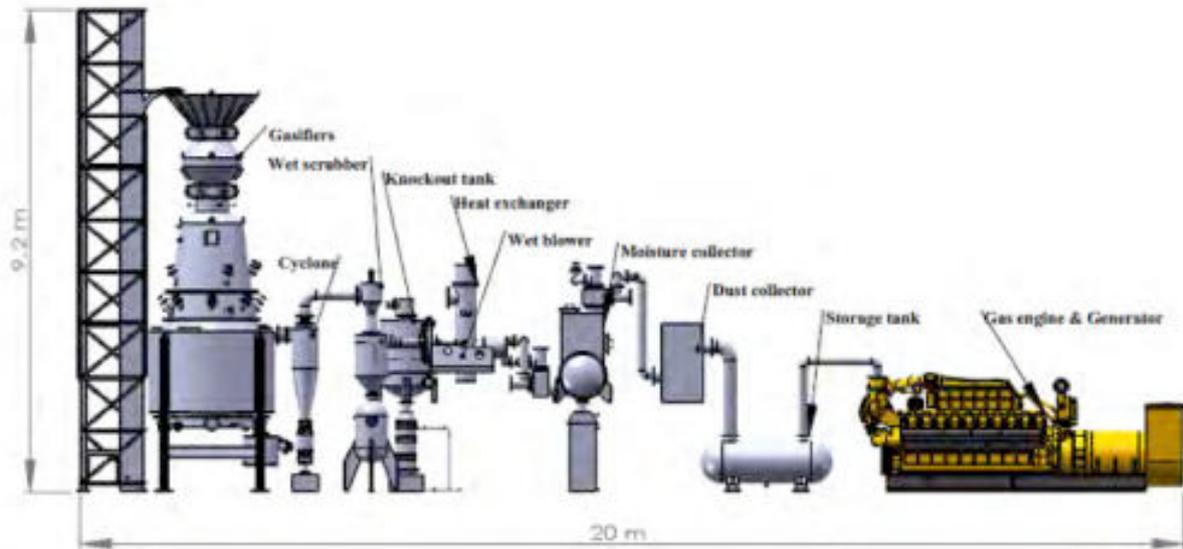
Gases No. 3 - 5 are flammable and can be used for a variety of energy such as thermal power generation by direct combustion in a burner or even used in an internal combustion engine as well as used as a generator set.

The fixed bed downdraft gasifier can solve the problem of contamination of gluey rubber or Tar as well. Therefore, the use of such technology is suitable to be used as a joint fuel for the engine to generate electricity or even to be used for drying agricultural products.

Flowchart showing the process of power generation from biomass energy



Model of power generation system with biomass fuel by using gasification technology.



Gasifier	When putting fuels such as wood chips, corncobs, etc. into the gasifier stove, the stove will burn them by controlling the air to generate fuel gas.
Cyclone	The cyclone is designed to circulate fuel gas to generate a centrifugal force, causing dust which size is larger than 10 microns being dropped into the tank by gravity.
Wet scrubber	The system will clean gas and lower gaseous fuel temperature from 450 c to 40 c
Knock out tank	The tank separates water and gas, and acts as a filter for dust and bitumen.
Heat exchanger	Heat exchanger reduces fuel gas temperature from 40 c to 25 c.
Wet Blower	Wet blower
Moisture collector	Moisture collector will absorb fine mist which still contaminates in the gas.
Dust collector	Dust collector will entrap dust which size is larger than 5 microns before entering the engine.
Storage gas	Tank to reserve fuel gas before entering the engine.
Engine & Generator	Engine and generator



Solar Power Plant

Solar Power Plant Project sized 220 megawatts in Myanmar

During 2017, the Company expanded its investment in solar power plants with the total installed capacity at 220 MW and has a capacity of 170 MW for Green Earth Power (Thailand) Co., Ltd. ("Minbu Power Plant Project" or "GEP") located in Minbu City, Magway District, Republic of the Union of Myanmar ("Myanmar"). ECF Power Co., Ltd. ("ECF-P"), a 99.99% subsidiary of the Company, invested to buy shares of this project in the portion of 20%, the Company purchased the existing ordinary shares of GEP for 51,512 shares or representing 20% of GEP's total paid-up shares, as approved by the Extraordinary General Meeting of Shareholders No. 1/2017 held on 31 May 2016, with value of USD 9 Million. The total value of the Minbu power plant project is USD 292.62 Million, with a debt to equity ratio of 65: 35. Therefore, ECF-P has the obligation to increase its capital in accordance with the shareholding proportion at 20% or USD 20.22 Million.

It is expected to start earning revenue from commercial power sale for 50 MW, which is the first phase of totally 4 phases within 2nd Quarter of 2019, each phases will begin the Scheduled Commercial Operation Date (SCOD) every 360 days after starting SCOD of previous phase.

GEP has one subsidiary, namely, GEP (Myanmar) Co., Ltd. ("GEP-Myanmar"), which is a sole investment in GEP-Myanmar. The objective is to operate business in developing and managing Solar power plant project in Minbu.

GEP-Myanmar entered into the Power Purchase Agreement (PPA) with Electric Power Generation Enterprise ("EPGE") (previously, Myanmar Electric Power Enterprise) which is an organization under the Ministry of Electricity and Energy of Myanmar. Main content of agreement is to develop, construct, seek for fund source, manage and administer, maintain and transfer of business, EPGE will purchase electricity from the solar power plant project with install production capacity of 220 MW or the ratio of maximum power purchase at 170 MW, the plant is located in Minbu City, Magway District, Myanmar, for 30 years from the Commercial Operation Date ("COD") of the Phase 1 project from total 4 phases. The rate of power price is fixed at 0.1275 USD per unit throughout the term of PPA including the renewal of PPA which may be occurred. The power generation will be divided into 4 phases based on the maximum ratio of power generation which will be generated in each phase as follows:

- Phase 1 Maximum trading ratio: 40 MW (alternating current) from installed production capacity of 50 MW.
- Phase 2 Maximum trading ratio: 80 MW (alternating current) from installed production capacity of 100 MW.
- Phase 3 Maximum trading ratio: 120 MW (alternating current) from installed production capacity of 150 MW.
- Phase 4 Maximum trading ratio: 170 MW(alternating current) from installed production capacity of 220 MW.

The Minbu Power Plant Project is located at the north-west of Nay Pyi Taw Capital City about 150 kilometers or 199 km by car for about 4 hours. The project area approximately 836 acres (equivalent to 2,114.48 rais) is located on the leased area, which is sufficient for the construction of all 4 phases of Minbu power plant project, the term of lease right for this area is equal to or more than the term of Power Purchase Agreement. The leased space of 700 acres is located inside AVA Capital Trading Company Limited ("AVA Capital") and this area is under the supervision of Ministry of Agriculture, Livestock and Irrigation (MOAI). GEP-Myanmar will lease from AVA Capital but the lease right of 136-acre space will be under GEP-Myanmar. Such area is under the supervision of the Ministry of Natural Resources and Environment (MNREC).



Technology used for Power Generation

The Minbu Power Plant Project is a solar power plant project that utilizes solar cell technology or photovoltaics method which directly converts solar energy to be electricity by using solar cells or photovoltaic cells (PV) and major equipment for production process as follows:

1. Solar Panel
2. Inverter
3. Transformer
4. 230 kV Substation Equipment

When sunlight falls on solar panel, it will produce electricity carrier to generate DC Power, after that, solar energy in the form of DC Power will be transmitted to an inverter that converts DC Power to be AC Power. Such AC Power will be passed to the transformer to increase the voltage to the appropriate level for the power plant which will supply power into transmission line of national grid line. In this project, the AC Power from the inverter will be gathered by 33 kV-sized transformer, switchgear and distribution systems. Such electric current will be increased of voltage to be 230 kV by four 230 - 33 kV-sized step-up transformers to supply power into transmission line of national grid line. The construction of main line of 1.3 mile (or 2.1 km) is completed and is connected to the national grid line.

Solar Power Plant Project at Minbu City, Myanmar (Presently, the project is under construction)





Wood-Based Panel Manufacturing and Distribution Business

Planet Board Company Limited (“Planet”)

The objective of Planet establishment is to manufacture and distribute wood-based panels, including MDF board and particle board, its production capacity is expected at 600 - 800 cubic meters per day. Planet Board Co., Ltd. was completed of its registration on 19 December 2017. The Board of Directors' Meeting No. 7/2018 held on 27 June 2018 had a resolution to approve the Company to invest in Planet Board Co., Ltd. by holding 57% of the total registered capital with the aim to operate the business of MDF boards, at present, Planet's registered capital is 450 million baht, and it will spend the initial investment amounting 1,456.31 Million Baht.

At present, Planet is in the process of surveying the details of operations in terms of surveying in land that is suitable for the plant construction, many factors to be considered include raw material sources, transportation distance of raw materials, transportation distance of products from the factory to customers, etc. in order to providing the valued return on investment with utmost benefits. It is expected that the construction period will be 2 years after completing the selection of land.



REVENUE STRUCTURE

The Company's revenue structure is classified by type of product as follows:

Revenue structure categorized by each product category

Product Category	2016		2017		2018	
	Mil. Bht.	%	Mil. Bht.	%	Mil. Bht.	%
1. Furniture	1,273.72	91.47	1,332.31	90.10	1,358.64	90.29
2. Foil Paper	65.90	4.73	73.54	4.97	54.63	3.63
3. Dried rubber wood	15.84	1.14	22.68	1.53	30.70	2.04
4. Retail Shop	15.31	1.10	16.09	1.09	10.60	0.70
Net sales revenue	1,370.78	98.44	1,444.62	97.70	1,454.57	96.66
Other revenue ^{1/}	21.71	1.56	34.06	2.30	50.22	3.34
Total Revenue	1,392.49	100.00	1,478.68	100.00	1,504.79	100.00

Note : ^{1/} Other revenue includes profit (loss) from sales of fixed assets, rental and service revenue, interest receivable, profit (loss) from exchange rate, other incomes (such as service fee for cutting the edge of PVC, sales of waste/ revenue from export compensation/ discount received/ others)

^{2/} The company began to close its branch of Can Do's retail business throughout the year 2018, since the operating results were not as expected as of December 31, 2018. The company has completed the retail operation of Can Do.

Revenue structure categorized by domestic and overseas distributions

Distribution Channels	2016		2017		2018	
	Mil. Bht.	%	Mil. Bht.	%	Mil. Bht.	%
1. Domestic distribution	594.36	43.36	689.81	47.75	764.63	52.57
2. Overseas distribution	776.42	56.64	754.81	52.25	689.94	47.43
Net sales revenue	1,370.78	100.00	1,444.62	100.00	1,454.57	100.00



INDUSTRY OVERVIEW

Export and Furniture Industry Overview

Export Overview in 2018

The information from the Department of International Trade Promotion, Ministry of Commerce showed that in 2018, the overall export figure of furniture products and parts, consisting of wood and metal furniture and bedding products, including other furnitures and furniture parts was 1,185.20 million US Dollar, increased by 3.48% when comparing to the growth rate of 2017, the details of exported products are categorized by type as follows:

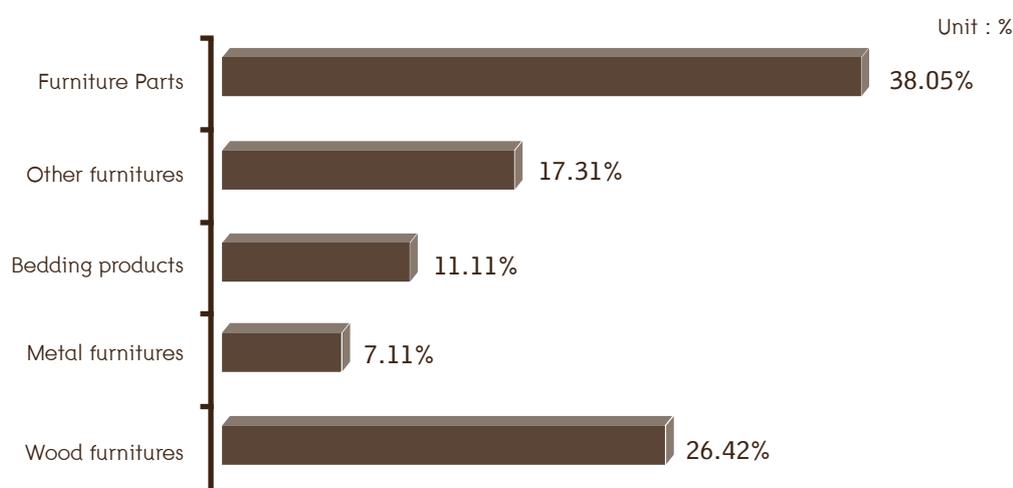
Unit: Million US Dollar

Exportation Figure	2016	2017	Growth rate	2018	Growth rate
Furniture and parts	1,096.59	1,145.3	4.44%	1,185.2	3.48%
Divided into following sub-groups					
Wooden furniture	348.25	331.50	-4.80%	313.10	-5.57%
Metallic furniture	105.51	80.30	-23.87%	84.30	4.93%
Bedding products	84.56	112.00	32.46%	131.7	17.59%
Other furniture	174.83	178.60	2.18%	205.10	14.83%
Furniture parts	383.44	442.80	15.48%	451.00	1.85%

Data of Proportion when Compared with Total Export Value of Furniture and Parts

The export figure of furniture parts was ranked as No. 1 when compared to the export figures of other products, followed by the export figure of wood furniture, the Company's wooden furniture will be entirely exported according to foreign customers's order

Diagram of Value and Proportion of Furniture and Parts Export Sales of 2018



Source : Department of International Trade Promotion, Ministry of Commerce



In 2018, the country with the top export value of furniture and parts exported from Thailand was Japan with the increase of export rate for 6.26%, resulting in the export ratio at 18.22%. The second rank was USA with the decrease of export rate for 12.78%. If considering the Company's export to foreign countries, in 2018, based on Thai baht currency, it was found that the Company's export rate was decreased in Thai baht exchange rate when compared to strengthened US Dollar currency if compared to 2017.

Moreover, the export figure from Department of International Trade Promotion, Ministry of Commerce, also indicated that among top ten countries where Thailand exported, 4 countries in the business partner country group in AEC economic zone include Malaysia, Indonesia, Vietnam and Philippines. Thailand's total export value to these 4 countries was USD 157.13 million, decreasing for approximately 0.60% when compared to 2017, or 13.26% for proportion when compared with product export value of furniture and parts.

The Company, therefore, has planned the policy of confidence creation for the existing customer groups, particularly customers in Japan, most of them have dealt with the Company for several years, the Company will aim at the development of product design, product quality and punctual delivery period. These are the key of joint business operation, most customer groups in Japan are the large modern trade retail store entrepreneurs that distribute products, particularly furniture and interior decorations; and big retail stores that distribute a variety of products. All customers, which trade with the Company, are classified as top large entrepreneurs of Japan. Also, in 2017-2018, the Company has started to offer new products such as bed to customer group, and obtained good feedback, in the beginning stage, purchase orders came from few customers but at present, the number of customers that have been interested in the Company's bed products have begun to be continuously increasing. The Company started to expand production line by giving more investment in semi-automatic machines to support increasing orders of bed. The Company expected to create revenue from this product group that will be continuously increasing in the future.

In addition, the Company has still aimed to increase the selling opportunity to the customer group in AEC economic zone more than before. Presently, the Company has a proportion of export compared to overall sale volume at approximately 3% of total sale revenue. In 2018, the Company gained the purchase order of furniture from potential customer group who is the major customers such as customers from China and India. In 2018, the customers from these 2 countries possessed the export ratio at 1.37% of total export revenue. So, in 2019, the Company has set the strategy to significantly increase the sale volume of customers in China and India.

Competition Situation in Furniture Industry

The value of Thailand's furniture industry is approximately 90,000 million baht with more than 1,800 entrepreneurs. In 2019, the major entrepreneurs expected the furniture industry shall continue to grow well, reflected by the major entrepreneurs in the market such as S.B Furniture, Modernform Group, East Coast Furnitech, Chic Republic and Index Living Mall, that target their revenue for 2019 to grow by 10 – 15% compared to previous year. Because the current furniture market overview has been seen to have the increasing growth rate from the expansion of real estate located along the BTS lines, in addition, entrepreneurs have also focused on product development by adjusting the size and design to meet the needs and to match the lifestyle of target groups as much as possible.



Entrepreneur	Revenue (Million Baht)			Market Share (%)
	2017	2018f	2019f	
Index Living Mall Plc.	9,000			9.34
S.B. Furniture Co., Ltd.	7,200	Expected to	Expected to	7.48
Modernform Group Plc.	3,082	grow 8 – 15%	grow 10 – 15%	3.2
East Coat Furnitech Plc.	1,445			1.5
Chic Republic Plc.	622			0.65
Total	21,349			22.17

Source : Enlite 13 Nov. 2018, data processing by the Economic Research Center, GSB * the value of furniture market as of 2017.

However, the furniture industry in the low-end market is still not bright due to the high cost of living and household debt, causing consumers of furniture products in the low-end market to be more careful in spending and choosing to spend more on what is needed, as well as the outdated style of products and blurred selling point. Therefore, the low-end market has no potential for competition like the high-end market that mainly emphasizes product quality and design.

According to data from the Department of Business Development, Ministry of Commerce, in 2017, there were 1,486 juristic persons that delivered financial statements' and were entrepreneurs of household furniture retail shops with income of 39,282.83 million Baht, increased from 2016 which total revenue was 38,251.07 million baht, or approximately 3% increased. There are 3 major entrepreneurs as big players in this industry, if comparing the target customer groups of these major players and the Company, it was found that they are not the same customer groups, provided that 2 of 4 entrepreneurs operated business as furniture manufacturers and distributors in the form of large furniture retail shops directly distributing products under their own brands to end-users, while another entrepreneur focuses on producing comprehensive furniture covering almost every type of furniture and distributing through showrooms and customers of real estate projects. All these 3 entrepreneurs are not the direct competitors of the Company. Because they have different target customers groups from the Company. If considering furniture manufacturers and distributors with the target group of modern trade as same as the Company, presently, there are four entrepreneurs that have products distributed in modern trade. However, as these four manufacturers are middle-to-small-sized furniture factories with limited capability of purchase order acceptance and no entrepreneurs have similar sale volume to the Company. In addition, the Company's selling revenue, mostly or approximately 50%, comes from the production for distribution to foreign customers. Therefore, the Company considers the competitors from foreign countries as priority and currently, the Company anticipates that only one entrepreneur that operates similar business to the Company and has same target customer groups, that is HEVEA PAC Malaysia SDN BHD, Malaysia.

The current situation and competitiveness of the Company are still considered to be at a level that is not disadvantageous when compared to competitors. In addition, the Company could maintain the revenue level without losing any market share. When considering the market shares of both exports and domestic sales, while the domestic sales, especially in the category of wholesale and retail furniture stores throughout the country, the Company could increase customer bases from previously 50% when compared to the same period of previous year. In addition, in terms of exportation, the Company received trade opportunities from customers in China that began to order products from the Company's factory since 2017, and still has a tendency to continuously increase the purchase orders according to the forecasted order plan.



Furniture Industry Condition

Sources : Economic Research Center, Grassroots Economy, GSB

In 2019, it is expected that the furniture industry, especially in the mid to high-end markets, will grow quite well with the support of the expansion of the furniture and parts market to the ASEAN market to support the investments on residential property, hotels and resorts which will benefit Thai furniture manufacturers and exporters. Because the products from Thailand have beautiful designs and good quality, resulting in being recognized and accepted by foreign countries. However, the furniture industry in the low-end market is expected to not be very bright due to the problem of living expenses and household debt that remains at a high level, causing consumers to be cautious in spending.

In 2019, it is expected that the furniture industry, especially, in the mid to high-end markets will grow well due to the increasing condominium and real estate projects, especially in Bangkok area where many projects along the BTS lines throughout the city have been constructing, in addition, the investment in special economic zones will encourage the increase of real estate market investment in the East. In 2019, the furniture industry will gain the supporting factor from the expansion of furniture products and parts to the ASEAN market to support the investments in residential property, hotels and resorts which will benefit Thai manufacturers and exporters. Because the products from Thailand have beautiful designs and good quality, resulting in being recognized and accepted by foreign countries. In addition, it will also gain the positive factor from the behavior of consumers in changing to buy products via online channels, which began to be more confident about the safety of ordering product in terms of product quality, payment and delivery that can deliver various types of products and deliver in packaging that has been designed to accommodate bigger products.

In 2019, the furniture industry has following risk factors:

1. The mid to high end markets of furniture industry are the markets which continuously have new manufacturers, causing high competition rates, such as price competition and production, therefore the entrepreneurs must focus on developing innovative products which are outstanding and match the needs and lifestyle of customers, this made entrepreneurs to make additional investment in machinery to increase efficiency for modernization and faster process.
2. The intense competition caused by the cheap furnitures from China and Vietnam which have the competitive price advantage because of lower labor costs, and the increase of other raw material cost, made Thailand continually lose the market share in low-end market because the price is still the main factor that consumers decide to buy furniture although Thai furniture has better quality and is more acceptable than furnitures from China and Vietnam, the cheaper price may cause the business partners to choose furnitures from these rival countries.

Target customer group

The Company targets to penetrate new customer groups to expand distribution channels by planning to expand new customer groups in developing countries with increasing need of furniture products and tendency of continuous economic expansion, especially countries in ASEAN Economic Community (AEC). In 2017, the Company could increase sale volume for more than 200%, this is because in previous year, the Company emphasized customers in Philippines and it is anticipated to continually grow. Additionally, the Company also plans to increase more exportation to customers in China and India.

For the existing customer groups of the Company, the Company will highlight to develop new styles of products to expand channels and opportunities in accepting more purchase orders. Since 2017, the Company started to adjust the product strategy by expanding the production base for bedding products. According to the survey, it was found that the Company still has a chance to increase the revenue of this product group, the Company plans to expand the particular production line for this product group.



For domestic sale, the Company still maintains a strategy to grow together with the number of branches in modern trade group that is continuously increased because the increase of branches will help to reduce fixed cost of rental fee and other fixed costs used for business operation when compared to the Company's investment in expanding branches of ELEGA and FINNA HOUSE Showrooms. For the guideline to expand product sales through both showrooms, the Company will focus on increasing the presentation of new products.

In terms of targets in following year, the Company still uses the marketing strategy to penetrate customer groups of retailers and dealers in upcountry under "Costa" Brand to increase the selling revenue because the Company considers that the opportunity in selling through this customer base still has a potential to continuously generate more sale value.

Product Provision

In terms of furniture production, the Company has 2 production bases including Head Office and Branch 1 as follows:

Head Office: located at No. 37/9, Village No. 10, Ban Bueng- Klang Road, Thang Kwian Sub-district, Klang District, Rayong Province. This factory comprises 10 buildings for production process as follows:

1. Five building for furniture production
2. Two warehouses to stock ready-made products;
3. One building for raw material preparation including foiling part and knots, screw (fitting) parts;
4. One building for particle board stock;
5. One building for product packing.

This Head Office will have production lines related to particle board furniture only.

Branch 1: located at No. 29/1 -2, Village No. 3, Soi Chongko- Chumnumnai, Wangchan Sub-district, Wangchan District, Rayong Province. This factory has 7 buildings for production process as follows:

1. Four buildings for furniture production;
2. One building as processed rubber wood sawmill and drying plant;
3. One warehouse to stock ready-made products
4. One bulding for foil paper production.

This factory will use for the production lines related to sawmill, rubber wood drying plant, rubber wood furniture production and assembly plant as well as foil paper factory only.

The Company has daily operated machine production line as follows:

- From 08.00 – 17.00 hrs. (1 shift)
- From 08.00 – 20.00 hrs. (including total 3 OT hours from 17.00 – 20.00 hrs.)
- From 08.00 – 24.00 hrs. (including total 6 OT hours from 17.00 – 24.00 hrs. before deducting one special break hour from 17.00 – 18.00 hrs.

Presently, the Company has not operated the production for 24 hours.



Current full production capacity and actual capacity

Production capacity	Production capacity of dry rubber wood (cubic meter/ year)	Production capacity of particle board furniture (cubic meter/ year)	Production capacity of rubber wood furniture (cubic meter/ year)	Production capacity of foil paper (meter/ year)
Full capacity	8,700	95,000	7,900	24,000,000
Actual capacity (approximately)	6,500	59,885	5,690	16,084,300
Rate of current capacity use (approximately)	91.95%	65.63%	63.04%	71.21%

Remark: For production capacity of particle board furniture and rubberwood furniture, the machines are run with full effectiveness and workforce at this moment.

Details of machines and equipment for production categorized by production steps

1. Processed rubberwood production consists of

Machine and equipment for production	กำลังการผลิต
1. Log sawing table	Approximately 900 - 1,000 cubic foot / day for production period from 8.00 - 17.00 Hrs.
2. High-pressure fumigation tank to prevent weevil and termites	Approximately 70 - 80 cubic foot for 45-minute drying operation / round and there will be 8 - 9 rounds / day.
3. Oven	8 ovens that can contain 850 - 1,000 cubic foot / day
4. Boiler with firewood and wood scraps from production process as fuel	

2. Rubber wood furniture production consists of

Machine and equipment for production
1. Wood cutting table for raw material preparation
2. CNC machine to cut wood in specified pattern and size to prepare for forming with technology from Japan and Taiwan
3. Wood planner and roller
4. Paint spraying equipment



Rubber wood furniture production volume in the past

Unit : piece

Product type	Production Volume		
	2016	2017	2018
Dining Table	9,813	6,648	9,912
Dining Chair	181,066	170,329	154,414
Bench	1,273	2,712	7,362
Bed	227	-	18
Center	1,182	4,538	4,929
Buffet + Hutch	327	410	-
Wagon	-	-	-
Shelf	8,679	5,137	1,860
Other components	7,622	2,267	1,473
Total production volume	210,189	192,041	179,968

3. Particle board furniture production consists of

Machine and equipment for production
1. Wood cutting table for raw material preparation.
2. Machine for covering particle board surface.
3. CNC machine to cut wood in specified pattern and size to prepare for forming with technology from Germany.

Production volume of particle board furniture in the past

Unit : piece

Product Type	Production Volume		
	2016	2017	2018
Multifunctional shelf	2,570,686	2,309,649	2,124,716
Multifunctional cabinet/ showcase	420,725	465,777	412,939
Shoe cabinet	69,056	73,977	49,723
Wardrobe	81,297	94,444	66,814
TV Stands (piece)	105,691	104,342	94,821
Computer table/ working desk	25,830	22,586	12,080
Dressing table/ bed	14,872	3,159	34,661
Total production volume	3,288,157	3,100,934	2,795,754

Company had a proportion of purchasing particle boards per total order of raw materials in FY 2018 and 2017 for 36.98% and 37.90%, respectively.



4. Foil paper production consists of

Machine and equipment for production	Production capacity
1. Machine for patterning foil paper with technology from Japan and China for totally 2 production lines.	Machine can be operated for patterning for 24,000,000 meters/year.
2. Foil paper quality checking machine.	

Records of Foil Paper Production Volume

Unit : meter

Paper size	Production volume		
	2016	2017	2018
30 grams	15,837,750	15,301,897	14,259,400
45 grams	1,470,511	7,500	1,488,500
60 grams	511,600	1,618,650	336,400
65 grams	-	471,400	-
Total production volume	17,819,861	17,399,447	16,084,300

The Company imports raw materials to produce foil paper in FY 2018 and 2017 for 3.08% and 3.85% of the total raw material purchase order value, respectively.



Raw materials for production

The Company's main raw materials for production are as follows:

Raw materials for production	Proportion of order compared to value of total raw material order (%)	Origin of raw material
1. Particle board	36.55	Domestic order
2. Paint	11.29	Domestic order
3. Materials (fitting) (such as handle, hinge, drawer rail, lock key and mirror)	14.14	Domestic order
4. Box	8.778	Domestic order
5. Rubber wood timber	6.37	Domestic order
6. Other equipment (such as foam, foam sheet, sandpaper and consumable materials)	7.14	Domestic order
7. Paper	3.36	Mostly imported
8. Edge-closed PVC material	3.98	Domestic order
9. Glue	3.29	Domestic order
10. Wood sheet/ wood top/ veneer wood/ wood board	2.12	Domestic order
11. Sponge	0.13	Domestic order
12. Artificial leather (PVC)	0.25	Domestic order
13. Cushion	2.60	Domestic order
Total	100.00	

Source : Information from the company by actual calculation proportion in 2018

In 2018, the Company had a proportion of raw material orders by domestic order per import for 96.18%: 3.82%. The Company did not make any purchase agreement with any domestic manufacturer or distributor for the purchase of raw materials, the Purchasing Department will prepare data to compare the conditions of manufacturers and distributors twice a year (December and June), the data preparation and review for comparison in December will be used as a database for ordering from January to June; where are the data preparation and review for comparison in June will be used as database for ordering from June to December. The Company has a policy to diversify orders and reduce the proportion of purchase orders if any distributor is found of gaining excessive orders. At present, the Company has not relied on any manufacturer or distributor and the Company has not purchased raw materials with any persons who may have conflicts with the Company.

4. Overview of alternative energy industry in 2018

According to the report on energy situation in 2018 by the Energy Planning and Policy Office (EPPO), the overview of primary energy use was increased by 0.8% while Thailand's GDP in the first 9 months of 2018 was expanded for 4.3% when comparing to the previous year, due to the supporting factors including the consumption and investment of private section, the expenditure and investment of government sector which has been continuously expanded, and the expansion of production in agricultural sector, industrial sector and business sector consisting of hotel, restaurant, retail, wholesale. In addition, the Office of the National Economic and Social Development Council (NESDB) forecated that Thailand's economy in 2018 will expand 4.2% due to the growth of exportation, consumption of private sector and overall investement.



Electricity Consumption Situation

The electricity consumption situation report showed that the country's power demand reached the maximum on 24 April 2018 at 34,317 MW, increased by 0.6% from the same period in the previous year due to the hot weather. From the survey, the result showed that the country's electricity consumption is at 203,577 GWh, increased by 2.5%, partly due to the economic expansion, especially in tourism business which the number of Chinese tourists was recovering since the Loy Krathong period and the policy to stimulate tourism, factors causing the use of electricity not very high included cold weather in the beginning of the year, rains falling out of season. The electricity consumption is divided by industrial category as follows:

- **Industrial** : The proportion of electricity consumption was 47%, slightly increased for 0.1%, the main industrial group with high proportion of electricity consumption includes the electricity consumption of steel and base metal industry was increased by 1.5% according to the demand for infrastructure construction; the electricity consumption of electronics industry was increased by 1.0% according to the demand for electronic products.
- **Business** : the proportion of electricity consumption was 25%, increased by 3.0% in accordance with the consumption expansion in private sector and tourism, the main industrial group with high proportion of electricity consumption includes shopping mall, apartment & guesthouse and hotel, increased by 0.9%, 3.9% and 2.8%, respectively. The electricity consumption in hotel segment is quite high, consistent with the increasing number of foreign tourists visiting Thailand during the first 11 months of the year at 4.5% when comparing to the same period of previous year.
- **Household** : the electricity consumption was 24%, increased by 1.2%, partly due to the hot weather and rains falling out of season, resulting in the electricity consumption for air conditioners that is not high.

Branch	Electricity Consumption Volume					
	Gigawatt/hour (GWh)				2018 (Jan.-Nov.)	
	2015	2016	2017	2018	Growth	Share
					(Jan – Nov)	(%) YOY
Household	41,286	43,932	44,374	41,560	1.2	24
Business	42,466	44,639	45,100	42,910	3.0	25
● Shopping mall	4,890	5,086	5,154	4,790	0.9	
● Apartment & Guest House	4,094	4,458	4,600	4,426	3.9	
● Hotel	3,990	4,210	4,228	3,994	2.8	
Industry	83,984	86,878	87,772	80,885	0.1	47
● Food	10,446	10,873	11,362	10,288	-1.1	
● Steel and Basic metal	6,647	7,176	7,861	7,299	1.5	
● Electronics	6,952	7,034	7,248	6,755	1.0	
Others**	7,098	7,398	7,878	7,353	1.4	4
Total	174,833	182,847	185,124	172,708	2.5	100
				*2561	*2561p~2.1	
				p~188,906		

**Non-profit organization, pumping for agriculture, temporary lighting, public lighting and more

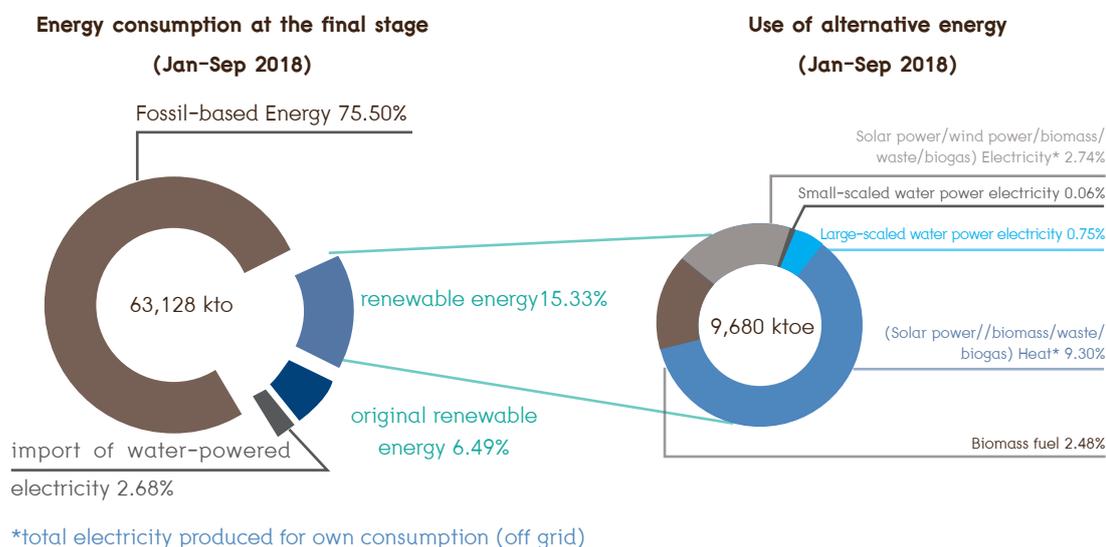
Note: 1. Change (%) compared to same period of the year

2. The electricity consumption in business and industrial categories showed specific information and 3 important industries.

With to the government's policy to promote more use of renewable energy in the country and to increase the efficiency of energy consumption by reducing the proportion of energy consumption per GDP (Energy Intensity), it was found that in the first 9 months of 2018, Thailand consumed renewable energy for 9,680 thousand tons of oil equivalent, increased by 12.3% compared



to the same period of previous year. The proportion of energy consumption per gross domestic product has tended to continuously decrease when compared to 2010, which is the first year that has started the operation according to the 20-year energy conservation plan (2011–2030) and the energy conservation plan for 2015 – 2036, it is considered as a good sign. Such situation is consistent with the Company's business plan that has invested in the renewable energy business, which currently has both project that already started COD, and project which is under construction.



Tendency of electricity consumption in 2019

In the year 2019, the electricity consumption is expected at 193,747 million units, increased by 2.6% when compared to the year 2018, in accordance with the economic growth that is expected to be improved. However, the use of electricity may be increased not much because there are more power producers for their own consumption and non-formal SPP, and the policy to promote renewable energy causes the installation of solar energy system on rooftop, business buildings or factory building to produce more electricity for their own consumption.

Tendency of electricity consumption in 2019

Year	Gigawatt/hour (GWh)	Change	
		GWh	(%)
2558	174,833	6,148	3.6
2559	182,847	8,014	4.6
2560	185,124	2,277	1.3
2561f	188,906	3,782	2.0
2562f	193,747	4,841	2.6

Note : *Excluding the electricity consumption of private sector that produces electricity by itself without selling into the system of PEA and/or produce electricity for direct sales to customers or IPS (independent power supply).
f Forecasting data

Source : <http://www.eppo.go.th/index.php/th/component/k2/item/14457-stiulation2561-12month>



RISK FACTORS

Business Risks

Risk from Industrial Competition

Thai furniture industry has been valued approximately 90,000 million Baht with over 1,800 entrepreneurs. In 2019, there have currently been four major manufacturers and distributors of Thailand (excluding the Company). Comparing the group of target customers of these four major entrepreneurs, we found that the group of target customers are different from the group of customers of the Company. It was to say that two of the four entrepreneurs operate furniture retail stores, and distribute under their brand names to their end-users. Another one entrepreneur offers comprehensive furniture products covering almost all categories of furniture and distribute them through showrooms and customers of the real estate projects. The other one mainly focuses on manufacture of a made-to-order furniture ordered by only one main customer. Therefore, these four entrepreneurs are not our direct competitors as they have different group of target customers. If considering on the manufacturers and distributors of furnitures that have modern trade stores as the group of customers like the Company, the products of the existing four manufacturers and distributors are made from medium and smaller factories with limited purchase order acceptance capacity. None of any entrepreneurs have generated sales volume approximate to sales volume of the Company. Regarding foreign competitors, only single entrepreneur, namely HEVEA PAC Malaysia SDN BHD from Malaysia, that operates the similar business as the Company and has the same group of target customers. However, with good buyer relationship creation and emphasis on product quality together with manufacture that can fulfill customer needs based on the needed quantity, resulting in the continuous product ordering of most overseas customers with the Company for long time over ten years. However, the Company realizes on the strength of the foreign competitors. The key competitors are the group of manufacturing factories in Malaysia and Vietnam. Malaysia is advantageous by focusing on made-to-order production, and mass production and sales using modern technology to support production process, under low labor and transportation cost. In meanwhile, Vietnam also focuses on made-to-order production under low labor cost. However, its weakness is the reliance of raw materials imported from foreign countries. The Company can create our advantages through proper awareness on building standpoint of the Company's products by ongoing monitoring the changing consumer behavior trend, and adapting toward the new styles of products that supports such needs, and seeking for value addition channel for productions for competitiveness with various aspects of advantages when compared with the competitors.

Risk from Competition of New Entrepreneurs and AEC Liberalization

The Company distributed furnitures to both domestic and overseas customers under proportion of domestic distribution and foreign distribution in the accounting year of 2017 by 47.75% and 52.25% of revenues from sales, and in the accounting year of 2018 by 52.57% and 47.43% of revenues from sales, respectively.

From such information, it was seen that the Company's proportion of revenues from domestic distribution has continuously started to increase as the result from the Company's growth on revenues from domestic for 2018 in the proportion of approximately 11%. If considering distribution channel, the finding indicated that the said growth rate was derived from increase in the nationwide growth of made-to-order based manufacture and distribution via wholesalers and dealers from previous year by approximately 180% and 78%, respectively. The significant growth of distribution channel via wholesaler and dealer was caused from the Company's emphasis on development and advancement in parts of product supply, strengthening teamwork, and availability of adequate number of personnel in 2017 for advancement of continuous growth of distribution channel via dealer. In addition, the marketing strategies have also re-adjusted for generation of sales volume.

The impact from the occurrence of AEC liberalization in ASEAN group since 2016, the furniture products from the manufacturers in Malaysia and Vietnam have been regarded as the key competitors of Thailand. However, If considering in part of the current



competition in ASEAN market, it may not be much severe due to the emphasis of each country on the products which are their outstanding points. For example, Indonesia is remarkable in outdoor furnitures. Malaysia is expert at cheap and mass manufactured furnitures. Philippines is remarkable in design but small production. Vietnam's production is most similar to Thailand but its weakness is in the matter that almost of raw materials must be imported. Therefore, as aforesaid, the Company has been prepared to support the potential risk if the price competition problem occurs, under policy for improvement of production process efficiency, application of the policy for effective management of production cost and expense and more customer base expansion to both new domestic and overseas customers, new product designs for offering to new potential customer groups, and production competitiveness enhancement development plan in consistency with increasing trend of market demand, mainly emphasizing on product quality competition and competitive pricing. Moreover, with effective cost management advantage, the Company's pricing can be competitive. With product quality acceptable by both domestic and overseas customers for long time, the Company ensures that it will be quite low affected from such risk. If considering from the ratio of cost of sales to revenues from sales in comparison between 2017 and 2018, it was found that the ratio was at 69.51% and 69.78%, respectively, indicating the Company's ability to effectively manage cost of sales. The Company has still maintained the policy for continuous reduction on the ratio of cost of sales accordingly.

Risk from Fluctuation of Exchange Rate

Term payment of product cost for the Company's product distribution to overseas customers is in USD currency. In the accounting years of 2017 and 2018, the ratio of the Company's distribution to foreign countries was 52.25% and 47.43%, respectively. Moreover, the Company imported raw materials from foreign countries to produce surface papers and ordered furnitures to distribute in showrooms. In accounting years of 2017 and 2018, the ratio of the said material ordering to gross material ordering value was 3.89% and 3.08% respectively. Therefore, the risk of exchange rate fluctuation has been unavoidable, possibly affecting net profit of the Company. However, the Company has prepared financial instrument for hedging such potential risk. On 31st December 2018, the Company has been granted for the line of forward contract of foreign currency with a financial institution in Thailand about 0.03 million US dollars or 1.38 million Baht in total to reduce a certain level of the impact from such potential fluctuation of exchange rate in the future. However, the Company established the policy to adequately use the line of forward contract of foreign currency for value level deemed to be adequate for hedging. The line of forward contract of foreign currency is not used for speculation utilization from exchange rate at all.

Risk from Non Long-Term Purchasing Agreements

The Company manufactures and distributes its furnitures via the two major channels of distribution:

Channel 1 The Company manufactures and distributes its made-to-order furnitures to overseas customers. In the accounting years of 2017 and 2018, the Company distributed made-to-order products to overseas customers by 752.09 million Baht and 689.94 million Baht or 56.45% 50.78% of revenues from distribution of furnitures, respectively.

Channel 2 The Company manufactures and distributes its made-to-order furnitures for domestic customers using the customer brands and the Company's own brands in manufacture. However, all products are manufactured and distributed to the group of modern trade stores including Tesco Lotus, Home Pro, Big C, Mega Home, Thai Wasadu, and Winner. In the accounting years of 2017 and 2018, the Company manufactured and distributed products using its own brands as aforesaid by 403.56 million Baht and 428.58 million Baht, or 30.29% and 31.54% of revenues from furniture distribution, respectively.

The distributions of products in manufacturing pattern as per the aforesaid details is considered as the major distribution channels of the Company. The Company receives advance ordering plan from domestic and overseas customers every year. Both domestic and overseas customers will not enter into long-term purchasing agreements of products. The Company therefore may expose to risk from the uncertainty of the order quantities of the customers due to non-entering into long-term purchasing agreements. It was to say that the customers may reduce order quantities or not order products in the future. Such event may affect the Company's business operation and profitability. However, due to the Company's high quality products and proper pricing when compared with the competitors, the Company is advantageous from receiving orders in high quantities for economies of scale,



and punctual product delivery, resulting in total product orders continuously placed by overseas customer group and modern trade store group with the Company.

Production Risks

Raw Material-Related Risk

- **Risk from Raw Material Shortage**

In the accounting years of 2017 and 2018, the Company's ordering proportion of particle board was 37.90% and 36.55% of total ordering amount of raw materials. In 2018, the proportion slightly decreased as the result from reduction of particle board price and the Company's increasing use of other raw materials to assemble in manufacture of furnitures, for instance, mixture of steel in product design.

The Company enters none of sales agreements with any specific raw material suppliers, and may expose to risk from supply of raw materials if the suppliers fail to sell sufficient raw materials to the Company or suspend selling raw materials to the Company. However, the Company realizes on such risk issue, and prevents risk from acquisition of raw materials by continuous ordering raw materials from seven major suppliers with production potential and maintaining good relationship with the suppliers of raw materials for long time. More than 80% of its major suppliers of raw materials have sold raw materials to the Company for long time over than ten years.

- **Risk from Fluctuation of Raw Material Price**

The main raw materials for the Company's furniture manufacturing consist of particle board and rubber wood. In the past period of 2018, the prices of both types of raw materials did not fluctuate and affect its production cost structure. However, the Company has also continuously implemented the policy for production cost control and waste management inside the plant, resulting in continuous decrease in proportion of production cost and cost of sales from 2016 to 2018.

In part of rubber wood, today's nationwide plantation area of rubber trees in Thailand has been at 22 million rais, while cutting quantity of rubber trees has been 400,000 - 500,000 rais per year. Rubber trees are planted by the farmers under the purpose of tapping latex to make rubber sheets for sale. Rubber tree is a by-product of growing rubber trees. When rubber trees are older, latex will be reduced and rubber woods are cut down and sold particularly in furniture manufacturing business for distribution. Thus, if rubber woods are needed in higher quantity, it will affect cost of rubber woods and affect profitability of the business. However, it could be seen that the price of rubber wood from the period of 2014 has started to be more stable.

In overview in part of such cost management for both types of main raw materials, the Company will closely monitor the movement, variation and fluctuation of price to be up-to-date and enable to prevent risk from fluctuation of the price of main raw materials that may affect the Company's operating result.

Risk from Labor Shortage

The Company operates the manufacturing and distributing business of furnitures and foil papers. The production labor is considered as key factor. As of December 31, 2018, the Company has had total of 1,361 employees classifying into 305 full-time employees and 1,056 daily-waged employees. Approximate 80.00% of total daily-waged employees are in factory/production department. The large number of labor will affect production cost and competitiveness of the business. During the year, there is always a turnover and the Company's expansion of the production process, possibly resulting in increase/decrease in labor turnover until the production capacity may be affected in some periods. Being aware of such risk issue, the Company has formulated guideline for preventing risk of labor shortage, and it has previously never confronted this problem. In addition, the Company has planned to improve its production lines by importing sophisticated machines to continuously and increasingly ensure automatic system in production process, contributing to reduction of the potential impact of labor shortage to some extent.



Management Risks

Risk from Dependency on Key Executive

The Company has commenced its business operation from the foundation of Mr. Wanlop Suksawad and continuously expanded its business via professional management of the executive group in Suksawad Family. Throughout over than 20 years of business operation, the key executives of the Company has ongoingly created reliability to the business and built good relationship with both domestic and overseas customers. The Company therefore may expose to risk from dependency on the key executives of the Company in management. If the key executives are changed, it may affect the Company's business operation. The Company has realized on such risk and then prepared position succession plan and supported its employees to fully play role in opinion expression and operation under determined authority and carried forward for teamwork in order to build more working potential and efficiency by considering on appropriate and adequate reward together with emphasis on equitable and regular training of every level of employees to have working knowledge and understanding. In addition, the employees are supported and entrusted for higher positions to support the Company's management. Therefore, the Company ensures that it will reduce dependency on the management of the key executives in the future.

Risk from Availability of over than 50% of the Major Shareholder Group

The Suksawad Group has been the Company's major shareholder group. As of December 31, 2018, it has held the shares in the proportion of 49.99% of issued and paid-up registered capital. The shareholding in such proportion may result in the exposure of risk by the minor shareholders from the influence of the major shareholders on determination of the management policy and control of more than half of the resolution of the Shareholders' Meeting whether being the issue of director appointment or request for resolution in the agenda that must use major votes of the Shareholders' Meeting.

However, the Company's Audit Committee consists of three independent directors from total of nine committee members for more transparent and efficient check and balance of the Board of Directors. All audit committee members of the Company are qualified, well known and acceptable in the society. An audit committee member has assumed the office of the Chairman of the Board and this has been considered to support an efficiency enhancement and transparency creation in the Company's management. Moreover, the Company has employed Acc-Plus Consultant Company Limited to perform the duty as internal audit unit which is independent from the Management and directly subordinate to the Audit Committee. The Board of Directors also takes into account the emphasis on good corporate governance by strict compliance with the guideline of good corporate governance. Therefore, with such check and balance structure, the Company is assured of fair and equal treatment to all of its shareholders and stakeholders.

Risks from Investment in Alternative Energy Business

From the period of 2017, the Company has expanded its business operation into alternative energy business both in part of biomass power plant and solar power plant projects. ECF Power Company Limited on behalf of the subsidiary at 99.99%, of total shares held by the Company, has invested in the projects and risk from investment in power plant business may be exposed in the following areas.

- Risk from Project Success / Risk from Delay in Delay on Commencement of the Planned Project Operation In part of solar power plant project in Minbu City, Myanmar, via shareholding of 20% in Green Earth Power (Thailand) Company Limited, it has currently been under construction of the Project - Phase 1 for 50 MW from total of 220 MW, possibly exposing to risk in case of occurrence of the obstacles during the project construction, and resulting in delay on commercial operation or increase in costs or expenses. This will affect the Company's lower return on investment than forecast.



However, in respect to such risk issue, the Company has delivered its director representative to attend the meeting and hold the director position in Green Earth Power (Thailand) Company Limited as the Company's director representative to attend the meeting and closely monitor the progress including problems and corrective guidelines for success of the project operation on setting plan. However, the director representative shall continuously propose details to the Board of Directors' Meeting for acknowledgement on the process of the project construction every time that the Board of Directors' Meeting is held.

- Risk from Interest Rate Fluctuation Due to most of credit facility from the financial institutions, interest rate charged by the financial institutions with the Company is specified to be floating interest rate. Thus, if interest rate is changed, it will directly affect financial cost of the Project and affecting share of profit gained by the Company. Nevertheless, in respect to Minbu Power Plant Project, hedging from interest rate has been determined based on the specified proportion to abate risk from fluctuation of interest rate in accordance with condition specified in Credit Facility Agreement.
- Risk from Fluctuation of Price of Raw Materials Used as Biomass Fuel for Biomass Power Plant Project Due to the commencement of the Company on recognition of revenues from commercial sale of power for Biomass Power Plant Project of Prize of Wood Green Energy Company Limited, Narathiwat Province, using biomass fuel as raw material in power generation. Most of them are wood chips from rubber woods and mixed deciduous woods. If ex-factory price of wood chips is significantly fluctuated, it may affect increase in power generation cost, and finally affect share of profit from the Company's investment fund.

However, in respect to such risk issue, the Company has delivered its director representative to attend the meeting and hold the director position in Prize of Wood Green Energy Company Limited as the Company's director representative to monthly attend the meeting and overhear the operating result of the Project for acknowledgement on the proportion of power generation cost and expenses incurred with the Project. If major change occurs in the team of the Executive Committee, will find the corrective guideline and seek in accelerating manners and continuously monitor performance in order to contribute to impact that will occur with the operating perspective of the Project.



ASSETS USED IN BUSINESS OPERATION

Type of Asset	Nature of Asset	Nature of Ownership	Obligation	Net Asset Value As of December 31, 2018 (Million Baht)	Asset Utilization
1. Land	<ul style="list-style-type: none"> Land of Title Deed No. 22357, 29832, 47836, 55949, 61964, and 55306 located at Thang Kwian Sub-district, Klaeng District, Rayong Province, in total area of 43-0-37 rai Land of Title Deed No. 78, 542, and 743, located at Wang Chan Sub-district, Wang Chan District, Rayong Province, in total area of 54-2-11 rai Land of Title Deed No. 138570 and 138571, located at Bueng Kham Phroi Sub-district, Lam Luk Ka District, Pathum Thani Province, in total area of 1-0-3 rai 	Owner	Collateral of credit facility with the creditors which are financial institutions	140.76	<ul style="list-style-type: none"> Location of head office, building and warehouse buildings Location of factory and warehouse buildings Location of showroom and warehouse of the Company
2. Improvement of Land		Owner	- None -	1.02	Location of head office, factory and warehouse buildings
3. Building	<ul style="list-style-type: none"> Head office, factory, and warehouse buildings, located at No. 37/9 Village No. 3, Ban Bueng-Klaeng Road, Thang Kwian Sub-district, Klaeng District, Rayong Province 	Owner	Collateral of credit facility with the creditors which are financial institutions	82.73	Use for office, factory, showroom and warehouse buildings



ASSETS USED IN BUSINESS OPERATION (CONT.)

Type of Asset	Nature of Asset	Nature of Ownership	Obligation	As of December 31, 2018 (Million Baht)	Net Asset Value	Asset Utilization
	<ul style="list-style-type: none"> Office, factory and warehouse buildings, located at No. 29/1 Village No. 3, Chong Ko-Choommoom Nai Alley, Wang Chan Sub-district, Wang Chan District, Rayong Province Office, showroom and warehouse buildings, located at No. 25/28 Village No.12, BuengKham Phroi Sub-district, Lam Luk Ka District, Pathum Thani Province 	Owner	- None -	30.08	For factory / office use	
4. Improvement of Building		Owner / part of them	- None -	76.24	For factory use	
5. Machines and Equipment of the Factory		are assets under hire-purchase agreement	Some parts of machines are collateral of credit facility with the creditors which are financial institutions			
6. Electrical System		Owner	- None -	1.03	For factory / office use	
7. Furniture and Fixtures and Office Equipment		Owner	- None -	4.78	For factory / office use	
8. Showroom Equipment		Asset under hire-purchase agreement	- None -	20.75	For contact and transportation use	
9. Vehicle		Owner	- None -	15.44	For contact and transportation use	
10. Work in Construction and Machines under Installation		Owner	- None -	86.56	For factory use	
Total				459.40		



Intangible Assets Used for Business Operation

As of December 31, 2018, the Company's intangible asset transaction of 2.19 million Baht has been computer program.

Asset Impairment

Asset balance in accordance with the account book of the Group of the Companies is reviewed every day of reporting whether there is an indicator of impairment. In case of indicator, recoverable asset is valued (fair value deducted with cost necessary for sale of asset or value from use of asset at whichever amount is higher). Each transaction of asset or asset unit that generates cash will be reviewed as the case may be.

In case where book value of asset is higher than recoverable value, the Group of the Companies will recognize loss from impairment by devaluation of book value to be equal to recoverable value and recognize in statement of comprehensive profit and loss or reduce capital surplus from valuation of asset in case where that asset has ever been additionally valued, the reversal of the transaction of loss from impairment is recorded and considered as other income or added in capital surplus from asset valuation as the case may be when there is indicator that such impairment is existent anymore or remains existent but in the declining way. However, the reversal of transaction of loss from impairment is not higher than net book value of that asset from depreciation or amortization as if recognition of loss from impairment of asset in previous years. In addition, the Group of the Companies recognizes the reversal of transaction of loss from impairment of asset which is revaluated in other comprehensive profit and loss and recognizes capital surplus from additional asset valuation. However, if the the Group of the Companies recognizes loss from impairment of revaluated asset to profit or loss in last year, the Group of the Companies must recognize the reversal of transaction of loss from impairment to profit or loss in the amount of not exceeding loss from impairment which has ever been recognized as expense in last year.

Measurement of Fair Value

Fair value is the price received by the Group of the Companies from sale of asset or paid for transfer of liability in the transaction occurred in normal condition between market participants as of the value measuring date. The liquid market is the market where transactions of asset and liability occur in sufficient frequency and volume to continuously provide price information. The market participants include buyers and sellers in main market or market that avails maximum benefits for that asset or liability. The market participants must be independent from each other, all-around, and reasonably understand, enable to enter into transaction for that asset or liability, and willing to enter into transaction for that asset or liability.

For regular and comparable measurement of fair value and disclosure of related value in financial statements, hierarchy of fair value shall be determined into three levels based on type of information applied in valuation technique for measurement of fair value. However, the hierarchy of fair value in the first priority is offering market price that must not be adjusted in the liquid market for the same asset or liability ("Information Level 1"). The secondary hierarchy is other observable information ("Information Level 2") and the lowest hierarchy is non-observable information ("Information Level 3").

Information Level 1 includes offering market price that must not be adjusted in liquid market for the same asset and liability and the business can access as of the value measurement date.

Information Level 2 includes other information other than offering market price including in Level 1 that is directly or indirectly observable for that asset or liability.

Information Level 3 includes unobservable information used with that asset or liability.



Investment Fund in Associate and Joint Venture

The investment fund in associate and joint venture in financial statements records account using interest method. The associate is the business substantially influenced by the Company or the Group of the Companies by having power to participate in decision making on financial and operating policy but not up to the level to control such policy. Joint venture is the joint of undertakings in the business under common control of the Company or the Group of the Companies and other joint venture party in that business. The consolidated financial statements of the Group of the Companies include share of profit or loss of the associates and joint ventures based on interest method from substantial influence or common control date until termination of substantial influence or common control date. When the amount of share of loss of the Company in associates and joint ventures exceeds investment fund in associates and joint ventures, investment fund is recorded to write down the amount to zero, and stop recognizing share of loss unless the case that the Company or the Group of the Companies incurs obligation according to law or by analogy or agrees to pay obligation of the associates and joint ventures.

Investment Policy in Subsidiaries and Associates

As of December 31, 2018, four subsidiaries of the Company are as follows.

1. VV - Decor Company Limited
2. ECF Holdings Company Limited
3. ECF Power Company Limited
4. Planet Board Company Limited

In addition, two associates entered to be joint venture by ECF Power Company Limited for investment transaction in total of two associate and joint venture are as follows.

1. Safe Energy Holdings Company Limited
2. Green Earth Power (Thailand) Company Limited

In considering investment in subsidiary or associate, and each investment project, the Company gives precedence to consideration on investment in the business that mainly supports and promotes business operation of the Company by prudently taking into account return on investment, risks, and financial liquidity of the Company. Such investment must be considered by the Board of Directors, and the Shareholders' Meeting under the determined scope of approval authority, and must be executed in accordance with the requirements and notifications of the Capital Market Supervisory Board, and the Stock Exchange of Thailand, including other related laws. The Company will control through delivery of director and/or executive of the Company to be the director for control of the management direction and policy in consistency with the business operation of the Company.



DIVIDEND PAYMENT POLICY

The Company's policy is to declare dividend payment to the shareholders at a rate not less than 40% of its net profit after corporation tax, financial statements and legal reserves. The annual and interim dividend payments might be subject to change, depending on the Company's operations, financial position, future projects and overall economic conditions. The Company's Board of Directors shall be empowered to consider the option. Moreover, the Board of Directors' resolution approving dividend payment shall be proposed for final approval with shareholders' meeting. Exemption is on interim dividend payment which the Company's Board of Directors shall be authorized to make decision and report the decision at the next shareholders' meeting.



MANAGEMENT STRUCTURE

BOARD OF DIRECTORS

As of December 31, 2018 the Company's Board of Directors consisting of 9 Directors as follows.

1. General Terdsak	Marom	Chairman of the Board, Audit Committee Member and Independent Director
2. Assoc. Prof. Dr. Montree	Socatiyanurak	Chairman of the Audit Committee and Independent Director
3. Assoc. Prof. Songklod	Jarusombat	Audit Committee Member and Independent Director
4. Dr. Ekarin	Vasanasong	Independent Director
5. Mr. Chalee	Suksawad	Vice President
6. Mr. Wanlop	Suksawad	Director
7. Mr. Arak	Suksawad	Director
8. Miss Tippawan	Suksawad	Director and Company Secretary
9. Mrs. Waraporn	Suksawad	Director

The Company secretary is Miss Tippawan Suksawad and secretary to Board of Directors is Miss Pachanan Singphu.

The Authorized Directors are : Mr. Wanlop Suksawad, Mrs. Waraporn Suksawad, Mr. Chalee Suksawad, Mr. Arak Suksawad, Miss Tippawan Suksawad, at least 2 Directors together jointly sign with the Company's seal affixed.

Limitation of directors' powers : - None -

Note : Investors can find more details in the section of Details of Directors, Executives and Company Secretary.

AUDIT COMMITTEE

As of December 31, 2018, the Company has three Audit Committee members consisting of

1. Associate Professor Dr. Montree	Socatiyanurak	Chairman of the Audit Committee
2. General Terdsak	Marom	Audit Committee Member
3. Associate Professor Songklod	Jarusombat	Audit Committee Member

Miss Pimrumpai Boonchana is the secretary of the Audit Committee.

Note : The Audit Committee member who has the knowledge and experience in reviewing the reliability of financial statements is Associate Professor Dr. Montree Socatiyanurak.

RISK MANAGEMENT COMMITTEE

As of December 31, 2018, the Company has four Risk Management Committee members consisting of:

1. Associate Professor Dr. Montree	Socatiyanurak	Chairman of Risk Management Committee
2. Associate Professor Songklod	Jarusombat	Risk Management Committee Member
3. Mr. Chalee	Suksawad	Risk Management Committee Member
4. Mr. Arak	Suksawad	Risk Management Committee Member



NOMINATION COMMITTEE

As of December 31, 2018, the company appointed 3 Nomination Committee members as follows:

- | | | |
|--------------------------|------------|---|
| 1. Assoc. Prof. Songklod | Jarusombat | Chairman of the Nomination Committee and Independent Director |
| 2. Mr. Chalee | Suksawad | Nomination Committee Member |
| 3. Mr. Arak | Suksawad | Nomination Committee Member |

REMUNERATION COMMITTEE

As of December 31, 2018, the company appointed 3 Remuneration Committee members as follows.

- | | | |
|---------------------------|---------------|--|
| 1. Assoc.Prof.Dr. Montree | Socatiyanurak | Chairman of Remuneration Committee/ Independent Director |
| 2. Mr. Chalee | Suksawad | Remuneration Committee Member |
| 3. Mr. Arak | Suksawad | Remuneration Committee Member |

The Board of Directors has set the guidelines for evaluating the annual performance, the Board of Directors and sub-committees will evaluate their team performance at least once a year to allow the Board of Directors to jointly consider their works and problems in order to improve and make correction. Such performance evaluation will be conducted both in team and individual basis by applying the evaluation form for both team and individual, prepared by the Company Secretary. This form shall evaluate the Board of Directors and all sub-committees with the criteria for evaluation applied for both team and individual director as following main topics:

1. Evaluation on the structure and qualifications of the Board of Directors
2. Meetings of the Board of Directors
3. Roles, duties and responsibilities of the Board of Directors

Below details show the performance evaluation process in terms of team and individual:

1. The performance evaluation of the Board of Directors in terms of team and individual will be conducted at least once a year.
2. The Company Secretary will summarize and present the performance evaluation of the Board of Directors to the Nomination Committee for consideration on the evaluation results and guidelines for development and improvement of operational efficiency.
3. The Nomination Committee will propose the evaluation results and guidelines for development and improvement of operational efficiency to the Board of Directors

The self-evaluation results of the Board of Directors and all sub-committees, in both team and individual basis for 2018 with average evaluation results based on full score of 100 percent as follows:

Unit : Percentage

Category	Team Evaluation Result	Individual Evaluation Result
1. The Board of Directors	95.69	98.06
2. Audit Committee	100	99.17
3. Risk Management Committee	100	96.88
4. Nomination Committee	100	95.83
5. Remuneration Committee	100	95.83



EXECUTIVE COMMITTEE

As of December 31, 2018, the Company has 4 Executive Committee members consisting of:

- | | | |
|------------------|----------|---------------------------------|
| 1. Mr. Wanlop | Suksawad | Chairman of Executive Committee |
| 2. Mr. Chalee | Suksawad | Executive Committee Member |
| 3. Mr. Arak | Suksawad | Executive Committee Member |
| 4. Miss Tippawan | Suksawad | Executive Committee Member |

MANAGEMENT TEAM

As of December 31, 2018, there are 8 directors as the names were shown below:

- | | | |
|---------------------------|---------------|---|
| 1. Mr. Arak | Suksawad | Managing Director, Sale and Marketing Director (Be in charge) |
| 2. Ms. Tippawan | Suksawad | Deputy Managing Director |
| 3. Mr. Sittichoke | Chinnurat | Assistant Managing Director (Head Office) |
| 4. Mrs. Supak | Suksawad | Assistant Managing Director (Branch 1) |
| 5. Ms. Pachanan | Singphoo | Assistant Managing Director |
| 6. Mr. Pongpan | Suriya-Amporn | Accounting and Financial Director |
| 7. Mr. Racha | Pojariya | Factory Director of Head Office |
| 8. Mr. Attaphol Thanaphol | | Factory Director of Branch 1 |

Note : Details of Directors, Executives and Company Secretary are shown in the attachment.

The Board of Directors determines the performance targets of Managing Director and annually evaluates his/her performance by setting targets and criteria for evaluation that are connected to the strategic plan and annual plan to consider and determine the appropriate remuneration and incentive measures for Managing Director

In addition, the Company has arranged to evaluate the performance of Managing Director by assigning the directors who have no conflict of interest with Managing Director to annually evaluate the performance of Managing Director at least once a year, in each year, those directors will evaluate the performance of Managing Director in previous year in the terms of his/her performance progress that can achieve the targets and objectives as specified by the Company.

The Board of Directors has assigned the Remuneration Committee to set the remuneration policy for Managing Director according to the performance of Managing Director based on the performance evaluation summary of Managing Director prepared by all independent directors as a data for decision. The framework of remuneration policy for Managing Director will be at the same rate as the remuneration in the same industry group and the Committee will also compare the percentage of the Company's net profit in each year as another criteria for consideration. For the policy on the minimum increase in each year will be considered at a rate of 3 – 5% per annum; the policy on the remuneration for Managing Director in the long term is currently in the process of considering and finding for further suitable guideline. After the Remuneration Committee considered and approved the remuneration for Managing Director in each year, the Board of Directors meeting will be proposed for further consideration and approval.



However, in case of the remuneration for executive directors, at present, the structure and policy to determine the remuneration for executive directors to be appropriate and consistent with the type of business are studying and not yet finalized. Therefore, after being concluded, the Remuneration Committee will set the policy on the remuneration for executive directors and then propose to the Board of Directors' meeting for further consideration and approval.

In 2018, the performance evaluation of Managing Director can be concluded as follows:

SUMMARY ON THE PERFORMANCE EVALUATION OF MANAGING DIRECTOR (MD) FOR 2018

No.	Topic	Total Score (per Topic)	Average Score (Point)	Average Score (Percentage)
1	Leadership	24	24.00	100.00%
2	Strategy Determination	24	23.50	97.92%
3	Compliance with Strategy	24	23.75	98.96%
4	Planning and Financial Performance	24	23.75	98.96%
5	Relationship with the Board of Directors	24	23.75	98.96%
6	Relationship with External Parties	20	19.75	98.75%
7	Management and Relationship with Personnel	24	24.00	100.00%
8	Succession	12	12.00	100.00%
9	Product and Service Knowledge	16	16.00	100.00%
10	Personal Characteristics	24	23.75	98.96%
Total Score		216	214.25	99.19%

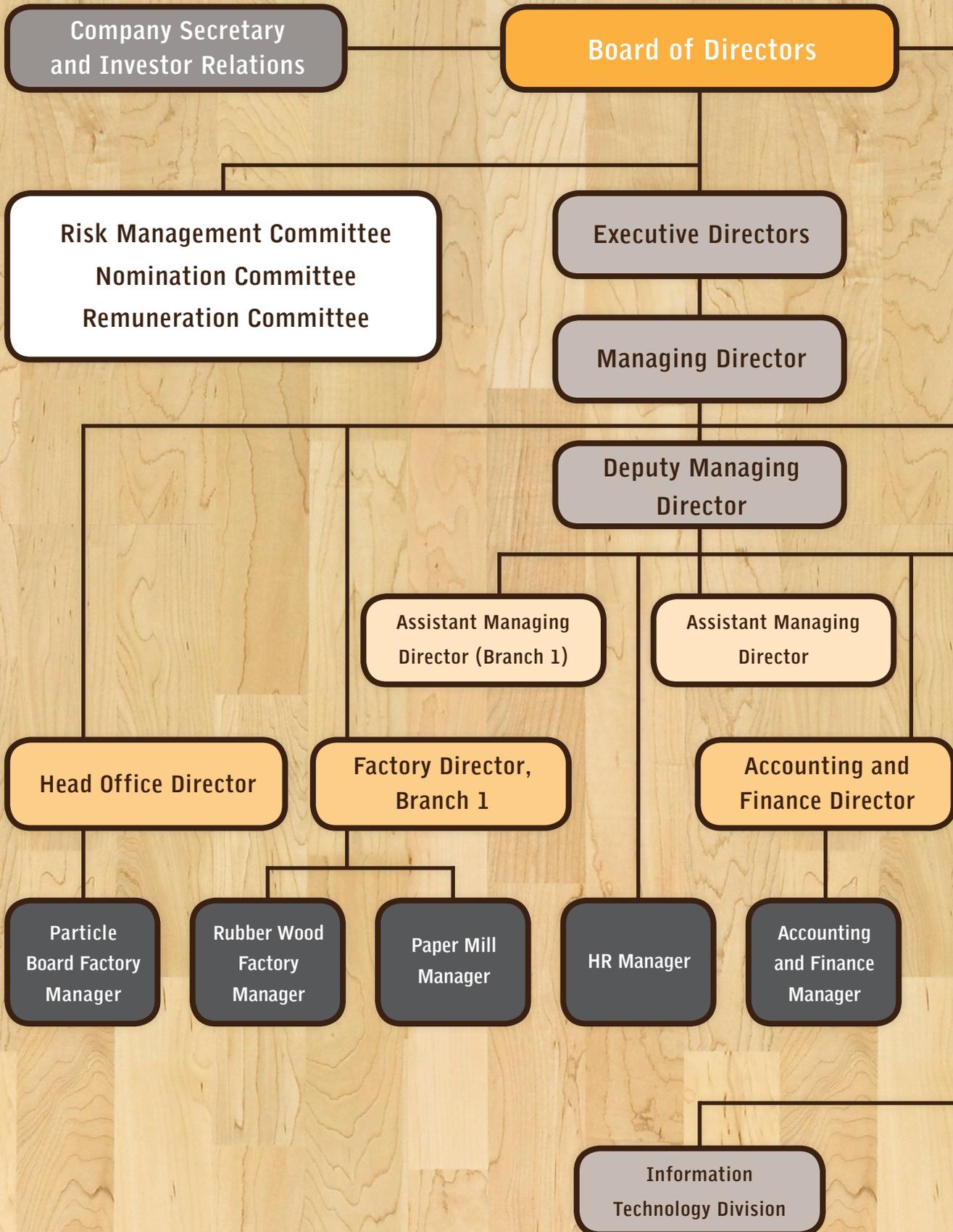
Authorization of credit limit

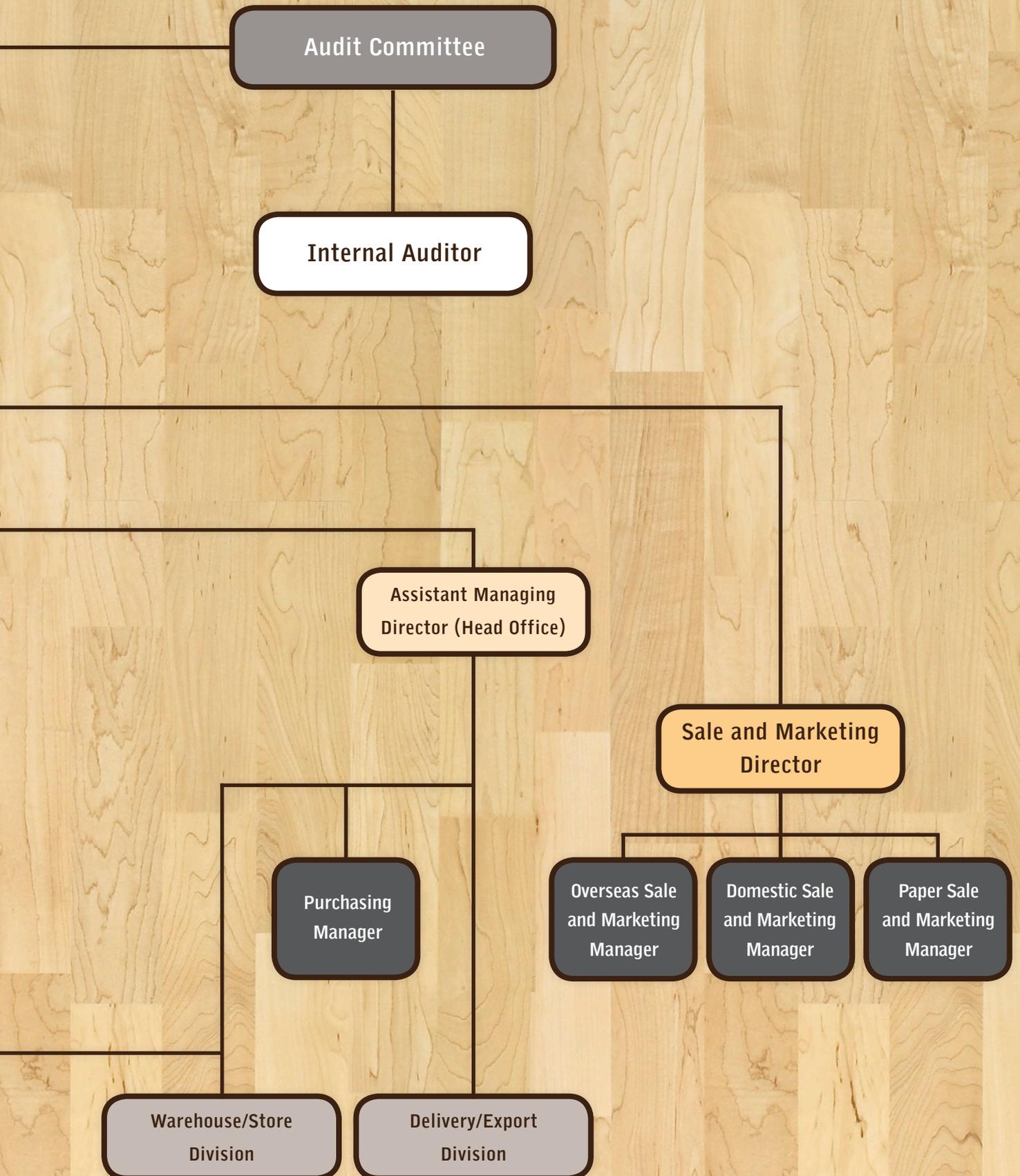
Subject	Management	Managing Director	Deputy Managing Director	ผู้ช่วยกรรมการผู้จัดการ	ผู้จัดการ
1. Approval for the provision of real estate fixed assets.	Not more than 60,000,000 Baht	Not more than 30,000,000 Baht	-	-	-
2. Approval for Sales real estate assets	Not more than 40,000,000 Baht	Not more than 10,000,000 Baht	-	-	-
3. Approval purchase for maintenance	Not more than 30,000,000 Baht	Not more than 10,000,000 Baht	Not more than 2,000,000 Baht	Not more than 100,000 Baht	Not more than 100,000 Baht
4. Approval for the purchase of office equipment and supplies.	Not more than 20,000,000 Baht	Not more than 10,000,000 Baht	Not more than 1,000,000 Baht	Not more than 100,000 Baht	Not more than 100,000 Baht
5. Approval for sales of assets excluding real estate	Not more than 20,000,000 Baht	Not more than 5,000,000 Baht	-	-	-
6. Approval for loan / borrowing	Not more than 100,000,000 Baht	-	-	-	-

Note: Should the approval is beyond the authority of Executive Committee, an approval from the Board of Directors is required.



ORGANIZATION CHART





COMPANY SECRETARY

Miss Tipawan Suksawad is ECF's Company Secretary according to Section 89/15 The Public Limited Companies Act B.E. 2535 and The Public Limited Companies Act B.E. 2551 (No. 4) She is qualified by the graduation in Account and Finance degree and shall perform the duties with responsibilities as follows:

1. To basically advise the Board of Directors regarding the related laws, rules and regulations, the Company's Articles of Associations and ensure that the Board of Directors comply with such laws as well as report all significant changes in relevant laws, rules and regulations to the Board of Directors.
2. To coordinate between the Board of Directors and executive management in the relevant laws, rules and regulations.
3. To organize the Board of Directors' meeting, the annual general meeting of shareholders as required by laws.
4. To record the minutes of the said meetings, as well as to monitor the relevant parties to efficiently comply with the said resolutions of those meetings.
5. To disclose to the shareholders and other related parties according to the rules and regulations stipulated by the SEC and SET, and to prepare a policy on good corporate governance of the Company.
6. To be "Contact Person" with all relevant regulatory authorities; SEC, SET and TSD.
7. To take care and keep in custody of important documents, such as
 - Register of Directors
 - Notice and minutes of the Board of Directors' Meeting
 - Notice and minutes of the Shareholders' Meeting
 - The Register of major Shareholders, Register of Directors and Executives
 - Reports of conflicts of interest filed by directors and the management
 - Annual Report
 - Annual Registration Statement (Form 56-1)
8. To perform other tasks as assigned by the Board of Directors and the Capital Market Supervisory Board

In addition, should the Company Secretary be unable to perform her duty, Board of Directors shall appoint a new Company Secretary within 90 days after the position is vacant. Board of Directors is authorized to appoint a director to resume the work during that period.

COMPENSATION FOR EXECUTIVE DIRECTORS AND MANAGEMENT

Compensation in monetary form

Director's and sub-committee's remuneration

In the 2018 Annual General Meeting of Shareholders held on 25 April, 2018, the meeting approved and determined the 2018 remuneration for directors as follow:

- 1) Monthly Compensation :
 - Chairman of the Board 34,000 Baht per month Increased by 6,000 baht per month
 - Directors 24,000 Baht per month Increased by 6,000 baht per month
 - Chairman of the Audit Committee 29,000 Baht per month Increased by 6,000 baht per month
 - Audit Committee Members 18,000 Baht per month Increased by 6,000 baht per month



- 2) Meeting Allowance for Board of Directors and all sub committees : Baht 7,000 / person / time (Still the same rate as the year 2017), consist of sub committees as follows;
1. Board of Directors
 2. Audit Committee
 3. Risk Management Committee
 4. Nomination Committee
 5. Remuneration Committee
- 3) Bonus or Incentive: Consider from overall operational performance
- 4) The remuneration in the form of other benefits such as health insurance, membership fee for golf club, sport club or any member club for relaxation or recreation: - None -

The company approved and determined the 2017 remuneration for the directors amounted to not more than Baht 9,000,000 increased from 2017, which is set at a limit of not more than 4,500,000 baht. The reason for increasing the amount of directors' remuneration is from considering the number of subsidiaries and the increase in associated companies. In the past year 2017, there were additional subsidiaries and associates as follows:

1. Two additional subsidiaries : ECF Power Company Limited and Planet Board Company Limited
2. Two additional associated companies : Safe Energy Holdings Limited (SAFE) and Green Earth Power (Thailand) Company Limited
3. And within the associated company, Safe Energy Holdings Limited (SAFE) also consists of 3 subsidiaries under SAFE, consisting of Prize of Wood Green Energy Company Limited, Safe Bio- Mass Company Limited. and Bina Puri Power (Thailand) Company Limited. (now renamed Safe Energy (Phrae) Company Limited)

Note: As Corporate Governance Policy, the Company has set out and control the director and senior executive remuneration except salary and meeting allowance as above detail or as approved at the board's meeting. In case of other remunerations over 1,000,000 Baht/person/year, it must be declared at the board's meeting reasonably and must be approved previously.

For the remuneration structure of non-executive directors, which mostly consists of independent directors. The Audit Committee currently has a remuneration structure consisting of

1. Monthly remuneration:
2. Meeting allowance
3. Special remuneration or bonus



The number of directors attending a meeting during 2015 – 2017 as shown below.

Board of Directors

Name of Directors	2016		2017		2018	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. General Terdsak Marom	9	9	15	15	14	14
2. Asso.Prof.Dr.MontreeSocatiyanurak	9	9	15	15	14	14
3. Asso. Prof. Songklod Jarusombat	9	9	15	13	14	13
4. Mr. Chupong Thanasetthakorn	5	5	-	-	-	-
5. Dr. Ekarin Vasanasong	-	-	9	9	14	12
6. Mr. Chalee Suksawad	9	9	15	12	14	13
7. Mr. Wanlop Suksawad	9	9	15	15	14	14
8. Mrs. Waraporn Suksawad	9	9	15	15	14	14
9. Mr. Arak Suksawad	8	9	15	14	14	14
10. Ms. Tippawan Suksawad	9	9	15	13	14	13

- Note :
- The Annual General Meeting of Shareholders held on April 8, 2016, approved the appointment of a new director, namely Mr.Chupong Thanasetthakorn, assuming a position of the Independent Director and resigned from the Board of Directors held on November 18, 2016.
 - Dr. Ekarin Vasanasong was appointed to hold the position of director in the Board of Directors of the Company and Independent Director, in accordance with the resolution of the Annual General Meeting of Shareholders for the year 2017 held on April 28, 2017.



Audit Committee

Name of Members	2016		2017		2018	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. General Terdsak Marom	4	4	5	5	4	4
2. Asso.Prof.Dr. Montree Socratayanurak	4	4	5	5	4	4
3. Asso. Prof. Songklod Jarusombat	4	4	5	4	4	3

Risk Management Committee

Name of Members	2016		2017		2018	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. Asso.Prof.Dr. Montree Socratayanurak	2	2	3	3	2	2
2. Asso. Prof. Songklod Jarusombat	2	2	3	2	2	2
3. Mr.Chalee Suksawad	2	2	3	3	2	2
4. Mr.Arak Suksawad	2	2	3	3	2	2

Nomination Committee

Name of Members	2016		2017		2018	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. Asso. Prof. Songklod Jarusombat	2	2	1	1	3	3
2. Mr.Chalee Suksawad	2	2	1	1	3	3
3. Mr.Arak Suksawad	2	2	1	1	3	3

Remuneration Committee

Name of Members	2016		2017		2018	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. Asso.Prof.Dr. Montree Socratayanurak	1	1	1	1	3	3
2. Mr.Chalee Suksawad	1	1	1	1	3	3
3. Mr.Arak Suksawad	1	1	1	1	3	3



Director's remuneration in the past 3 years (during 2016 – 2018) as shown below.
Board of Directors including their positions in each subcommittee.

Name	2016				2017				2018			
	Salary	Meeting Allowance	Bonus	Total	Salary	Meeting Allowance	Bonus	Total	Salary	Meeting Allowance	Bonus	Total
1. General Terdsak Marom	336,000	63,000	120,000	519,000	336,000	105,000	120,000	561,000	408,000	98,000	120,000	626,000
2. Asso.Prof.Dr. Montree Soccathiyamurak	216,000	63,000	120,000	399,000	216,000	105,000	120,000	441,000	288,000	98,000	120,000	506,000
3. Asso. Prof. Songklod Jarusombat	216,000	63,000	60,000	339,000	216,000	91,000	60,000	367,000	288,000	91,000	60,000	439,000
4. Mr. Chupong Thanasetthakom	135,000	35,000	-	170,000	-	-	-	-	-	-	-	-
5. Dr. Ekarin Vasanasong	-	-	-	-	216,000	63,000	35,000	314,000	288,000	84,000	60,000	432,000
6. Mr. Chalae Suksawad	216,000	63,000	60,000	339,000	216,000	84,000	-	300,000	288,000	91,000	-	379,000
7. Mr. Wanlop Suksawad	216,000	63,000	60,000	339,000	216,000	105,000	-	321,000	288,000	98,000	-	386,000
8. Mr. Atrak Suksawad	216,000	63,000	60,000	339,000	216,000	98,000	-	314,000	288,000	98,000	-	386,000
9. Ms. Tippawan Suksawad	216,000	63,000	60,000	339,000	216,000	91,000	-	307,000	288,000	91,000	-	379,000
10. Mrs. Waraporn Suksawad	216,000	63,000	60,000	339,000	216,000	105,000	-	321,000	288,000	98,000	-	386,000
Total	1,983,000	539,000	600,000	3,122,000	2,064,000	847,000	335,000	3,246,000	2,712,000	847,000	360,000	3,919,000

Note : • The Annual General Meeting of Shareholders held on April 8, 2016, approved the appointment of a new director, namely Mr.Chupong Thanasetthakom, assuming a position of the Independent Director and resigned from the Board of Directors held on November 18, 2016.

- Dr. Ekarin Vasanasong was appointed to hold the position of director in the Board of Directors of the Company and Independent Director, in accordance with the resolution of the Annual General Meeting of Shareholders for the year 2017 held on April 28, 2017.

Audit Committee

Name	2016				2017				2018			
	Salary	Meeting Allowance	Bonus	Total	Salary	Meeting Allowance	Bonus	Total	Salary	Meeting Allowance	Bonus	Total
1. Asso.Prof.Dr. Montree Soccathiyamurak	276,000	28,000	None	304,000	276,000	35,000	None	311,000	348,000	28,000	None	376,000
2. General Terdsak Marom	216,000	28,000	None	244,000	216,000	35,000	None	251,000	288,000	28,000	None	316,000
3. Asso. Prof. Songklod Jarusombat	216,000	28,000	None	244,000	216,000	28,000	None	244,400	288,000	21,000	None	309,000
Total	708,000	84,000	None	792,000	708,000	98,000	None	806,000	924,000	77,000	None	1,001,000



Risk Management Committee

Name	2016		2017		2018	
	Meeting Allowance		Meeting Allowance		Meeting Allowance	
1. Asso.Prof.Dr. Montree Socratianurak	14,000		21,000		14,000	
2. Asso. Prof. Songklod Jarusombat	14,000		14,000		14,000	
3. Mr.Chalee Suksawad	14,000		21,000		14,000	
4. Mr.Arak Suksawad	14,000		21,000		14,000	
Total	56,000		77,000		56,000	

Nomination Committee

Name	2016		2017		2018	
	Meeting Allowance		Meeting Allowance		Meeting Allowance	
1. Asso. Prof. Songklod Jarusombat	7,000		14,000		21,000	
2. Mr.Chalee Suksawad	7,000		14,000		21,000	
3. Mr.Arak Suksawad	7,000		7,000		21,000	
Total	21,000		35,000		63,000	

Remuneration Committee

Name	2016		2017		2018	
	Meeting Allowance		Meeting Allowance		Meeting Allowance	
1. Asso.Prof.Dr. Montree Socratianurak	7,000		7,000		21,000	
2. Mr.Chalee Suksawad	7,000		7,000		21,000	
3. Mr.Arak Suksawad	7,000		7,000		21,000	
Total	21,000		21,000		63,000	

Remuneration for Executives

Name	2016		2017		2018	
	No. of Persons (persons)	Amount (Baht)	No. of Persons (persons)	Amount (Baht)	No. of Persons (persons)	Amount (Baht)
Salary	7	9,990,760	7	10,008,720	8	10,742,053
Bonus	-	773,730	-	736,060	-	348,000
Provident Fund	7	332,283	7	335,184	-	371,334
Total	7	11,096,773	7	11,079,934	8	11,461,387

In case that the revisions of additional compensations to the Company's Board of directors and / or executives are not parts of their salaries, wages, benefits, pension, bonus which value more than 1,000,000 Baht for each person/ year, the revision must be brought to a meeting indicating the needs of the additional compensations. The revisions must be reasonable and can be verified as reasonable. For example, by assigning an official vehicle; all expenses involved such as monthly payments and a driver's wages that are worth more than 1,000,000 Baht (for each person/ year) must be brought to a meeting for verification and approval by the Board Committee.



Other Remuneration

- None -

Personnel

No. of Employees (excluding the management team)

The number of the Company and subsidiaries' employee in the past 3 years (during 2015 – 2017) as shown below.

Employee Category	As of	As of	As of
	31 December 2016	31 December 2017	31 December 2018
	No. of persons	No. of persons	No. of persons
Full time employees	253	289	305
1. Management	11	10	14
2. Marketing	102	100	71
3. Factory/Production	55	71	66
4. Accounting and Finance	20	21	29
5. Purchasing	13	12	12
6. HR/Admin	26	34	45
7. Store/Warehouse	17	20	34
8. Delivery / Export	5	17	30
9. IT	4	4	4
Part time employees (daily)	960	972	1,056
Total	1,213	1,261	1,361

Note : 79.14 percent of part-time employees (daily) are factory/production division's employees and 65.95 percent of part time employees are migrants workers.

Remuneration for Staff and Employees

Unit : Baht	2016	2017	2018
Salary, Bonus and Provident Fund for full time employees	70,399,617	70,921,236	85,739,641
Wage for part time employees	141,600,598	141,954,236	178,548,966
Seminar attendance fee	72,797	113,467	902,811.10
Total	212,073,012	212,988,915	256,191,418.10

Note: The Board of Directors' Meeting No. 4/2555 held on September 25, 2012 approved the establishment of the provident fund, which the Company completed the establishment on 20 November 2012



The Company has a policy to consider the remuneration for employees and workers both in short term and long term. In case of short-term remuneration, the Company will mainly consider the growth rate of annual performance, then consider the increasing of remuneration rate to cover the inflation rate in each year and finally consider the increasing rate for individual based on the level of perseverance, intention, dedication, and ability to perform.

In case of long-term remuneration, the Company will consider the opportunities for employee's career advancement by using the internal evaluation form that is set to be appropriate and complied with the performance indicators of each department as the indicators of employee performance. (individual's Performance) for evaluating the performance and determining the remuneration for executives and employees based on their performance, consisting of 4 areas: Finance, Development & improvement of internal processes to be more efficient, and learning & development. In terms of remuneration for employees, the Board of Directors will consider the corporate success in line with economic conditions and also compare to other companies in the same industry. Every year, the Company will provide long-term service award to employees who continuously work with the Company for a long time up to 10 years, 15 years, 20 years and more than 20 years, to create morale for employees who are dedicated to their duties and continuously loyal to the organization.

Labor litigation case during the past 3 years

- None -

Personnel Development Policy

Realizing the importance of HR as a major driving force for our sustainability, the Company clearly and regularly plans the HR strategy on an annual basis in order to increase capabilities of all employees. The Company also arranges training both inside the Company and other government or private sectors' courses. Moreover, appropriate benefits are provided for good morale and they are updated regularly.

Main development plans are as follows:

- Employees participate in setting the work direction in their own department for effectiveness and efficiency by presenting their own viewpoints of working to develop their own works.
- The Company creates working atmosphere for all employees to share the Company's success and the remuneration is considered as a whole and as an individual to award their devotion and determination.
- The Company arranges working manual for employees to gain knowledge and this manual shall be updated regularly.
- The Company promotes employees to join the showcase in both domestic and overseas in order to be updated with production process, product development, marketing and customers' changing behaviors which shall be adjusted to the Company's working process to be up-to-date and adjusted to all continuously changing situations in furniture industry.
- The Company encourages the development for value added in all products for sustainable growth and customer's satisfaction.
- The Company promotes all employees to have positive attitude in all working process for continuous development and progression such as production process to be continuously better, marketing and accounting for maximum benefit, department which controls the Company's expenditure manages to continuously reduce the ratio of cost and expenditures but with utmost effectiveness.



CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE POLICY

The meeting of the Board of Directors No. 1/2012 (first time after the conversion to be Public Company Limited changed of its status) was held on 26 October 2012 and had a resolution to approve the corporate governance policy in writing, including the amendment of such policy after the meetings. The policy is being specified based on the principles of good corporate governance of the Securities Exchange of Thailand (SET), in order to have a transparent operation in every level; from operational level, executives, and the Board of Directors. This is to increase the competency and competitiveness for sustainable growth in the future, leading to long-term benefit for shareholders, customers, and public. This policy has been exercised after the approval of corporate governance policy in the meeting, including the amendments on importance details and good governance practice made after that in order to face challenges in the future. Later, the meeting of the Board of Directors Meeting No. 11/2018 was held on 31 October, 2018 considered and approved the new Corporate Governance Code Policy to substitute the cancelled original version, in order to comply with the principles of 2017 Corporate Governance Code for listed companies prescribed by the Securities and Exchange Commission, effective from 2017 onwards unless there is any changes made in the future. This Corporate Governance Policy has set the principles for the Board of Directors who are the leader or the highest responsible person of the organization to use in supervising the business for long-term good performance, being reliable for shareholders for the benefit in value creation to make the business sustainable and meet the expectations of business sector, investors as well as the capital market and society as a whole.

"Corporate Governance" means a relationship in terms of regulatory and the measures used in regulating the decisions of people in the organization to meet the objectives, which includes:

- (1) Determine the main objectives and targets that cover key targets and core concepts of the organization, and short-term targets, the core concept of the organization in the form of vision, principles and business models that create the values for the business.
- (2) Establish strategies, policies as well as consider and approve of plans and budgets.
- (3) Monitor, evaluate and supervise the business performance reports.

"Corporate Governance Code" according to this practice means the corporate governance to sustainably create values for the business apart from creating confidence for investors, the Board of Directors has the target to govern the business in order to achieve important following targets:

1. Be competitive and have good performance, taking into account of the long-term impact.
2. Operate business with ethics, respect rights and have responsibility toward the shareholders and stakeholders.
3. Create benefit to society and develop or reduce the environmental impacts.
4. Be able to adapt to the factor of changes.

There are 8 main principles of Corporate Governance Code: (CG Code) for the Board of Directors as follows:

- | | |
|-----------------------|--|
| Practical Principle 1 | Recognize the role and responsibility of the Board of Directors as the leader who creates sustainable values for the business. |
| Practical Principle 2 | Define objectives, main targets of the business for sustainability. |
| Practical Principle 3 | Strengthen the Board of Directors. |
| Practical Principle 4 | Nominate and develop top executives and human resources management. |
| Practical Principle 5 | Promote innovations and operate the business with responsibilities. |
| Practical Principle 6 | Supervise for appropriate risk management and internal control systems. |
| Practical Principle 7 | Maintain financial credibility and information disclosure. |
| Practical Principle 8 | Support shareholder's participation and communication. |



The Board of Directors considered and reviewed the implementation of practical principles in accordance with CG Code based on the Company's business context for the year 2018, which was considered and approved by the meeting of the Board of Directors Meeting No. 11/2018 on 31 October 2018.

Establishment of Vision, Mission, Corporate Value, Objective and Long-term Target

Vision

"Committed to be the leader in furniture business in Southeast Asia and continuously create opportunities in business growth."

Mission

Sustainability = The development of the organization to grow with sustainability, such as the expansion of business to be the upstream business, that is to be a manufacturer and distributor of MDF boards for furniture production. This will help to reduce the cost of main raw materials for the Company, and all the Company to become the furniture manufacturer / expand its business into renewable energy business which is an important trend and a part of creating energy security, in order to continuous generate revenue and profits for the business, etc.

Diversification = Risk diversification in business, such as incomes from selling products both domestically and internationally, a variety of customer groups from exporting, modern retail stores, showroom to sell products in mid-to-high levels, wholesale stores, retail stores for furniture throughout the country and the business expansion to other types of businesses such as energy business, MDF boards, etc. in order to diversify risks and not solely rely on furniture business.

Adaptation = Ready for strategies of changes and continuously adapt itself for creating opportunities in business operations with stability and sustainability, such as starting from furniture business to become a para rubber furniture business, particle board furniture and foil paper business, in order to reduce the production cost of furniture, etc.

Corporate value

Work with mind to achieve the targets (Be Passionate and Determined)

Reduce the work procedure with more efficiently (Do More with Less)

Continuously seek for growth and learning (Pursue Growth and Learning)

Communicate with open-mind, fair and honest to others (Build Open, Integrity, Honest Relationships with Communication)

Objective

"Leading the organization to sustainably develop and grow"

Long-term Target

The Company sets long-term target by maintaining the growth of sales volume and profit from the operation in furniture business group for continuous growth, aims to be the organization that develops the investment to reduce costs in the integrated furniture manufacturing business, and sets the target on the returns from alternative energy business in the proportion for not below 30% of total net profit of the Company and its subsidiaries within 3 years, as well as diversifies the risk of business operation to other types of businesses that have potential and opportunities in continuous growth.

Practical Principle 1 : Recognize the role and responsibility of the Board of Directors as the leader who creates sustainable values for the business.

Practical Principle 1.1

The Board of Directors should understand their roles and aware of their responsibilities as the leader who must govern the organization to have good management, with the determination of objectives, targets, strategies, operating policies as well as allocating important resources to achieve the objectives and targets, monitor, evaluate and supervise performance reports.



Practical Guideline 1.1

The Board of Directors are aware of their roles, duties and responsibilities in governing the organization to have good management and be a good model as the leader in corporate governance.

Each year, the Board of Directors will jointly consider and determine the objectives and targets of the Company and its subsidiaries for operating business to suit the time period. In addition, the Board of Directors also determine the strategies and operating policies, and allocate human resources such as executives and teams, to be responsible for each division to work as planned and achieve the given targets. The top executives will be directly responsible, closely govern and control the operations of operational team in order to know the level of the targets to be achieved and barriers in working, as well as monitor and supervise the implementation of the Company's strategies. This is done in order to catch up with the changes of strategies to support occurred problems and obstacles and to actually achieve the given targets and objectives.

In addition, the Company's vision and mission will be reviewed to be in line with the Company's objectives and targets that have been improved and changed according to the situation of the business and actual annual investment, mainly taking into account ethics, the impact on society and environment, which is apart from financial performance.

The Board of Directors will consider and approve the Charter of the Board of Directors and the Charter of all sub-committees as proposed and screened as well as approved by the sub-committees. The Charters will require the Company's directors and sub-committees to manage the Company's operations in accordance with the laws, regulations, resolutions of the shareholders' meeting as well as the given guidelines. The approval process of important operations will be proceeded as prescribed by law, including the authority to approve the operations of the Board of Directors with the authority to approve various matters of the Company and its subsidiaries will be determined.

In each meeting, or in any meetings with the agenda to monitor the performance as assigned by the Board of Directors, the Company's performance will be monitored, evaluated and supervised to provide a report for each quarter.

The Board of Directors has established and documented policies for directors, executives and employees to express the principles and guidelines of operations, containing Corporate Governance Policy, Business Ethics and supervised to communicate such policies to directors, executives and employees, as well as to monitor their performance and regularly review policies and practices.

The Company has organized a structure of the Board of Directors and determined the scope of authorities, duties and responsibilities of the Board of Directors and sub-committees which play important roles on the Company's objectives, targets, operational policies and supervised to monitor, evaluate, and report the performance. The Board of Directors consists of qualified persons with a variety of knowledge, capabilities and experiences that can be applied to develop and set guidelines, policies, vision, mission, to annually determine the development guidelines for benefit of the Company's business operations.

In 2018, the Board of Directors' Meeting No. 11/2018 held on 31 October 2018, had a resolution to consider and review the Company's Vision, Mission, Objective and Long-term target according to the details of 2018 Corporate Governance Policy of East Coast Furnitech Public Company Limited

However, the Board of Directors has determined to monitor, evaluate and supervise the performance reports in quarter and annual manners. The performance reports will be considered of operational progress and strategies that are applied to be consistent with the stated objectives. The performance results will be reported and presented by Managing Director and the Executive Committee to the Board of Directors' meeting.



Board of Directors

The Company's Board of Directors consisting of 9 Directors as follows.

1.	General Terdsak	Marom	Chairman of the Board / Audit Committee Member / Independent Director
2.	Assoc. Prof. Dr. Montree	Socatiyanurak	Chairman of the Audit Committee / Independent Director
3.	Assoc. Prof. Songklod	Jarusombat	Audit Committee Member / Independent Director
4.	Dr. Ekarin	Vasanasong	Independent Director
5.	Mr. Chalee	Suksawad	Vice President
6.	Mr. Wanlop	Suksawad	Director
7.	Mr. Arak	Suksawad	Director
8.	Miss Tippawan	Suksawad	Director / Company Secretary
9.	Mrs. Waraporn	Suksawad	Director

In the Board of Directors, the Chairman of the Board of Directors is General Terdsak Marom Which is an independent director. And not the same person as the Managing Director which is the position of the highest executive of the organization.

The structure of the Board of Directors consists of 5 non-executive directors, representing 55.55% of the total number of directors. There are 4 independent directors in the Board of Directors In the Board of Director, there is 1 independent director named Assoc. Prof. Songklod Jarusombat who is knowledgeable in forest resources, specializing in forest products and social forestry. Such knowledge and specialty are related to wood furniture business of the company. Additionally, there is 1 more independent director named Dr. Ekarin Vasanasong who is knowledgeable in forest resources, specializing in electrical and power engineering which is related to the business of renewable energy that the Company is investing to expand its business operation.

The directors appointed to be the independent director shall not be under the authority of executives and major shareholders.

On 10 January 2019, Mrs. Waraporn Suksawad notified her resignation from directorship and the Board of Directors' meeting considered and appointed Mr. Suphan Sethapanich, who is an independent director to replace the resigned director. As a result, at present, the structure of the Board of Directors consists of totally 5 independent directors out of 9 members in the Board of Directors, causing the ratio of independent directors over 50% of the total number of directors

Qualification of the Company's Independent Director

(In accordance with the minimum requirements of the Office of SEC and SET)

- Holding no more than 1 % of total voting shares of the Company, Parent Company, Subsidiaries, Joint Ventures, major shareholders or the Company's regulators, this includes the shareholding of persons related to the independent directors
- Not currently be or never been the Company's executive director, worker, employee, salaried consultant, or regulators, unless it has been at least two years after the person has held the position, prior to the submission of permit application to the Securities and Exchange Commission (SEC). Such prohibition excludes the case that the independent director was a government officer or an advisor for government agency who is the Company's major shareholder or controlling party.
- Not being related by blood or legally registered as father, mother, spouse, sibling or children including spouse of the child of executives, major shareholders, regulators, or persons who will be nominated as executives, or regulators of the Company or subsidiaries.
- Not currently having or never had any relations with the company including the parent company, subsidiaries, affiliate, major shareholder(s), or regulators of the company, in the way that such relation may impede the person from having independent views. Also, the person should not currently be or never be a significant shareholder or regulator of the persons having business relations with the Company, Parent Company, Subsidiaries, Joint Ventures, major shareholders or the Company's regulators, unless it has been at least two years after the person has held the position, prior to the submission of permit application to the SEC.



The business relations under the paragraph one includes the normal commercial transactions to operate the business, the rent or the rent-out of real estate, particulars related to assets or services, or giving or receiving financial assistance by accepting or giving loans, guarantee, giving assets as collateral for liabilities as well as other similar circumstances, which affect the Company or the counterparty to have a debt obligation to pay to another party from 3% of the net tangible assets of the Company or from 20 million baht or more, whichever is lower. The calculation of such liabilities shall be in accordance with the method of calculating the value of connected transactions according to the Announcement of the Capital Market Supervisory Board regarding the Rules on Connected Transactions with *mutatis mutandis*. However, in considering such liabilities, the liabilities incurred during 1 year before the date of business relationship with the same person will be included.

- Not currently being or never been the auditor of the Company, Parent Company, Subsidiaries, Joint Ventures, major shareholders or the Company's regulators. Also, the person should not currently be or never be a significant shareholder, regulator, or partners of auditing firm providing current auditor for the Company, Parent Company, Subsidiaries, Joint Ventures, major shareholders or the Company's regulators, unless it has been at least two years after the person has held the position, prior to the submission of permit application to the SEC.
- Not currently providing or never provided professional services, legal consulting, nor financial consulting services to the Company, Parent Company, Subsidiaries, Joint Ventures, major shareholders or the Company's regulators with a fee more than THB 2 million per year. Also, the person should not currently be or never be a significant shareholder, regulator, or partners of current service providers, unless it has been at least two years after the person has held the position, prior to the submission of permit application to the SEC.
- Not currently being representative to represent the company's directors, major shareholders, or the shareholder related to major shareholder.
- Not currently operating under similar business nature and significant competitor of the Company or subsidiaries; or not a significant partner of the partnership, executive director, salaried worker, employee, or consultant; or holding more than 1% of voting shares of any other companies operating similar business nature and significant competitor of the Company or subsidiaries.
- Not under any conditions that may impede the person from having independent views towards the company's operations.

Scope of duties and responsibilities of the Chairman of the Board

1. Call for the meetings of the Board of Directors, act as the chairman of the Board of Directors and shareholders' meetings as well as have a role in jointly determining the meeting agenda with Managing Director and ensure that important matters have been included in the agenda.
2. Play a role in controlling the meeting to be effective according to the Company's regulations as well as support and give opportunities to each director to independently express their opinions.
3. Support and encourage the Board of Directors to perform their duties with best effort according to the scope of authorities, duties and responsibilities as well as promote an ethical corporate culture and good corporate governance.
4. Supervise, monitor and ensure that the Board of Directors and other sub-committees effectively perform their duties by achieving the Company's objectives and main targets and complying with the Charter as prescribed.
5. Supervise the use of policies and strategic operational guidelines of the management as well as provide suggestions and support the operations of the management, without engaging in the Company's routine management.
6. Cast a final vote in the event that the voting result in the meeting of the Board of Directors is tied.
7. Encourage the sufficient time allocation for the management in proposing matters and enough that the directors will carefully and thoroughly discuss important issues, encourage directors to exercise their prudent discretion and independently express opinions.
8. Strengthen good relations between executive directors and non-executive directors and between the Board of Directors and management.

Scope of duties and responsibilities of the Board of Directors

Perform their duties in accordance with the law, the Company's objectives and regulations as well as the resolutions of the shareholders' meeting with honesty and carefulness on the Company's benefits.



1. Regularly be responsible for shareholders, perform duties to protect the benefits of shareholders, completely disclose information to investors based on standard.
2. Determine policies and directions of the Company's operations.
3. Consider and approve the approval diagram.
4. Supervise, control and oversee the management to effectively perform duty according to the given policy to maximize the economic value of the business.
5. Consider and approve the investment for business expansion and the joint investment with other entrepreneurs.
6. Responsible for the preparation of financial reports, allow the Company's auditor to examine and / or review and propose to the Audit Committee.
7. Appoint the Executive Committee and determine the scope of authorities and responsibilities of the Executive Committee.

The director or other person who has or may have any conflict of interest or any other conflict with the Company is determined to have no right in voting on that matter.

In addition, in the following cases, the approval by the Board of Directors and the shareholders' meeting must be agreed by votes of not less than three-fourths of the total votes of the shareholders attending the meeting and having the right to vote.

- Sales or transfers the entire or significant part of business of the Company.
- Acquires or receives of other companies's businesses or a private company 's business to the Company
- Makes, modifies or terminates contracts relating to renting all or part of the Company's business, assigning other persons to manage the Company's business or merging the business with other people under the objective of profit and loss sharing.
- Amends of memorandum of association or regulations
- Increases, reduces of capital, debenture issuance, merges or dissolutions.

The structure of the Board of Directors consists of 9 directors, 4 of them are independent directors / 3 of them are members of the Audit Committee, one of independent directors is the Chairman of the Board who is not the same person as Managing Director. The Board of Directors will have members with a variety of knowledge and capabilities, such as knowledge, expertise in accounting, finance, governance, production, marketing, energy, etc.

Audit Committee

The Company has three Audit Committee members consisting of

- | | | |
|------------------------------------|---------------|--|
| 1. Associate Professor Dr. Montree | Socatiyanurak | Chairman of the Audit Committee and Independent Director |
| 2. General Terdsak | Marom | Audit Committee Member |
| 3. Associate Professor Songklod | Jarusombat | Audit Committee Member |

Miss Pimrumpai Boonchana is the secretary of the Audit Committee.

Note : The Audit Committee member who has the knowledge and experience in reviewing the reliability of financial statements is Associate Professor Dr. Montree Socatiyanurak.

Scope of duties and responsibilities of the Audit Committee

1. Review to ensure that the Company has accurate and adequate financial reports
2. Review to ensure that the Company has an appropriate and effective internal control system and internal audit; and consider the independence of the internal audit unit as well as approve the appointment, transfer and dismissal of the Head of Internal Audit Unit or any other unit responsible for internal audit.
3. Review to ensure that the Company complies with the Securities and Exchange Law, requirements of the Stock Exchange of Thailand and laws related to the Company's business.
4. Consider and select, propose to appoint an independent person to act as the Company's auditor and propose the compensation for such person, and attend the meeting with the auditor without the presence of the management at least once a year, additionally, propose to terminate the employment of external auditor.



5. Consider the connected transactions or transactions that may have conflicts of interest to comply with laws and regulations of the Stock Exchange of Thailand in order to ensure that such transactions are reasonable and maximally beneficial to the Company.
6. Prepare the report of the Audit Committee by disclosing in the Company's Annual Report, such report must be signed by the Chairman of the Audit Committee and must contain at least following information:
 - (A) Opinions about the accuracy, completeness and reliability of the Company's financial reports.
 - (B) Opinions on the adequacy of the Company's risk management system and internal control.
 - (C) Opinions on the compliance with the Securities and Exchange Act, requirements of the Stock Exchange of Thailand or laws related to the Company's business.
 - (D) Opinions on the suitability of the auditor.
 - (E) Opinions on the transactions that may have conflicts of interest.
 - (F) The number of the Audit Committee meetings and the attendance of each member of the Audit Committee.
 - (G) The overall opinions or observations obtained by the Audit Committee from performing their duties in accordance with the Charter of the Audit Committee.
 - (H) Other particulars that shareholders and general investors should know under the scope of duties and responsibilities assigned by the Board of Directors
7. Review the validity of reference documents and self-assessment from regarding the Company's anti-corruption measures in accordance with the Private Sector Collective Action Coalition Against Corruption Program.
8. Perform any other tasks assigned by the Board of Directors with the approval of the Audit Committee.

Executive Committee

The Company has four Executive Committee members consisting of:

1. Mr. Wanlop Suksawad Chairman of Executive Committee
2. Mr. Chalee Suksawad Executive Committee Member
3. Mr. Arak Suksawad Executive Committee Member
4. Miss Tippawan Suksawad Executive Committee Member

Scope of duties and responsibilities of the Executive Committee

1. Have the power to direct, plan and determine the Company's policies and operational strategies in accordance with the economic conditions and competitive conditions to propose to the Board of Directors for approval.
2. Control and supervise the Company's business operation to be in accordance with the policy or business plan including business strategies approved or prescribed by the Board of Directors.
3. Propose the investment plans and/or raise the Company's funds for the consideration and approval by the Board of Directors and / or the shareholders' meeting, as the case may be.
4. Determine the Company's policies, business plans and business strategies under the scope of objectives.
5. Approve the expenditure of investments as specified in the annual expenditure budget approved by the Board of Directors. or according to the resolution of the Board of Directors for its principle.
6. Have the power to purchase, sell, supply, rent, rent-purchase, hold, possess, improve, utilize or otherwise manage any property, including investment as the plan approved by the Board of Directors.
7. Have the authority to approve the purchase of assets or payment of any price due to the Company's operations in accordance with the contract and / or agreed with the partner, with details according to the approval authority diagram as prescribed by the Board of Directors.
8. Within the amount authorized by the Board of Directors, the Executive Committee has the authority to approve the purchase, procurement, lease, rent-purchase of any property, as well as the investment power and payment of any expenses necessary for the Company's operations, with details according to the approval authority diagram as prescribed by the Board of Directors.



9. Within the amount authorized by the Board of Directors, the Executive Committee has the authority to approve loans, overdraft from the bank, juristic person or any other financial institution for the Company's benefit in business operations, with details according to the approval authority diagram as prescribed by the Board of Directors.
10. Have the power to consider and determine employee's welfare in accordance with the economic situation and status.
11. Perform other tasks to support the above actions or as assigned by the Board of Directors each time.

The assignment of powers, duties and responsibilities of the Executive Committee as mentioned above will not include the authority and/or assignment of sub-authority for the approval of any items that themselves or the person assigned of sub-authority or the person who may have conflicts (as defined in the Notification of the Capital Market Supervisory Board) has a conflict of interest or other benefits with the Company. The approval of such transactions must be proposed to the meeting of the Board of Directors and / or the shareholders' meeting. (as the case may be) to consider and approve such transactions according to the Company's regulations or related laws.

Scope of duties and responsibilities of the Managing Director

The Board of Directors assigned Managing Director to be the leader in managing and administrating the Company under the scope of authorities and duties as follows:

1. Manage the Company's business in accordance with the objectives, regulations, policies, rules, requirements, orders and resolutions of the Board of Directors' meeting and/or resolutions of the shareholders' meeting of the Company.
2. Effectively and efficiently operate or perform according to the policy, plan and budgets approved by the Board of Directors.
3. Prepare and deliver the Company's business policies including plans and budgets to the Board of Directors for approval and report the progress according to the plan and budget approved by the Board of Directors on a regular basis every time that the Board of Directors' meeting is held.
4. Supervise, contact, direct and implement as well as sign in the juristic act, contract, order document, notification or any letters used to contact other agencies or individuals in order to achieve the efficiency and effectiveness of the company's operations.
5. Supervise employees and workers as well as assign, appoint, remove, postpone, reduce, deduct salaries or wages, conduct disciplinary punishment as well as leave the position in accordance with the rules, regulations or orders set by the Board of Directors and / or the Company.
6. Have the power to delegate sub-authority and / or assign others to perform specific tasks instead by assigning the sub-authority and/or such assignment to be under the scope of authority in the power of attorney and / or in accordance with the rules, regulations or orders set by the Board of Directors and / or the Company.
7. Be the leader and behave as a good model according to the company's ethics and business ethics.

However, the use of the power of the Managing Director as mentioned above cannot be done if Managing Director has a conflict of interest or may have a conflict of interest in any manner with the Company in using such power.

The Board of Directors determines the performance target of Managing Director and evaluates Managing Director's performance every year by setting targets and criteria for assessment that are linked to the strategic plan and annual plan for the consideration and determination of appropriate compensation and incentive measures.

In addition, the Company has arranged an evaluation of Managing Director's performance, the director who does not have gain and loss with Managing Director will annually evaluate Managing Director's performance at least once a year, in each year, director who does not have gain and loss with Managing Director will evaluate Managing Director's annual performance in terms of working progress that can achieve the targets and objectives as specified by the Company.



Risk Management Committee

The Company has four Risk Management Committee members consisting of:

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|----|--|---------------------------------------|
| 1. | Associate Professor Dr. Montree Socratayanurak | Chairman of Risk Management Committee |
| 2. | Associate Professor Songklod Jarusombat | Risk Management Committee Member |
| 3. | Mr. Chalee Suksawad | Risk Management Committee Member |
| 4. | Mr. Arak Suksawad | Risk Management Committee Member |

Scope of duties and responsibilities of the Risk Management Committee

1. Perform in accordance with the risk management policy set by the Board of Directors, conduct risk assessment, guidelines for systematic risk prevention and monitoring in the furniture industry business to reduce the opportunities that the organization will cause damages to an acceptable level, focusing on creating a risk management culture in the organization.
2. Provide advices and support to the Board of Directors in determining risk management policies, acceptable level of risk (Risk Appetite) and deviation range of acceptable risk levels (Risk Tolerance).
3. Screen and review risk management reports to ensure that the risk is adequately and appropriately responded to the acceptable level.
4. Perform any other tasks as assigned by the Board of Directors

The Risk Management Committee will hold a meeting at least 2 times a year and report to the Audit Committee and the Board of Directors for acknowledgement.

Nomination Committee

The company appointed 3 Nomination Committee members as follows:

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|----|----------------------------------|---|
| 1. | Assoc. Prof. Songklod Jarusombat | Chairman of the Nomination Committee / Independent Director |
| 2. | Mr. Chalee Suksawad | Nomination Committee Member |
| 3. | Mr. Arak Suksawad | Nomination Committee Member |

Scope of duties and responsibilities of the Nomination Committee

1. Select persons who deserve to be nominated as new directors or recruit Managing Director by determining principles or recruitment and selection methods with criteria and transparency, and propose to the meeting of the Board of Directors and / or the shareholders' meeting for consideration and approval.
2. Continuously prepare a training development plan related to the duties of directors and knowledge related to the Company's business to the Company's Board of Directors and top executives in order to increase the potential of the Company's Board of Directors and executives.
3. Prepare the development plan for Managing Director and top executives (Succession Plan) in order to prepare potential persons to be able to succeed in the event that Managing Director or top executives retires, resigns or is unable to perform their duties.
4. Perform other tasks as assigned by the Board of Directors

Remuneration Committee

The company appointed 3 Remuneration Committee members as follows.

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|----|---------------------------------------|---|
| 1. | Assoc.Prof.Dr. Montree Socratayanurak | Chairman of Remuneration Committee and Independent Director |
| 2. | Mr. Chalee Suksawad | Remuneration Committee Member |
| 3. | Mr. Arak Suksawad | Remuneration Committee Member |



Scope of duties and responsibilities of the Remuneration Committee

1. Remuneration Committee will propose a compensation policy, form and criteria of remuneration payment for directors and Managing Director, to make the form and criteria for remuneration payment appropriate, followings shall be implemented:
 - 1.1 Review the appropriateness of the criteria currently used
 - 1.2 Consider the information of remuneration payment in other companies that are in the same industry for comparing the suitability.
 - 1.3 Determine the criteria to be appropriate to achieve the expected results to be fair and to reward the persons who help the Company's works successful.
 - 1.4 Review all types of compensation forms by considering the amount and proportion of compensation for each form to be appropriate.
 - 1.5 Consider the remuneration payment according to the criteria set by the authorities or related recommendations.
2. Evaluate Managing Director's performance and present to the Board of Directors for consideration and approval
3. Consider and determine the annual remuneration of directors and Managing Director
4. Perform other tasks as assigned by the Board of Directors

Practical Principle 1.2

To create the sustainable value for the business, the Board of Directors should supervise to lead to at least the result of competitiveness and good performance, taking into account the long-term impact, conduct business with ethics, respect rights and have responsibility to shareholders and stakeholders, beneficial to society and develop or reduce environmental impacts as well as be able to adjust itself under the factor of changes.

Practical Guideline 1.2

1. The Company takes into account the competitiveness and good performance in the long term by laying the foundation for a sustainable development strategy through the development of an effective management system for increased efficiency, as well as monitor various factors in all aspects that cause the changes to business in order to be able to adapt itself to the changes. The Company has the Risk Management Committee that will monitor, inspect risks and provide the risk management policies in various areas so that the management can apply them as a guideline for performing duties to increase efficiency, reduce the impacts of damages that may be caused by the changing business factors. In addition, the Board of Directors has a policy to create the competitiveness through the investment in upstream businesses, such as consideration and approval for investment in the business of MDF board manufacturing and distribution. MDF board is one of main raw materials in the production of furniture. If the production cost can be reduced, the business's sustainability and competitiveness can be created, some products will be sold both domestically and internationally, which will help to create good performance for the Company in the long run as well
2. The Company takes into account the business operation with ethics, respecting rights and having responsibility to shareholders and stakeholders by setting and documenting the business ethics policy and sustainable business development policy. The Company believes that if the business is conducted with ethics, respecting rights of others and equally and fairly treating stakeholders, this will be an important foundation for business operation guideline that will create sustainability.
3. The Company takes into account the business operation that is beneficial to society and develop or reduce environmental impacts through guidelines for environmental friendliness. The Company's production process is determined to have a way to manage the leftover material from the production process and the management method to reduce the impact from the Company's production process, such as wood chips, sawdust, dust, paint spray, paint scrap, material scrap, glue used in the production process, etc.
4. The Company takes into account the ability to adjust itself under the factor of changes because the information era has been constantly and continuously changed. Therefore, the trackings on movements caused by the factors that directly affect the business including factors that may indirectly affect are the important information that the Board of Directors and the management must catch up on the actual changes for setting working policies to be ready for copying and reduce the impacts on potential damages.



Practical Principle 1.3

The Board of Directors is responsible for ensuring that all directors and executives perform their duties with responsibilities, prudence and honesty to the organization and supervise the operation to be in accordance with laws, regulations and resolutions of the shareholders' meeting.

Practical Guideline 1.3

All directors understand their duties as the Company's director who will be responsible, careful and honest to the organization, ensure that the operation is in accordance with the laws, such as the Public Limited Company Act, the Securities and Exchange Act, BE 2535 (1992) as amended, the Company's regulations, shareholders' meeting's resolutions including the rules of the relevant regulatory authorities, i.e. providing an approval process for important actions in transactions related to the investment, transactions that have a significant impact on the business, particulars with gain and loss, the acquisition or disposal of assets of the Company, the connected transactions or dividend payment to be in line with the laws.

All directors are ready to independently express their opinions and update themselves by taking into account the best interests of the Company and being fair to all shareholders. In addition, all directors have devoted their time to fully and adequately perform their duties, attending the Board of Directors every time, except in the case of necessary reasons. In the case of new directors, the Company will provide an orientation and provide knowledge about the Company's business operations to new directors for their knowledge and understanding in the Company's business and operations and readiness to perform their duty as director.

Practical Principle 1.4

The Board of Directors should understand the scope of duties and responsibilities of the Board of Directors and clearly define the scope of assignment of duties and responsibilities to Managing Director and the Management as well as monitor Managing Director and the Management to perform the duties as assigned.

Practical Guideline 1.4

The Company has established a Charter for the Board of Director and all Sub-committees including the corporate governance policy that specifies the duties and responsibilities of the Board of Directors for reference in performing duties of all directors and the charter will be annually reviewed of its details. In addition, roles and responsibilities between the Board of Directors and the management are clearly separated, the Board of Directors is responsible for determining the Company's policies and supervising the operations of the management, whereas the management is responsible for managing various aspects in accordance with the policies set by the Board of Directors, the Chairman of the Board and Managing Director are different persons in order to clearly separate their roles and duties in policy formulation and the operational section according to the policy.

Refer to the details of the scope of authorities, duties and responsibilities of the Chairman of the Board, the Board of Directors, Executive Committee and Managing Director as appeared in the topic 'Practical Principle 1.1

Practical Principle 2: Define objectives, main targets of the business for sustainability.

Practical Principle 2.1

The Board of Directors should determine or supervise the objectives and main targets of the Company to be conducted for sustainability growth. The objectives and targets must be consistent with the creation of values for business, customers, stakeholders and society as a whole.



Practical Guideline 2.1

The Company determines the objective which is "Leading the organization to sustainably develop and growth" and set the main target which is the target set for 3 years that "maintaining the growth of sales volume and profit from the operation in furniture business group for continuous growth, aims to be the organization that develops the investment to reduce costs in the integrated furniture manufacturing business, and sets the target on the returns from alternative energy business in the proportion for not below 30% of total net profit of the Company and its subsidiaries within 3 years, as well as diversifies the risk of business operation to other types of businesses that have potential and opportunities in continuous growth. It can be seen that the objective and main target of the business are for sustainability, focusing on creating value for the business which will create the mutual benefits both for customers who will have the opportunity to use products with developed styles, have guidelines to reduce costs in order to sell products at a reasonable price, stakeholders have the opportunity to benefit from the approach of expanding the Company's business to upstream businesses for production cost reduction, such as suppliers, suppliers of raw materials, financial institutions supporting finance to the Company as well as the renewable energy business that will benefit and be a part of creating energy security in society and communities where the Company has the opportunity to invest in such areas.

The Company encourages personnel at all levels to participate in the presentation and decides to set working guidelines that help promote the Company's objective and main target to create a corporate culture that everyone must be aware of using creativity in work.

Practical Principle 2.2

The Board of Directors should supervise to ensure that the objective and target as well as strategies in a medium term and / or annual basis of the business corresponds to the achievement of the Company's objective and main target by appropriately and safely applying innovation and technologies.

Practical Guideline 2.2

The Board of Directors will oversee the preparation of strategies and annual plans in line with the Company's objective and main target by taking into account the environment of the business at that time, including forecasting factors that may be changing and the future potential risks. In every meeting of the Board of Directors, the operation progress will be inquired by Managing Director and related executives to review the objective, target and strategies to ensure that the strategies and working plans take into account the impact on the time that may occur and can be predicted. In addition, it also includes overseeing the analysis of the environment, factors and risks that may affect relevant stakeholders throughout the lines which the stakeholders are herein covered, employees, investors, shareholders, customers, partners, communities, society, environment, government agencies regulatory agencies, etc. Moreover, the Board of Directors is also aware of the risk of setting target that may lead to illegal conduct or lack of ethics, it is the main issue that will be discussed about the risk of the target when considering along with various environmental factors that may facilitate such risks.

The Board of Directors will supervise the transfer of objective and target through strategies and plans across the organization to enable all relevant departments to be informed and able to plan the operational methods that conform to and meet the needs of the organization.

The creation of channels for participation or communication channels between stakeholders and business, the Company has prepared information to promote the contact of the investor relations department or the Contact Us channel via website. www.ecf-furniture.com, the Company's main website so that the Company can access and receive information on issues or needs of each group of stakeholders. In the past, the Investor Relations Department will be contacted via the direct telephone line at most, partly acknowledging certain issues and expectations from stakeholders, some issues that have been acknowledged can be presented to the executive level for analysis and further enhancing the value creation with stakeholders to achieve results. The company has a policy to supervise more opportunities for communication channels between stakeholders and the Company.



The Board of Directors recognizes the proper and safe use of innovations and technologies to promote the achievement of the Company's objective and main target by dividing based on business type, both main business and under investment business. The furniture business which is the Company's main business has been continuously sought for ways to increase efficiency and reduce production costs by applying modern machinery technology in the production process and complying with the changing furniture styles as well as being in the market demand. For the investment in MDF Board plant, the Company has selected modern machinery manufacturers with world-class expertise but with a reasonable price, after considering the return on investment, this gives a good return. For the renewable energy business that the Company has invested in the solar power plant, biomass power plant and biomass gasification power plant, the Company emphasizes the proper and modern machineries and technologies for electricity production process that can generate a good return on investment in the long term, consistent with the life of the power purchase agreement received in each project.

PRACTICAL PRINCIPLE 3: STRENGTHEN THE BOARD OF DIRECTORS.

Practical Principle 3.1

The Board of Directors should be responsible for determining and reviewing the Board's structure, in terms of size, composition, proportion of independent directors to be appropriate and necessary to lead the organization to achieve the specified objective and target.

Practical Guideline 3.1

The Company has set the policy, composition and structure of the Board of Directors to be composed of directors with various qualifications in terms of skills, experience, specific competencies that are beneficial to the Company, gender, age and at least one non-executive director who has experience in the main business or industry that the Company is operating. The current Board of Directors has the appropriate size and consists of knowledgeable persons with sufficient ability and experience to effectively perform duties with not less than 5 persons and not over 12 people. In addition, the Board of Directors also consists of independent directors who are able to freely give opinions on the work of the management, the regulation prescribed by the SEC requires at least one-third of total directors are independent directors, but not less than 3 independent directors.

At present, the Company has a total of 9 directors, divided into 4 independent directors and 5 members who are executive directors and/or shareholders.

The Company has the number of independent directors with qualifications in accordance with the regulations of the SEC and the Stock Exchange of Thailand and the independent directors can jointly work with all members of the Board of Directors with efficiency and can freely express their opinions.

The Company has disclosed the policy in determining the Board of Directors' composition and structure with a variety of members, directors' data such as age, gender, educational background, experience, shareholding proportion, number of years as a director and holding directorship in other listed companies is shown in the Company's Annual Report and website

Practical Principle 3.2

The Board of Directors should select the appropriate person as the Chairman of the Board and ensure that the composition and operation of the Board facilitate the use of discretion in freely making decisions.

Practical Guideline 3.2

At present, the Chairman of the Board is General Terdsak Marom who is an independent director and the person who is suitable for the position of Chairman of the Board and not the same person as Managing Director who is responsible for the implementation of the policy. The Company is confident that the composition and operation of the Board facilitate the independent judgment in making decisions. Please refer to the details of the scope of authorities, duties and responsibilities of the Chairman as detailed in the topic Practical Principle 1.1, the Chairman of the Board plays a leading role for the Board of Directors.



The principle that should be followed is the majority members of the Board should be non-executive directors who can freely give opinions on the work of the management because the current structure of the Board of Directors consists of 9 members in total including 4 independent directors who are non-executive, and 5 executive directors and directors who are considered to be connected with executive directors. However, the Company is in the process to approach and recruit the qualified candidates for the position of independent directors to increase the number of independent directors in the Board's structure to achieve a greater number of independent directors than executive directors in order to comply with the Corporate Governance Code, and this is expected to comply with this principle by 2019.

The Board of Directors sets the policy for independent directors to hold the office for a period of not over 9 years from the first tenure as independent director in accordance with the structure of the Board of Directors.

Prior to considering important matters, the Board of Directors may consider to appoint the Sub-committees to consider and screen information on specific issues and propose guidelines for consideration before proposing to the Board of Directors for further approval, such as the important policy to set guidelines for managing specific risks will be considered and screened by the Risk Management Committee, etc.

The Board of Directors oversees the disclosure of roles and duties of the Board of Directors and Sub-committees, the number of meetings and the number of meeting attendances by each director in previous year; and reports the performance of all Sub-committees in the Annual Report.

In addition, in approving, endorsing or giving opinions on the meeting agenda, the Board of Directors has set a policy regarding the minimum number of quorum when the Board of Directors will vote at the Board's meeting that at least two-third of total directors must attend.

Practical Principle 3.3

The Board of Directors should supervise the recruitment and selection of directors to have a transparent and clear process in order to have the Board of Directors consisting of members with qualifications consistent with the specified elements.

Practical Guideline 3.3

Each year, the Nomination Committee will be responsible for selecting directors by following the criteria for selecting new directors. Prior to proposing name list to the meeting of Board of Directors, the Nomination Committee will give opinions, the proposed candidates must be fully qualified according to the Public Limited Companies Act, B.E 2535 (1992), the Notifications of the Securities and Exchange Commission, Capital Market Supervisory Board and relevant Notifications of the Stock Exchange of Thailand, as well as have good knowledge, ability, dedication and experience in the management of the core business and other businesses invested by the Company. In addition, in recruiting directors, the process must be proceeded in accordance with the Company's business strategy as well, for example, the Company has increased its investment in energy business, the Nomination Committee therefore considered to select new directors with qualifications and experience, knowledge and expertise in energy to enhance overall potential of the Board of Directors.

The Company has a policy to determine the composition of the Board by using tools and table to consider the components of directors' knowledge and competency (Board Competency Matrix), dividing into 3 main topics for consideration, such as the knowledge about the industry and experience related to the Company's business operations; skills and experience in many



areas, i.e. accounting, finance, law, etc.; and behavioral abilities, i.e. teamwork, coordination, courage, etc. If considering from such Matrix, the elements of each director will be considered whether the candidate's qualification can fulfill the Board of Directors' overview, the Nomination Committee will consider whether the composition of the Board is appropriate and covers sufficient knowledge, experience, ability and skills, that will be beneficial and efficient for the Board of Directors' operations.

The Company will disclose directors' information such as age, gender, educational background, experience, shareholding proportion, number of years as a director and holding directorship in other listed companies in the Company's Annual Report and website.

Before considering the selection by the Nomination Committee, each year, the Company will announce and invite the shareholders who wish to nominate the person who is deemed appropriate to be considered and selected as the Company's directors by posting the announcement on the Company's website. In the process of appointing new directors, the Nomination Committee will propose name list and comments to the Board of Directors prior to proposing to the shareholders' meeting for appointing directors. The Company has disclosed adequate information of persons who has been nominated for the decision making according to the criteria specified and the Corporate Governance Code. The Company was rated on the quality assessment of the Annual General Meeting of Shareholders for 2018 with a full score of 100 points from Thai Investors Association.

The composition of the Nomination Committee as specified in the Charter of the Nomination Committee shall consist of at least 3 directors and at least one of them is an independent director, the Chairman of the Nomination Committee must be an independent director, and the Nomination Committee will review the nomination criteria and procedures for directors and propose to the Board of Directors prior to nominating new directors to replace directors who will be retired by rotation. In case of nominating same director, he/she will be considered of his/her dedication for the Company's benefits over the past period as well as the performance of the said director. Therefore, the Company believes that the nomination and selection of directors adequately has a transparent and clear process.

Practical Principle 3.4

In proposing the remuneration for directors to shareholders for approval, the Board of Directors should consider the remuneration structure and rates that are appropriate to the responsibilities and motivate the Board to lead the organization to achieve both short-term and long-term targets.

Practical Guideline 3.4

The Company has established the Remuneration Committee for consider the remuneration criteria and procedures, the Remuneration Committee will propose the remuneration based on the Company's annual business performance in previous year, the performance and responsibility of directors, consideration of the number of subsidiaries, joint ventures that increase according to the business structure, benefits that the Company receives from performing the duties by directors. The initial remuneration data will be compared to the survey data of directors and executives in the listed companies related to directors' remuneration which are classified by business category - Market for Alternative Investment (mai), divided by revenue size of the companies and divided by the net profit (loss) of the company, annually prepared by the Stock Exchange of Thailand in order to ensure that the remuneration structure and rates are appropriate to the increased obligations and responsibilities and can motivate directors to lead the organization to achieve the planned targets.

The composition of the Remuneration Committee as specified in the Charter of the Remuneration Committee must consist of at least 3 directors and at least one of them is an independent director; the Chairman of the Remuneration Committee should be an independent director.

The Remuneration Committee will propose details of the remuneration structure and rates for directors, in the forms of monetary and non-monetary, to the Board of Directors, the Board will consider each form of remuneration to be appropriate before proposing to the shareholders' meeting for approval.



The Company has disclosed the policy and criteria for determining remuneration for directors, both form and amount of remuneration, both received from the Company and its subsidiaries (if any) in the Annual Report

In terms of policies and forms of remuneration for top executives, the Remuneration Committee will consider the remuneration of management with a policy to determine remuneration based on the Company's performance both short-term and long-term, individual performance by Key Performance Indicator on finance, business growth rate, operating income, net profit from operations, work process development indicators, risk management, personnel development and according to the scope of responsibilities of the position as well as the Company's competitiveness.

Practical Principle 3.5

The Board of Directors should supervise all directors to be responsible in their duties and sufficiently allocate their time.

Practical Guideline 3.5

The Board of Directors recognizes the importance of creating mechanisms to encourage directors to understand their roles and duties. The new directors who have been in the Company for the first time will be provided of orientation by presenting the Company's information such as the current Board's structure, shareholder's structure, organizational structure, nature of business, information on past business performance, targets and objectives of the business operations specified in the plan to new directors for knowing the important details of the Company. Additionally directors will attend the Director Accreditation Program (DAP) organized by the Thai Institute of Directors Association as required by SEC that the directors of listed companies are required to be trained of this program.

In performing duties as the Company's director, the Company has set the criteria for holding positions in other companies for the Company's directors to ensure that directors can devote sufficient time to perform duties for the Company. However, the Company's directors should hold directorship in 5 listed companies or less as maximum. However, the Company will consider the benefits from the duties, providing advices that is beneficial to the business operations in accordance with the Company's Corporate Governance Code as main factor.

The Company has disclosed information regarding the appointment of directors in other companies, the number of meeting attendance of the Board of Directors that has been held all the year in the Annual Report which requires that each director should attend at least 75% of the total number of meetings. At present, the Company has not found cases that the Company's director or executive holds directorship or executive position or is a direct or indirect stakeholder in any other business that has a conflict with the Company.

Practical Principle 3.6

The Board of Directors should significantly supervise to have a framework and mechanism for overseeing the policies and operations of subsidiaries and other businesses invested by the Company at the appropriate level for each business including subsidiaries and other businesses invested by the company with same and correct understanding.

Practical Guideline 3.6

The Board of Directors has set up a policy to supervise the operations of subsidiaries and joint ventures, which is divided into two main parts as follows:

1. Policy on management

- In terms of nominating persons to be directors in subsidiaries and joint ventures, the Company will send the person approved by the Board of Directors to be directors and executives in the subsidiaries and associate companies with minimum proportion according to the Company's shareholding in that subsidiaries and associated company. The director and executive to be nominated are required to have qualifications, roles, duties and responsibilities according to relevant laws and regulations.



- The directors and executives appointed according to the approval of the Board of Directors's meeting hold positions in the subsidiaries and associates have scope of main duties and responsibilities as determined by the Board of Directors and / or the shareholders' meeting of the subsidiaries or associated company. However, the appointed directors and executives must have a duty to oversee and maintain the Company's benefits and supervise to be consistent with the policy of the parent company.
- The Company's directors must ensure that the subsidiaries and joint ventures have adequate and appropriate internal control systems to prevent any fraud that may occur to the subsidiaries, joint ventures, as well as to control the subsidiaries, joint ventures to have a clear system to show that the system is adequate to continuously and reliably disclose important transaction information in accordance with the prescribed criteria. The Company's directors and executives are provided of channel to receive information for using in monitoring, supervising the performance and financial status, transactions between subsidiaries, joint ventures and directors including the management of subsidiaries, joint ventures and significant transactions with efficiency. In addition, the internal system audit team will be appointed or an external audit will be hired to audit the internal control system and the internal control system audit will be advised to report the result to the Board of Directors of subsidiaries and associated companies.
- Directors and executives of the subsidiaries that operate the core business must disclose and submit the information of their own interests and related persons to the Board of Directors to know the relationship and transactions with the Company in a manner that may cause conflicts of interest and must avoid the transactions that may cause conflicts of interest with the Company or subsidiaries. The Board of Directors of the subsidiaries has a duty to notify such matters to the Company's Board of Directors within the time specified by the Company in order to provide information for consideration or approval of any matter. The consideration will mainly take into account the common benefits of the Company and subsidiaries, the directors of subsidiaries must not participate in the approval of the matters that they have gain and loss or conflicts of interest both directly and indirectly.
- The transactions between subsidiaries and directors, executives or persons who may have conflicts of interest must consider the criteria of connected transactions.
- Directors, executives or persons who may have conflicts of interest will make the transactions with subsidiaries only when such transactions have been approved by the Company's Board of Directors without the attendance of directors who have gain and loss or the Company's shareholders' meeting based on the size of transactions to be calculated. (as the case may be). The calculation of the transactions will be applied of criteria specified in the Notification of the Capital Market Supervisory Board and the Notification of the Board of the Stock Exchange of Thailand under the Notification of Connected Transaction Rules and / or any additional amendments currently enforced, unless it is a transaction of trade agreement in the same manner that a reasonable person should do with a general contract party in the same situation, with the bargaining power of trade that has no influence of being a director, executives or persons who may be related, as the case may be, and is a trade agreement approved by the Board of Directors or according to the principles approved by the Company's Board of Directors.
- The directors, executives, employees, employees or assignees of subsidiaries and joint ventures including their spouse or those who are living together as husband, wife, and underage children of such persons are prohibited to use the inside information of the Company and subsidiaries or associated company, either derived from the act of their duties or in any other way, that have or may have a significant impact on the Company, subsidiaries or associated company or the price of the Company's securities, for their own interest and other interests, whether directly or indirectly and whether or not they receive a return.
- The Board of Directors of subsidiaries, joint ventures must supervise the disclosure of other important information, such as capital increase, capital reduction, dissolution of the subsidiaries, etc. in order to inform the Board of Directors' meeting.

2. Policy to control the finance of subsidiaries and joint ventures

- The subsidiaries and joint ventures have a duty to deliver monthly, quarterly and annually operating results, financial statements (review version and audited version) as well as information used in the preparation of such financial statements of subsidiaries and joint ventures to the Company, and the Company is allowed to use such information for the purpose of preparing consolidated financial statements or recognizing in accordance with the equity method, as the case may be.



- The subsidiaries and joint ventures are responsible for preparing budgets, spending, investments and operating results and a comparative summary between the expected numbers of budgets, spending, investments and operating results with the actual numbers and presenting the Board of Directors' meeting of the Company, subsidiaries and joint ventures to acknowledge and monitor the performance to be in accordance with the plan in order to report to the Company.
- The subsidiaries and joint ventures have a duty to report significant financial issues to the Company when they are detected or requested by the Company to conduct audits and reports

3. The policy on contracting between shareholders (Shareholders' Agreement)

or other forms of contracts that are substantially similar, the Board of Directors will ensure that such agreements are executed. In case of significant investment in other businesses with a shareholding proportion of 20% of voting rights but not over 50% to specify a clear agreement on management power and participation in important decisions, performance monitoring to be used as information in preparing the Company's financial statements in accordance with the standards and timely manner.

Practical Principle 3.7

The Board of Directors should arrange an annual performance evaluation of the Board of Directors, Sub-committees and individual directors, the assessment results should also be used for further development of their duties.

Practical Guideline 3.7

The Board of Directors has set guidelines for evaluating the annual performance. The Board of Directors and Sub-committees will evaluate the performance at least once a year to allow the Board of directors to consider the performance and problems for improvement and correction. The evaluation of performance will be conducted for team and individual by disclosing the rules, steps and results of the overall assessment in the Annual Report. The main topics used in the assessment include: the evaluation of the Board's structure and qualifications, the meetings of the Board, roles, duties and responsibilities of the Board of Directors including other assessments such as the relationships between the Board and management, self development of directors and executive development, etc.

Practical Principle 3.8

The Board of Directors should supervise the Board of Directors and each director to have knowledge and understanding about their roles, duties, nature of business and laws related to business operations as well as encourage all directors to regularly enhance their skills and knowledge for performing their duties.

Practical Guideline 3.8

The Board of Directors has a policy to encourage directors to continuously improve their knowledge. Each year, at least one director will be continuously encouraged to attend the training program or participate in seminar that increases knowledge in operation and it will be disclosed in the Annual Report.

The Company encourages directors to participate in training programs related to the duties of directors, organized by the Thai Institute of Directors Association (IOD) and the Company will support the new directors to participate in the training program and receive the certificate as soon as possible from the date of appointment.

The Company will assign Managing Director and / or the Company Secretary to conduct the orientation for new directors by providing information about the current business overview, shareholder's structure, the Board's and Sub-committees' structure, organizational structure, financial status and operating results, vision, policies and business targets of the Company.

Practical Principle 3.9

The Board of Directors should ensure that the operation of the Board is completed, can access the necessary information and has a Company Secretary who has the knowledge and experience required and proper to support the Board's operations.



Practical Guideline 3.9

The Board of Directors has arranged the annual meeting schedule in advance as well as notified in advance of the Board's meeting agenda so that the directors can arrange their time to attend the meeting and prepare the information for consideration or questions in each agenda in advance

At least four meetings are required to be held in each year, in previous year, there were not less than 15 meetings to be held because it is in accordance with the obligations and responsibilities of the Board that is consistent with the business targets and business growth policies. In each meeting, the Chairman of the Board will allow the directors, including the management at the meeting, to have the opportunity to propose or give opinions on issues that are beneficial to the Company at the meeting. In addition, Managing Director is also encouraged to consider and select high-level executives to attend the Board of Directors' meetings for presenting information and details of operations and for providing opportunities to high-level executives to continuously develop themselves as the future successors.

The Board of Directors has a policy to arrange a meeting for non-executive directors to have the opportunity to meet among themselves as necessary to discuss issues without the presence of management in the meeting as well as suggest and inform Managing Director to know the meeting results.

The Board of Directors has appointed the Company Secretary with appropriate qualifications to perform duties in providing legal advice and regulations that the Board of Directors must know, and administrating documents used for the Board's meeting, important documents and activities of the Board and coordinating to comply with the resolutions of the Board of Directors as well. The company will disclose the qualifications and experience of the Company Secretary in the Annual Report and on the Company's website. The Board of Directors continuously encourages the Company Secretary to participate in the training programs and knowledge development that will be beneficial to his/her duties.

The Board of Directors has set a policy to send meeting documents in advance to the directors for at least 5 working days before the date of the meeting of the Board of Directors.

Practical Principle 4: Nominate and develop top executives and human resources management.

Practical Principle 4.1

The Board of Directors should ensure that the nomination and development of Managing Director and top executives to have knowledge, skills and experience and the characteristics required to drive the organization towards the target.

Practical Guideline 4.1

The Board of Directors has assigned the Nomination Committee to be responsible for considering criteria and procedures for nominating qualified persons to hold the position of Managing Director based on knowledge, skills, experience related to the core business of the Company, management experience, working dedication, characteristics, image and management vision necessary to drive the organization towards the target, good relationships with individuals or organizations, good morals and ethics, in addition, he/she must be qualified in accordance with the regulations of the regulatory authorities and relevant laws as an important part for consideration criteria and method.

The Board of Directors will monitor and supervise Managing Director to have appropriate top executives, at least, the Board of Directors or the Nominating Committee will work with Managing Director to consider the criteria and procedures for recruiting and appointing persons to support the approval of that person proposed by the Managing Director as top executives. the nomination criteria and method will be based on the same nomination criteria and method used to select Managing Director by the Board or Directors, or the Nominating Committee will consider in accordance with the same nomination criteria and method as applied to Managing Director by selectand use some appropriate items.



The Board of Directors has a policy to encourage and support Managing Director and top executives to be trained and developed to increase knowledge and experiences that are beneficial to the Company's operations, especially, the program to build business relationships with individuals or organizations, including programs that will enhance knowledge, skills that can be adapted in the professional field according to the positions directly responsible.

The Board of Directors saw that in order to provide the utmost benefits for the Company, Managing Director will effectively devote his/her time for performing duties as Managing Director, therefore the Board has set a policy to prohibit Managing Director from being Managing Director in other listed companies, except Managing Director in its subsidiaries or joint ventures in temporary period at the beginning of the business establishment within a period of not over 3 years only. If he/she is necessary to hold such position longer than prescribed period, he/she must notify the Board of Directors' meeting for further approval.

The Company's directors can hold directorship in 5 listed companies as maximum, the Company's top executives is prohibited to hold the position of executive in other listed companies because top executives is required to implement the policy of the Board of Directors, therefore needs to fully devote their time to work for the Company.

In order to keep the business running, the Board of Directors has established a succession plan to prepare for the succession of Managing Director and top management with following details:

1. Identify required and necessary qualifications (Requirement) of Managing Director and top management.
2. Identify appropriate potentials and abilities of the persons who will be successors.
3. Consider the training plan to develop the necessary and appropriate knowledge, skills and competencies for the persons who will become the successors.
4. Determine the guidelines for selecting and nominating the persons who will become the successors with the knowledge, ability, skills, competencies and experience that are most suitable to create value (Value added) for the Company.

The Nomination Committee will require Managing Director to report the performance according to the succession plan to the Board of Directors at least once a year.

Practical Principle 4.2

The Board of Directors should supervise the appropriate remuneration structure and evaluation.

Practical Guideline 4.2

In order to determine the remuneration structure that can motivate Managing Director, top executives and other personnel at all levels to work in accordance with the objectives and main targets of the organization and in line with the interests of the Company in the long term, the Board of Directors, therefore, set the criteria and scope of authorities and responsibilities of the Remuneration Committee as follows:

1. Consider the appropriateness of remuneration ratio like salary, short-term performance, such as bonus; and consider the guidelines for long-term remuneration such as giving the Company's shares or warrants, etc.
2. Consider and compare the remunerations determined by the Company to the level of remuneration in the same size of business, same business, or similar performance, etc.
3. Establish the policy regarding evaluation criteria and disclosure of information.



Every year, the Board of Directors, excluding directors who have gain and loss and Managing Director, will evaluate the performance of Managing Director, the Chairman of the Remuneration Committee will disclose the evaluation results and development issues to Managing Director. The criteria for evaluation are as follows:

1. Consider the targets and status of each target's achievement.
2. Evaluate performance based on
 - 2.1 Leadership
 - 2.2 Strategy formulation
 - 2.3 Compliance with strategies
 - 2.4 Financial planning and performance
 - 2.5 Relationships with the Board of Directors
 - 2.6 Relationships with external parties
 - 2.7 Management and relationships with employees
 - 2.8 Succession
 - 2.9 Knowledge of products and services
 - 2.10 Personal characteristics
3. Development of Managing Director

The results of performance evaluation of the Managing Director will be one of factors used to consider and approve the annual remuneration of Managing Director as well

The Board of Directors will supervise and provide the appropriate remuneration for each member of the Board of Directors according to authorities, responsibilities and compare to the level of remuneration in the same business group. In the Board of Directors' Meeting No. 2/2015 held on 27 February 2015, the Board of Directors approved the appointment of the Remuneration Committee. The remuneration criteria considered by the Nomination Committee will be based on the Company's business performance in previous year, performance and responsibility of directors, benefits provided to the Company by director's performance. The preliminary compensation data will be compared to the size of business or industry with income, net profit that are close to those of the Company. The information remuneration for directors is classified by business category - by the Market for Alternative Investment (mai), based on the information of remuneration for directors and executives of listed companies, prepared by the Stock Exchange of Thailand each year.

In addition, only independent directors in the Board of Directors also prepare an evaluation form for the performance of Managing Director every year in order to submit such assessment data, collect, analyze and present to the Remuneration Committee for consideration of adjusting the appropriate remuneration for Managing Director every year if the performance evaluation of Managing Director can achieve the target and comply with the policy of the Board of Directors,

The Board of Directors has determined the policy of remuneration for Managing Director to be appropriate under clear and transparent criteria. The Remuneration Committee will consider and review the remuneration for Managing Director and propose to the Board of Directors for consideration and approval. The consideration will be based on his/her performance that is consistent with the Company's targets both in short term and long term, business strategies, the Company's performance and the consistency with Managing Director's duties and responsibilities. The remuneration is intended to create motivation as follows:

Short-term remuneration : it is paid in the form of salary and bonus based on performance.

Long term remuneration : it is considered to provide in the form of ordinary shares, if the Company will establish a subsidiary in the future, the Company will register additional listed company on the Stock Exchange of Thailand (Spin-off), at that time, the Board of Directors and / or the Remuneration Committee of the subsidiary and the Company will jointly consider to finalize a clear conclusion of such remuneration.



In addition, the Board of Directors has a policy to allow Managing Director to evaluate the performance of top executives by prescribing criteria and factors for performance evaluation and to prepare the criteria and factors for performance evaluation for the whole organization as well as to be further applied to the determination of both short-term and long-term appropriate remuneration structure.

Practical Principle 4.3

Directors should understand the structure and relationship of shareholders that may affect the management and operations of the business.

Practical Guideline 4.3

The Board of Directors understands the structure and relationships of shareholders which reflects the power to control the Company's management. In the past, the Company did not have any problems with the shareholding structure that may cause conflicts in the management of the business and there are no issues causing obstacles to the performance of the Board of Directors. In the event that the Company, subsidiaries, joint ventures have made an agreement between shareholders, the Board of Directors has a policy to disclose information according to various agreements that have significant impact on business control in the Annual Report.

Practical Principle 4.4

The Board of Directors should monitor, supervise the personnel management and development to have the appropriate amount of proper knowledge, skills and experience and motivation.

Practical Principle 4.4

The Board of Directors has a policy to ensure that the human resources management is in line with the Company's direction and strategies and encourage employees at all levels to have appropriate knowledge, abilities, motivation and being fairly treated in order to maintain competent human resources. The Company has assigned a policy to the operational level to determine the number of training hours of each unit and select training courses related to knowledge and skills in direct operations as well as encourage the training programs to increase skills related to their living, leadership and knowledge on financial management and personal investment by the speakers from the Bank of Thailand every year.

The Company emphasizes the personnel development in enhancing their capabilities and efficiency of working by establishing clear and consistent personnel development plans as the annual plan for training with both in-house training and the training programs organized by the government agencies and private sectors related to work, with the objective to increase work skills. In addition, the Company has provided welfare for personnel to create morale in the workplace and constantly reviews and improves employees' various benefits.

The Company has a fundamental development target that is:

- Employees have opportunities to engage in determining the direction of works in their own department, express their opinions, views on working in order to improve works from the existing styles to be more efficient and effective.
- Create a working atmosphere for everyone to participate in the organization's success and the Company will consider to give remuneration to employees based on the Company's overall success and their intention and dedication in working, especially individual performance.
- Encourage employees to create knowledge from working, prepare operational manuals that are updated to be consistent with the actual work that is changing all the time.



- Encourage employees to travel to attend trade shows both domestically and internationally to keep up with the production situation, product development, marketing as well as to learn about the consumer behaviors that are constantly changing, with the objective to apply in the Company's work process to be up-to-date and adapt to all situations in the changing furniture industry.
- Encourage the development to create value added in the products manufactured and distributed by the Company for sustainable growth and consumers' continuous awareness and demands.
- Promote the development and motivation for personnel within the organization to have a working attitude on continuously creating the developing their working progress, such as the production process must be continuously improved, marketing must continuously increase revenue from selling products, the department controlling the Company's costs will manage to continuously reduce the costs and expenses proportion with maximum efficiency.

In addition, the Board of Directors also supervises the establishment of Provident Fund to ensure that employees will have sufficient savings to support their retirement and encourages employees to have knowledge and understanding in financial management, selection of investment policies that are consistent with the age range, risk level, etc.

Practical Principle 5: Promote innovations and operate the business with responsibilities.

Practical Principle 5.1

The Board of Directors should focus and support the creation of innovations that add values to the business while create benefits for customers or those involved with responsibility to society and the environment.

Practical Guideline 5.1

The Board of Directors has a policy to support new business concepts and encourage business to keep pace with changes in technologies according to global trends, which must be carried out in order to create mutual benefits for the business, customers, partners, society and the environment, and must be an innovation that does not support inappropriate behavior or illegal or unethical activities.

In terms of the furniture business, the Company encourages the design team and production department to jointly develop the product model, procurement of new raw materials for production; and find ways to improve production processes and work processes to catch up with the changing demands of the furniture market, such as finding ways or patterns for the development of covering material for particle board to be more durable than foil paper and following the changing market trends, or the development of covering paper that can be used with wall, ceilings, developing products from producing furniture with all woods to producing furniture with steel materials as a component, etc. The Company turns to use imported machineries with improved and modern production technology, such as paint sprayer to reduce the amount of paint, a drying process to reduce the production time and costs, top plate pressing machine with microwave system, work process improvement with Word Standard system that everyone can work and replace each other, and finding ways to develop programs to control production for creating sustainability, reducing dependence on individual talent, etc.

The businesses invested by the Company in both subsidiaries and joint ventures including Planet Board Co., Ltd., which operates business as a manufacturer of MDF board that is main raw material of furniture production. The Company has a policy to use modern machine technology with high quality for the production process in order to obtain quality MDF boards and research to develop MDF board products to be more water proof than general MDF boards; the biomass power plants invested by the Company, and the by-product from the production process is ashes, the Company sent the laboratory to test the Activated Carbon level in order to develop production process for getting high level of activated carbon that can be sold at high prices or can be used for medical purposes etc.



Practical Principle 5.2

The Board of Directors should monitor and supervise the management to operate business with social and environmental responsibility which is reflected in the operational plan to ensure that every department will operate their works to comply with the Company's objectives, goals, targets and strategies.

Practical Guideline 5.2

To ensure that the Company operates its business with ethics, social and environmental responsibility, avoid to violate the rights of stakeholders, as a guideline for everyone in the organization to achieve the main objective and target for sustainability. Therefore, the details of responsibilities to stakeholders are defined as follows:

Shareholders

The Company defined the policies and guidelines as follows:

1. Recognize and pay attention to the fundamental rights of shareholders, such as the right to purchase or transfer shares, the right to receive profit sharing of the business, the right to fully, sufficiently and timely receive and access the Company's information, the right to attend meetings to exercise voting rights at the shareholders' meetings to appoint or remove directors, appoint Auditor and matters that may affect the Company, such as the increase or decrease of capital, dividend allocation, amendment of the Company's regulations, objectives or memorandum of association, etc.
2. Promote and facilitate the rights of shareholders, including
 - Deliver the invitation letter to the shareholders' meeting at least 14 days in advance of the meeting date by specifying the date, time, venue and meeting agenda, rules and regulations used in the meeting, voting procedure and full information that must be used to make a decision. The invitation letter to the shareholders' meeting will be published on the Company's website at least 21 days in advance to allow shareholders to have sufficient time to study the information in advance.
 - Report important information that has or might affect the rights of shareholders, both the information reported in the accounting period and the information reported according to events, as mentioned by laws and related notifications without any action that limit the rights of shareholders to access the Company's information.
 - Allow minor shareholders to propose matters to be included in the agenda and / or nominate a person to be elected as a director at the Annual General Meeting of Shareholders.
 - Allow shareholders to submit questions related to the meeting in advance before the shareholders' meeting.
 - Allow shareholders who are unable to attend the meeting in person can appoint a proxy to attend and vote on their behalf.
3. Set guidelines for the Annual General Meeting of Shareholders in order to comply with the Corporate Governance Code and allow shareholders to ask questions on various issues as detailed in each agenda.
4. After completing the shareholders' meeting, the Company will publish the voting results of each agenda in the ordinary and extraordinary shareholders' meetings on the next business day; and prepare the minutes of meeting by showing complete and accurate information via the Company's website within 14 days from the date of the meeting so that shareholders can verify.
5. The Company will apply the technology in the shareholders' meeting for shareholder registration, vote counting in each agenda and the announcement of voting results so that the meeting can be held with speed, correctness and accuracy.
6. The Company has organized and participated in many activities such as Company Visit, Analyst Meeting and Opportunity Day event that the listed companies will meet investors, in order to increase communication channels for shareholders, analysts and investors to follow and receive the Company's information.

In 2018, the Company organized many activities as follows:

1. Organizing Analyst meetings in both large groups and small groups (not less than 3 times).
2. Participating in Opportunity Day event that listed companies meet investors and the Company can present its annual performance in 2017 (1 time)



3. Organizing the Company Visit (1 time)
4. Participating in the Investor Seminars organized by media (3 times)
7. The Company has appropriately and consistently paid dividend to shareholders with the dividend rate in accordance with the dividend payment policy as specified by the Company.

Customers

The Company defined the policies and guidelines as follows:

1. Conduct business in production, selling safe products concerning the health of users and providing after-sales services that create maximum satisfaction for customers.
2. Commit to develop products that add values to the use of consumers.
3. Conduct business by adhering to honesty, responsibility and fairness and avoid to act anything that violates the rights of customers, keep customers' trade secrets without wrongfully using for the benefit of oneself or those involved. If the Company detects such an offense, any employee or worker of the Company who acts such offense will be prosecuted under the law.
4. Not directly and indirectly call, receive or agree to accept any property or any other benefits that are dishonest.
5. Adhere to the principles of compliance with trade agreements. In the event that it cannot be performed, there will be a process for reporting information to customers in advance and jointly find ways to improve, solve to prevent damages.
6. Provide communication channels so that customers can complain to the Company and complaints from customers will be paid attention and potential problems will be solved for customers with fairness, via communication channels including telephone at 0-2152-7301-4, Fax 0-2152-7305 or www.elegathai.com, www.ecf-furniture.com or Fan Page Facebook: ELEGA Furniture, which in previous year, the Company could successfully respond to handle complaints up to 90% and it is in the process of finding ways to create customer satisfaction at a higher level.
7. Build good relationships and understanding, knowledge exchange, joint development and continuously adding values to products. For this point, the Company's marketing team will visit and meet the customers both in domestic and overseas according to the planned annual schedule to listen to customer satisfaction, problems and obstacles in working together, find ways to improve and develop for better products. In addition, every year, the Company will arrange activities for customers of wholesale and retail stores (Dealer) to visit the Company and see the new product models and organize sales promotion, with the objectives to meet and exchange product development guidelines and listen to suggestions and discuss ways to solve trading problems.
8. The Company will conduct public relations, advertising and sales promotion of the Company's products with responsibilities, without causing misunderstanding or taking advantages from the customers' misunderstandings.

Business Partners and Accounts Payables

The Company defined the policies and guidelines as follows:

1. Treat partners with equality, fairness and responsibility, and mainly take into account mutual interests.
2. Select business partners who have legal business operations, follow production standards, safety standards and environment conservation, supervise partners to respect human rights and treat workers with fairness and responsibilities to society and environment.
3. Maintain confidentiality or trade information of partners without wrongfully using for the benefit of oneself or those involved.
4. Build good relationships and understanding, exchange knowledge, jointly develop and add value to raw materials and products that the Company has continuously ordered. On this point, the Company's procurement team will visit and attend meetings with partners in domestic and overseas according to the planned schedule to suggest problems, barriers of co-working to find ways for better improvement and development.
5. Purchase goods and services from partners in accordance with commercial conditions by strictly complying with the contract in order to build a relationship that will create long-term benefits for both parties.
6. Adhere to the principles of compliance with trade agreements. In the event that it cannot be performed, there will be a process to inform the partners in advance and together find ways to improve and solve for preventing damages.



7. Not requesting, receiving or consenting to accept any property or other benefits beyond trade agreements. By those involved in procurement activities, must not receive benefits regardless of direct Or indirectly from partners And must be neutral, have no close relationship that may affect the decision Not call, receive or agree to accept any property or any other benefits apart from the trade agreements,those involved procurement activities will not accept any direct or indirect benefits from partners and perform themselves neutral without so close relationship that affects the decision making.

Trade Competitors

The Company defined the policies and guidelines as follows:

1. Trade competitors with fairness and responsibility by complying with the trade and competition rules with fairness, operate business with transparency and avoid the dishonest methods to destroy competitors.
2. Not destroy the reputation of the competitors by defaming.
3. Not violate the intellectual property / copyright.
4. Not seek for the confidential information of competitors with a dishonest or inappropriate way.

Creditors

The Company defined the policies and guidelines as follows:

1. Strictly comply with the conditions of the financial institution creditors in accordance with the loan agreement.
2. Treat all creditors with equality, fairness and responsibility.
3. In the case of loan, the Company will not use the money from loans to use in different objectives of the loan agreement/ conditions.
4. The Company will comply with the conditions of the guarantees given to creditors.
5. The Company will manage the business / funds in the business to ensure creditors are confident in the Company's financial position and performance which show the ability to pay the debt on time and strictly maintain the financial ratio in accordance with the conditions specified in the loan agreement with creditors.
6. Disclose correct and timely information of performance and financial status.
7. In the event that there is a possibility of default or unable to comply with conditions agreed by creditors and debtors, the debtor will immediately notify the creditor in advance in order to jointly find solutions and prevent damages.
8. Annually hold the meeting to meet financial institution creditors and organize the Company Visit to acknowledge the business policy and operation plan in the following year as well as make the creditors confident in the Company's business operations.

Employees

The Company defined the policies and guidelines as follows:

1. Give importance to employees at all levels by treating employees with equality and fairness.
2. Provide appropriate remuneration for each employee's competency along with the focus on continuous development of potential and knowledge, to create opportunities for career growth based on the individual's potential. The practical guideline is that Human Resources Department or that employee considers any training course or the review of any knowledge that is appropriate and interesting, that employee can propose to Human Resources Department and Human Resources Department will consider the suitability of the course by considering knowledge, skills that are consistent with the duties obtained after completing the training.
3. Prepare the Succession Management with the target to maintain good personnel and develop those personnel to have abilities in adapting themselves to changes and further succession.
4. Pay attention to the maintenance of the working environment with regard to working safety, hygiene and quality of life of employees as important factors under the objective to reduce the number of accidents, especially during the period when employees are performing their duties in production process. The Company has guidelines for safety which is all employees must wear gloves, mask, ear plugs and sneakers at all times when performing duties, by considering from the work process



that each employee is responsible for that particular job, such as if working in a noisy area, employees must wear the ear plugs, etc., the Company will disclose accident statistics in the Annual Report.

5. Respect human rights, dignity and basic rights in working, as well as not disclose or pass on information or confidentiality of employees to outsiders or those who are not involved.
6. Treat employees under the framework of laws, regulations, and standards related to the operation.
7. Promote the employment with equality, without discrimination against gender, skin color, race, religion, age, disability or any other status that is not directly related to the operations.
8. Encourage employees to engage in determining the Company's operational directions and developments.
9. Providing appropriate welfare and benefits for employees, such as medical treatment, annual health check, life insurance and provident funds, etc. In terms of health check for employees, the Company will schedule from work starting time and during regular work each year. In case of foreign workers, the Company has asked the Social Security Office, Rayong Province to provide information and knowledge of social security to foreign workers.
10. Provide opportunities for employees to have communication channels for suggestions and complaints about work, their proposals will be considered and determined of solutions for the benefits of all parties and building a good working relationship.
11. Promote the participation of employees at all levels in the implementation of social responsibility activities

Community, Society and Environment

The Company defined the policies and guidelines as follows:

1. Give importance and responsibility to nearby communities and society and support public benefit activities for the community as well as improve the environment of the community and society for a better life. In addition, the Company also regularly returns the community and society with donation.
2. No operate any business that affects society and causes damages; and not violate the rights of other people and residents of the community and society.
3. Establish measures to prevent and resolve the impacts that will occur to communities and society due to the Company's operation.
4. Promote the conservation of local culture and traditions.
5. Cooperate with various agencies to develop nearby communities and society to have a livelihood or have a better quality of life.
6. Conduct business in accordance with laws, regulations and environmental policies, taking into account the impact on natural resources and the environment
7. Sustainably Promote the environmental management systems from the economical use of resources, measures to treat and restore, substitute, surveillance and prevention of impacts on natural resources and the environment.
8. Cultivate awareness and promote knowledge and training for employees at all levels regarding the environmental protection
9. Promote the use of technology, machinery and raw materials used in environmentally friendly production processes.
10. For the guidelines for environmental friendliness, the Company manage the waste materials generated by rubber woods and particle boards used in the production process, to reduce the impact from the Company's production process.

Until now, the Company has never received complaints or disputes with communities in the vicinity of the factory on issues related to the environment or the impact of the Company's production process.

Fair Competition

The Company has established a systematic operating procedure, such as the distribution system through various channels, which more than 53% is the export of products to sell abroad, the Company's main customers are customers in Japan, followed by customers in modern trade, which each customer has an order system, product quality inspection and delivery according to the system and given principles. The Company is confident in the process of offering products to customers that are fair and not monopolistic to sell products to any single customer. For the procurement system and procedure to purchase raw materials and products used in the production process, the purchasing unit will compare prices, quality, trade conditions in accordance with



principles every time, so that the partners can have the opportunity to present the product to the Company for consideration and comparison. The Company always benefits from adhering to the system that screens, consider and compare the quality and price from partners.

Anti-Corruption

The Company is preparing to participate in the declaration of Collective Action Coalition of Thai private sector to fight against the corruption, the Company is The company has already announced the anti-corruption policy through the website. www.ecf-furniture.com, and create a system to prevent corruption in the organization in addition, it is in the process of communicating, publicizing the concept of anti-corruption to all stakeholders of the Company for acknowledgement, such as sending a letter to the Company's partners and customers that the Company refrains from receiving / accepting all rewards, whether it be money, items or gifts and all employees are prohibited to accept/pay any bribes for the Company's business benefits. The Company will also inform the process that gives opportunities for partners and customers who are not fairly treated to complain and be corrected, as well as organize the meetings and continuously communicate all employees to be aware of this policy and guidelines for anti-corruption.

Practical Principle 5.3

The Board of Directors should monitor and supervise the management to efficiently and effectively allocate and manage resources by taking into account the impact and development of resources throughout the value chain in order to sustainably achieve objectives and targets.

Practical Guideline 5.3

The Board of Directors recognizes the need for resources to be used in business operations, consisting of

1. Financial Resources
2. Production
3. Intellect
4. Personnel
5. Society
6. Environment

For the business operations in the Company, subsidiaries and joint ventures, the Board of Directors understands the impact on different resources, the Company will select the business models by taking into account the impact and value to the resources based on ethics, responsibility and value creation for sustainable business, concerning changes in both internal and external factors that regularly occur.

Practical Principle 5.4

The Board of Directors should provide a framework for governance and management of enterprise-level information technology that is consistent with the needs of the business and supervise the use of information technology to increase the business opportunities and improve operations, risk management, to enable the Company to achieve its main objectives and target.

Practical Guideline 5.4

The Board of Directors should provide a framework for governance and management of enterprise information technology as the policy and measure of information system security, with following important areas:

- Rules for using the Company's File Server system and all computers for every department.
- Rule of using Internet Rule System.
- Rule of using copy machines.
- Punishment of violation



In addition, the Company also gives importance to the allocation and management of information technology to be adequate for the business operations and provides guidelines to support in the event that the resources cannot be sufficiently allocated as specified. In addition, the Risk Management Committee will regularly raise the risk management on information technology for consideration in the meeting.

Practical Principle 6 : Supervise for appropriate risk management and internal control systems.

Practical Principle 6.1

The Board of Directors should supervise to ensure that the Company has a risk management system and internal control that will effectively achieve objectives and comply with relevant laws and standards.

Practical Guideline 6.1

The Company has established the Risk Management Committee to supervise and formulate risk management policies and plans according to the scope of authorities, duties and responsibilities of the Risk Management Committee specified in 1.1.

The Chairman of the Risk Management Committee, as the Chairman of the Audit Committee, will report the result of the meeting held by the Risk Management Committee to the Board of Directors' meeting so that the Board of Directors will be able to consider and formulate risk management policies that are in line with the Company's objectives, targets, principles, strategies and acceptable risks as the framework of risk management process for everyone in the same direction, the main risks emphasized by the Board of Directors consist of

1. Risk from operation
2. Risk from finance and exchange rate
3. Risk from production
4. Risk from new customers and dependence on existing customers
5. Risk from fire in the factory and insurance making
6. Risk from compliance with rules and regulations
7. Risk from investment and business operation of subsidiaries and joint ventures

Since the Company has invested in many subsidiaries and joint ventures, the Risk Management Committee has a policy to consider and manage risks by covering risks that may be arisen from business operations or investments in those subsidiaries and joint ventures as well.

Practical Principle 6.2

The Board of Directors must establish the Audit Committee that can efficiently and independently perform duties.

Practical Guideline 6.2

The Board of Directors has appointed the Audit Committee consisting of at least 3 independent directors with qualifications and duties in accordance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. The scope of authorities, duties and responsibilities of the Risk Management Committee is specified in 1.1.

The Board of Directors has a policy for the Company to provide a mechanism or tool that will allow the Audit Committee to access to the information necessary to perform the assigned duties, allowing the Audit Committee to summon relevant persons to provide information, discuss with the auditor or seek for opinions that are independent from any other professional advisors, for the consideration of the Audit Committee.



In addition, the Board of Directors will provide an independent person or internal audit unit to develop and review the efficiency of the risk management and internal control systems, report to the Audit Committee and disclose the review report in the Annual Report, as well as provide opinions on the adequacy of the risk management and internal control systems and disclose in the Annual Report.

Practical Principle 6.3

The Board of Directors should monitor, supervise and manage conflicts of interest that may occur between the Company and the management, the Board of Directors or shareholders, and prevent the undue use of the Company's property, information and opportunities, and transactions with those who are connected to the company in an inappropriate manner.

Practical Guideline 6.3

The Board of Directors supervises to have a policy to prevent and supervise the use of internal information for directors, executives, employees related to secret transactions and worker of the Company and subsidiaries in keeping confidential information and / or internal information of the Company, non-trading or accepting the transfer of the Company's securities, by taking advantage of confidentiality or insider information that has not been disclosed, prohibition of buying or selling the Company's securities within the specified period such as within 30 days, prior to disclosure and after the disclosure of such information through the system of the Stock Exchange of Thailand for 24 hours, etc. The Company has prepared a circular document within the company and let the Company's employees to sign for acknowledging the said policy.

The Company has determined that directors, executives, including their spouses and underage children are responsible in reporting their securities holdings and changes in the holding of securities of the Company to the SEC and must submit a copy of the said report to the Company Secretary for reporting to the next meeting of the Board of Directors for acknowledging the trading of securities that occur. In addition, the Company has a policy that directors and executives must report their own interests and related persons to the Company's directors and management according to the rules and form along with definitions as directed by the regulatory agencies. The Company Secretary will have a duty to keep records and collect reports of interest on a regular basis at least once a year and if there is a significant change of information from any director or management, this must be reported to the Board of Directors for acknowledgment.

However, the Company will take care of all external parties including legal counsel, financial advisor, auditor to work in accordance with the policy to prevent and supervise the use of such inside information.

The Board of Directors has established a policy on entering into transactions that may cause conflicts of interest by related transactions that may occur in the future. Directors must comply with various regulations that have been established and directors must not approve any transactions that they or persons who may have conflicts of interest in any other manner with the Company, and disclose such transactions, the Company must comply with the Securities and Exchange Act and the regulations, notifications, orders or requirements of the Stock Exchange of Thailand, and strictly comply with regulations relating to the disclosure of information on connected transactions and the acquisition or disposal of assets of the Company or subsidiaries and according to the accounting standards. In addition, the Company will not make related transactions with related companies that are not normal business operations of the Company and requires the directors to report their interests at least before considering the agenda of the Board's meeting, which will be recorded in the minutes of the Board's meeting. In the case that such director is unable to provide independent opinions, that director will be asked to refrain from participating in the meeting for considering that agenda.

Practical Principle 6.4

The Board of Directors should supervise to establish the clear policies and practices on anti-corruption and communicate at all levels of the organization and to outsiders for actual implementation.



Practical Guideline 6.4

The Board of Director assigns a policy to announce the intention and participation in the Thai Private Sector Collective Action Coalition Against Corruption (CAC), which is a way to solve corruption problems in cooperation with private companies that wish to create pressure to make changes in the public sector, collaborating to refuse payment of all forms of bribery and against the use of corruption as a barrier to competition and to prevent free business practices. Every company that announces its intention to participate in the CAC program must prepare or review its own internal control system in accordance with the guidelines specified in the self-assessment form (71 questions) and allow the third parties. (the Chairman of the Audit Committee or the certified public accountant) to verify the accuracy of information before submitting an application to the CAC Council for consideration and approval. At this moment, the Company is in the process of planning to prepare the self-assessment form (71 questions), with at least 80% of progress, therefore, will enter the process of declaration the intent and participate in the CAC program.

Practical Principle 6.5

The Board of Directors should supervise the business to have a mechanism for receiving complaints and actions in case of whistleblowing.

Practical Guideline 6.5

The Company has established guidelines for receiving complaints and whistleblowing of offense or actions that are in the way of misconduct and corruption of the Company's employees to those involved and the Company in causing damages to the Company.

The Company has established a policy to protect and fairly treat stakeholders and employees who report information or whistleblow about corruption, violation of rights or failure to comply with laws, rules, regulations, the Company's regulations and code of conduct (Whistleblowing Policy). If you found any act that is likely to be a violation of intellectual property, please send the complaint to

A letter to

- Associate Professor Dr.Montree Socratyanurak Chairman of the Audit Committee / Independent Director or
- Mr. Arak Suksawad, Managing Director or
- Company Secretary Office East Coast Furnitech (Public) Co., Ltd.
25/28 Moo 12, Bueng Kham Phroi Subdistrict, Lam Luk Ka District, Pathum Thani Province 12150
E-mail to Company Secretary Office : cg@eastcoast.co.th or Human Resources Department : hrrayong@eastcoast.co.th
Via website www.ecf-furniture.com

The Company's directors, executives, employees at all levels must not ignore or neglect when seeing any corruption that is related to the Company, they must notify the supervisor or the person in charge, and give cooperation in examination, investigating on facts. In addition, the Company has provided channels for receiving complaints from the external parties as well.

The Company will provide fairness and protect employees who refuse the corruption or inform about the corruption, the Company will not degrade his/her position, punish or give negative effect to that employee who refuses corruption, the Company will keep the confidentiality of those involved in the examination and investigation on corruption acts.



Practical Principle 7 : Maintain financial credibility and information disclosure

Practical Principle 7.1

The Board of Directors is responsible for ensuring that the financial reporting system and the disclosure of important information are accurate, adequate, timely, in accordance with the rules, standards and related practices.

Practical Guideline 7.1

The Company has a policy to encourage personnel involved in the preparation and disclosure of financial reporting and disclosure of important information of the Company to have sufficient knowledge, skills and experience appropriate to their responsibilities. Personnel related to this work includes Chief Financial Officer, accountant, internal auditor, Company Secretary and investor relations. Each year, Personnel related to this work will attend the training courses prepared by the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, the Federation of Accounting Professions, the Association of Internal Auditors of Thailand, the Association of Thai Securities Companies, the Thai Institute of Directors Association (IOD) on a regular basis. Annually, the in-charge supervisor must direct and screen the appropriate training courses for staffs in the unit to attend the appropriate training course for enhancing the standard of work in related fields and to allow those personnel to have better knowledge, skills and standards of work.

The Board of Directors will approve the information disclosure by concerning on related factors, in case of financial reports, following factors will be considered:

- Opinions of the Company's auditor in the financial report and observations of the Company's auditor on the internal control system.
- The assessment result on the adequacy of the internal control system
- Opinions of the Audit Committee
- The compliance with the Company's main objectives, targets, strategies and policies
- Consideration on comparison between the actual performance and the given target
- Consideration on potential risk factors

The Board of Directors oversees the disclosure of information including financial statements, Annual Report, Form 56-1, which can sufficiently reflect the financial status and performance. At present, the Company has prepared the Management Discussion and Analysis (MD&A) as reference for the disclosure of quarterly financial statements with the objective is to allow investors to obtain better information and understanding on the changes that occur with the Company's financial status and performance in each quarter in addition to solely presenting numerical data in financial statements. In addition, every time the Company submits both quarter and annual financial statements through the system of the Stock Exchange of Thailand, the Company has provided a news release to clarify the details of the Company's performance for dissemination through mass media for totally 4 times per year.

In the event that the disclosure of any transaction specifically involves any director, that director must have the duty to fully and correctly disclose his own information, such as shareholding information and other information relevant to the consideration of that meeting agenda.

Practical Principle 7.2

The Board of Directors should monitor and supervise the adequacy of financial liquidity and solvency.

Practical Guideline 7.2

In the meeting of the Board of Directors to consider and approve quarter and annual financial statements, the Board of Directors emphasizes to monitor and supervise the adequacy of financial liquidity and solvency, every time that the Finance & Accounting Unit will present the liquidity ratio, quick ratio, debt to equity ratio, solvency ratio and present the important ratios to be in line



with the conditions of the financial institutions (Covenants) who provide loans to the Company, to the Board of Directors' meeting for acknowledgement and monitoring every time when the meeting has an agenda of considering and approving the Company's financial statements, then the Board of Directors will be able to find solutions together with the management in a timely manner if there is a sign indicating the potential problem of financial liquidity and solvency that may occur.

In approving any transactions proposing opinions to the shareholders' meeting for consideration and approval, the Board of Directors will carefully consider the details of the agenda to ensure that such transactions will not affect the continuity of business operations, liquidity or solvency.

Practical Principle 7.3

In the situation that the business is experiencing financial problems or is likely to experience problems, the Board of Directors is confident that the Company has a plan to solve the problem or has other mechanisms that can solve financial problems under the consideration of the rights of stakeholders.

Practical Guideline 7.3

The Board of Directors has set up signs indicating the tendency to experience financial problems with following details:

1. The problem of continuous loss performance.
2. Low cash flow
3. The liabilities that is significantly increased over the assets or beyond the conditions of the financial institution or the terms and conditions regarding the rights and obligations of the debenture issuer and bondholders.
4. Continuously encounter the problem of inventory flowing and debt collection for a long time
5. Acknowledge the indications from the Company's auditor, such as incomplete financial information.

In the event that the Board of Directors encounters the above indications, the Board will monitor and supervise the management to conduct business with carefulness and comply with the requirements for disclosure of information in accordance with the rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. In addition, the Board will supervise the business to establish a financial solution plan by concerning on the fairness to stakeholders such as financial institution creditors, debenture creditors, shareholders, as well as monitor problems by allowing management to regularly report situations that occur. The Board must ensure that the problem solutions are considered and judged with reasons.

Practical Principle 7.4

The Board of Directors should consider to prepare the sustainability report as appropriate.

Practical Guideline 7.4

The Board of Directors has a policy to prepare the Sustainability Report/Corporate Social Responsibility Report to disseminate to relevant parties for acknowledging important matters and this can reflect the business practices that will sustainably create value for the business, which will be prepared along with the Company's Annual Report and published via the Company's website.

The Sustainability Report /Corporate Social Responsibility Report will disclose the information on compliance with laws and ethics, anti-corruption policy, treatment to employees and stakeholders with fairness, respect and not violating human rights including social and environmental responsibility, the reports are concerned by the national acceptance and will be upgraded it to be on international level, these are all planned. At present, the Company has disclosed the Sustainability Report in the Company's Annual Report and it will be separated as another report since 2018 onwards.

Practical Principle 7.5

The Board of Directors should supervise the management to have the unit or the person responsible for the investor relations who serves to properly, equally and timely communicate with shareholders and other stakeholders, such as investors, analysts.



Practical Guideline 7.5

Company pays attention to the information disclosure, the Board of Directors will ensure that the Company discloses important information related to the Company, both financial and non-financial information, with accurate, complete, timely, consistent and transparent manners, by disclosing through various channels that are easily accessed with equality and reliability and all these channels are prescribed by the law. The important information disclosed by the Company includes: financial reports and non-financial information that may affect the price of the Company's securities in accordance with the requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand as well as the policy to protect confidential information and information that affects the price of securities with the Insider Trading policy, that is communicated to the whole organization for correct understanding and compliance with such policies. Such policy is announced to everyone who will sign for acknowledgement and agreeing to follow such document policy.

The Board of Directors has also set up a unit or responsible person to act as an investor relations to communicate with outsiders on equal and fair basis, including shareholders and other stakeholders, for example, investors, analysts, to communicate the information that beneficial to shareholders and stakeholders through various channels as follows:

- Disclosure and dissemination of important information to investors
- Clarify the rumors or news
- The proceeding when the Company's securities is traded in a different manner from the normal market conditions.
- Meeting with securities analysts
- Organizing Company Visit Activity for investors and analysts

Channels to contact the investor relations department include: inquiries on telephone 02-152-7301-4 ext. 212 (Investor Relations), email: ir@eastcoast.co.th and through the Company's website at www.ecf-furniture.com or www.elegathai.com

Those responsible for providing information to external parties are suitable for performing duties, understand the Company's business including objectives, targets, core values and can communicate with the capital market very well, consisting of Managing Director, Chief Financial Officer and investor relations.

In addition, the Company will disclose the following information in order to demonstrate the transparency in business operations:

1. Disclose information on the performance of the Board of Directors and the Audit Committee, such as the number of meetings and the number of meeting attendances of each director in the previous year.
2. Disclose the remuneration policy for directors and top executives as well as the forms and characteristics of remuneration.
3. Many policies include: Corporate Governance Policy, Inside Information Governance Policy, Information Technology Supervision and Management Policy, Risk Management Policy and many risk management methods.
4. The Charter of the Board of Directors and all Sub-committees.
5. Ethics of Investor Relations.
6. Policy on society and environment.
7. Business Ethics (Code of conduct).
8. Shareholding structure with details of direct and indirect shareholders who are hold 5% of the total paid-up shares or more and have voting rights.
9. Structure of the Board of Directors, name list of directors and executives.
10. The Company's Vision and Values.
11. Nature of the Company's Business.
12. The Structure of the Company, Subsidiaries and Joint ventures.
13. Form 56-1 and Annual Report.
14. Financial Statements and Report on the Financial Status and Performance in the past 3 years.
15. Invitation to the ordinary and extra-ordinary meetings of shareholders.



16. Criteria to provide the rights to minor shareholder to propose additional meeting agenda in advance prior to the shareholders' meeting, criteria to propose the person to hold directorship and criteria to send inquiries in advance prior to the meeting date.
17. The Company's Regulations and Memorandum of Association.
18. New Releases published to the Stock Exchange of Thailand.
19. Information to contact organization or complain or person responsible for Investor Relations

Such above information are published via the channels prescribed by the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand and via the Company's website, the Company will regularly evaluate the effectiveness of the information disclosure process in order to achieve the updating and be able to thoroughly and timely forward news, information to those involved.

The Board of Directors has a policy for the management to determine the direction and support the works of investor relations by preparing an annual investor relations plan and clearly defining the duties and responsibilities of investor relations so that communication and information disclosure are effectively conducted.

Practical Principle 7.6

The Board of Directors should encourage the use of information technology to disseminate information.

Practical Guideline 7.6

In addition to disseminate information according to the criteria and through the channels of the Stock Exchange of Thailand, the Board of Directors will supervise the disclosure of information in both Thai and English versions through the Company's website and regularly update information.

Practical Principle 8: Support shareholder's participation and communication

Practical Principle 8.1

The Board of Directors should ensure that shareholders are engaged in making decisions on important matters of the Company.

Practical Guideline 8.1

The Board of Directors gives importance on the issues prescribed by laws and issues that may affect the direction of the business that has been considered and approved by the shareholders' meeting.

The Company gives importance to the rights of every shareholder with equality, the rights of shareholders include: basic rights such as trading or transferring of securities they are holding, profit sharing, sufficiently receiving of news and information of the business, attending the meeting to vote in the shareholders' meeting for appointment or withdrawal of directorship, appointment of auditor and matters affecting the Company, for example, dividend allocation, formulation or amendment of regulations and memorandum of association, the decrease or increase of capital, etc. In addition to the aforementioned basic rights, the Company has set up various actions to promote and facilitate the exercise of rights and support the participation of shareholders as follows:

1. The Company will disseminate information about the meeting agenda in advance on the Company's website before sending documents at least 30 days before the meeting date. The Company will send the invitation letter to the shareholders' meeting and supporting documents at least 21 days prior to the meeting date for the Annual General Meeting of Shareholders. The Extraordinary General Meeting of Shareholders will be in line with the rules and regulations of the relevant regulatory agencies and prescribed by laws by specifying the date, time, venue, meeting agenda, objectives and reasons and the opinion of the Board of Directors in each agenda to be proposed, Proxy forms as specified by the Ministry of Commerce as well as other supporting information for the meetings in an accurate, complete and sufficient manner for the rights of shareholders, the rules and regulations used in the meeting and the rights of shareholders to attend the meeting and vote



are also notified. The Company has prepared the invitation letter for the shareholders' meeting in both Thai and English versions to facilitate foreign shareholders.

2. In the event that shareholders cannot attend the meeting by themselves, the Company will allow the shareholders to appoint an independent director or any person to attend the meeting on their behalf by using a proxy form sent along with the invitation letter to the meeting.
3. The Company will not deprive the rights of shareholders to study the Company's information disclosed in accordance with requirements as a listed company, and study the information for using in the shareholders' meetings. In addition, the Company will not add agenda or change important information without prior notice to shareholders, as well, the additional important information will not be immediately distributed at the shareholders' meeting, etc.
4. Shareholders are invited to send comments, suggestions and inquiries in advance before the meeting date and during the meeting, the Company will appropriately allocate time to allow shareholders to ask questions and freely express opinions and suggestions and the Company will sufficiently provide details of such matters to shareholders.
5. The Company provides opportunities for minor shareholders to propose matters to be included in the meeting agenda in advance according to the guidelines of the Stock Exchange of Thailand. In addition, they also have an opportunity to nominate qualified persons to be appointed as directors according to the guidelines set by the Company. The Company will disclose the criteria for minor shareholders to propose the meeting agenda and nominate qualified persons to be directors in advance by notifying from October every year as usual, before the general meeting of shareholders to be held during March or April of each year. In the event that the Board of Directors refuses to include the matters proposed by the shareholders in the meeting agenda, the Board of Directors will inform the reasons to the shareholders' meeting for acknowledgement.
6. All directors will attend the meeting, except in the case of necessity so that the shareholders can inquire on related matters.
7. After completing the meeting, the Company will prepare the minutes of meeting to show full and correct information so that the shareholders can verify, the details of the voting procedure, name list of directors, Sub-committees and executives attending the meeting, voting results for each agenda, along with questions and answers will be clarified in the meeting and publicly available on the Company's website.

The Company has guidelines for treating all shareholders who are and are not the Company's executives, who are major and minor shareholders with fairness and equality to make the shareholders confident that the Company's Board of Directors and the management will take care the shareholders' money to be appropriately spent. The meeting will be held in accordance with the Company's regulations and ordered by existing meeting agenda. In addition, the Company will not show a bias to any group of shareholders by providing information that has not been disclosed to specific groups, in case where a director or executive has gain and loss in any matter, that director or executive will not have the right to attend the meeting to consider and resolve that transaction.

The Company has a clear and transparent process for determining remuneration for directors by proposing to the shareholders' meeting for consideration and approval, the remuneration for directors will be considered with the appropriateness to the scope of duties and responsibilities of each director and at the level that can motivate and retain knowledgeable directors to perform duties with the Company, the rate of remuneration will also be able to compare with the remuneration of directors in the same or similar industry.

Practical Principle 8.2

The Board of Directors should ensure that the operation on the date of the shareholders' meeting is complete, transparent, efficient and facilitates shareholders to exercise their rights.

Practical Guideline 8.2

The Board of Directors has set the guideline for operation on the day of the shareholders' meeting, which has been adhered every year. The details are as follows:



1. The Board of Directors will determine the date, time and venue of the meeting by taking into account the convenience of shareholders to attend the meeting such as the appropriate meeting time which is sufficient to ask questions, the location of meeting venue is convenient for traveling, the Company chose the location to hold a meeting in Bangkok although the Company's headquarter is located in Klaeng District, Rayong Province, this is a policy to facilitate and encourage shareholders, analysts and institutional investors who are interested can easily attend the shareholders' meeting.
2. The Board of Directors will take care not to have any actions that limit the opportunity to attend meetings or create burdens on shareholders, the Company will not require shareholders or proxies to bring documents or evidence of identification more than those specified in the guidelines of the relevant regulatory authorities.
3. The Board of Directors has promoted the use of technology for shareholders' meetings, for example, shareholder registration, vote counting and vote result display, so that the meeting can be quickly, accurately and precisely conducted.
4. The Chairman of the Board of Directors is the Chairman of the shareholders' meeting who is responsible for ensuring that the meeting appropriately follows the relevant laws, rules and the Company's regulations, time is sufficiently allocated for each agenda as specified in the meeting invitation letter and shareholders are allowed to express their opinions and ask questions at the meeting in relation to the Company.
5. Directors as the attendees and shareholders will not support the addition of agenda that is not notified in advance without necessity, especially the important agenda that shareholders have to take time to study the information before making a decision in order to give rights to all shareholders to participate in making decision on important matters.
6. All directors and related executives will attend the meeting so that shareholders can ask questions on related issues.
7. Before starting the meeting, shareholder will be notified of the number and proportion of shareholders attending the meeting in person and by proxies, meeting method, voting and vote counting.
8. The Company has arranged to consider the appointment of directors on an individual basis in the agenda related to the appointment of directors.
9. The Company has arranged for the use of ballots in important agenda and arranged an independent person to count or check the votes in the meeting as well as disclose the voting results classified into agree, disagree and abstain, in each agenda to the meeting for acknowledgement and recording in the minutes.

Practical Principle 8.3

The Board of Directors should ensure that the resolutions of the meeting and the preparation of the minutes of the shareholders meeting are accurate and complete.

Practical Guideline 8.3

The Company has disclosed the resolutions of the shareholders' meeting together with voting results within the evening of shareholders' meeting date, or not later than the next business day, as latest, through the news system of the Stock Exchange of Thailand and on the Company's website. In addition, a copy of the minutes of the shareholders' meeting will be submitted to the Stock Exchange of Thailand within 14 days from the date of the shareholders' meeting and to comply with the requirements of relevant laws. The minutes of the meeting records following details:

1. Name list of directors and executives attending the meeting and the proportion of directors attending the meeting and absent.
2. Voting and vote counting methods, resolutions of the meeting, and voting results (agree, disagree, abstain and voided cards) of each agenda.
3. Questions and answers in the meeting, including the name-surname of the questioners and the respondents.



In 2018, the Company could not succeed to comply with the Corporate Governance Code, below table shows the important topics and reasons:

Topic under the Corporate Governance Code	Reason
<ul style="list-style-type: none"> • Mail the AGM invitation letter to shareholders in advance at least 21 days before the meeting date. • Post the full version of AGM invitation letter on the Company's website in advance for at least 30 days before the meeting date, 	<ul style="list-style-type: none"> • The Company has limited working period as the Company has to send the report of the Independent Financial Advisor (IFA) to the shareholders together with the AGM invitation letter, however, the report of the Independent Financial Advisor (IFA) has to be approved from the Office of the Securities and Exchange Commission (SEC), according to the regulator's rule, prior to the submission of such invitation to the shareholders
<ul style="list-style-type: none"> • Meeting among non-executive directors 	<ul style="list-style-type: none"> • The meeting of non-executive directors could not be held within 2018. However, the Company will certainly hold the meeting of non-executive directors in 2019.
<ul style="list-style-type: none"> • The Board of Directors approved the remuneration for executive directors / top management 	<ul style="list-style-type: none"> • In 2018, the agenda of remuneration for executive directors / top management has not been proposed to the meeting of the Remuneration Committee for approval.
<ul style="list-style-type: none"> • At least one member of the Audit Committee must graduate in accounting. 	<ul style="list-style-type: none"> • At present, the Audit Committee can effectively and appropriately perform the duties in giving opinions to the agenda related to the Company's financial statements. However, the Company will consider the guidelines for recruiting a person who directly graduated in accounting and assigning as a member of the Audit Committee.
<ul style="list-style-type: none"> • The majority of the Remuneration Committee members are independent directors. (more than 50%) 	<ul style="list-style-type: none"> • The Company is considering about the restructuring.
<ul style="list-style-type: none"> • The majority of the Nomination Committee members are independent directors. (more than 50%) 	<ul style="list-style-type: none"> • The Company is considering about the restructuring.
<ul style="list-style-type: none"> • Establishment of CG Committee 	<ul style="list-style-type: none"> • The Company is considering the guideline for the establishment of CG Committee

Sub-committees

As of December 31, 2018, the Company has had five subcommittees to help in corporate governance of the Company as follows:

1. Audit Committee
2. Executive Committee
3. Risk Management Committee
4. Nomination Committee
5. Remuneration Committee



Nomination and Appointment of Directors and Top executives

Independent Directors/the Audit Committee

The Company's Independent Directors / Members of the Audit Committee must be the Company's directors who are appointed by the Board of Directors and approved by the Company's shareholders and have qualifications as required by the Securities and Exchange Act, the Notifications, regulations and / or regulations of the Stock Exchange of Thailand, requiring at least 3 members. At least 1 member of the Audit Committee must be knowledgeable in accounting and finance and be an independent director according to the definition of the Company's independent directors, details are shown in Practical Principle 1. 1. Corporate Governance Policy, Practical Principle 1.1 and Practical Guideline 1.1.

The independent directors according to the above qualifications may be assigned by the Board of Directors to decide on the operation of the Company, the parent company, subsidiaries, joint ventures, subsidiaries in the same level, major shareholders or regulator, the decision is made in the form of a Collective Decision.

Qualifications of the members of the Audit Committee

- Appointed by the Company's Board of Directors of the shareholders' meeting to be a member of the Audit Committee
- Qualified as an independent director
- Not being a director assigned by the Board of Directors to decide on the operations of the Company, the parent company, subsidiaries, joint ventures, subsidiaries in the same level, major shareholders or regulator
- Not being a director of the listed parent company, listed subsidiaries, listed joint ventures, listed subsidiaries in the same level.
- Have sufficient knowledge and experience to be able to act as a Member of the Audit Committee, at least one member of the Audit Committee must have sufficient knowledge and experience to be able to review the reliability of the financial statements.
- Have duties in the same manner as specified in the Notification of the Stock Exchange of Thailand regarding the qualifications and scope of work of the Audit Committee

Nomination of Directors and top executives

1. In considering and selecting directors, the Nomination Committee will consider and nominate as following criteria:
 - 1.1 Consider and nominate in accordance with the qualification as stipulated in Section 68 of the Public Company Limited Act, B.E. 2535 (1992) and relevant notifications issued by SEC and SET.
 - 1.2 Consider specific knowledge and experience in the field that is useful for the Company's business.
 - 1.3 In case of a former director to be reelected to hold the position of director, his/her performance during his/her office shall be evaluated and the number of listed companies in which he/she holds a position of director shall be considered, there should not be more than 5 listed companies so as to prevent the problem of work efficiency.
 - 1.4 The independent directors will be appointed by considering the independence of candidate as determined in criteria of SEC and the Company's regulations.
 - 1.5 The tenure of independent directors: in the case where former independent directors to be selected to return to his/her office. The total length of his/her office from the first tenure shall not be longer than 9 years. However, if it is necessary and reasonable to appoint such person to continue his/her office, this criterion can be exempted.

After completing the selection, a name list of selected persons shall be submitted in the meeting of the Board of Directors for consideration and proposed in the shareholders' meeting for approval and appointment.

2. At every General Annual Meeting of Shareholders, one-third of the directors shall retire by rotation. If the number of directors is indivisible by three, the one nearest to one-third shall apply. Directors due to retire by rotation in the first and second



anniversary of Company registration shall be determined by drawing lots. For subsequent years, those directors being in office the longest shall vacate his office. However, the directors who retire by rotation may be re-elected to resume their directorship.

3. In the shareholders' meeting, the vote for appointing a director shall follow the criteria and method below:
 - 3.1 Shareholders have voting power equivalent to their share.
 - 3.2 Shareholders shall use their voting power as mentioned in 3.1 to elect only one or several candidates, but have no right to unequally allocate their voting power to selected candidates.
 - 3.3 The candidates having highest votes shall be appointed respectively according to number of directors required. In the case where the candidates have equal votes and the equal ranks exceed the number of directors required, the Chairman of the meeting shall cast a final vote.
4. If the position of director becomes vacant due to the reason other than the termination of regular terms, the Board of Director with the resolution agreed by at least three-fourth shareholders' votes shall nominate an individual whose qualification is in accordance to the law to be as a director in the next meeting. If the remaining term is less than two months, the directors who takes the vacant position shall be in the position only within the remaining term.
5. The shareholders' meeting may have a resolution to terminate any director prior to the end of directors' tenure. The resolution must be agreed by at least three-fourth voters and the number of shares must be higher than half of all shares of the company.

However, since 2015, the role of nomination of director and chief executive is the duty of the Nomination Committee which has already been appointed from the resolution of the Board of Directors' Meeting No. 2/2015 on last 27 February 2015. The duty of the Nomination Committee is to execute the following areas.

1. Consider the structure and element of the Board
2. Consider the qualification of independent directors
3. Determine criteria for nomination of director
4. Prepare director development plan
5. Prepare the Succession Plan

Development of Directors and Executives

Every Director of the Company meets the regulations of Stock Exchange of Thailand. All 9 directors are knowledgeable, competent and pass the Director Accreditation Program (DAP) provided by Thai Institute of Directors Association: IOD). The training program is important for the roles and responsibilities of directors. We have set the policy for the Company Secretary to send the development training information to the members of the Board of Directors to enhance the work efficiency of directors. The director shall consider and choose to attend the trainings in which they are interested to enhance their knowledge.

In addition, the Board of Directors has established guidelines for overseeing personnel management and development. Details are specified in Practical Principle 1. Corporate Governance Policy, Practical Principle 4.4 and Practical Guideline 4.4

In 2018, the Company's director and executives attended the training programs and study tours to increase knowledge and use for the Company's business as follows:

1. Assoc. Prof. Songklod Jarusombut, the Chairman of the Nomination Committee, Member of the Audit Committee and Independent Director, attended the training programs and study tours as follows:
 - PEFC COC Auditor Training Program organized by Thailand Forest Certification Council
 - Study Tour on the enhancement of Carpentry Efficiency in New Zealand
- 2.. Mr. Chalee Suksawad Vice President, attended the training programs as follows:
 - Communication courses Strategy topics for organizational success Course
 - Raising the passenger operator with Digital Training to Industry 4.0 Course, Division of Digital Industry Development
 - Focusing on the green industry Course, The Federation of Thai Industries



3. Mr. Arak Suksawad, Managing Director, attended the training program as follow :
 - Management Science for Top executives", Class 1, organized by National Institute of Development Administration (NIDA)
4. Mr. Wanlop Suksawad Director attended the training programs as follows:
 - Communication courses Strategy topics for organizational success Course
 - Focusing on the green industry Course, The Federation of Thai Industries
5. Mrs. Waraporn Suksawad Director, attended the training program as follow :
 - Communication courses Strategy topics for organizational success Course
6. Miss. Tippawan Suksawad Director / Company Secretary , attended the training programs as follow :
 - Raising the passenger operator with Digital Training to Industry 4.0 Course, Division of Digital Industry Development
 - Communication courses Strategy topics for organizational success Course
7. Miss Pachanan Singphu Assistant of Managing Director, attended the training programs as follow :
 - Basic course of Account closing and basic techniques, THAI CPD AT HOME
 - Prepare for Change in TFRS (Version 2), The Stock Exchange of Thailand (SET)
8. Mr.Pongpan Suriya–Amporn Chief of Financial Officer, attended the training programs as follow :
 - Accounting for financial instruments (IFRS9) Course, Federation of Accounting Professions Under The Royals Patronage of His Majesty The King
 - Financial Model 1 & 2 Course , Federation of Accounting Professions Under The Royals Patronage of His Majesty The King
 - Risk Management Course (Advance), Federation of Accounting Professions Under The Royals Patronage of His Majesty The King
 - Financial Statements Review for Internal Auditors Course, Federation of Accounting Professions Under The Royals Patronage of His Majesty The King

Totally 8 directors and Executives attended the training programs or seminars to enhance the knowledge for their duties.

Succession Plan

The Nomination Committee has considered and placed the policy about succession plan in order to be well prepared for the vacancy in any position, succession plan is arranged for the continuity of business efficiently. The succession plan is placed for many positions by setting persons with knowledge, competency and experience to continue to perform any vacant position or be promoted to higher position with following details:

1. Arrange the junior executive to co-work with the senior executive in his field and attend policy meeting from top executives.
2. Identify those with the potential to assume greater responsibility in the organization to prepare them in higher position.
3. Assign the junior executives with potential to be the successors.
4. Provide opportunities to junior executives to be trained of the concept relating to the leadership, awareness of responsibility and loyalty to the organization including the guideline of human resource management in the function he/she is in charge.
5. Develop the junior executives to present his plan and performance to top executives.

In addition, the Board of Directors has established guidelines for succession plans. Details are specified in Practice Principle 1. Corporate Governance Policy, Practice Principle 4.1 and Practice Guideline 4.1.

Monitoring the Business Operations of Subsidiaries

The Board of Directors has a supervision measures for subsidiaries and joint ventures, totally 6 companies as follows:



Subsidiaries

1. VV Decor Co., Ltd. in which the company holds 99.95% of company shares;
2. ECF Holdings Co., Ltd., in which the company held 75.00% of company shares;
3. ECF Power Co., Ltd. in which the company held 99.99% of company shares;
4. Planet Board Company Limited in which the company held 57% of company shares.

Joint Ventures

5. SAFE Energy Holding Co., Ltd. in which the company held 33.37% of company shares.
6. Green Earth Power (Thailand) Co., Ltd. in which the company held 20% of company shares.

However, to control the company capital, the Company sends representatives in the Board of Directors and executives in subsidiaries and directors in joint ventures. The scope of authorities of those representatives are the same as one of Directors or Managing Director in the subsidiaries. They shall take part in determining policy important to operate the business such as administration, investment issues, etc.

In addition, the Board of Directors has set up a policy to supervise the operations of the subsidiaries and joint ventures in two main areas including the management supervision policy and the financial control policy of subsidiaries and joint ventures. Details as specified in Practical Principle 1. Corporate Governance Policy, Practical Principle 3.6 and Practical Guideline 3.6.

Policy to Protect and Govern the Inside Information

According to the Board of Directors Meeting No. 11 /2018 held on 31 October 2018, the resolution included the regulations on the policy to protect and govern the use of inside information to be in line with the Company's Corporate Governance Code as follows:

According to East Coast Furnitech Public Company Limited (the Company) has a policy to supervise the business of preventing and supervising the use of the Company's inside information including information about entering into any transactions that have not yet been disclosed to the public (confidential transactions) for personal gain, the Company established the policy to protect and govern the use of the Company's inside information as follows:

1. Directors, executives, employees related to secret transactions and workers of the Company and subsidiaries must maintain the secret and / or inside information of the Company and subsidiaries:
 2. Directors, executives, employees related to secret transactions and workers of the Company and subsidiaries must not disclose the secret and / or inside information of the Company and subsidiaries or apply it to seek benefits for themselves or for the benefit of any other person or for persons outside the Company or other persons who do not act to prevent the use of inside information, either directly or indirectly, and whether or not they receive a return or not.
 3. Directors, executives, employees related to secret transactions and workers of the Company and subsidiaries neither sell, nor transfer of the Company's securities by using the secret and/or inside information of the Company or subsidiaries to take advantages on minor investors or to cause damages to the Company and subsidiaries, either directly or indirectly. This requirement is also effective to spouse and underage children of directors, executives, employees related to secret transactions and workers of the Company and subsidiaries as well.
- . Directors, executives, employees related to secret transactions (including their spouse and underage children) of the Company and subsidiaries who are working in the function which will be acknowledge of inside information must avoid or suspend trading of the Company's securities within 30 days prior to the disclosure and within 24 hours after the disclosure of quarter and annual financial statements including any transactions which are in the process of proposing to the next meeting of the Board of Directors, which may affect the price of the Company's shares or securities, they are also prohibited to disclose such information to other persons.



4. Directors and executive have a duty to prepare and submit reports on holding of securities in their own companies, spouses or those who are living as husband and wife, underage children including the juristic person that has the duty to report, spouse or person who is living as husband and wife or underage children with the shareholding more than 30% of the total voting rights and having the highest shareholding in that juristic person, to the Securities and Exchange Commission (SEC) under Section 59. If being a newly appointed director and executives, they have to report within 7 working days from the date of the change of securities holdings and within T + 3 working days from the date of purchase, sale, transfer, or transfer of the Company's securities.
5. The Company's directors must report the purchase-sale of shares or the holding of the Company securities in the event that there is a change, to the Board of Directors for acknowledgment as well.

The Company has specified the disciplinary actions if anyone violates the use of inside information for personal gain as follows:

1st Time: Provided of warning notice or considered of salary / wage cut.

2nd Time: Being suspended from working or resigned.

In addition, the offense of using inside information for shares trading may also be penalties in accordance with relevant laws.

Persons who may be exposed to the Company's inside information are as follows:

1. Directors
2. Executives
3. Employees related to the secret transactions

Persons having the duty to prepare and submit the report on the holding of the Company's securities:

1. Directors
2. Executives
3. Directors' Spouse or a person who lives as husband and wife.
4. Executives' Spouse or a person who lives as husband and wife.
5. Directors' Underage Children
6. Executives' Underage Children
7. The juristic person that director, executive, their spouse or persons living as husband and wife or underage children has shareholding more than 30% of the total voting rights and having the highest shareholding in that juristic person.

Establishment of Compliance Unit

The Compliance Unit has the following responsibilities:

1. Supervise and review to ensure that the Company has correctly complied with the laws, regulations of the Stock Exchange of Thailand or government regulations.
2. Provide legal opinions to the Board of Directors and the management for the Company's business operation to comply with the laws, requirements of SET or regulations of government agencies, and monitor the management to suspend any actions or actions that may violate such laws, requirement or regulations.
3. Review the evidences in case of doubt that there are any transactions or actions that may violate the laws or the requirements of the SET or regulations of government agencies which have or may have a significant impact on the Company's financial status and performance.
4. Coordinate with the Head of internal audit unit and the Internal Audit Committee to review or jointly find guidelines for the Company to have an appropriate and efficient internal control system and internal audit system.
5. Participate in determining and giving advice about suitability in the Company's operation process to ensure that it correctly complies with the policy, guidelines, rules, or code of conduct prescribed by laws.
6. Be a center for gathering and disseminating information as well as providing knowledge and advices to departments and units within the Company about how to work in accordance with the laws, regulations and criteria that must be followed.



Auditor's Remuneration

The Company has the remuneration for the auditor of the Company and subsidiaries as following details:

Annual Audit Fee

In 2018, the Company hired Mr. Akadet Pliensakul, certified public accountant registration No. 5389 from M.R. & ASSOCIATES Co., Ltd. to be the auditor of the Company and its subsidiaries for 2018. The annual auditor fee is 1,670,000 Baht (One Million Six Hundred Seventy Thousand Baht only).

Quarterly Financial Statements Review Fee (3 Quarters) (Non Audit Fee)

Amount 780,000 Baht (Seven Hundred Eighty Thousand Baht Only).

The total amount of auditor's remuneration was 2,450,000 Baht (Two Million Four Hundred Fifty Thousand Baht Only).

In 2018, the Auditor of the Company, Mr. Akadet Pliensakul, certified public accountant registration No. 5389 from M.R. & ASSOCIATES Co., Ltd., has been approved by The Securities and Exchange Commission (SEC) and has no relationship or gains and loss between the auditor/the Company/its Subsidiaries / the major shareholders / the executives as well as people concerned with such individuals.



INTERNAL CONTROL AND RISK MANAGEMENT

The Company gives precedence to the internal control system both of executive and operation levels for efficient and effective operation of all levels. The Board of Directors Meeting of the Company No. 1/ 2019 on February 27, 2019, all audit committee members attended the meeting. The Board of Directors assessed the adequacy of the Company's internal control system in five areas in accordance with Internal Control System Adequacy Assessment Form, including Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. The Audit Committee was of the opinion that the Company has appropriate and adequate internal control system regarding transactions with major shareholders, directors, executives or persons related to such persons for the business of the Company in business operation. The consideration of such transactions mainly focused on the best interests of the Company, and the said transactions were regarded as if the transactions with third party. The approval of such transactions was performed by the non-stakeholder in such transactions only. Moreover, the Board of Directors was of opinion on internal control system in other topics that it has been adequate and appropriate.

For implementation of the internal control system of the Company, the Company set up the Audit Committee to review in order to ensure the appropriate, adequate and efficient internal control and internal audit system of the Company. The Audit Committee shall coordinate with the auditor, internal auditor, and executives of the Company to review adequacy of internal control system and work system of the associated company for duty performance of the Company in accordance with Securities and Exchange Law, Requirements of the Stock Exchange of Thailand, and laws relating to the Company's business operation.

The Company has established the Internal Audit Unit to perform duties in the Company and report the results of internal audits in the meeting with the Audit Committee, members of the Internal Audit Unit include Miss Pimrumpai Boonchana and Mr. Surachai Panmool together with the external party which is ACC-PLUS Consultants Co., Ltd., that is hired by the Company, and Miss Wanna Maluangnon (Managing Director, ACC-PLUS Consultants Co., Ltd.) acts as the Chief of Internal Audit Unit. to perform the duties of auditing and preparing internal control audit system of the Company to enhance check and balance of every department's duty performance. The Company has commenced hire of ACC-PLUS Consultant Co., Ltd. since Q3 of 2011. The internal auditor shall present internal audit result report to the Audit Committee's Meeting, and prepare annual internal audit plan to be presented to the Audit Committee's Meeting to consider approving the said plan for use in monitoring and verifying properness and completeness of duty performance in consistency with plans and policies formulated by the Company. The Company has continuously improved and developed internal control quality. In the Audit Committee's Meeting No. 1/2019 held on February 27, 2019, the internal auditor presented the internal audit result report, suggestion, and operation of the Company toward suggestions provided to the Meeting of Audit Committee for acknowledgement. The Audit Committee acknowledged suggestions in some issues of internal control system requiring for corrective action which will be filled as agendas for continuous monitoring in the next Meeting of the Audit Committee. However, the internal auditor shall regularly present monitoring result and new contingent audited findings to the Audit Committee's Meeting for acknowledgement on quarterly basis.

After acknowledgement of the Audit Committee's Meeting on monitoring result and new audited findings, the Chairman of the Audit Committee shall present details of such information to the Board of Directors' Meeting for acknowledgement. The Board of Directors has established and disclosed internal control system and risk management system as appeared in Audit Committee Report 2018 being disclosed in Annual Report. Moreover, the Board of Directors considered internal control system and risk management system of the Company. The topic of key risks emphasized by the Board of Directors consists of risks in various areas and guideline of such risk management as per the following details.



Operating Risks

The Company regularly holds weekly meetings to monitor problems occurred from duty performance between work units of Headquarter which is part of factory, and marketing department work unit which is located in part of branches for coordinating and enabling to recognize problems occurred from cooperation without delay.

Financial and Exchange Rate Risks

The Company establishes the policy for monitoring movement to be aware of tendency of fluctuation on rate of exchange without delay. Moreover, financial limit of Forward Contract for Foreign Currencies with financial institutions for use as hedging tool.

Production Risks

The production risks consist of key risks such as raw material-related risk, for instance, shortage problem, fluctuation of raw material price, and labor shortage risk, as preventive guideline of these risks. The Company formulates as policy prescribing that the supervisory and responsible work unit shall monitor and anticipate the contingent problems, and quickly report the executive level for acknowledgement if there is signal or tendency of contingent abnormality.

Risk from New Customers and Dependency on Current Customers

At present, the Company has mitigated risk from new customers by authentication and financial reliability through information of Department of Business Development, Ministry of Commerce, prior to consideration on granting credit term for new customers. In respect to dependency on current customers, the Company can reduce dependency on the group of foreign customers from before. The Company's proportion of foreign customers and domestic customers have currently been similar.

Risk from Internal Factory Fire and Insurance

The Company regularly reviews fire prevention policy and training to provide knowledge to the employees who work in production process, and reviews insurance limit on yearly basis.

Risk from Compliance with Rules and Regulations

The Company set up a work unit to perform duty of supervising the duty performance of the Company under cooperation between the Company Secretary Unit, and Accounting and Finance Unit, to be responsible to ensure the proper compliance of the Company with laws and requirements of the Stock Exchange of Thailand, or rules of the government agencies.

Risk from Investment and Business Operation of the Subsidiaries and Associated Company

Due to the investment of the Company in several subsidiaries and associated companies, the Board of Directors therefore establishes a policy for considering risk management covering contingent risks from business operation or investment in those subsidiaries and associated companies.





CONNECTED TRANSACTIONS

Detail of connected transactions of the company with person who may have conflict of interest transactions which occurred in 2018 and 2017 are as follows

Person/Party who may have conflict of interest	Relationship	Type of Transaction	Amount of transaction (MB)		Necessity and reasonability
			Year 2018	Year 2017	
1. Index Living Mall Co., Ltd. (Index Living Mall)	Director of Index Living Mall is spouse of Mr. Arak Suksawad who is in the position of shareholder, authorized Board of Directors and management of the Company ⁽¹⁾	Rental Cost and Show Room Fee: Rental area under brand "ELEGA" to distribute real wood furniture. " Sales of Products: The Company sells particle board furniture to Index Living Mall since September, 2012 Trade Receivables: Index Living Mall has the accrued expenses which have not got into the payment overdue.	18.91	19.92	<ul style="list-style-type: none"> Rental 12 potential locations as of December 31, 2018 under brand ELEGA to distribute rubber wood furniture and imported real furniture in Show room in Index living Mall with lower rental cost comparing to other tenants to expand domestic market and to promote the Company's products. Rental 12 potential locations as of December 31, 2018 under brand ELEGA to distribute rubber wood furniture and imported real furniture in Show room in Index living Mall with lower rental cost comparing to other tenants to expand domestic market and to promote the Company's products. Index Living Mall has no rental policy to offer to other parties except for sale products. Hiring location for sale Index Living Mall's products is to completely fill in the furniture in Index Living Mall's showroom. However, the Company paid on a lower rental cost comparing to other tenants to Index Living Mall and it is reasonable price, fair and at arm's length basis. The company was sold particle board furniture to Index living mall since September, 2012 with pricing in accordance with normal commercial terms. (Fair and at arm's length)
		Rental and Show Room Service Deposit: The Company paid a rental and showroom service deposit to Index Living Mall in order to be a guarantee of Index Living Mall's rental and service fee as per terms and rental conditions	4.60	4.88	
		Other Payables: Rental deposit is accrued expenses of Index Living Mall which have not got into the payment overdue. However, the Company has processed the payment for above accrued expenses to Index Living Mall already.	1.85	1.52	

Person/Party who may have conflict of interest	Relationship	Type of Transaction	Amount of transaction (MB)		Necessity and reasonability
			Year 2018	Year 2017	
1. Index Living Mall Co., Ltd. (Index Living Mall)	Director of Index Living Mall is spouse of Mr. Arak Suksawad who is in the position of shareholder/authorized Board of Directors and management of the Company	Other Non – Current Assets: The Company invested of decoration in the showroom which is a rental area within Index Living Mall	0.15	0.91	<ul style="list-style-type: none"> Rental 12 potential locations as of December 31, 2018 under brand ELEGA to distribute rubber wood furniture and imported real furniture in Show room in Index living Mall with lower rental cost comparing to other tenants to expand domestic market and to promote the Company's products.
2. Index Interfurn Co., Ltd. (IIF)	<ul style="list-style-type: none"> INDEX Group Director of IIF is spouse of Mr. Arak Suksawad who is in the position of shareholder, authorized the Board of Directors and management of the Company 	<p>Sales of Products: The Company was sold foil paper to IIF since 2010</p> <p>Trade Receivables: IIF has the accrued expenses of foil paper with the Company and the overdue within 3 months which is normal payment condition for IIF.</p> <p>Raw Material Purchasing: The Company purchases foil paper and PVC from IIF to produce some model of products prior to distribute to Index Living Mall.</p>	10.41	12.51	<ul style="list-style-type: none"> Index Living Mall has no rental policy to offer to other parties except for sale products. Hiring location for sale Index Living Mall's products is to completely fill in the furniture in Index Living Mall's showroom. However, the Company paid on a lower rental cost comparing to other tenants to Index Living Mall and it is reasonable price, fair and at arm's length basis.



Person/Party who may have conflict of interest	Relationship	Type of Transaction	Amount of transaction (MB)		Necessity and reasonability
			Year 2018	Year 2017	
3. Green Earth Power (Thailand) Co., Ltd. (GEP)	GEP is a joint venture	Interest Received: The company has provided loans to related companies in the amount of 1.16 million baht at the interest rate of 5 percent per year and due at call.	0.06	0.03	<ul style="list-style-type: none"> GEP is a joint venture of the Company's which such loan is in proportion to the shareholding and to increase the operational liquidity of the associated company.
4. SAFE Energy Holding Co., Ltd. (SAFE)	SAFE is a joint venture	Interest Received: The company has provided loans to related companies in the amount of 12.93 million baht at the interest rate of 7 percent per year and due at call.	0.23	-	SAFE is a joint venture of the Company's which such loan is in proportion to the shareholding and to increase the operational liquidity of the associated company.
5. Mr. Wanlop Suksawad	As a controlling person in the company.	Interest Coverage: The company borrowed the directors in the amount of 63 million baht at the interest rate of 6.25 percent per year and already paid back.	-	0.30	<ul style="list-style-type: none"> Borrowing from such director is for the need to increase liquidity over a short period of time for company with interest rate equal to the interest rate of MLR of financial institutions.



Audit Committee's Opinions

The Audit Committee considered related transactions of the Company and its affiliates with persons who may have conflict of interest, interests, or possibly future conflict of interest in accordance with the Notification of Securities and Exchange Commission (SEC) at the Audit Committee Meeting No.1/2019, held on February 27, 2019, the Committee agreed that such related transactions are reasonable, fair and at arm's length basis.

Policies or Trends for Preparing Related Transactions Including Acquisition or Selling of the Company's Properties in the Future

Measures and Procedures for the Approval of Related Transactions

In case of having related transactions of the Company and its affiliates with persons who may have conflict of interest, interests, or possibly future conflict of interest as trade agreement in the same format into which person of ordinary prudence may enter with general contractual party under the same situation by exercising trade negotiation power without any power as board, executives, or any relevant person, as well as having normal trade condition or market price under reasonable, accountable, and non-benefit transfer, the Management of the Company can perform such implementation normally under the principles approved by the Company's board and must prepare summary report to the auditing committee at every quarter.

In case that the related transactions are not normal transactions, the Company will have comments by the auditing committee on necessity and appropriation of such transactions. In case that the auditing committee does not have expertise in considering on possible related transactions, the Company will consider having independent price estimator, independent specialized expert, or account auditor Measures and Procedures for the Approval of Related Transactions prepare comments on such related transactions for the auditing committee so that the committee can apply such comments in support of their decision making and preparation of comments to the board of the Company or shareholders, as appropriate in each case, to approve such items before performing such transactions. In this connection, the Company will disclose such related transactions in the note to financial statements which are audited by the Company's auditor. If the Company's common stocks have been registered in Market For Alternative Investment (mai.), the Company will disclose such related transactions in the annual report form (Form 56-1) and the Company's annual report (Form 56-2) based on principles and laws concerning securities and exchange market. In this connection, the consideration to approve such related transactions shall comply with laws concerning securities and exchange market, as well as regulations, notifications, orders, or provisions of the Stock Exchange of Thailand in which a person who may have conflict of interest or interests from the preparation of such related transactions will have no right to make any vote for such related transactions preparation.

Policies or Trends for Preparing Related Transactions in the Future

In the future, if the Company needs to prepare related transactions with a person who may have conflict of interest with the Company, the Company will set out conditions based on normal trade characteristics and as market prices which could be comparatively referred to conditions or prices incurring with the similar business that the Company does with any third party. In this connection, the Company will have the auditing committee provide opinions regarding price, compensation rate, as well as necessity and appropriation of such related transactions. In case that the auditing committee does not have expertise in considering on possible related transactions, the Company will consider having independent price estimator, independent specialized expert, or account auditor prepare comments on such related transactions for the auditing committee so that the committee can apply such comments in support of their decision making and preparation of comments as appropriate in each case. In this connection, the Company will disclose such related transactions in the note to financial statements which are audited by the Company's auditor. If the Company's common stocks have been registered in Market For Alternative Investment



(mai.), the Company will disclose such related transactions in the annual report form (Form 56-1) and the Company's annual report (Form 56-2) based on principles and laws concerning securities and exchange market. In this connection, the consideration to approve such related transactions shall comply with laws concerning securities and exchange market, as well as regulations, notifications, orders, or provisions of the Stock Exchange of Thailand.

In this regard, for any future related transactions the auditing committee must comply with regulations determined and must not approve any transactions related to themselves or any persons who may have conflict of interest of any kind with the Company, as well as must disclose such transactions to the Company's board for their consideration. In this case, the Company must abide by laws concerning securities and exchange market, as well as regulations, notifications, orders, or provisions of the Stock Exchange of Thailand, including regulations related to information disclosure of related transactions preparation and the acquisition or selling of the properties of the Company or its affiliates, as well as must be strictly consistent with accounting standard determined by the Accountants Association. In addition, the Company must not conduct any related transaction with any relevant company if it is not for the normal business performance of the company.

Approval of Principles relating to Trade Agreement with General Commercial Conditions for Related Transactions between the Company and Subsidiaries with Directors, Executives and Related Persons

In case of having related transactions of the Company and its affiliates with boards and executives or any relevant person as trade agreement in the same format into which person of ordinary prudence may enter with general contractual party under the same situation by exercising trade negotiation power without any power as board, executives, or any relevant person. According to the Board of Directors Meeting No. 1 /2012 (after conversion) held on October 26, 2012 accordance has the resolution of the principle about trade agreement with normal commercial term. Regarding the Company's business activities with relevant person in order to be the Company's operation road map.

INVESTOR PROTECTION POLICY

To protect the investor's benefit in case that the Company has related transactions with persons who may have conflict of interest and with relevant companies, the Company shall propose this issue to the Audit Committee at the Board of Director's meeting. In this connection, the consideration to approve such related transactions shall comply with laws concerning securities and exchange market, as well as regulations, notifications, orders, or provisions of the Stock Exchange of Thailand, and compliance with the disclosure of assets transaction and the acquisition as regulations.



STATEMENT OF RESPONSIBILITIES OF THE BOARD OF DIRECTORS ON FINANCIAL STATEMENTS

Dear Shareholders,

The Board of Directors of East Coast Furnitech Public Co., Ltd. emphasizes duties and responsibilities in governing the business of the Company to meet the good corporate governance policy and is also responsible for the preparation of the financial statements and financial information as appeared in the Annual Report according to the Generally Accepted Accounting Principles (GAAP) with accuracy and completeness. As well, the notes as references in the financial statements will be adequately disclosed by applying the appropriate accounting policy which is regularly practiced and carefully use discretion for the benefits and transparency to shareholders and general investors.

The Board of Directors has established the Risk Management system as well as established and maintained appropriate and effective internal control system with following objectives: to enhance the reasonable confidence to the reliability of financial statements, to maintain properties with good protection system and without corruption transactions or unusual operations, to have non-conflict connected transactions, general commercial condition with normal business manner, reasonability and utmost benefits to the Company as well as to operate in accordance with relevant regulations and laws. The Board of Directors had appointed the Audit Committee to perform the review of accounting policy and quality of financial reports including internal control system, internal audit, risk management system and to report the performance result to the Board of Directors. The Audit Committee's report on these matters is published in the Company's Annual Report.

The Board of Directors expressed their opinion that the Company's overall internal control system is in the satisfactory level with adequacy and appropriateness, it could provide reasonable confidence to the reliability of overall financial statements and particular financial statement of the Company as of 31 December 2018. The Company's Auditor had audited in accordance with the generally accepted accounting principles and expressed his opinion that the financial statements showing financial status and performance result are fairly presented with adequate disclosure in accordance with the Financial Reporting Standards

General Terdsak Marom
Chairman

Mr. Arak Suksawad
Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Overview of Past Performance

Throughout the past three years from 2016–2018, the Company's value of revenues from sales continuously increased with average Compound Average Growth Rate for three retroactive years period by 3.01%. The growth rate of revenues from sales was 5.39% from 2016 to 2017 and the small growth rate from sales was 0.69% from 2017 to 2018. Total average revenues for three retroactive years amounted to 3.86% whereas growth rate of total revenues was 5.95% from 2016 to 2017 and 1.82% from 2017 to 2018.

Nevertheless, in 2018 period, the Company could generate small growth of sales volume when compared with growth rate of previous year period. The major cause was partly due to appreciation of exchange rate in 2018 period even though export figure in USD was similar to the past 2017. Therefore, in overview, if Baht is estimated, the Company's the proportion of exporting growth decreased from before by 8.59% while the Company could generate the growth of revenues from domestic sales in 2018 period over 10.85%. In the past 2018, the Company counted to be satisfied that it has still been able to increasingly and continuously generate growth rate of revenues from sales and total revenues even though it was the year that encountered with Baht value appreciation state. In overview of 2018, it was regarded as the first year that main revenues of the Company derived from distribution of domestic products was estimated in the approximate proportion of revenues from sales by 53%. The increasing growth of sales volume was due to the Company's significant increasing growth rate of revenues from distribution of products via distribution channels of the group of wholesalers and dealers nationwide under Costa brand or growth rate of over 78.12%. The value of distribution via such channels, increasing from 2017 by 100.13 million Baht to be 178.35 million Baht in 2018 as the result of personnel restructuring in marketing and sales, including competitive strategy. In addition, the Company has also been able to generate growth rate of revenues from sales via modern trade store channel, such as Home Pro, Big C, and Tesco Lotus, increasing from before by 6.20%.

In part of exporting as aforesaid, if considering from USD currency as currency used by the Company for export, it was found that the Company has still been able to maintain value of sales volume from export to be similar to the past year period. However, if considering in Baht value, it could be considered that export value decreased due to appreciation of Thai Baht value in the past period of 2018 when compared with the past period of 2017. Even though it was growth rate not on setting target. However, in 2018 period, the Company started adjusting penetration strategy to customer groups in new countries such as customer groups from China and India. The result from receiving purchase orders from Chinese customer group was started to be perceived from the past period of Q4/2018. The said customer group has been potential and ready for continuously placement of additional purchase orders with the Company. Besides new product offering, the Company has still focused on continuous product design and development for decreasing sales quantity in the primary product groups which have been continuously ordered by customers. It has been difficult for requesting to increase product price of some products from customers due to trading for long time. Such method is another channel contributing to increase inprofitability ratio.

From completion of restructuring of East Coast Group since the 2012 period, the Company has operated the business through the operations of two juristic persons consisting of East Coast Furnitech Company Limited (before transformation to be public limited company), and VV-Decor Company Limited on behalf of the subsidiary of which the Company holds shares in proportion of 99.95%. After such restructuring, the Company's nature of main business operation is the manufacturer and distributor of particle board furniture and rubber wooden furniture, foil paper and dried lumber for use in assembly of furniture manufacturing, manufacture and distribution of dried rubber lumber, distribution of furniture via twelve branch showrooms under ELEGA brand for distribution of genuine wooden furniture, including domestic manufacture and import from foreign countries, and FINNA HOUSE where has currently been arranged to be corner area inside four ELEGA branch showrooms. FINNA HOUSE offers furniture



product styles which are manufactured using Disney cartoon design copyright under being franchisee in use of cartoon designs for furniture manufacturing. At this moment, the Company has still been the sole franchisee in Thailand and also operating of the cutting service provider of PVC edging sheets.

Later in 2016 period, the Company registered the establishment of one more subsidiary, ECF Holdings Company Limited ("Subsidiary" or "ECFH") on behalf of the subsidiary held for shares by the Company in the proportion of 75%. In the past, ECFH operates Can Do retail store business with operation in form of JPY100 Store of which its franchise has been purchased by the Company from Japan and products are sold in the whole store at one price of Baht 60. At present, from the past December 31, 2018, ECFH has completely discontinued all business operations in part of Can Do Store due to turnover not on setting target and continuous operating loss. Now, the Company has been acquiring new form of the business operation for ECFH.

Moreover, in ECFH's short period from 2016-2017 of entry into energy business operation, ECFH invested in alternative energy business for Solar Power Plant Projects of ECF Tornado Energy Godo Kaisha ("ECF Tornado") for investment in Japan with approximately 1.5 MW of installed production capacity. The project is located at No. 1737 Kodani, Toyotomi-cho, Himeji city, Hyogo, Japan. ECFH's shareholding proportion has been 51%. The commercial operation date has been commenced since 21 December 2016. Later, the Company considered selling asset invested in ECF Tornado in the proportion of 51% to Capital Inc. which is the juristic person registered for incorporation since 1983 to operate real estate business, solar energy and other energy businesses in Japan. Sales Contract for Asset was entered on 19 August 2017 whereas the sold asset's net selling price from related tax was around 82.19 million Baht as the selling price under best condition when compared with total of other five proposers for sales or approximately 43.94% of profit when compared with investment cost. The cause of decision making for sales of such asset was due to consideration on profit that will be gained when compared with approximately 8% per annum of return on investment from the project operation for 20 years of project operation duration. After completion of the return of investment fund and gain from sales of asset to shareholders on 29 September 2017, ECF Tornado has currently completed the procedure of winding up registration since last 22 February 2018. Therefore, ECFH has not currently operated alternative energy business at all.

Later, the Company has registered for establishment of ECF Power Company Limited (ECF-P) as subsidiary held for shares by the Company at 99.99% for energy business operation. At present, the Company has entered to invest in two associates or joint ventures which are Safe Energy Holdings Company Limited in proportion of 33.37% for investment in biomass power plant and Green Earth Power (Thailand) Company Limited for Solar Power Plant. The share of profit from Prize of Wood Green Energy Company Limited has currently been recognized. The said company operates 7.5 MW Biomass Power Plant Project which is located at Waeng District, Narathiwat Province, and Safe Energy (Phrae) Company Limited for operation of 1 MW Biomass Gasification Power Plant Project which is located at Long District, Phrae Province. Both of such companies have commenced to earn commercial revenues. For Solar Power Plant Project, ECF-P has invested in Green Earth Power (Thailand) Company Limited in proportion of 20% for investment in 220 MW solar power plant business in Myanmar. At present, the Project has been constructing and its revenues have not yet been recognized.

For Planet Board Company Limited as subsidiary recently registered for company establishment in proportion of the Company's shareholding of 57%, the Manufacturing Factory and Distribution Project of Wood-Based Panel such as MDF board has been currently constructing and has not been currently commenced to earn commercial revenues.



Performance

Revenues from Furniture Business

The Company's revenues classified by product types and distribution channel are as per the following details.

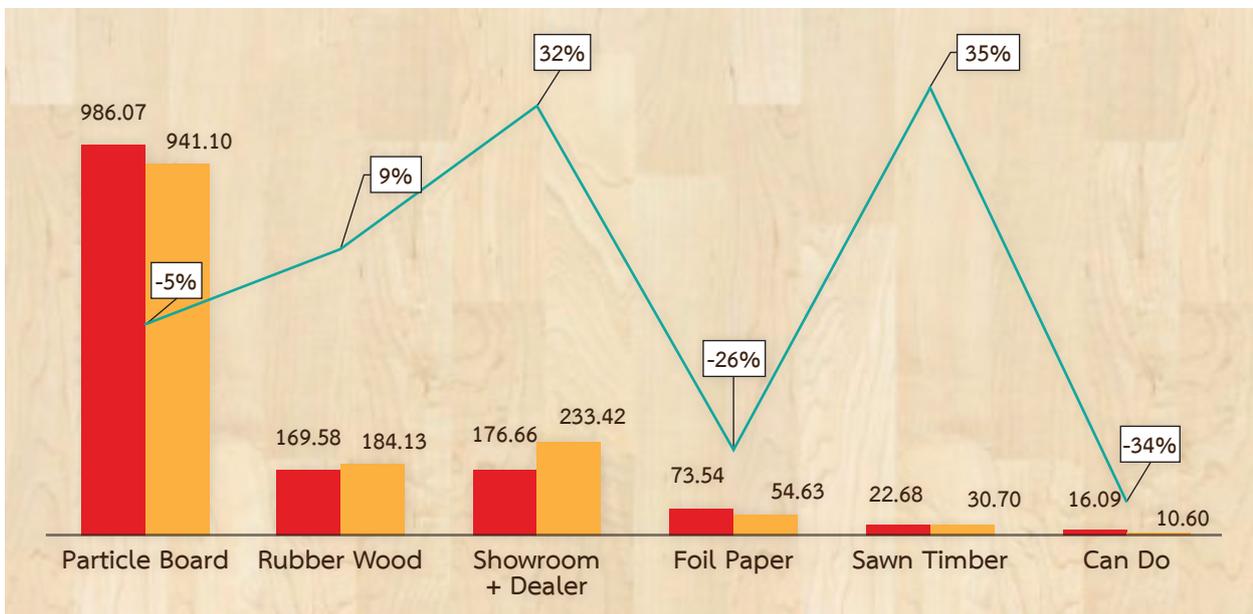
The Company's revenues classified by product types sorted in key proportion when compared with total revenues from sales for 2018 is as follows:

- No. 1** is revenue from distribution of particle board furniture in value of 941.10 million Baht or in proportion of 64.70%.
- No. 2** is revenue from distribution of rubber wood furniture distributed via showroom, wholesaler and dealer groups in value of 233.42 million Baht or in proportion of 16.05%.
- No. 3** is revenue from distribution of rubber furniture in value of 184.13 million Baht or in proportion of 12.66%.
- No. 4** is revenue from distribution of foil paper in value of 54.63 million Baht or in proportion of 3.76%.
- No. 5** is revenue from dried rubber lumber in value of 30.70 million Baht or in proportion of 2.11%.
- No. 6** is revenue from Can Do Retail Store in value of 10.60 million Baht or in proportion of 0.73%.

For comparison of growth rate of revenue from furniture distribution classified by product types between 2017 and 2018, most of them generated revenues from sales in continuous growth rate except particle board furniture product group due to the encounter of appreciation of Thai Baht value problem in last 2018, and decrease in distribution value of foil paper product.

Comparative Information of Revenues from Furniture Distribution Classified By Product Types Between 2017 and 2018

(Unit : million baht)



Revenues from Can Do Retail Store

In part of the business operation of ECF Holdings Co., Ltd. ("ECFH"), the Company generated revenue of 10.60 million Baht for 2018 from retail business in distribution pattern of single-price shop style (60 Baht) that is the same as 100-yen shop. Can Do Store has commenced the business since last 19 December 2016. Can Do Store has earned decreasing sales volume due to gradual closing of branches opened for services throughout last 2018 until ending the product distribution of Can Do Store on last 31 December 2018.

Revenues from Solar Power Plant and Biomass Power Plant Businesses

In 2016, 2017 and 2018, the Company's share of profit from investment fund in associates by 32.83 million Baht 17.03 million Baht, and loss by 0.87 million Baht were due to investment of ECF Power Company Limited ("ECF-P") on behalf of the subsidiary held shares by the Company in proportion of 99.99% whereas ECF-P recognized share of profit and loss from investment in the following companies.

1. Safe Energy Holdings Company Limited ("SAFE") which has been invested by ECF Power Company Limited ("ECF-P") on behalf of the subsidiary of the Company for 99.99%. ECF-P has invested in SAFE in proportion of 33.37%. At present, operating result of Biomass Power Plant Project with 7.5 MW capacity of Prize of Wood Green Energy Company Limited ("PWGE") in Narathiwat Province, can be recognized. The Company has recognized profit based on the investment proportion from Q3/2017. SAFE has invested in PWGE in proportion of 99.99% and Biomass Gasification Power Plant Project with 1 MW capacity of Safe Energy (Phrae) Company Limited in Phrae Province.

2. Green Earth Power (Thailand) Company Limited ("GEP") operates the business of solar power plant with 220 MW capacity in Minbu City, Myanmar, which has been invested by ECF-P on behalf of the subsidiary in the proportion of 20%. At present, the Project has been under construction, and not yet recognized commercial revenue.

According to the aforesaid detail, share of loss from investment in associate was due to expense under construction of Solar Power Plant Project of GEP. At present, commercial revenue has not yet been able for recognition. The significant increase in share of loss was based on increasing working volume to accelerate the construction of the Project in part of Phase 1 with 50 MW production capacity for quick completion. Share of profit from investment in associate occurred in 2018 from loss of 0.87 million Baht when compared with recognized profit from 2017 amounted to 17.03 million Baht. This transaction was deemed as part of the crucial reason of significant decrease in the Company's overall profit for the year from before.

The Company's revenues from sales in the periods of 2016, 2017, and 2018 were 1,370.78 million Baht, 1,444.62 million Baht, and 1,454.57 million Baht, respectively, or increasing rate of 5.39% when compared between 2016 and 2017, and 0.69% when compared between 2017 and 2018, respectively.

Moreover, revenues from sales can be classified into revenues from domestic and foreign distribution for the period of 2018 in the proportion of 53% and 47%, respectively.

If considering on detail of type of product, it indicated that in the period of 2018, significant increase in revenues from sales was due to the Company's growth rate of revenues from distribution of furniture distributed through the group of wholesale stores and dealer stores. In 2018, the Company planned marketing strategy for increasing expansion of distribution channel in dealer group from before. Most furnitures distributed via channel of dealer are furnitures manufactured by the Company and imported from foreign countries or ordered for manufacture by external factories for manufacturing products for the Company.

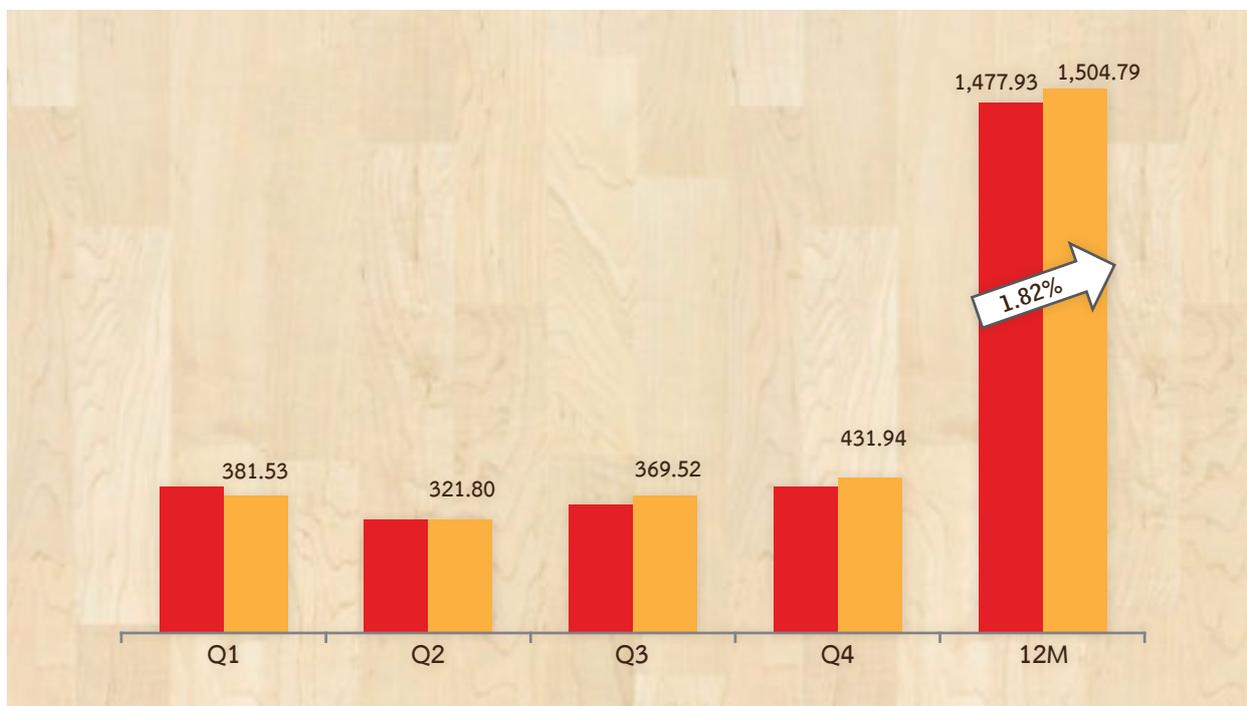
Other incomes of the Company for 2016, 2017, and 2018 amounted to 21.71 million Baht, 34.06 million Baht, and 48.96 million Baht, respectively. Other important incomes of the Company for 2018 consist of gain from sales of machines and equipment for 7.99 million Baht and in other parts consist of revenues from sales of material scraps, interest received, and unrealized gain from exchange rate, etc.



The Company's total revenues for 2016, 2017, and 2018 was 1,394.91 million Baht, 1,477.93 million Baht, and 1,504.79 million Baht, respectively, or Compound Annual Growth Rate (CAGR) was 3.86%. Total revenues continuously increased based on significant growth of revenues from sales.

Total Revenues by Quarter Comparison Between 2017 – 2018

(Unit : million baht)



The Company's total revenues by quarter comparison occurred in the period of 2018 amounted to 381.53 million Baht in Q1, 321.80 million Baht in Q2, 369.52 million Baht in Q3, 431.94 million Baht in Q4. In 2018, the Company could create increasing growth rate of total revenues in every quarter when compared with the same quarter of last 2017 except Q1. In addition, it was normal for business that revenues from sales will be in lowest period for Q2 and Q3 and returned to be increased again in the period of Q4 and Q1 which are normal for selling season of products.

Cost of Sales and Expenses

The Company's ratio of cost of sales to revenues from sales in 2016, 2017, and 2018 was 71.73%, 69.51%, and 69.78%, respectively, or cost of sales amounted to 983.27 million Baht, 1,004.20 million Baht, and 1,014.99 million Baht, respectively.

If considering from information from 2016–2018, it indicated that the Company's ratio of cost of sales to revenues from sales continuously decreased. The significant cause was due to investment of the Company in ordering semi-automatic machine to increase more efficiency of production process of particle board furniture. Some part of machine has been started for installation and use, significantly affecting production cost from 2013–2018. The Company has still established the policy of more continuous investment in semi-automatic machines in production line. The investment in such machines has affected cost of sales which can be lowered upon consideration from the past three retroactive years and from 2017, another significant cause of decrease in the ratio of cost of sales apart from increase in efficiency of production process indicated the establishment of the policy of control on cost and expense in production process in these years by considering from every incurring point of expenses in order to find the way to reduce and control expenses to be taken place for maximum benefit, resulting in decrease in the proportion of cost of sales from before.



The Company's ratio of cost of distribution to total revenues in 2016, 2017, and 2018 was estimated to be 10.66%, 10.60%, and 10.49%, respectively, or amounted to 148.73 million Baht, 156.62 million Baht, and 157.82 million Baht, respectively.

The ratio of administrative expenses to total revenues was estimated to be 11.87%, 12.15%, and 12.47%, respectively, or amounted to 165.60 million Baht, 179.55 million Baht, and 187.61 million Baht, respectively.

The ratio of cost of distribution and administrative expenses has still been significantly unchanged when compared with total revenues.

The ratio of financial cost to total revenues of the Company in 2016, 2017, and 2018 was 3.90%, 5.32%, and 6.71%, or amounted to 54.43 million Baht, 78.66 million Baht, and 101.24 million Baht, respectively. The increase in value and ratio of financial cost significantly affected decrease in profit for the year in overview from before.

However, total financial cost incurred throughout the past period was interest paid due to money borrowing with financial institutions. The Company's outstanding balance of the line of overdraft and short-term loans from financial institutions as of December 31, 2016, 2017, and 2018 was 672.87 million Baht, 431.77 million Baht, and 490.84 million Baht, respectively. Outstanding balance of the line of long-term loans from financial institutions as of December 31, 2016, 2017, and 2018 was 153.14 million Baht, 93.85 million Baht, and 50.10 million Baht, respectively. However, even in 2018, the Company's outstanding balance of the line of long-term loans from financial institutions considerably decreased from before, but the Company's a transaction of liability which was transaction of short-term loans from other parties with outstanding balance as of December 31, 2018 was 283.18 million significantly increased, from 2017 with value of 279.64 million Baht. Such transaction was commenced to be occurred since 2017. In 2018, interest rate was from 5.5% to 7.5% per annum in form of bill of exchange for redemption period of not exceeding six months from date of issue of instrument.

In addition, in the period of 2018, the Company acquired source of capital for use in business operation via issuance and offering for sales of debenture on 16 February 2018 at interest rate of 6.5% per annum and redemption expiration on 9 August 2020.

Gross Profit Margin and Net Profit Margin

The Company's gross profit margin in 2016, 2017, and 2018 was estimated in the ratio of gross profit to revenues from sales by 28.27%, 30.49%, and 30.22%, respectively, or gross profit of 387.51 million Baht, 440.42 million Baht, and 439.58 million Baht, respectively.

The significant cause of the increase in gross profit margin if considering in comparison from the period of 2016 was due to the Company's adjustment on the policy of new production process by increasingly emphasizing on reduction in production cost of goods, and ordering of Semi-Automatic Machine to be used in production process of particle board furniture from before to reduce cost in part of number of employees in production process, training the employees for production skill and specialization for loss reduction, and policy of strict control on internal production process expenses. The clear outcome and continuous effect have been commenced until last period of 2017 as the result from the aforesaid policy implementation. In addition, in the period of 2018, the price of crucial raw materials used in manufacturing such as particle board and MDF board, can be lowered due to price bargaining with the manufacturers.

Upon considering from net profit margin of the Company, it indicated the Company's net profit margin for profit for the period in 2016, 2017, and 2018 was 4.66%, 4.35%, and 1.93%, or net profit value of 65.01 million Baht, 64.27 million Baht, and 29.05 million Baht, respectively. Net profit for the period of 2018 was classified into the holding company's equity of 33.76 million Baht and non-controlling interest's equity of -4.71 million Baht.



According to the overview of profit occurred in the period of 2018 in part of consolidated financial statements, if considering from profit for the period, the profit from the holding company's equity by 33.76 million Baht significantly decreased when compared with the same period of last year with profit of 70.57 million Baht or 52.16%, resulting from large number of dependency on source of loan-type capital in business operation and increase in proportion of financial cost when compared with total revenues, recognition of share of loss from the associate as per the aforesaid details.

Comprehensive profit margin for the period of the Company indicated the Company's comprehensive profit margin for the periods of 2016, 2017, and 2018 was 16.23%, 4.35%, and 1.90% or comprehensive profit value for the period were 226.35 million Baht, 64.27 million Baht, and 28.63 million Baht, respectively. Comprehensive profit for the period of 2018 was classified into the holding company's equity of 33.33 million Baht and non-controlling interest's equity of -4.71 million Baht.

Financial Position Analysis

Assets

Non-Current Assets

As of December 31, 2016, 2017 and 2018, the Company's current asset was valued by 1,532.73 million Baht 1,428.27 million Baht and 1,872.72 million Baht, respectively, as per the following detail in each important transaction.

- Cash and cash equivalents as of December 31, 2016, 2017, and 2018, amounted to 408.67 million Baht, 106.77 million Baht, and 132.36 million Baht, or in proportion to total assets by 17.34%, 3.84%, and 3.90%, respectively.
- Accounts receivable - net as of December 31, 2016, 2017, and 2018, was valued by 203.10 million Baht, 289.44 million Baht, and 327.91 million Baht, or in proportion to total assets by 8.62%, 10.40%, and 9.66%, respectively. Accounts receivable increased based on longer collection period from customer groups in types of furniture dealers and wholesalers.

If considering from change of accounts receivable, it was found that in overview, the Company's accounts receivable value increased in accordance with increase in revenues from sales. From the 2017 period, the Company's sales volume from the group of furniture wholesalers and dealers increased. It will take long collection period for the behavior of customers in this group. If considering from collectability, it was found that the Company's average collection period in the period of 2016, 2017, and 2018 was 53.25 days, 61.65 days, and 77.02 days, respectively. However, the Company has extremely realized on the guideline for abatement of collection risk in the group of dealers. Selling team and accounting team have planned to closely monitor for collection.

As of December 31, 2018, the Company's transaction of accounts receivable - net of 327.91 million Baht was classified into accounts receivable - related companies by 6.08 million Baht, derived from sales of furniture and foil paper by 16.98 million Baht for use in furniture manufacturing for the related companies consisting of Index Interfurn Company Limited and Index Living Mall Company Limited, as the companies that their director is the spouse of Mr. Arak Suksawad who is holding the position of shareholder, director, authorized signatory director and executive of the Company. Accounts receivable - other companies of 321.82 million Baht mostly consisted of accounts receivable value of 56.81% in the group of accounts receivable that has been undue for payment. At present, all customers considered by the Company to be granted for credit term are Modern Trade customers. In the past, there has been none of collection problem in such group of customers at all. The group of dealer customers is the group of wholesaler stores and dealer stores nationwide. The Company has closely planned for collection and payment of debts. For overseas customers, the Company has determined term of payment to be L/C at sight or T/T prior to shipment date, and there has been none of problem for debt payment at all.



Information of aging of outstanding accounts receivable as of December 31, 2018 is as follows.

Value of Accounts Receivable

Related Companies		
Undue	4.32	70.99%
Outstanding		
• Not over 3 months	1.75	28.85%
• During 3 – 6 months	0.00	0.00%
• During 7 – 12 months	0.00	0.00%
• Over than 12 months	0.01	0.16%
Total Accounts Receivable	6.08	100.00%

Other Companies - Net		
Undue	181.95	56.54%
Outstanding		
• Not over 3 months	73.62	22.88%
• During 3 – 6 months	20.40	6.34%
• During 7 – 12 months	32.45	10.08%
• Over than 12 months	18.41	5.72%
Total Accounts Receivable	326.83	101.56%
Less Allowance for Doubtful Accounts	-5.01	-1.56%
Total Accounts Receivable	321.83	100.00%

The Company has established the policy of allowance for doubtful accounts by considering from statistical data related to the past debt collection from customers that is appropriate for the Company's business operation and establishing the policy of entire receivable collection for debt payment within granted credit term period as follows.

Accounts Receivable Counted from Due Date of Payment	Rate of Reserve for Doubtful Accounts of Net Accounts Receivable Balance
From 12 months and more	100%
(particularly receivable with indicator that money is uncollectible.)	
From 24 months and more	100%

As of December 31, 2018, the Company discounted, under factoring, its accounts receivable of approximately 136.9 million Baht with three domestic financial institutions within total credit facility of 275 million Baht. As of December 31, 2018, financial institutions that support credit facility are entitled to recourse for approximate amount of 113.40 million Baht (which is the amount waiting for collection from discounted accounts receivable of the Company under factoring with financial institutions). It was presented as liability in the transaction of "Payable from sale of accounts receivable claims" in request of factoring-type credit facility support. It is unnecessary for the Company to acquire assets as collateral of this type of credit facility. This will be beneficial for the Company in term of non-obligation of collateral used as guarantee and strengthening financial liquidity for the Company in another form. In case where the Company's outstanding balance is full in OD line at any period of time, the Company can use factoring credit facility to strengthen liquidity in such period of time.



- Inventory – net as of December 31, 2016, 2017, and 2018, inventory — net was valued by 756.80 million Baht, 998.62 million Baht, and 1,172.21 million Baht in proportion to total assets by 32.10%, 35.89%, and 34.52%, respectively.

The Company's inventory is raw materials prepared for use in manufacture, goods in process, and finished goods stored as stock for distribution, and furniture imported from foreign country and ordered within the country for distribution. The significant growth of sales volume from the group of retail store and wholesale store customers nationwide affected the stock requirement for goods in preparation for delivery based on increasing purchase orders accordingly. If considering from the past, it was found that inventory value has increased based on continuous increase in sales quantity. According to such increasing sales quantity, it is necessary for the Company to plan for ordering raw materials and storing inventory stocks to be sufficient for requirement quantity and preventing the shortage problem of raw materials used in manufacturing for distribution to customers.

In manufacture and distribution for made to order overseas customers and domestic modern trade customer group, most of them are manufacture of goods in type of particle board furniture under the Company's condition of requirement to manufacture finished goods for storage of stock to be waiting for delivery. Overseas and modern trade customers will inform delivery quantity of finished goods manufactured by the Company and being waiting on periodic basis. It is necessary for the Company to have sufficient stock of goods and control punctual delivery of goods. In the past period of 2018, inventory value of the Company was mostly goods in process in proportion of 62.98% of inventory value — net or value of 738.26 million Baht, increasing from December 31, 2017 with value of 586.21 million Baht. This was the period that the Company has been manufacturing goods for delivery support based on purchase orders of the group of overseas customers and modern trade customers. The secondary was the group of finished goods in proportion of 28.28% of inventory value — net or value of 331.52 million Baht, increasing from as of December 31, 2017 with value of 301.14 million Baht.

If considering from average inventory period (calculated using inventory – group of finished goods excluding goods in process, goods in transit, and raw materials used in manufacturing) in the period of 2016, 2017, and 2018, it was found that the Company's average inventory period was 71.20 days, 93.02 days, and 112.20 days, respectively. If considering in overview from average inventory period from the period of 2016 up to present, it was found that that number of days was continuously increased due to important cause of continuous increase in finished goods stock quantity of the Company partly as the result of expansion of increasing revenues from sales, and adjustment of strategy of sales volume expansion in increase in the group of dealer stores and wholesale stores, resulting in the necessity of the Company to order goods for support of growth on purchase orders of the customers in this group.

For inventory-related policies, the Company has currently established the policy for setting allowance for obsolete goods. The Company has commenced to apply the policy for setting allowance for obsolete and slow-moving goods by considering from goods with life over than 3 years and more, goods condition and past experiences by estimating allowance for obsolete and slow-moving goods value for 5% of value of goods that will be received. If the goods are remained in stock for longer than four years and more, allowance for obsolete goods value is set for 50% of value of goods that will be received. Moreover, the Company's goods are classified into finished goods warehouse under consideration by setting allowance for obsolete goods value for 20% of value of goods that will be received.

Throughout the past period, the Company has focused on execution in accordance with policy for continuous inspecting and monitoring the movement of inventory. If it is the slow-moving goods or remained portion from delivery, the Company will solve problem by organizing sales promotion program as channel of goods release. As of December 31, 2018, the Company has set allowance for obsolete and slow-moving goods value for 4.24 million Baht.

Non-Current Assets

As of December 31, 2016, 2017, and 2018, the Company's non-current assets amounted to 824.55 million Baht, 1,352.02 million Baht and 1,522.81 million Baht, respectively, as per the detail in each important transaction as follows.



- Net investment in associate recorded by equity method as of December 31, 2016, 2017, and 2018 amounted to 8.00 million Baht, 472.22 million Baht, and 561.69 million Baht, or in proportion to total assets by 0.34%, 17.06%, and 16.54%, respectively. Such investment in associate amounted to 561.69 million Baht, being classified into investment of 214.95 million Baht in Safe Energy Holdings Company Limited ("SAFE"), and investment of 346.74 million Baht in Green Earth Power (Thailand) Company Limited ("GEP").
- Property, plant, and equipment — net as of December 31, 2016, 2017, and 2018, amounted to 351.77 million Baht, 351.09 million Baht, and 459.40 million Baht, or in proportion to total assets by 14.92%, 12.62%, and 13.53%, respectively.

In 2018, the Company invested in the important parts consisting of machines under installation for 84.31 million Baht, land for construction of new office building for 44.13 million Baht, and machines and equipment for 12.07 million Baht, without investment in part of buildings and structures at all.

- Capital surplus from asset valuation — net as of December 31, 2016, 2017, and 2018 amounted to 347.60 million Baht, 311.92 million Baht, and 277.41 million Baht, or in proportion to total assets by 14.75%, 11.21%, and 8.17%, respectively. In 2011, the Company applied cost estimate which is new valuation method in measuring value of buildings and machines for recognition of fair value of asset which was significantly changed from book value using Market Approach for valuation of machines and using Cost Approach for valuation of buildings. In accordance with accounting standards of the Company, buildings and machines must be valued every five years. In 2016 in the period of October — November, the Company perform such valuation and earned gain from increasing valuation of assets by 166.39 million Baht.

Total Assets

As of December 31, 2016, 2017, and 2018, the Company's total assets amounted to 2,357.28 million Baht, 2,780.29 million Baht, and 3,395.53 million Baht, respectively.

The important cause of significant increase in transaction of total assets for 2018 was due to increase in inventory transaction, short-term loans and accrued interest receivable from related parties, short-term loans to other parties, property, plant, and equipment - net, and significant increase in investment in the associates.

Liquidity

The Company's liquidity ratio as of December 31, 2016, 2017, and 2018 amounted to 1.42 times, 0.84 times, and 1.59 times, respectively. Liquidity ratio was due to transaction of current assets to current liabilities. If considering from liquidity ratio of the Company, it was found that in the period of 2018, it increased due to significant increase in transaction of current assets from December 31, 2017 from value of 1,428.27 million Baht to be 1,872.72 million Baht as the result of short-term loans and accrued interest receivable from related parties, and short-term loans to other parties. In meantime, transaction of current liabilities decreased due to adjustment of transaction of debenture — current portion in the portion of non-current liabilities. Debenture issued and offered for sales in 2018 will be due for payment within October 2020. Thus, decrease in transaction of such current liabilities from transaction of debenture affected significant increase in liquidity ratio as of December 31, 2018.

In addition, if considering from quick ratio, it was found that the Company's quick ratio as of December 31, 2016, 2017, and 2018 was 0.64 times, 0.23 times, and 0.44 times, respectively. Such increasing ratio was due to increase in transaction of cash and cash equivalents as of December 31, 2018 from value of 106.77 million Baht as of December 31, 2017 to be 132.36 million Baht as of December 31, 2018, in accompany in decrease in transaction of non-current assets due to the same reason as increase in liquidity ratio.

Liabilities

Current Liabilities

As of December 31, 2016, 2017, and 2018, the Company's current liabilities amounted to 1,076.24 million Baht, 1,695.06 million Baht, and 1,181.25 million Baht, respectively, as per the following details in each important transaction.



- Overdraft and short-term loans from financial institutions as of December 31, 2016, 2017, and 2018 amounted to 672.87 million Baht, 431.77 million Baht, and 490.84 million Baht, or in proportion to liabilities and shareholders' equity by 28.54%, 15.52%, and 14.46%, respectively. Overdraft and short-term loans from financial institutions were mainly used as working capital for business operation of the Company. For the cause of continuous decrease since 2017 due to the Company's financial cost management, money received from issuance of debenture, short-term loans from other parties, and cash received from exercise of right to exercise warrant both in part of ECF-W1 and ECF-W2 for liability repayment of overdraft and short-term loans from financial institutions.
- Accounts payable as of December 31, 2016, 2017, and 2018 amounted to 177.83 million Baht, 199.73 million Baht, and 189.37 million Baht, respectively, or in ratio to liabilities and shareholders' equity by 7.54%, 7.18%, and 5.58%, respectively. The Company's payable value was due to ordering of raw materials for preparing to use in production process to support increase in purchase orders in part of furniture business, and ordering of finished furniture both in the country and foreign countries. In the past, the Company's repayment period for liabilities in 2016, 2017, and 2018 was 65.52 days, 67.68 days, and 69 days, respectively. The repayment for liabilities is in accordance with the policy of collection from the Company's accounts payables.
- Short-term loans from other parties as of December 31, 2017 and 2018 amounted to 279.64 million Baht and 283.18 million Baht, respectively, or in ratio to liabilities and shareholders' equity by 10.05% and 8.34%, respectively. Such transactions occurred as alternative of acquisition of source of loans at more attractive interest rate when compared with the rate of interest received from financial institutions.
- Debenture in the current portion as of December 31, 2017 amounted to 499.88 million Baht, or in ratio to liabilities and shareholders' equity by 17.96% as the due portion for payment on last 26 February 2018. In 2018, debenture newly issued and offered for sales amounted to 688.64 million Baht, partly for payment of liability from old outstanding debenture incurred in 2017, and was classified to be in part of debenture - net in part of non-current liability.

Non-Current Liabilities

As of December 31, 2016, 2017, and 2018, the Company's non-current liabilities amounted to 621.95 million Baht, 58.67 million Baht, and 766.96 million Baht, respectively, as per the following details in the important transactions.

- Debenture-net as of December 31, 2017 and 2018 amounted to 0.00 million Baht and 688.64 million Baht, respectively. In 2018, the Company issued and offered for sales of debenture in the period of February for 699.90 million Baht deducted with expenses directly related to issuance of debenture for 11.26 million Baht or in ratio to liabilities and shareholders' equity by 20.28%.
- Long-term loans — net as of December 31, 2016, 2017, and 2018 amounted to 67.17 million Baht, 6.59 million Baht, and 31.76 million Baht, respectively, or in ratio to liabilities and shareholders' equity by 2.85%, 0.24%, and 0.94%, respectively. Long-term loans decreased continuously from repayment of liabilities.

Total Liabilities

As of December 31, 2016, 2017, and 2018, the Company's total liabilities were amounted to 1,698.19 million Baht, 1,753.73 million Baht, and 1,948.21 million Baht, respectively.

The Company's total liabilities as of December 31, 2018 increased when compared with December 31, 2017 for 194.49 million Baht. The Company's liabilities to shareholders' equity ratio was 1.35 times, decreasing from December 31, 2017 with such ratio of 1.71 times.

Shareholders' Equity

As of December 31, 2016, 2017, and 2018, shareholders' equity of the Company amounted to 659.09 million Baht, 1,026.56 million Baht, and 1,447.32 million Baht, respectively.



The following are the details of shareholders' equity in important transactions.

- Issued and called registered capital as of December 31, 2016, 2017, and 2018 was 142.21 million Baht (from registered capital of 195 million Baht), 207.50 million Baht (from registered capital of 354.14 million Baht), and 239.85 million Baht (from registered capital of 354.14 million Baht), respectively. As of December 31, 2018, the Company's issued and called registered capital was 239.85 million Baht, being classified into 953,780,157 ordinary shares at par value of 0.25 Baht per share in accordance with consolidated financial statements of the Company or in ratio of 7.06% to liabilities and shareholders' equity. The remaining registered capital has been available to support issuance and offering for sales of ordinary shares to the primary shareholders, and private placement in accordance with capital increase under general mandate. However, this part of capital increase was expired from the holding date of Annual General Meeting of Shareholders for 2018 on last 25 April 2018. Moreover, the remaining part of capital increase has been available to support the exercise of Warrant ECF-W2 and ECF-W3 issued for the primary shareholders.
- The Company's premium on shares as of December 31, 2016, 2017, and 2018, amounted to 117.69 million Baht, 386.02 million Baht, and 768.12 million Baht, respectively. In the period of 2018, significant increase in transaction of premium on shares was resulted from premium on shares from exercise of right to transform of Warrant ECF-W1 which was expired on 28 July 2018 in exercise price of 0.50 Baht per share, exercise of right to transform of Warrant ECF-W2 No. 1, 2, 3, and 4 occurred throughout the period of 2018 in exercise price of 3 Baht per share.
- Retained earnings - unappropriated as of December 31, 2016, 2017, and 2018 were 294.97 million Baht, 361.21 million Baht, and 369.45 million Baht, respectively. As of December 31, 2018, the Company's retained earnings - unappropriated was estimated in the ratio of 10.88% to liabilities and shareholders' equity. In part of retained earnings - unappropriated as of December 31, 2018, part of them was the transaction of writing off from capital surplus from valuation of assets in part of plant and machine being transferred into retained earnings and unable to pay dividend.

Cash Flow for the Year Ended December 31, 2018

Net Cash Received (Used) in Operating Activities

The Company's important transactions affecting cash flows from operating activities were due to increase in use of cash for inventory stock from last year by 173.77 million Baht, and increase in transaction of accounts receivable by 40.53 million Baht, increase in transaction of other non-current assets by 70.39 million Baht, and increase in transaction of deposit and security money, resulting in the Company's net cash flow from operation for -110.52 million Baht, decreasing when compared with the period of 2017 with cash flow from operations for -123.60 million Baht.

Net Cash Received (Used) in Investing Activities

The Company's net cash used in investing activities was 355.64 million Baht. The important transactions occurred in 2018 from increase in use of cash for investment in transaction of temporary investment which was investment in bill of exchange in interest rate of 3.5% per annum for 195.00 million Baht, increase in short-term loans to related parties for 152.93 million Baht, increase in cash paid for buildings and equipment for 135.92 million Baht.

Net Cash Received (Used) in Financing Activities

The Company's net cash received from financing activities was 491.75 million Baht. The important transactions mainly occurred from money receiving from issuance and offering for sales of debture for 699.90 million Baht, increase in transaction of cash received from capital increase for 414.44 million Baht, decrease in transaction of overdraft and short-term loans from financial institutions for 59.07 million Baht.

As of December 31, 2018, the Company's cash and cash equivalents were 132.36 million Baht, increasing from December 31, 2017 with amount of 106.77 million Baht.



If considering from Cash Cycle, in 2018, the Company's average holding period of 112.20 days, average collection period of 77.02 days and average payment period of 69.00 days, resulting in the Company's Cash Cycle of 120.21 days. The increasing period from 2017 with Cash Cycle of 86.99 days. Cash Cycle is equal to average holding period plus average collection period and deducted with average payment period.

Investment Expenditure

The purpose of the past investment expenditure of the Company is to invest in construction of factory buildings, machines and equipment for production capacity expansion and enhancement of production efficiency as per the details of investment expenditure as follows.

Table for Details of Investment Expenditure

Unit : Million Baht

	2016	2017	2018
Expenditure for Fixed Asset Investment	37.20	32.75	136.45

Observation from the auditor for financial statements for 2018 ended as of December 31, 2018

- None -

Factors or Events Possibly Significantly Affecting Future Financial Position or Operation (Forward Looking)

In the past period of 2018, the Company has operated main business as manufacturer and distributor of particle board and rubber wood-made furniture products. Even though in this 2018, the Company was not affected on financial position or operating result from both internal business factors and uncontrollable external factors such as from facilitating economic state or exchange rate and others. The Company has not been at ease to continuously consider the guideline of risk management, and the Company has simultaneously sought for risk diversification opportunity in business operation to new type of business to abate the risk from sole dependency on main furniture business. In part of furniture business, the Company's existing strength and competitor advantage creation capability have been due to product manufacturing capability in lower cost price when compared with the manufacturers from neighboring countries such as Malaysia and Vietnam which have still been classified as key competitors of Thailand.

Therefore, the Company's opinion on forecast of factors or events possibly affecting financial position or operation of the Company indicated that the establishment of the subsidiary, ECF Power Company Limited ("ECF-P") to be an investor in alternative energy business apart from investment in Prize of Wood Green Energy Company Limited ("Project" or "PWGE") which is Biomass Power Plant Project at Waeng District, Narathiwat Province, with 7.5 MW installed production capacity. Safe Energy Holdings Company Limited ("SAFE") as the associates of the Company (ECF Power Company Limited on behalf of the subsidiary of the Company holds shares of 33.37%) whereas SAFE holds PWGE shares of 99.99% and has currently earned revenues from commercial sales of electricity since Q3/2018 onwards. In this 2018, PWGE was regarded as source of key main revenue generation of SAFE.

At present, the Company's important projects have been under construction and commenced for recognition of commercial revenue, such as Solar Power Plant Project at Minbu City, Myanmar, with total installed production capacity of 220 MW, being entered for investment by ECF-P in Green Earth Power (Thailand) Company Limited ("GEP") in proportion of 20%. For Phase 1 with 50 MW capacity, it was expected that revenue from sales of electricity will be commenced for recognition within this 2019. During project construction, the Company has had the part of operating expenses and investing expenses realized at the time that such projects have not yet earned realized commercial revenue. Moreover, the Company has been under investment in construction of MDF board manufacturing factory being operated by Planet Board Company Limited held for shares by the Company in proportion of 57%. The daily production capacity of the factory is 600 – 800 m³. The approximate construction period will be taken for two years. Increase in the Company's operating expenses and investing expenses may affect financial position or operating result of the Company.



**EAST COAST FURNITECH PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES**

**Financial Statements
For the Year Ended December 31, 2018
and Report of Certified Public Accountant**

M.R. & ASSOCIATES CO., LTD.
Certified Public Accountants



REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders and the Board of Directors of East Coast Furnitech Public Company Limited

Opinion

I have audited the consolidated financial statements of East Coast Furnitech Public Company Limited and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders’ equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, I have also audited the separate financial statements of East Coast Furnitech Public Company Limited, which comprise the separate statement of financial position as at December 31, 2018, and the separate statement of comprehensive income, the separate statement of changes in shareholders’ equity and the separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of East Coast Furnitech Public Company Limited and its subsidiaries as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended, and the accompanying separate financial statements present fairly, in all material respects, the financial position of East Coast Furnitech Public Company Limited as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and the Separate Financial Statements” section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions together with the ethical requirements that are relevant to my audit of the consolidated financial statements and the separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with such Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements and the separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements and the separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



Propriety of the Purchase Price Allocation in 2018 of Three Subsidiaries of the Joint Venture

Risk Description

As discussed in Note 10 to the Financial Statements, the Group's joint venture arranged the purchase price allocation on business combination of its three subsidiaries that required the measurement of fair values of assets and liabilities identified as at the business acquisition date (in June 2017). This measurement, done and reported by the independent valuer, was completed during 2018. Steps and processes relating to such matter contain the use of complicate information as well as significant amounts of entries. In addition, there was use of significant estimates and assumptions as well as judgement of both management and independent valuer whereby conclusion reached from such matter also affected to the adjustment of several balances of material accounts in the consolidated financial statements for the year 2017, presented herein for comparative purpose, e.g. investment in joint venture accounted for using the equity method in the consolidated statement of financial position and share of profit from investment in joint venture in the consolidated statement of comprehensive income.

Responses to the Risk

I have performed the following key audit procedures as responses to the aforesaid significant matter and related risks in order that such risks shall be managed to the appropriate and acceptable level and enable the consolidated financial statements to be free from material misstatement:

- Inquired management and assessed the accounting approach and steps relating to business combination and related purchase price allocation.
- Inquired management, read related documents / agreements / reports, and assessed about procurement of the valuer as well as considered the propriety, independence and objectivity, and scope of works performed by the valuer on purchase price allocation.
- Read the conclusion reports and supplemental documents of the valuer, inquired management and valuer in relation to the estimates and assumptions used as key inputs as well as the valuation approaches and techniques used in the purchase price allocation.
- Tested and assessed for the reasonableness of key inputs, the valuation approaches and techniques, and conclusion reached from the purchase price allocation as well as reviewed the accuracy and propriety of the related accounting entries done by the Group.



Valuation of Certain Investment in Subsidiary in the Separate Financial Statements

Risk description

High competition in the current market outlook for retail shops of sundry goods imported from abroad (the 60-Baht shops), especially on product prices and product variety, triggered direct impact on the salability and profitability of traders in the market. Such situation deteriorated sales and profitability of the subsidiary, i.e. ECF Holdings Co., Ltd. ("ECF-H") whereby ECF-H closed its non-profitable branches and eventually cancelled the status of being sole distributor in Thailand with the foreign company who is brand and product owner in December 2018. ECF-H had sales and loss from operations for the year 2018 amounting to approximately Baht 10.6 million and Baht 18.8 million, respectively, and further had capital deficiency as at December 31, 2018 of approximately Baht 34.5 million. Such events primarily indicated that the Company's investment in ECF-H, stated at cost of Baht 7.5 million in the separate financial statements, may materially impair that conduct to a significant risk that such investment may be overstated on valuation in the financial statements if compared to its recoverable amount to be known from the results of test and assessment of impairment in which the Company's management shall use their significant judgement, estimates, and assumptions as well as complex information and processes to test and assess whether such investment eventually impair or not.

Significant accounting policies and other information relating to the aforesaid investment were disclosed in Notes 1, 2, 3 and 9 to the financial statements.

Responses to the Risk

I have performed the following key audit procedures as responses to the identified and assessed significant risk in order that such risk shall be managed to appropriate and acceptable level and enable the separate financial statements to be free from material misstatement:

- Gather understanding and preliminarily assess the use of significant judgement, estimates, and assumptions as well as information and processes with respect of the test and assessment of impairment done by the Company's management.
- Test, assess, and conclude for the reasonableness of the use of significant judgement, estimates, and assumptions as well as information and processes in calculation and determining recoverable amount done by the Company's management.
- Test mathematical accuracy of significant figures with respect of the test and assessment of impairment.
- Review appropriateness and acceptability of the results of management's assessment whether such investment eventually impair, with material amount, as at the end of reporting period or not.



Emphasis of Matter - Purchase Price Allocation on Business Combination

I draw attention to Note 10 to the Financial Statements. The Group's joint venture arranged the measurement of fair values of identifiable assets and liabilities at the acquisition date (Purchase Price Allocation) of three subsidiaries of such joint venture. This measurement was done by independent appraiser and completed during 2018 which was not exceeding the measurement period specified in the related Thai financial reporting standard. Net fair values of the identifiable assets and liabilities of the subsidiaries differed from the cost of investment and the carrying amounts of net assets previously recorded by the joint venture and the Group in 2017. Accordingly, the Group retrospectively adjusted the corresponding figures in the consolidated financial statements for the year 2017, presented herein for comparative purpose with those for 2018, in respect of the results from such measurement as if the accounting records for business combination between the joint venture and its three subsidiaries had been completed since the acquisition date in 2017. My opinion is not qualified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Registration Statement and the Annual Report, but does not include the consolidated financial statements and the separate financial statements as well as my auditor's report thereon. The aforesaid other information is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated financial statements and the separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements and the separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and the separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the aforesaid other information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order that they shall acknowledge and arrange the correction on such misstatement as appropriate.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements and the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements and the separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements and the separate financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements and the separate financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, the matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements and the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and the separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

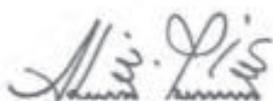


- Evaluate the overall presentation, structure and content of the consolidated financial statements and the separate financial statements, including the disclosures, and whether the consolidated financial statements and the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the separate financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements and the separate financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Mr. Akadet Pliensakul)
Certified Public Accountant
Registration No. 5389

M.R. & ASSOCIATES CO., LTD.
Bangkok
February 27, 2019



EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018 AND 2017

ASSETS

	Note	In Baht			
		Consolidated		Separate Financial Statements	
		2018	2017 (Restated)	2018	2017
CURRENT ASSETS					
Cash and cash equivalents		132,358,949	106,769,943	98,435,576	87,002,280
Current investment	32	64,710,168	-	64,710,168	-
Trade receivables					
- Related parties	4, 5	6,082,591	5,932,557	13,908,261	14,338,492
- Other parties - net	5	321,824,997	283,511,405	313,817,104	276,276,773
Inventories - net	6	1,172,206,372	998,616,360	1,170,734,045	989,817,720
Short-term loans to and interest receivable from related parties	4	65,342,864	1,186,043	23,200,298	-
Short-term loans to other parties	7	65,000,000	-	-	-
Other current assets					
- Value-added tax receivable		20,303,523	7,949,160	17,861,937	5,280,009
- Advances		6,655,503	1,168,657	1,736,913	1,077,917
- Prepaid expenses		5,947,225	7,716,536	5,947,225	7,575,216
- Accrued interest income		5,588,613	2,622,510	5,497,791	2,622,510
- Other receivables (net of allowance for doubtful accounts of Baht 2,157,032 in 2018 and Baht 657,446 in 2017)	4	3,789,624	5,120,432	5,236,534	5,120,432
- Pending input tax		1,698,181	4,982,063	1,659,173	4,937,024
- Others		1,214,206	2,694,287	974,222	2,675,882
Total Current Assets		1,872,722,816	1,428,269,953	1,723,719,247	1,396,724,255
NON-CURRENT ASSETS					
Restricted deposits at banks	8	73,040,000	72,288,793	73,040,000	72,288,793
Investment in subsidiaries accounted for using the cost method	4, 9	-	-	563,276,950	537,951,950
Investment in associate and joint venture accounted for using the equity method	10	561,691,594	472,218,621	-	-
Property, plant and equipment - net	4, 11, 13, 18, 19	459,396,354	351,091,692	438,650,850	347,782,360
Asset revaluation surplus - net	11	277,409,294	311,917,805	277,409,294	311,917,805
Intangible assets - net	12	2,194,440	3,115,841	611,946	1,380,327
Deferred tax assets	23	4,388,272	3,588,195	4,388,272	3,367,624
Loan to other party	7	50,000,000	50,000,000	50,000,000	50,000,000
Other non-current assets					
- Advance for share subscription	4, 9, 10	-	58,397,500	78,375,000	-
- Deposits and guarantees	4, 33	92,880,678	23,266,732	89,736,536	18,261,814
- Others - net	4	1,807,831	6,136,305	1,656,459	2,501,962
Total Non-Current Assets		1,522,808,463	1,352,021,484	1,577,145,307	1,345,452,635
TOTAL ASSETS		3,395,531,279	2,780,291,437	3,300,864,554	2,742,176,890

The accompanying notes are an integral part of these financial statements.



EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018 AND 2017

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	In Baht			
		Consolidated		Separate Financial Statements	
		2018	2017	2018	2017
CURRENT LIABILITIES					
Bank overdrafts and short-term borrowings					
from financial institutions	8, 11, 13	490,842,264	431,770,902	486,873,276	427,812,822
Factoring payables	5	113,415,604	115,698,907	113,415,604	115,698,907
Trade payables		189,372,568	199,725,699	189,372,568	199,390,921
Other payables - related parties	4	1,849,166	1,521,535	1,901,666	1,534,035
Short-term loans from other parties	14	283,176,715	279,638,217	164,216,455	254,638,217
Short-term loans from and interest payable to related party	4	-	-	40,237,808	-
Current portion of long-term borrowings	11, 18	18,339,719	87,252,825	13,205,226	79,351,553
Current portion of debentures	16	-	499,883,621	-	499,883,621
Current portion of liabilities under hire purchase and finance lease agreements	11, 19	2,972,968	5,337,305	2,972,968	5,337,305
Income tax payable		12,612,643	12,259,288	12,612,643	12,020,232
Accrued expenses and other current liabilities	15	68,667,185	61,971,106	66,450,134	60,676,077
Total Current Liabilities		1,181,248,832	1,695,059,405	1,091,258,348	1,656,343,690
NON-CURRENT LIABILITIES					
Long-term borrowings - net	11, 18	31,757,440	6,593,088	31,757,441	1,657,572
Debentures - net	16	688,638,008	-	688,638,008	-
Liabilities under hire purchase and finance lease agreements - net	11, 19	2,436,263	5,514,174	2,436,263	5,514,174
Deferred gain on sales and leaseback	11, 19	-	11,972	-	11,972
Deferred tax liabilities	11, 23	37,336,770	40,206,970	37,336,770	40,206,970
Liability for post-employment benefits	17	6,793,256	6,345,868	6,793,256	6,345,868
Total Non-Current Liabilities		766,961,737	58,672,072	766,961,738	53,736,556
Total Liabilities		1,948,210,569	1,753,731,477	1,858,220,086	1,710,080,246



EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENTS OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2018 AND 2017

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

	Note	in Baht			
		Consolidated		Separate Financial Statements	
		2018	2017 (Restated)	2018	2017
SHAREHOLDERS' EQUITY					
Authorized share capital - 1,416,549,076 common shares in 2018 and 2017, Baht 0.25 par value	20	354,137,269	354,137,269	354,137,269	354,137,269
Issued and paid-up share capital - 959,405,082 common shares in 2018 and 830,007,452 common shares in 2017, Baht 0.25 par value	20	239,851,271	207,501,863	239,851,271	207,501,863
Premium on shares	20	768,115,392	386,023,910	768,115,392	386,023,910
Retained earnings					
- Appropriated for legal reserve	21	25,600,000	23,100,000	25,600,000	23,100,000
- Unappropriated	10	369,446,920	361,212,363	384,394,677	361,378,531
Total		1,403,013,583	977,838,136	1,417,961,340	978,004,323
Other components of equity		22,923,415	52,638,248	24,683,128	54,092,311
Equity attributable to Owners of the Parent		1,425,936,998	1,030,476,384	1,442,644,468	1,032,096,634
Non-controlling interests		21,383,712	(3,916,424)	-	-
Total Shareholders' Equity		1,447,320,710	1,026,559,960	1,442,644,468	1,032,096,634
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		3,395,531,279	2,780,291,437	3,300,864,534	2,742,176,851

The accompanying notes are an integral part of these financial statements.



EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Note	In Baht			
		Consolidated		Separate Financial Statements	
		2018	2017 (Restated)	2018	2017
REVENUES					
Net sales	4	1,454,566,479	1,444,623,275	1,443,431,260	1,427,661,186
Other income	4, 19	48,961,319	34,060,608	44,745,473	31,652,654
Gain (Loss) on exchange rate		1,263,025	(755,769)	1,288,898	(768,439)
Total Revenues		1,504,790,823	1,477,928,114	1,489,465,631	1,458,545,401
EXPENSES					
Cost of sales	4, 6	1,014,989,718	1,004,202,559	1,007,419,076	993,188,364
Distribution costs	4	157,820,152	156,622,676	153,208,049	152,052,899
Administrative expenses	4, 11, 12	187,608,509	179,551,659	170,469,183	154,759,474
Finance costs	4, 19	101,238,007	78,656,697	97,060,145	75,625,731
Total Expenses		1,461,656,386	1,419,033,591	1,428,156,453	1,375,626,468
Share of Profit (Loss) from Investment in Associate and Joint Venture	10	(873,000)	17,026,000	-	-
PROFIT BEFORE INCOME TAX EXPENSE		42,261,437	75,920,523	61,309,178	82,918,933
Income Tax Expense	23, 26	13,209,342	11,651,306	12,769,009	11,425,184
PROFIT FOR THE YEAR	10	29,052,095	64,269,217	48,540,169	71,493,749

The accompanying notes are an integral part of these financial statements.



EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENTS OF COMPREHENSIVE INCOME (Continued)
 FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Note	In Baht			
		Consolidated		Separate Financial Statement	
		2018	2017 (Restated)	2018	2017
Other Comprehensive Income (Loss)					
<i>Item that will be reclassified subsequently to profit or loss</i>					
- Share of other comprehensive loss from associate	10	(424,000)	-	-	
OTHER COMPREHENSIVE LOSS FOR THE YEAR		(424,000)	-	-	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	10	28,628,095	64,269,217	48,540,169	71,493
Profit (Loss) Attributable to:					
Owners of the parent		33,758,602	70,571,909	48,540,169	71,493
Non-controlling interests		(4,706,507)	(6,302,692)	-	
Profit for the Year		29,052,095	64,269,217	48,540,169	71,493
Total Comprehensive Income (Loss) Attributable to:					
Owners of the parent		33,334,602	70,571,909	48,540,169	71,493
Non-controlling interests		(4,706,507)	(6,302,692)	-	
Total Comprehensive Income for the Year		28,628,095	64,269,217	48,540,169	71,493
Basic Earnings per Share	10, 24	0.037	0.106	0.054	0
Diluted Earnings per Share	10, 24	0.036	0.090	0.052	0

The accompanying notes are an integral part of these financial statements.



EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

In Baha

Consolidated

Other Components of Equity

	Issued and Paid-up Share Capital	Premium on Shares	Retained Earnings		Resignation Surplus on Assets - Net	Surplus on Combination under Common Control	Share of Other Comprehensive Income (Loss) from Associate	Loans on Change in Proportion of Investment in Subsidiary	Total Other Components of Equity	Equity		Total Shareholders' Equity
			Appropriated for Legal Reserve	Unappropriated						Attributable to Owners of the Parents	Interest	
Ending balance as at January 1, 2017	140,206,313	117,689,384	19,500,000	294,907,124	301,437,501	(217,641,795)	-	(1,454,070)	82,342,036	666,705,067	2,386,268	669,091,335
Appropriation for legal reserve	-	-	3,600,000	(3,600,000)	-	-	-	-	-	-	-	-
Payment of dividends	-	-	-	(50,430,458)	-	-	-	-	-	(30,430,458)	-	(50,430,458)
Proceeds from increase in share capital	65,395,350	268,334,516	-	-	-	-	-	-	-	333,629,866	-	333,629,866
Transfer to retained earnings	-	-	-	29,703,788	(29,703,788)	-	-	-	(29,703,788)	-	-	-
Total comprehensive income for the year	-	-	-	70,571,909	-	-	-	-	-	70,571,909	(6,302,692)	64,269,217
Ending balance as at December 31, 2017	207,501,663	386,023,910	23,100,000	361,212,363	271,734,113	(217,641,795)	-	(1,454,070)	52,638,248	1,030,476,384	(3,916,424)	1,026,559,960
Appropriation for legal reserve	-	-	2,500,000	(2,500,000)	-	-	-	-	-	-	-	-
Increase in non-controlling interests from increase in share capital of subsidiary	-	-	-	-	-	-	-	-	-	-	30,125,000	30,125,000
Change in proportion of investment in subsidiary	-	-	-	-	-	-	-	118,357	118,357	118,357	(118,357)	-
Payment of dividends	-	-	-	(52,433,255)	-	-	-	-	-	(52,433,255)	-	(52,433,255)
Proceeds from increase in share capital	32,349,408	382,081,482	-	-	-	-	-	-	-	414,440,890	-	414,440,890
Transfer to retained earnings	-	-	-	29,409,190	(29,409,190)	-	-	-	(29,409,190)	-	-	-
Total comprehensive income for the year	-	-	-	33,738,602	-	-	(424,000)	-	(424,000)	33,334,602	(4,706,507)	28,628,095
Ending balance as at December 31, 2018	239,851,271	768,115,392	25,600,000	369,446,920	242,324,923	(217,641,795)	(424,000)	(1,335,713)	22,923,415	1,425,936,998	21,983,712	1,447,920,710

The accompanying notes are an integral part of these financial statements.



EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

In Baht

Separate Financial Statements

	Note	Issued and Paid-up Share Capital	Premium on Shares	Retained Earnings		Other Components of Equity				Total Shareholders' Equity
				Appropriated for Legal Reserve	Unappropriated	Revaluation Surplus on Assets - Net	Surplus on Business Combination under Common Control	Total Other Components of Equity	Total	
Ending balance as at January 1, 2017		142,206,513	117,689,394	19,500,000	294,211,474	573,607,381	301,437,901	(217,641,795)	83,796,106	657,403,487
Payment of dividends	25	-	-	-	(30,430,458)	(30,430,458)	-	-	-	(30,430,458)
Appropriation for legal reserve	21	-	-	3,600,000	(3,600,000)	-	-	-	-	-
Proceeds from increase in share capital	20	65,295,350	268,334,516	-	-	333,629,866	-	-	-	333,629,866
Transfer to retained earnings		-	-	-	29,703,788	29,703,788	(29,703,788)	-	(29,703,788)	-
Total comprehensive income for the year		-	-	-	71,493,749	71,493,749	-	-	-	71,493,749
Ending balance as at December 31, 2017		207,501,863	386,023,910	23,100,000	361,378,553	978,004,326	271,734,113	(217,641,795)	54,092,318	1,032,096,644
Payment of dividends	25	-	-	-	(52,433,235)	(52,433,235)	-	-	-	(52,433,235)
Appropriation for legal reserve	21	-	-	2,500,000	(2,500,000)	-	-	-	-	-
Proceeds from increase in share capital	20	32,349,408	382,091,482	-	-	414,440,890	-	-	-	414,440,890
Transfer to retained earnings		-	-	-	29,409,190	29,409,190	(29,409,190)	-	(29,409,190)	-
Total comprehensive income for the year		-	-	-	48,540,169	48,540,169	-	-	-	48,540,169
Ending balance as at December 31, 2018		239,851,271	768,115,392	25,600,000	384,394,677	1,417,961,340	242,324,923	(217,641,795)	24,683,128	1,442,644,468

The accompanying notes are an integral part of these financial statements.



EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	In Baht			
	Consolidated		Separate Financial Statements	
	2018	2017 (Restated)	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax expense	42,261,437	75,920,523	61,309,178	82,918,933
Adjustments				
Depreciation and amortization	77,297,755	85,137,081	74,936,407	81,723,747
Increase in allowance for doubtful accounts	4,094,010	207,578	3,489,335	138,100
Expenses on post-employment benefits	447,388	425,407	447,388	425,407
Increase (decrease) in allowance for diminution in value of obsolete and slow-moving inventories	1,178,487	(2,702,743)	1,178,487	(2,702,743)
Share of loss (profit) from investment in associate and joint venture	873,000	(17,026,000)	-	-
Unrealized loss (gain) on valuation of fair value of derivatives	2,597	(14,197)	2,597	(14,197)
Unrealized loss (gain) on exchange rate	(477,640)	63,002	(477,640)	63,002
Gain on sales of machinery and equipment	(7,991,126)	(1,152,770)	(7,914,715)	(1,141,906)
Loss on written-off assets	2,565,257	-	198,343	-
Gain on sales of current investment	(135,575)	(210,627)	(23,819)	(210,627)
Interest income	(8,118,698)	(15,409,088)	(6,799,924)	(15,175,290)
Interest expense	101,238,007	78,656,697	97,060,145	75,625,731
Decrease (increase) in operating assets				
Trade receivables	(40,523,827)	(86,659,794)	(38,565,626)	(87,113,973)
Inventories	(174,768,499)	(239,118,409)	(182,094,812)	(241,542,118)
Other current assets	(4,974,601)	6,075,269	(8,509,773)	5,030,031
Other non-current assets	(70,392,303)	(15,746,140)	(72,528,522)	(4,869,468)
Increase (decrease) in operating liabilities				
Trade payables	(10,399,532)	21,890,541	(10,064,754)	21,999,831
Other payables - related parties	327,631	(442,646)	367,631	(452,646)
Accrued expenses and other current liabilities	(6,275,229)	(3,867,852)	(7,200,786)	(3,349,726)
Cash paid from operating activities	(93,771,461)	(113,974,168)	(95,190,860)	(88,647,912)
Income tax paid	(16,750,603)	(9,626,020)	(16,067,446)	(9,622,766)
Net Cash Used in Operating Activities	(110,522,064)	(123,600,188)	(111,258,306)	(98,270,678)



EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENTS OF CASH FLOWS (Continued)
 FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	In Baht			
	Consolidated		Separate Financial Statement	
	2018	2017	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in restricted deposits at banks	(751,207)	(41,420,682)	(751,207)	(41,420,682)
Increase in short-term loans to related parties	(152,925,530)	(1,160,605)	(22,925,530)	(7,000,000)
Collections on short-term loans to related parties	90,000,000	-	-	7,000,000
Increase in short-term loans to other parties	(65,000,000)	-	-	-
Increase in current investments	(195,000,000)	-	(145,000,000)	-
Proceeds from sales of current investment	130,135,575	75,523,169	80,023,819	75,523,169
Increase in investment in subsidiaries	-	-	(30,699,994)	(529,452,450)
Proceeds from sale of investment in subsidiary	-	-	5,374,994	-
Increase in investment in associate and joint venture	(39,046,473)	(455,192,621)	-	-
Proceeds from return of share capital from associates	-	8,003,697	-	-
Decrease (increase) in advances for share subscription to subsidiaries	-	-	(78,375,000)	50,000,000
Additions to plant and equipment	(135,916,762)	(32,228,840)	(117,785,037)	(31,306,579)
Additions to intangible assets	(531,350)	(527,300)	-	(28,700)
Proceeds from sales of machinery and equipment	9,130,366	1,332,281	9,194,766	1,074,206
Proceeds from sales of investment in debt securities prior to maturity	-	2,000,000	-	2,000,000
Interest received	4,269,365	11,727,960	3,965,145	11,449,388
Net Cash Used in Investing Activities	(355,636,016)	(431,942,941)	(296,978,044)	(462,161,648)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in bank overdrafts and short-term borrowings from financial institutions	59,071,363	(241,064,182)	59,060,454	(190,022,262)
Increase (decrease) in factoring payables	(2,283,303)	55,455,996	(2,283,303)	55,455,996
Increase (decrease) in short-term loans from other parties	5,000,000	279,638,217	(90,000,000)	254,638,217
Increase in short-term loans from related parties	-	65,000,000	80,000,000	131,000,000
Repayments to short-term loans from related parties	-	(65,000,000)	(40,000,000)	(131,000,000)
Decrease in liabilities under hire purchase and finance lease agreements	(5,442,248)	(11,255,002)	(5,442,248)	(11,255,002)
Increase in long-term borrowings	20,362,564	20,988,341	20,362,564	18,510,000
Repayments of long-term borrowings	(64,111,318)	(80,286,780)	(56,409,022)	(68,025,437)
Issuance of debentures	699,899,999	-	699,899,999	-
Redemption of debentures	(500,000,000)	-	(500,000,000)	-
Debt issuance costs	(18,997,500)	-	(18,997,500)	-
Proceeds from increase in share capital	414,440,890	333,629,866	414,440,890	333,629,866
Increase in non-controlling interests	30,125,000	-	-	-
Dividends paid	(52,433,235)	(30,430,458)	(52,433,235)	(30,430,458)
Interest paid	(93,885,126)	(73,033,016)	(88,528,953)	(70,890,872)
Net Cash Provided by Financing Activities	491,747,086	253,642,982	419,669,646	291,610,048



EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENTS OF CASH FLOWS (Continued)
 FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	In Baht			
	Consolidated		Separate Financial Statement	
	2018	2017	2018	2017
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25,589,006	(301,900,147)	11,433,296	(268,822,278)
Cash and Cash Equivalents at Beginning of Year	106,769,943	408,670,090	87,002,280	355,824,558
CASH AND CASH EQUIVALENTS AT END OF YEAR	132,358,949	106,769,943	98,435,576	87,002,280

Supplementary disclosures of cash flow information:

a. Cash and cash equivalents at end of year

Cash in hand	569,657	483,724	350,437	376,206
Current accounts at banks	3,869,722	44,067,376	3,448,269	39,169,071
Savings deposits at banks	63,907,774	62,218,843	30,625,074	47,457,003
Short-term fixed deposit at bank	64,011,796	-	64,011,796	-
Total	132,358,949	106,769,943	98,435,576	87,002,280

b. Non-cash transactions

Purchases of equipment by means of payables	11,506,666	3,722,400	11,506,666	3,722,400
Purchases of equipment by means of hire purchase and finance lease agreements	-	7,299,673	-	7,299,673
Transfer of fixed assets as part of intangible assets	-	335	-	-
Interest on long-term loan capitalized as cost of fixed assets	629,022	-	629,022	-
Transfer of advances for share subscriptions to investment in joint venture	51,723,500	-	-	-
Transfer of advances for share subscriptions to advances (other current assets)	6,674,000	-	-	-

The accompanying notes are an integral part of these financial statements.



EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements

December 31, 2018 and 2017

1. GENERAL

East Coast Furnitech Public Company Limited (“the Company”), formerly East Coast Furnitech Co., Ltd., was registered as a limited company in Thailand on October 12, 1999. The Company was transformed from being juristic person as a limited company under the Civil and Commercial Code to a limited public company under the Public Limited Companies Act B.E. 2535 on October 18, 2012 and was registered in the Market for Alternative Investment on March 26, 2013. The Company is engaged in manufacturing and sales of self-assembled furniture made from particle board, rubber wood furniture, dried sawn lumbers, laminating papers, and furniture-decorating supplies for domestic and international markets.

The Company’s head office is located at 37/9 Moo 3 Banbung-Klaeng Rd., Tambon Tangkwian, Amphur Klaeng, Rayong 21110. The Company’s total number of branches is 14 which comprise 3 branches located in Bangkok and Nonthaburi, 2 branches in Pathumthani and a branch in Rayong, Nakhon Ratchasima, Chonburi, Chiangmai, Chachoengsao, and Songkhla.

VV-Décor Co., Ltd. (“VVD”), the subsidiary of which shares are held at 99.95% by the Company, was registered a limited company in Thailand on May 11, 2011 and is engaged in sales of laminating papers and furniture-decorating supplies in domestic market. The registered office of the subsidiary is located at 25/28 Moo 12 Tambon Bungkamproy, Amphur Lam Lukka, Pathumthani.

ECF Holdings Co., Ltd. (“ECF-H”), the subsidiary of which shares are held at 75% by the Company, was registered a limited company in Thailand on February 23, 2015 and is engaged in retail shops for sundry goods imported from abroad. The registered office of the subsidiary is located at 37/4 Moo 10 Banbung-Klaeng Rd., Tambon Tangkwian, Amphur Klaeng, Rayong.

ECF Power Co., Ltd. (“ECF-P”), the subsidiary of which shares are held at 99.99% by the Company, was registered a limited company in Thailand on January 16, 2017 and is engaged as holding company in energy business e.g. biomass or solar energy. The registered office of the subsidiary is located at 37/7 Moo 10 Banbung-Klaeng Rd., Tambon Tangkwian, Amphur Klaeng, Rayong.

Planet Board Co., Ltd. (“PNB”), the subsidiary of which shares are held at 99.99% by the Company, was registered a limited company in Thailand on December 19, 2017 and is engaged in manufacturing and sales of wood-base panel, i.e. MDF board and particle board. The registered office of the subsidiary is located at 25/28 Moo 12 Tambon Bungkamproy, Amphur Lam Lukka, Pathumthani.

2. BASIS FOR THE FINANCIAL STATEMENT PREPARATION

The accompanying financial statements are prepared in Thai Baht, which is core functional currency of the Group, and in the Thai language in accordance with the financial reporting standards in Thailand including interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and regulations of the Securities and Exchange Commission. Accordingly, the accompanying financial statements are intended solely to present the financial position, financial performance, and cash flows in accordance with the financial reporting standards in Thailand.

Except as otherwise disclosed in the significant accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

The consolidated financial statements for the years ended December 31, 2018 and 2017 included the accounts of the Company and its subsidiaries in which the Company has the controlling power or direct / indirect shareholding as follows:



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Name of Subsidiaries	Type of Business	Country of Incorporation and Operation	Percentage of Shareholding	
			2018	2017
VV-Décor Co., Ltd.	Sales of laminating papers and furniture- decorating supplies	Thailand	99.95	99.95
ECF Holdings Co., Ltd.	Retail shops for sundry goods imported from abroad	Thailand	75.00	75.00
ECF Power Co., Ltd.	Holding company in energy business	Thailand	99.99	99.99
Planet Board Co., Ltd	Manufacturing and sales of wood-base panel, i.e. MDF board and particle board	Thailand	57.00	99.99

Significant intercompany transactions between the Company and its subsidiaries included in the consolidated financial statements have been eliminated.

Starting from January 1, 2018, the Group had adopted Thai Accounting Standards (TAS), Thai Financial Reporting Standards (IFRS), Thai Accounting Interpretation (TSIC), and Thai Financial Reporting Interpretation (TFRIC), revised by FAP, which became effective from the accounting period starting on or after January 1, 2018. The aforesaid adoption of revised TAS and TFRS as well as TSIC and TFRIC did not have any material effect on the Group.

Subsequently, FAP issued several Notifications which were announced in the Royal Gazette in 2018 regarding the new and revision of aforesaid TAS and TFRS as well as TSIC and TFRIC with effective from the accounting period starting on or after January 1, 2019 and January 1, 2020 (*) whereby the Group had not yet adopted in the preparation of the accompanying financial statements and has no policy to early adopt before effective period. Such new and revised TAS and TFRS as well as TSIC and TFRIC are as follows:

TAS 1 (revised 2018)	Presentation of Financial Statements
TAS 2 (revised 2018)	Inventories
TAS 7 (revised 2018)	Statement of Cash Flows
TAS 8 (revised 2018)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2018)	Events after the Reporting Period
TAS 12 (revised 2018)	Income Taxes
TAS 16 (revised 2018)	Property, Plant and Equipment
TAS 17 (revised 2018)	Leases
TAS 19 (revised 2018)	Employee Benefits
TAS 20 (revised 2018)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2018)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2018)	Borrowing Costs
TAS 24 (revised 2018)	Related Party Disclosures
TAS 26 (revised 2018)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2018)	Separate Financial Statements
TAS 28 (revised 2018)	Investments in Associates and Joint Ventures
TAS 29 (revised 2018)	Financial Reporting in Hyperinflationary Economies
TAS 32*	Financial Instruments: Presentation
TAS 33 (revised 2018)	Earnings per Share
TAS 34 (revised 2018)	Interim Financial Reporting
TAS 36 (revised 2018)	Impairment of Assets



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

TAS 37 (revised 2018)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2018)	Intangible Assets
TAS 40 (revised 2018)	Investment Property
TAS 41 (revised 2018)	Agriculture
TFRS 1 (revised 2018)	First-time Adoption of International Financial Reporting Standards
TFRS 2 (revised 2018)	Share-based Payment
TFRS 3 (revised 2018)	Business Combinations
TFRS 5 (revised 2018)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2018)	Exploration for and Evaluation of Mineral Resources
TFRS 7*	Financial Instruments: Disclosures
TFRS 8 (revised 2018)	Operating Segments
TFRS 9*	Financial Instruments
TFRS 10 (revised 2018)	Consolidated Financial Statements
TFRS 11 (revised 2018)	Joint Arrangements
TFRS 12 (revised 2018)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2018)	Fair Value Measurement
TFRS 15	Revenue from Contracts with Customers
TSIC 10 (revised 2018)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2018)	Operating Leases - Incentives
TSIC 25 (revised 2018)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2018)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2018)	Service Concession Arrangements: Disclosures
TSIC 32 (revised 2018)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2018)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2018)	Determining whether an Arrangement Contains a Lease
TFRIC 5 (revised 2018)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2018)	Applying the Restatement Approach under TAS 29 "Financial Reporting in Hyperinflationary Economies"
TFRIC 10 (revised 2018)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2018)	Service Concession Arrangements
TFRIC 14 (revised 2018)	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 17 (revised 2018)	Distributions of Non-cash Assets to Owners
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments
TFRIC 20 (revised 2018)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2018)	Levies

Management of the Group has preliminarily assessed and believed that there will be no material effect to the financial statements of the Group upon adoption of the aforesaid new and revised TAS and TFRS as well as TSIC and TFRIC with effective in 2019 whereas the new TFRS (Financial Instruments), with effective in 2020, management of the Group is during the assessment and consideration of the impacts from adoption of the aforesaid new TAS, TFRS and TFRIC.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

The Group disclosed information for the year ended December 31, 2017 for being the comparative information in the financial statements for the year ended December 31, 2018 in the form of corresponding figures.

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements that are issued for domestic financial reporting purposes.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group").

Significant intercompany transactions between the Company and its subsidiaries included in the consolidated financial statements have been eliminated.

Subsidiary is a company controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies as well as the variable returns of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When an entity loses control of a subsidiary, investment retained in the former subsidiary is measured at its fair value while any gain or loss is recognized in the statement of comprehensive income.

Foreign Currencies

Transactions in foreign currencies

Transactions in foreign currencies are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies which are carried under historical cost convention are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

Investment in Associate and Joint Venture

Investment in associate and joint venture in the consolidated financial statements is accounted for using the equity method.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Associate is the entity in which the Company or the Group has significant influence, but not control, over the financial and operating policies. Joint venture is joint arrangement in the entity in which the Company or the Group has joint control among other venturers in that entity. The consolidated financial statements of the Group include share of profit or loss of associate and joint venture, on an equity accounted basis, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the share of loss exceeds its interest in any associate and joint venture, the investment in such associate and joint venture shall be reduced to nil and recognition of further loss shall be ceased except to the extent that the Company or the Group has legal or constructive obligations or consents to settle the obligations on behalf of the associate and joint venture.

Current Investment

Current investment is investment in unit trusts which is held by the Company as trading securities and stated at fair value. Gains or losses arising from changes in the fair value of investment or sales of investment are included as profit or loss in statement of comprehensive income. In case the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold and the part still remained is determined using the weighted average method applied to the carrying amount of the total holding of the investment.

Fair value of unit trusts is determined from the net asset value of mutual fund that issued the particular unit trust which is the Level 1 inputs of the fair value hierarchy.

Current investment in bill of exchange is stated at amortized cost net of allowance for impairment (if any).

Use of Estimates

In order to prepare financial statements in conformity with the Thai financial reporting standards, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and underlying assumptions used in preparation of these financial statements which may be affected by significant uncertainty are as follows:

- Allowance for doubtful accounts of trade receivables and other receivables
- Net realizable value and allowance for losses on diminution in value of inventories
- Allowance for impairment of plant and equipment
- Useful lives and residual values of building and equipment and intangible assets
- Assumptions used in calculation and estimate of liability for post-employment benefits
- Expected periods and amounts that deferred tax assets will be realized or deferred tax liabilities will be settled
- Fair values and fair value measurements of financial assets, financial liabilities and financial instruments.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost include cash on hand and cash at financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturity of three months or less and without restriction of use or being collateral and that are subject to a low or an insignificant risk of change in value.

Restricted deposits at banks or being collateral were separately presented as “Restricted deposits at banks” under non-current assets in the statements of financial position.

Trade Receivables, Other Receivables, and Allowance for Doubtful Accounts

Trade and other receivables are carried at original invoice amount or at the accrued amount net of allowance for doubtful accounts.

Allowance for doubtful accounts equals to the estimated collection losses that may be incurred in the collection of receivables. The estimated losses are based on historical collection experience coupled with a review of the current status of existing receivables.

Inventories

Inventories are valued at the lower of cost net of allowance for diminution in value of obsolete and slow-moving inventories and net realizable value. Cost is calculated and determined using the First-In, First-Out method.

Costs of inventories comprise the purchase cost, conversion costs, and other costs incurred in bringing the inventories to their present location and condition. In case of own-manufactured inventories and work in process, costs of inventories include the appropriate allocation of production overheads which is based on the normal capacity of production facilities

Net realizable value is the estimate of the selling price in the ordinary course of business less necessary costs to sell.

The Group determines the allowance for diminution in value of obsolete and slow-moving inventories based on the consideration of the inventory condition and the historical experiences.

Investment in Held-to-Maturity Debt Securities

Debt securities that the Company has positive intent and ability to hold to maturity are classified as held-to-maturity debt securities in the statement of financial position. The Company accounts for and presents value for this investment at the amortized cost net of allowance for impairment (if any).

Property, Plant and Equipment

Other fixed assets except land, building and building improvement, and machinery and equipment are stated at cost net of accumulated depreciation and allowance for impairment (if any). When assets are retired or disposed of, their carrying values are eliminated from the accounts and any gain or loss resulting from their retirement or disposal is included in the statement of comprehensive income. Costs of asset dismantlement, removal, and restoration are included as part of asset cost and subject to depreciation.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Land, building and building improvement, and machinery and equipment are stated at the revalued amounts, appraised by independent appraiser, net of accumulated depreciation and allowance for impairment. Revaluation in buildings and machinery is shown as "Asset revaluation surplus" with the corresponding separate accounts under "Shareholders' Equity" in the statements of financial position. When assets are retired or disposed of, their carrying values are eliminated from the accounts and any gain or loss resulting from their retirement or disposal is included in the statement of comprehensive income whereby the related revaluation surplus on assets will be directly transferred to the unappropriated retained earnings.

The Group has a policy to reappraise the appraised assets whenever the fair values of such assets materially change from their carrying values or every period of five years. The appraisal value is Level 2 inputs of fair value hierarchy which Cost Approach was used as valuation technique and core information used in evaluation was purchase-sale prices of comparative asset in same / nearby area for land and machinery while core information used in evaluation was the adjusted or depreciated cost which was based on replacement cost of comparative asset in the same or nearby area for building and building improvement.

Depreciation is charged to the statement of comprehensive income on a straight-line method over the useful lives of each significant part of an item of assets. Depreciation methods, residual values, and useful lives are reviewed at each financial year-end, at least, and adjusted if appropriate. In determining the depreciable amount, residual value of particular asset is measured at amount estimated receivable currently for the asset if the asset is already of the age and in the condition expected at the end of its useful life. The useful lives of the assets are as follows:

	<u>No. of Years</u>
Land improvement	5
Building and building improvement	5 and 20
Machinery and equipment	3 - 15
Electric system	5
Furniture, fixtures and office equipment	5
Showroom equipment	3
Vehicles	5
Utilities	5

Intangible Assets

Intangible assets are computer programs that are stated at cost net of accumulated amortization and allowance for impairment (if any). Amortization is made on a straight-line method over the useful lives of the assets of 5 years.

Amortization

Amortization is charged as part of distribution costs and administrative expenses in the statement of comprehensive income on the straight-line method over the useful life of each type of intangible asset. Intangible assets with an indefinite useful life (if any) are not amortized but are tested for indication of impairment at each reporting date. Amortization methods, residual values, and useful lives are reviewed at least at each financial year-end and adjusted if appropriate.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Decoration Costs of Showrooms

Decoration costs of showrooms presented as non-current assets in the statement of financial position at cost net of accumulated amortization and allowance for impairment (if any). Amortization of decoration costs of showrooms is made over the term of space lease agreements of 3 years.

Impairment of Assets

The carrying amounts of the assets of the Group are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of asset's fair value less cost to sell or value in use) shall be estimated and reviewed. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Group recognize the impairment loss by reducing the carrying value of the asset to be at its recoverable amount and recording the devaluation in the statements of comprehensive income or reducing the revaluation surplus in assets if those assets were previously revalued. The reversal of the recognized impairment losses are recorded as part of other income or as a revaluation surplus in assets when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased. The reversal of the impairment losses shall not exceed the carrying amount of the asset, net of depreciation or amortization, that would have been determined had no impairment losses been recognized for the asset in prior years. In addition, a reversal of an impairment loss on a revalued asset is recognized in other comprehensive income and increase the revaluation surplus for that asset. However, to the extent that an impairment loss on the same revalued asset was previously recognized in profit or loss in previous years, a reversal of that impairment loss is also recognized in profit or loss and shall not exceed the impairment loss recognized in previous years.

Trade and Other Payables

Trade and other payables are stated at cost.

Finance Lease

Leases or hire purchases of assets which the lessee is transferred all the risks and rewards of ownership and that the lessee intends to exercise the option of the leases to purchase the assets at the expiration of the lease term are classified as finance leases. Finance leases are capitalized for asset and liability at the inception of the lease at the lower of the present value of the minimum lease payments or the fair value of the leased assets. Each lease payment is allocated between the liability and finance charges so as to achieve an effective rate on the finance balance outstanding.

The Group accounts for gain on sales and finance leaseback of asset (selling price is greater than carrying value) as deferred item presented under non-current liabilities in the statement of financial position and recognized as other income in the statement of comprehensive income by the straight-line basis over the lease term. Loss on sales and finance leaseback is immediately recognized as expense in the statement of comprehensive income.

Operating Lease

Leases of assets which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense on the straight-line basis over the lease term.



Employee Benefits

Short-term benefits

Salaries, wages, bonuses and contributions to social security fund are recognized as an expense upon their occurrences and on an accrual basis.

Post-employment benefits

Obligations on defined contribution plan which is the provident fund are recognized as an expense in the statement of comprehensive income when contribution to the fund on an accrual basis.

Obligations on post-employment benefits which are defined benefit plan that will be settled to the employees upon retirement or termination are calculated by estimating the amount of future benefits that employees have earned in return for their service in the prior and current periods. The benefits are discounted using the project unit credit method to determine present value of obligations. The calculation is annually performed or at least every three years by the qualified actuary. Expenses from the liability for post-employment benefits comprise current service cost and interest cost which are recognized as profit or loss whereas actuarial gain/loss on measurement is recognized as other comprehensive income or loss.

Surplus on Business Combination under Common Control

Business combination under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same persons, group of persons, entity, or group of entities both before and after the business combination, and that control is not transitory.

Unrealized gain or loss on internal restructuring of the entities under common control is the difference between the carrying amounts of the obtained assets and the purchase costs of the assets incurred on internal restructuring of the entity of group of entities under common control whereby such purchase of assets is the combination of the entities under the same shareholders and management. Such unrealized gain or loss is presented as "Surplus on business combination under common control" which is separately presented under other components of equity in the statement of financial position. When the assets relating to surplus on business combination under common control are retired or disposed of, the corresponding surplus on business combination under common control is directly transferred to the unappropriated retained earnings.

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Sales are recognized net of discounts when delivery has taken place and transfer of risks and rewards of ownership to the buyer has been completed.

Service income is recognized when the Company has completely rendered service to the customer and on an accrual basis.

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

Other income is recognized on an accrual basis.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Expense Recognition

Expenses are recognized on an accrual basis.

Borrowing Costs

Interest and financial charges on liabilities acquired for construction of building and installation of machinery and equipment is capitalized as part of the cost of the asset. The capitalization of such finance costs is ceased when the construction or installation are completed and ready for their intended use.

Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange risk arising from the operating activities. Derivative financial instruments are not used for any trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, they are re-measured at fair value. Gain or loss on re-measurement to fair value is recognized in the statement of comprehensive income.

The fair value of derivative financial instruments is the quoted market price at the statement of financial position date, which is the Level 2 inputs of the fair value hierarchy whereby such price is the present value of the quoted derivative price where market approach was used as valuation technique and core information used in evaluation was the adjusted exchange rates in market to fit for the issued instrument which was computed by bank who was the counterparty.

Provisions

A provision is recognized in the statement of financial position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Income Tax

Income tax on the profit or loss for the year, which is recognized in the statement of comprehensive income, is current tax and deferred tax.

Current tax

Current tax is the amount of tax payable or recoverable which is calculated from taxable profit or loss for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognized for the initial recognition of assets and liabilities that affect neither accounting nor taxable profit to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, at the tax rates that are expected to apply to the period when the deferred tax asset is realized or the tax liability is settled based on tax rates that have been enacted as at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Principal market is the market with the greatest volume and level of activity for the asset or liability. Market participants comprise buyers and sellers in the principal or most advantageous market for the asset or liability whereby market participants are independent of each other, knowledgeable and having a reasonable understanding, able to enter into a transaction for the asset or liability, and willing to enter into a transaction for the asset or liability.

To increase the consistency and comparability in fair value measurements and related disclosures in the financial statements, the fair value hierarchy is categorized into 3 levels with respect of the inputs to valuation techniques used to measure the fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1 inputs"), secondary priority to other observable inputs ("Level 2 inputs"), and the lowest priority to unobservable inputs ("Level 3 inputs").

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Earnings per Share

Basic earnings per share is determined by dividing profit for the year, attributable to owners of the Company, by the weighted average number of common shares outstanding during the year whereas diluted earnings per share is determined by dividing the profit for the year, attributable to owners of the Company, by the weighted average number of common shares outstanding during the year after adjusting the effect from dilutive potential common shares.

4. TRANSACTIONS WITH RELATED PARTIES

Related parties are those parties controlled by the Company or have power control over the Company, directly or indirectly or significant influence, to govern the financial and operating policies of the Company.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Types of relationship of related parties are as follows:

Name of Companies / Persons	Type of Business	Type of Relationship
VV-Décor Co., Ltd.	Sales of laminating papers and furniture-decorating supplies	Subsidiary
ECF Holdings Co., Ltd.	Retailers on sundry goods imported from abroad	Subsidiary
ECF Power Co., Ltd.	Holding company in energy business	Subsidiary
Planet Board Co., Ltd.	Manufacturing and sales of wood-base panel, i.e. MDF board and particle board	Subsidiary
Safe Energy Holdings Co., Ltd.	Holding company in energy business	Joint venture
Green Earth Power (Thailand) Co., Ltd.	Holding company in energy business	Associate
Prize of Wood Green Energy Co., Ltd.	Manufacturing and sales of electricity generated from biomass fuel	Subsidiary of joint venture and co-directors
GEP (Myanmar) Company Limited (incorporated and operated in Myanmar)	Manufacturing and sales of electricity generated from solar power	Subsidiary of associate and co-directors
Bina Puri Power (Thailand) Co., Ltd.	Manufacturing and sales of electricity generated from biomass fuel	Subsidiary of joint venture
Safe Biomass Co., Ltd.	Wood chip plant for use as fuel for biomass power plant	Subsidiary of joint venture
East Cost Design Co., Ltd.	Manufacturing and sales of furniture	Co-directors and co-shareholders
East Coast Industry Co., Ltd.	Sales of furniture	Co-directors and co-shareholders
V-Chat Décor Co., Ltd.	Manufacturing and sales of laminating papers	Co-directors and co-shareholders
V-Chat Industry Co., Ltd.	Manufacturing and sales of dried sawn lumbers	Co-directors and co-shareholders
B.V. Parawood Co., Ltd.	Manufacturing and sales of furniture and dried sawn lumbers	Co-directors and co-shareholders
Index Living Mall Co., Ltd.	Sales of furniture	Directors are spouse
Index Interfurn Co., Ltd.	Manufacturing and sales of furniture	Directors are spouse
Khun Wallop Suksawad	-	Shareholder and director (key management)
Khun Varaporn Suksawad	-	Shareholder and director (key management)
Khun Chalee Suksawad	-	Shareholder and director (key management)
Khun Arak Suksawad	-	Shareholder and director (key management)
Khun Tippawan Suksawad	-	Shareholder and director (key management)
General Terdsak Marrome	-	Director (key management)
Khun Montee Socratayanurak	-	Director (key management)
Khun Songklod Jarusombuti	-	Director (key management)
Khun Ekarin Vasanasong	-	Director (key management)

Key management are persons having authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly, including the Company's director (whether as executive or otherwise).



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Pricing policies for transactions with related parties are as follows:

Type of Transaction	Pricing Policies
Sales of products	Prices approximated market prices
Interest income / interest expense	MOR
Space rental income	Mutually agreed price
Sales of investment	At carrying amount
Purchases of raw materials / inventories / supplies	Prices approximated market prices
Purchases - sales of equipment	Mutually agreed price
Showroom rental and service charges	Mutually agreed price
Decoration costs of showrooms	Mutually agreed price
Key management's remunerations	Mutually agreed amount
Guarantee of credit facilities by directors	No guarantee charge

Significant transactions with related parties for the years ended December 31, 2018 and 2017 are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2018	2017	2018	2017
Sales of products				
Subsidiary	-	-	13,392	19,294
Related companies	16,981	25,104	16,981	25,104
Total	16,981	25,104	30,373	44,398
Interest income				
Subsidiary	-	-	463	50
Associate	58	25	-	-
Joint venture	228	-	-	-
Related person	1,492	-	-	-
Total	1,778	25	463	50
Space rental income				
Subsidiary	-	-	10	10
Sales of equipment				
Subsidiary	-	-	60	-
Sales of investment in subsidiary				
Related persons	-	-	5,375	-
Purchases of inventories and raw materials or supplies				
Subsidiary	-	-	4	42
Related company	-	1,046	-	1,046
Total	-	1,046	4	1,088
Purchase of equipment				
Subsidiary	-	-	816	-
Showroom rental and service charges				
Related company	18,910	19,918	18,910	19,918



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2018	2017	2018	2017
Decoration costs of showrooms (recorded as other non-current assets)				
Related companies	-	905	-	905
Interest expense				
Subsidiary	-	-	1,630	229
Related persons	-	303	-	290
Total	-	303	1,630	519
Key management's remunerations				
Short-term benefits	23,308	23,426	23,308	23,426
Post-employment benefits	477	476	477	476
Total	23,785	23,902	23,785	23,902

Significant outstanding balances with related parties as at December 31, 2018 and 2017 are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2018	2017	2018	2017
Trade receivables				
Subsidiary	-	-	7,825	8,406
Related companies	6,083	5,933	6,083	5,932
Total	6,083	5,933	13,908	14,338
Other receivables (other current assets)				
Subsidiary	-	-	1,451	-
Advances (other current assets)				
Joint venture	4,674	-	-	-
Short-term loans and interest receivable				
Interest receivable				
Subsidiary	-	-	275	-
Associate	83	25	-	-
Joint venture	228	-	-	-
Related person	945	-	-	-
Short-term loans				
Subsidiary (interest rate at 5.5% p.a. and due in November 2019)	-	-	22,925	-
Associate (interest rate at 5% p.a. and due at call)	1,161	1,161	-	-
Joint venture (interest rate at 7.5% p.a. and due at call)	12,926	-	-	-
Related person (interest rate at 7.5% p.a. and due at call)	50,000	-	-	-
Total	65,343	1,186	23,200	-



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2018	2017	2018	2017
Advance for share subscription				
Subsidiary	-	-	78,375	-
Joint venture	-	58,398	-	-
Total	-	58,398	78,375	-
Deposits / guarantees on rental and services for showrooms				
Related company	4,603	4,879	4,603	4,879
Other payables				
Subsidiary	-	-	53	13
Related companies	1,849	1,522	1,849	1,521
Total	1,849	1,522	1,902	1,534
Short-term loans and interest payable				
Interest payable				
Subsidiary	-	-	238	-
Short-term loans				
Subsidiary (interest rate at 7.5% p.a. and due at call)	-	-	40,000	-
Total	-	-	40,238	-

Movements of short-term loans to and from related parties during the year are as follows:

	Consolidated (In Thousand Baht)			
	December 31, 2017	Movements during the year		December 31, 2018
		Increase	Decrease	
Short-term loans to				
Green Earth Power (Thailand) Co., Ltd.	1,161	-	-	1,161
Safe Energy Holdings Co., Ltd.	-	12,926	-	12,926
Director of associate	-	140,000	90,000	50,000

	Separate Financial Statement (In Thousand Baht)			
	December 31, 2017	Movements during the year		December 31, 2018
		Increase	Decrease	
ECF Holdings Co., Ltd.	-	10,000	-	10,000
ECF Power Co., Ltd.	-	12,925	-	12,925

	Separate Financial Statements (In Thousand Baht)			
	December 31, 2017	Movements during the Period		December 31, 2018
		Increase	Decrease	
Short-term loans				
ECF Power Co., Ltd.	-	80,000	40,000	40,000



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

5. TRADE RECEIVABLES

As at December 31, 2018 and 2017, trade receivables classified by outstanding period are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2018	2017	2018	2017
<i>Related companies</i>				
Current	4,316	4,103	6,757	7,946
Overdue :				
Not exceeding 3 months	1,754	1,817	5,643	6,379
Between 3 months - 6 months	-	-	1,495	-
Over 12 months	13	13	13	13
Total	<u>6,083</u>	<u>5,933</u>	<u>13,908</u>	<u>14,338</u>
<i>Other companies - net</i>				
Current	181,953	206,206	179,283	203,831
Overdue :				
Not exceeding 3 months	73,621	59,431	70,947	55,434
Between 3 months - 6 months	20,398	8,667	19,091	9,530
Between 6 months - 12 months	32,451	5,749	31,762	4,492
Over 12 months	18,407	5,868	16,031	4,297
Total	<u>326,830</u>	<u>285,921</u>	<u>317,114</u>	<u>277,584</u>
Less Allowance for doubtful accounts	<u>(5,005)</u>	<u>(2,410)</u>	<u>(3,297)</u>	<u>(1,307)</u>
Net	<u>321,825</u>	<u>283,511</u>	<u>313,817</u>	<u>276,277</u>

As at December 31, 2018 and 2017, the Company discounted, under factoring, its trade receivables amounting to approximately Baht 136.9 million and Baht 150.6 million, respectively, with three local financial institutions (under credit facilities totalling Baht 275 million), whereby such financial institutions can take recourse action on the Company amounting to approximately Baht 113.4 million and Baht 115.7 million, respectively. The Company presented such amounts of obligation under the recourse action as "Factoring payables" in the statements of financial position.

6. INVENTORIES - NET

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2018	2017	2018	2017
Finished goods	331,522	301,141	330,049	292,343
Work-in-process	738,255	586,205	738,255	586,205
Raw materials	61,406	69,172	61,406	69,172
Factory supplies	40,745	40,720	40,745	40,720
Inventories in transit	4,514	4,434	4,514	4,434
Total	<u>1,176,442</u>	<u>1,001,672</u>	<u>1,174,969</u>	<u>992,874</u>
Less Allowance for diminution in value of obsolete and slow moving inventories	<u>(4,235)</u>	<u>(3,056)</u>	<u>(4,235)</u>	<u>(3,056)</u>
Net	<u>1,172,207</u>	<u>998,616</u>	<u>1,170,734</u>	<u>989,818</u>



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

As at December 31, 2018 and 2017, the written-down amount of cost to net realizable value which was recognized as part of cost of sales in the statements of comprehensive income for the years ended December 31, 2018 and 2017 amounting to approximately Baht 6.5 million and Baht 7.2 million, respectively.

7. LOANS TO OTHER PARTIES

Non-current portion of this account represented loan for a period not exceeding 15 years to Inter Far East Energy Corporation Public Company Limited "IFEC" (interest at 6.25% p.a., due within March 2019 and secured by common shares of borrower's subsidiary) in the form of deposit for feasibility study of investment in the 1-Megawatt solar power plant project of CR Solar Co., Ltd. "CRS", located at Amphur Thern in Lampang province, instead of investment in the biomass power plant project of True Energy Power Lopburi Co., Ltd. "TRUE-P" whereby the Company completed its feasibility study but was unsuccessful in negotiation for investment. Accordingly, the Company decided to do the feasibility study for solar power plant project of CRS instead (both CRS and TRUE-P are subsidiaries of the borrower). On December 22, 2017, the Company, borrower, and CRS entered into the Memorandum of Understanding for determining the condition that such loan and related interest receivable will be able to use as deposit on future settlement of the price on purchase-sale of the business if the Company is satisfied by outcome of the feasibility study and decides to invest. As at December 31, 2018, the Company has been partially performing the processes of feasibility study as well as due diligence for the appropriate value of the project whereby the Company has been collecting and obtaining the legally effective significant documents relating to the project. Such loan has been charged for interest until its maturity period is reached or all conditions under such Memorandum of Understanding are fulfilled. The Company and CRS have agreed to extend duration for due diligence process to be within February 28, 2019 as well as duration for entering into sale-purchase agreement of business to be within March 31, 2019. Presently, the Company is during the negotiation for the progress of such project with IFEC's new Board of Directors which was appointed by the extraordinary shareholders' meeting recently held in December 2018.

The current portion of this account represented the unsecured loans of a subsidiary given to a non-related person amounting to Baht 20 million (interest at 7% p.a.) and to a local non-related company amounting to Baht 45 million (interest at 9% p.a.). Such loans were under promissory notes with terms not exceeding three months from the issuance dates.

8. RESTRICTED DEPOSITS AT BANKS

As at December 31, 2018 and 2017, the Company has collateralized its fixed deposits with two local banks amounting to approximately Baht 73 million and Baht 72 million, respectively, as guarantees for its short-term loan facilities with such banks.

9. INVESTMENT IN SUBSIDIARIES ACCOUNTED FOR USING THE COST METHOD

	Separate Financial Statement					
	Authorized Share Capital (In Thousand Baht)		Percentage of Shareholding		Cost of Investment (In Thousand Baht)	
	2018	2017	2018	2017	2018	2017
VV-Decor Co., Ltd.	1,000	1,000	99.95	99.95	1,000	1,000
ECF Holdings Co., Ltd.	10,000	10,000	75.00	75.00	7,500	7,500
ECF Power Co., Ltd.	547,652	522,653	99.99	99.99	547,652	516,952
Planet Board Co., Ltd.	50,000	50,000	57.00	99.99	7,125	12,500
Total					563,277	537,952



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

During 2018 and 2017, the subsidiaries did not declare any dividends to the shareholders.

At the Board of Directors' meeting on January 23, 2018, the Board of Directors passed the resolution to approve the change in the shareholding structure of Planet Board Co., Ltd. ("PNB") with the sales of existing shares held by the Company in PNB of 4,300,000 shares or 43% of the entire shares issued to relatives of related persons and to non-related persons in total amount of approximately Baht 5.4 million which was based on the paid-up share value. Subsequently, at the Board of Directors' meeting on February 27, 2018, the Board of Directors passed the resolution to approve the investment budget for the increase in PNB's authorized share capital amounting to Baht 400 million (from Baht 50 million to Baht 450 million) to support the MDF board and particle board manufacturing project whereby such increase in share capital shall be done with respect to the existing proportion of the shareholders that pertained to the Company's portion of 57% amounting to Baht 228 million. Near the end of 2018, the Company paid advance payment for the incremental shares to PNB amounting to approximately Baht 78.4 million.

At the extraordinary shareholders' meeting of ECF Power Co., Ltd. ("ECF-P") on April 12, 2018, the shareholders unanimously passed the resolution to approve the increase in authorized share capital of ECF-P amounting to Baht 25 million (from approximately Baht 522.7 million to Baht 547.7 million). ECF-P has increased its share capital and registered this increase in share capital with the Ministry of Commerce on April 24, 2018. During 2018, the Company paid for such increase its share capital together with the unpaid first share subscription to ECF-P totalling Baht 30.7 million.

Significant financial information in the financial statements for the years 2018 and 2017 of ECF-H which included the non-controlling interests at the proportion of 25% is as follows:

	In Million Baht	
	2018	2017
Other current assets	4.3	13.9
Other non-current assets	6.6	13.7
Other current liabilities	42.8	38.3
Other non-current liabilities	2.5	5.0
Shareholders' equity (capital deficiency)	(34.4)	(15.7)
Sales of goods	10.6	16.1
Other income	0.1	0.3
Profit (loss) for the year	(18.8)	(25.7)
Total comprehensive income (loss) for the year	(18.8)	(25.7)

Significant financial information in the financial statements for the years 2018 and 2017 of PNB which currently included the non-controlling interests at the proportion of 43% is as follows:

	In Million Baht	
	2018	2017
Other current assets	98.2	12.2
Other non-current assets	19.1	-
Other current liabilities	2.0	-
Shareholders' equity (capital deficiency)	115.3	12.2
Other income	0.4	-
Profit (loss) for the year	-	(0.3)
Total comprehensive income (loss) for the year	-	(0.3)



EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

December 31, 2018 and 2017

10. INVESTMENT IN ASSOCIATE AND JOINT VENTURE ACCOUNTED FOR USING THE EQUITY METHOD

	Percentage of		Consolidated (In Thousand Baht)					
	Shareholding by		Authorized		Investment Value		Dividends	
	Subsidiary (ECF-P)	2017	Share Capital	2017	2018	2017	2018	2017
Green Earth Power (Thailand) Co., Ltd. ("GEP")	20.00	20.00	155,756	125,756	346,738	316,980	-	-
Safe Energy Holding Co., Ltd. ("SAFE")	33.37	33.37	581,000	426,000	214,954	155,238	-	-
Total investment in associate and joint venture					561,692	472,218		

Share of profit from SAFE and share of loss from GEP for the year 2018 amounted to approximately Baht 8.0 million and Baht 8.9 million, respectively, whereas share of other comprehensive loss from GEP for the year 2018 amounted to approximately Baht 0.4 million. In addition, during 2018, ECF-P additionally invested in GEP amounting to approximately Baht 39.1 million whereas addition to investment in SAFE of approximately Baht 51.7 million during 2018 was the amount transferred from advance for share subscription pertaining to the 2017 yearend. Share of profit from SAFE and GEP for the year 2017 amounted to approximately Baht 13.1 million and Baht 3.9 million, respectively.



EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

The Group's joint venture (SAFE) arranged the measurement of fair values of identifiable assets and liabilities at the acquisition date (June 2017) of three subsidiaries of SAFE i.e. Prize of Wood Green Energy Company Limited ("PWGE"), (2) Safe Biomass Co., Ltd. (SAFE-B) and (3) Bina Puri Power (Thailand) Co., Ltd. ("BINA"). This measurement was done by the independent appraiser and completed during 2018 which was not exceeding the measurement period specified in the related Thai financial reporting standard (TFRS 3). Net fair values of the identifiable assets and liabilities of the subsidiaries differed from the cost of investment and the carrying amounts of net assets previously recorded by the joint venture and the Group through the investment in joint venture accounted for using the equity method in the consolidated financial statements in the net amount of approximately Baht 2.5 million. Accordingly, the Group retrospectively adjusted the 2017 consolidated financial statements in respect of the results from such measurement as if the accounting records for business combination between the joint venture and its three subsidiaries had been completed since the acquisition date in 2017. Such retrospective adjustment resulted in (1) decrease in balances of investment in joint venture accounted for using the equity method and unappropriated retained earnings in the consolidated statement of financial position as at December 31, 2017 of approximately Baht 2.5 million from the previously reported balance (mainly were adjustments for depreciation and amortization relating to the increase in net fair values of the joint venture's subsidiaries) and (2) decrease in share of profit from investment in joint venture and profit for the year/total comprehensive income for the year in the consolidated statement of comprehensive income for the year ended December 31, 2017 of approximately Baht 2.5 million (basic and diluted earnings per share in the 2017 consolidated financial statements decreased by approximately Baht 0.003) from the previously reported amounts.

Summarized information relating to the measurement of fair values of identifiable assets and liabilities at the acquisition date of three subsidiaries of SAFE is as follows:

	<u>In Million Baht</u>
Fair values of identifiable assets	833.8
<u>Less</u> fair values of identifiable liabilities	<u>306.7</u>
Net fair values of identifiable assets and liabilities	527.1
<u>Less</u> Cost of investment	<u>529.9</u>
Net fair values over (under) cost of investment pertaining to SAFE	<u>(2.8)</u>
Net fair values over (under) cost of investment pertaining to the Group (33.37%)	<u>(0.9)</u>

In February 2017, ECF-P invested in its joint venture, i.e. Safe Energy Holding Company Limited ("SAFE"), which was established with initial share capital of Baht 1 million as holding company in other entities doing the biomass power plants and as the jointly invested company between the Group and other non-related group of companies. ECF-P has invested in SAFE with percentage of shareholding of 33.37% while the rest is held by other group of companies of 33.37% and major shareholders of Prize of Wood Green Energy Company Limited ("PWGE") of 33.26%.

On March 13, 2017, the Board of directors passed the resolution to approve SAFE to invest in the biomass power plant project of PWGE, located at Amphur Waeng of Narathiwat province. SAFE has invested in PWGE with 99.99% of the authorized share capital, representing an investment value of not exceeding Baht 425 million, therefore, PWGE is subsidiary of SAFE.

Subsequently in June 2017, SAFE increased its share capital by Baht 425 million (from Baht 1 million to Baht 426 million) in order to support the investment project in PWGE.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

On August 11, 2017, the extraordinary shareholders' meeting of SAFE passed the resolution to approve the increase in authorized share capital of Baht 115 million (from approximately Baht 426 million to Baht 581 million) and allocated these incremental shares to the shareholders at the existing proportion of investment. As at December 31, 2017, ECF-P paid advance for share subscription to SAFE amounting to Baht 58.4 million whereby SAFE had not yet registered such increase in share capital. SAFE brought such cash advance to invest in Bina Puri Power (Thailand) Co., Ltd. and Safe Biomass Co., Ltd. at the shareholding proportion of 49% and 99.99%, respectively.

In addition, in April 2017, ECF-P invested in associate for the common shares of Green Earth Power (Thailand) Co., Ltd. ("GEP") purchased from the major shareholders of GEP in the proportion of 20% of the entire common shares issued by such company with the initial investment value of approximately Baht 310.05 million (U.S. Dollar 9 million). In the future, GEP will increase its share capital to support the investment in construction of power plant and production of the electric power for sales of its subsidiary (100% held by GEP), i.e. GEP (Myanmar) Company Limited ("GEPM"), whereby the project will be separated into 4 phases until reaching full capacity of 220 megawatts. According to such increase in share capital, ECF-P shall additionally invest in the future for its portion amounting to approximately Baht 696.58 million (U.S. Dollar 20.22 million) during 2018 to 2021. GEP is engaged as a holding and management company in the 220-megawatt solar power plant project of GEPM which is located in Minbu province, Myanmar.

ECF-P has used its 30,907 share certificates (60% of the entire shares invested) of investment in Green Earth Power (Thailand) Co., Ltd. as guarantee for payments of construction costs of the solar power plant project in Myanmar of GEP (Myanmar) Company Limited to two subsidiaries of Vintage Engineering Public Company Limited who are the construction contractors. This matter was made with respect to the payment condition of such project that payments shall be made after the completion of construction works.

Significant financial information in the consolidated financial statements for the years 2018 and 2017 of GEP and SAFE, which are material to the Group, is as follows:

	2018 - In Million Baht	
	GEP	SAFE
Other current assets	212.5	203.4
Other non-current assets	1,661.8	832.0
Other current liabilities	1,577.2	183.1
Other non-current liabilities	0.5	182.6
Revenues	1,312.8	233.1
Profit (loss) for the year	(44.4)	24.5
Total comprehensive income (loss) for the year	(42.8)	24.5
Shareholders' equity	296.6	642.5
The Group's interest at the investment proportion	59.3	214.1
Purchase price of investment in excess of the Group's interest	287.4	0.9
Carrying amount of investment in which equity method is applied	346.7	215.0



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

	2017 - In Million Baht	
	GEP	SAFE
Other current assets	175.0	163.7
Other non-current assets	342.8	851.8
Other current liabilities	258.9	335.8
Other non-current liabilities	0.3	185.4
Revenues	100.4	118.7
Profit (loss) for the year	(4.2)	36.3
Total comprehensive income (loss) for the year	(8.5)	36.3
Shareholders' equity (excluding non-controlling interests)	258.6	463.0
The Group's interest at the investment proportion in associates	51.7	154.3
Purchase price of investment in excess of the Group's interest	265.3	0.9
Carrying amount of investment in which equity method is applied	317.0	155.2

11. PROPERTY, PLANT AND EQUIPMENT - NET

	Consolidated (In Thousand Baht)				
	Beginning Balance as at January 1, 2018	Movements During the Year			Ending Balance as at December 31, 2018
		Addition	Deduction	Transfer	
Cost					
Land	96,636	44,128	-	-	140,764
Land improvement	9,026	683	-	-	9,709
Building	135,849	-	-	-	135,849
Building improvement	44,152	2,562	-	-	46,714
Machinery and equipment	345,238	12,074	-	5,543	362,855
Electric system	2,196	1,182	-	-	3,378
Furniture, fixtures and office equipment	15,333	2,169	394	-	17,108
Furniture, fixtures and Showroom equipment	3,416	-	854	-	2,562
Vehicle	74,729	1,824	11,446	-	65,107
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	26,550	84,311	-	(5,543)	105,318
Total Cost	757,022	148,933	12,694	-	893,261
Accumulated Depreciation					
Land improvement	8,448	242	-	-	8,690
Building	46,323	6,792	-	-	53,115
Building improvement	13,734	2,905	-	-	16,639
Machinery and equipment	261,564	19,326	-	-	280,890
Electric system	2,095	254	-	-	2,349
Furniture, fixtures and office equipment	9,727	2,342	183	-	11,886
Furniture, fixtures and Showroom equipment	1,005	534	264	-	1,275
Vehicle	53,682	6,199	10,215	-	49,666
Utilities	3,893	3	-	-	3,896
Total Accumulated Depreciation	400,471	38,597	10,662	-	428,406



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

	Consolidated (In Thousand Baht)				Ending Balance as at December 31, 2018
	Beginning Balance as at January 1, 2018	Movements During the Year			
		Addition	Deduction	Transfer	
Allowance for Impairment					
Buildings and building improvement	2,527	-	-	-	2,527
Machinery and equipment	2,932	-	-	-	2,932
Total Allowance for Impairment	5,459	-	-	-	5,459
Net	351,092				459,396
	Separate Financial Statement (In Thousand Baht)				
	Beginning Balance as at January 1, 2018	Movements During the Year			Ending Balance as at December 31, 2018
		Addition	Deduction	Transfer	
Cost					
Land	96,636	44,128	-	-	140,764
Land improvement	9,026	683	-	-	9,709
Building	135,849	-	-	-	135,849
Building improvement	44,152	2,562	-	-	46,714
Machinery and equipment	344,586	12,074	-	5,543	362,203
Electric system	2,196	1,182	-	-	3,378
Furniture, fixtures and office equipment	14,515	1,908	161	-	16,262
Vehicle	74,729	1,824	11,446	-	65,107
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	26,550	65,559	-	(5,543)	86,566
Total Cost	752,136	129,920	11,607	-	870,449
Accumulated Depreciation					
Land improvement	8,448	242	-	-	8,690
Building	46,323	6,792	-	-	53,115
Building improvement	13,734	2,905	-	-	16,639
Machinery and equipment	261,303	19,196	-	-	280,499
Electric system	2,095	254	-	-	2,349
Furniture, fixtures and office equipment	9,417	2,169	101	-	11,485
Vehicle	53,682	6,199	10,215	-	49,666
Utilities	3,893	3	-	-	3,896
Total Accumulated Depreciation	398,895	37,760	10,316	-	426,339
Allowance for Impairment					
Buildings and building improvement	2,527	-	-	-	2,527
Machinery and equipment	2,932	-	-	-	2,932
Total Allowance for Impairment	5,459	-	-	-	5,459
Net	347,782				438,651



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

	Consolidated (In Thousand Baht)				Ending Balance as at December 31, 2017
	Beginning Balance as at January 1, 2017	Movements During the Year			
		Addition	Deduction	Transfer	
Cost					
Land	96,636	-	-	-	96,636
Land improvement	8,883	143	-	-	9,026
Building	135,849	-	-	-	135,849
Building improvement	43,134	297	-	721	44,152
Machinery and equipment	338,796	3,428	-	3,014	345,238
Electric system	2,196	-	-	-	2,196
Furniture, fixtures and office equipment	14,028	1,311	6	-	15,333
Furniture, fixtures and Showroom equipment	2,907	848	339	-	3,416
Vehicle	65,574	9,903	748	-	74,729
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	3,299	27,321	-	(4,070)	26,550
Total Cost	715,199	43,251	1,093	(335)	757,022
Accumulated Depreciation					
Land improvement	7,896	552	-	-	8,448
Building	39,530	6,793	-	-	46,323
Building improvement	11,189	2,545	-	-	13,734
Machinery and equipment	240,472	21,092	-	-	261,564
Electric system	1,971	124	-	-	2,095
Furniture, fixtures and office equipment	7,363	2,365	1	-	9,727
Furniture, fixtures and Showroom equipment	416	686	97	-	1,005
Vehicle	45,368	9,061	747	-	53,682
Utilities	3,765	128	-	-	3,893
Total Accumulated Depreciation	357,970	43,346	845	-	400,471
Allowance for Impairment					
Buildings and building improvement	2,527	-	-	-	2,527
Machinery and equipment	2,932	-	-	-	2,932
Total Allowance for Impairment	5,459	-	-	-	5,459
Net	351,770				351,092



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

	Separate Financial Statement (In Thousand Baht)				Ending Balance as at December 31, 2017
	Beginning Balance as at January 1,	Movements During the Year			
	2017	Addition	Deduction	Transfer	
Cost					
Land	96,636	-	-	-	96,636
Land improvement	8,883	143	-	-	9,026
Building	135,849	-	-	-	135,849
Building improvement	43,134	297	-	721	44,152
Machinery and equipment	338,144	3,428	-	3,014	344,586
Electric system	2,196	-	-	-	2,196
Furniture, fixtures and office equipment	13,278	1,237	-	-	14,515
Vehicle	65,574	9,903	748	-	74,729
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	2,964	27,321	-	(3,735)	26,550
Total Cost	710,555	42,329	748	-	752,136
Accumulated Depreciation					
Land improvement	7,896	552	-	-	8,448
Building	39,530	6,793	-	-	46,323
Building improvement	11,189	2,545	-	-	13,734
Machinery and equipment	240,341	20,962	-	-	261,303
Electric system	1,971	124	-	-	2,095
Furniture, fixtures and office equipment	7,215	2,202	-	-	9,417
Vehicle	45,368	9,061	747	-	53,682
Utilities	3,765	128	-	-	3,893
Total Accumulated Depreciation	357,275	42,367	747	-	398,895
Allowance for Impairment					
Buildings and building improvement	2,527	-	-	-	2,527
Machinery and equipment	2,932	-	-	-	2,932
Total Allowance for Impairment	5,459	-	-	-	5,459
Net	347,821				347,782

Starting from July 2011, the Company has adopted the appraisal value, which is the revaluation model, for measurement of land, building and building improvement and machinery and equipment in order to recognize the significant changes in fair values of assets as compared to carrying amounts. Cost Approach was used in the appraisal.

Subsequently, during October to November 2016, the Company arranged the reappraisals of its land, building and building improvement, and machinery and equipment. The independent appraiser, chosen by the Company for these reappraisals, was Pornsiam Consultant and Service Co., Ltd. who used the Cost Approach in their reappraisals.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

The revaluation surplus on land, building and building improvement, machinery and equipment is not available for dividend distribution.

Asset revaluation surplus as at December 31, 2018 and 2017 and movements during the years ended December 31, 2018 and 2017 (before deducting the effect from deferred tax liabilities) are as follows:

	Consolidated and Separate Financial Statement (In Thousand Baht)				Ending Balance as at December 31, 2018
	Beginning Balance as at January 1, 2018	Movements During the Year			
		Addition	Deduction	Depreciation	
Land	38,451	-	-	-	38,451
Building and building improvement	172,127	-	-	(17,255)	154,872
Machinery and equipment	101,340	-	-	(17,254)	84,086
Total	311,918	-	-	(34,509)	277,409

	Consolidated and Separate Financial Statement (In Thousand Baht)				Ending Balance as at December 31, 2017
	Beginning Balance as at January 1, 2017	Movements During the Year			
		Addition	Deduction	Depreciation	
Land	38,451	-	-	-	38,451
Building and building improvement	189,382	-	-	(17,255)	172,127
Machinery and equipment	119,764	-	-	(18,424)	101,340
Total	347,597	-	-	(35,679)	311,918

As at December 31, 2018 and 2017, the Company's land, building and building improvement, machinery and equipment of which carrying amount totalling approximately Baht 241.7 million and Baht 251.1 million, respectively, were used as guarantees for the credit facilities with financial institutions as discussed in Notes 13 and 18.

As at December 31, 2018 and 2017, the Company's machinery and equipment and vehicles of which carrying amount totalling approximately Baht 9.5 million and Baht 19.0 million, respectively, were under the obligations and conditions of hire purchase and finance lease agreements as discussed in Note 19.

As at December 31, 2018 and 2017, cost of the Company's plant and equipment which have been fully depreciated but still in use amounting to approximately Baht 249.0 million and Baht 221.0 million, respectively.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Depreciation of plant and equipment for the year 2018 amounted to approximately Baht 73.1 million in the consolidated financial statements and Baht 72.3 million in separate financial statements while for the year 2017 amounted to approximately Baht 79.0 million in the consolidated financial statements and Baht 78.0 million in separate financial statements. The aforesaid depreciation for each of the years were included the depreciation on revaluation surplus of buildings and machinery of approximately Baht 34.5 million and Baht 35.7 million, respectively, both in the consolidated and separate financial statements.

12. INTANGIBLE ASSETS - NET

	Consolidated (In Thousand Baht)				Ending Balance as at December 31, 2018
	Beginning Balance as at January 1, 2018	Movements During the Year			
		Addition	Deduction	Transfer	
Cost	11,057	531	(589)	-	10,999
Accumulated amortization	(7,941)	(864)	-	-	(8,805)
Net	3,116	(333)	(589)	-	2,194

	Consolidated (In Thousand Baht)				Ending Balance as at December 31, 2017
	Beginning Balance as at January 1, 2017	Movements During the Year			
		Addition	Deduction	Transfer	
Cost	10,194	863	-	-	11,057
Accumulated amortization	(6,861)	(1,080)	-	-	(7,941)
Net	3,333	(217)	-	-	3,116

	Separate Financial Statement (In Thousand Baht)				Ending Balance as at December 31, 2018
	Beginning Balance as at January 1, 2018	Movements During the Year			
		Addition	Deduction	Transfer	
Cost	9,259	-	-	-	9,259
Accumulated amortization	(7,879)	(768)	-	-	(8,647)
Net	1,380	(768)	-	-	612

	Separate Financial Statement (In Thousand Baht)				Ending Balance as at December 31, 2017
	Beginning Balance as at January 1, 2017	Movements During the Year			
		Addition	Deduction	Transfer	
Cost	9,230	29	-	-	9,259
Accumulated amortization	(6,856)	(1,023)	-	-	(7,879)
Net	2,374	(994)	-	-	1,380

Amortization for the years ended December 31, 2018 and 2017 amounted to approximately Baht 0.8 million and Baht 1.1 million, respectively, both in the consolidated and separate financial statements, which was presented as part of "Administrative expenses" in the statements of comprehensive income.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

13. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2018	2017	2018	2017
Bank overdrafts	42,155	18,246	38,186	14,288
Loans under packing credits	198,687	198,507	198,687	198,507
Loans under promissory notes	250,000	210,000	250,000	210,000
Loans under trust receipt agreements	-	5,018	-	5,018
Total	490,842	431,771	486,873	427,813

As at December 31, 2018 and 2017, the Group had overdraft lines with three local banks totalling Baht 55 million (totalling Baht 50 million for the Company only) which bear interest at Minimum Overdraft Rate.

As at December 31, 2018 and 2017, the Company had packing credit facilities with two local banks totalling Baht 200 million which bear interest at 1.5% p.a. lower than Minimum Loan Rate.

As at December 31, the Company had promissory note facilities with three local banks totalling Baht 250 million in 2018 and Baht 210 million in 2017 which bear interest ranging between 4.25% and 5.25% p.a.

As at December 31, 2018 and 2017, the Company had trust receipt facilities with three local banks totalling Baht 58 million which bear interest at 1.5% p.a. lower than Minimum Loan Rate.

The abovementioned credit facilities are guaranteed by certain directors of the Company as well as their land and fixed deposits, the Company's fixed deposits as discussed in Note 8, and the Company's land, buildings, and machinery and equipment as discussed in Note 11.

14. SHORT-TERM LOANS FROM OTHER PARTIES

This account in 2018 represented short-term loans under bill of exchange, unsecured and partially secured by the Company's 26.8 million common shares held by certain directors, issued by the Company and a subsidiary to several non-related persons and companies between September and November 2018. These loans bear interest ranging between 5.5% p.a. to 7.5% p.a. which have maturities not exceeding six months from the particular issuance dates. This account in 2017 represented short-term loans under bill of exchange, unsecured and issued by the Company and a subsidiary to several non-related persons and companies between October and December 2017. These loans bear interest ranging between 4.5% p.a. to 6.0% p.a. which have maturities not exceeding four months from the particular issuance dates.



15. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2018	2017	2018	2017
Other payables	30,391	22,070	29,359	21,262
Advances from customers	10,334	4,229	10,217	4,229
Accrued advertising and sales promotion expenses	10,033	18,908	10,033	18,908
Accrued interest	6,101	4,626	6,078	4,623
Accrued salary, wage, and welfares	3,849	4,330	3,822	4,314
Accrued electricity	3,544	3,332	3,512	3,266
Others	4,415	4,476	3,429	4,074
Total	68,667	61,971	66,450	60,676

16. DEBENTURES

	Consolidated and Separate Financial Statements	
	(In Thousand Baht)	
	2018	2017
Debentures	699,900	500,000
Less Deferred direct transaction costs on debenture issuance	(11,262)	(116)
Net	688,638	499,884

On February 16, 2018, the Company limitedly issued and offered the registered, unsecured, and unsecured debentures to the institutional investors of 699,900 units of which face value per unit is Baht 1,000. Such debentures bear interest rate at 6.5% p.a. whereby interest is payable on a quarterly basis and will mature for redemption on August 9, 2020. The abovementioned debentures have significant conditions which include maintaining Debt-to-Equity ratio at the rate not exceeding 4:1.

On May 26, 2016, the Company limitedly issued and offered the registered, unsecured, and unsecured debentures to the institutional investors of 500,000 units of which face value per unit is Baht 1,000. Such debentures bear interest rate at 5.4% p.a. whereby interest is payable on a quarterly basis and matured for redemption on February 26, 2018. The abovementioned debentures have significant conditions which include maintaining Debt-to-Equity ratio at the rate not exceeding 4:1.

Direct transaction costs on debenture issuance were debenture issuance costs, which were recorded as a deferred item and systematically amortized on a straight-line method as part of finance costs over the term of related debentures.

As at December 31, 2018 and 2017, such debentures had fair values of approximately Baht 699.7 million and Baht 500.6 million, respectively, which is the Level 1 inputs of the fair value hierarchy.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

17. LIABILITY FOR POST-EMPLOYMENT BENEFITS

Movements of liability for post-employment benefits for the years ended December 31, 2018 and 2017 are as follows:

	Consolidated and Separate Financial Statement (In Thousand Baht)	
	2018	2017
Liability for post-employment benefits as at January 1	6,346	5,920
Current service cost	340	331
Interest cost	107	95
Expense recognized as profit or loss in statement of comprehensive income	447	426
Liability for post-employment benefits as at December 31	6,793	6,346

Significant assumptions used in the calculation of liability for post-employment are as follows:

- Discount rate 2.87% p.a.
- Salary escalation rate 6.43% p.a.
- Employee turnover rate 11% - 48% p.a.

The abovementioned changes in significant assumptions may affect the sensitivity of the balance of provision for post-employment benefits in respect of the information as per the calculation report of the qualified actuary as follows:

Significant Assumptions	Liability may increase (decrease) from changes in significant assumptions (In Thousand Baht)	
	If assumption increased	If assumption decreased
Discount rate (increase/decrease by 0.5%)	(187)	200
Salary escalation rate (increase/decrease by 0.5%)	249	(233)
Employee turnover rate (increase/decrease by 1%)	(542)	638

During 2018, the National Legislative Assembly agreed and approved to edit some provisions of the Labour Protection Act 1998 (B.E. 2541) which include the increase in compensations to be paid to the employees whose working period have reached 20 years or above from previously equivalent to basic wage rate of 300 days to the new rate of 400 days. Such matter may trigger the increase in balance of the estimated liability for post-employment benefits as at the end of 2018 of approximately Baht 1.4 million.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

18. LONG-TERM BORROWINGS

Long-term borrowings from three local banks in 2018 and 2017 comprised of:

	Consolidated (In Thousand Baht)	
	2018	2017
1) Loans under facilities amount of Baht 108 million, repayable monthly until December 2018, bear interest at 1.25% p.a. lower than Minimum Loan Rate	-	18,336
2) Loans under facilities amount of Baht 80 million, repayable monthly until December 2018, bear interest at 1.25% p.a. lower than Minimum Loan Rate	-	13,329
3) Loans under facilities amount of Baht 42 million, repayable monthly until December 2019, bear interest at 0.25% p.a. lower than Minimum Loan Rate	-	11,110
4) Loans under facilities amount of Baht 19 million, repayable monthly until September 2020, bear interest at Minimum Loan Rate	1,634	5,236
5) Loans under facilities amount of Baht 40 million, repayable monthly until September 2022, bear interest at Minimum Loan Rate	25,366	32,999
6) Loans under facilities amount of Baht 25 million, repayable monthly until September 2024, bear interest at Minimum Loan Rate	17,963	-
7) Loans under facilities amount of Baht 40 million (of subsidiary), repayable monthly until March 2021, bear interest at Minimum Loan Rate	-	5,573
8) Loans under facilities amount of Baht 10 million (of subsidiary), repayable monthly until March 2021, bear interest at Minimum Loan Rate	5,135	7,263
Total	50,098	93,846
Less Current portion	(18,340)	(87,253)
Net	31,758	6,593
	Separate Financial Statement (In Thousand Baht)	
	2018	2017
1) Loans under facilities amount of Baht 108 million, repayable monthly until December 2018, bear interest at 1.25% p.a. lower than Minimum Loan Rate	-	18,336
2) Loans under facilities amount of Baht 80 million, repayable monthly until December 2018, bear interest at 1.25% p.a. lower than Minimum Loan Rate	-	13,329
3) Loans under facilities amount of Baht 42 million, repayable monthly until December 2019, bear interest at 0.25% p.a. lower than Minimum Loan Rate	-	11,110
4) Loans under facilities amount of Baht 19 million, repayable monthly until September 2020, bear interest at Minimum Loan Rate	1,634	5,236
5) Loans under facilities amount of Baht 40 million, repayable monthly until September 2022, bear interest at Minimum Loan Rate	25,366	32,999
6) Loans under facilities amount of Baht 25 million, repayable monthly until September 2024, bear interest at Minimum Loan Rate	17,963	-
Total	44,963	81,010
Less Current portion	(13,205)	(79,352)
Net	31,758	1,658



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

The above loans have guarantees as discussed in Notes 11. In addition, the Company and its subsidiaries must comply with certain covenants and undertakings of these loans e.g. maintaining Debt Service Coverage Ratio, Debt-to-Equity Ratio, and Current Ratio, etc.

As at December 31, 2018, a subsidiary could not comply with certain covenant of the loans under facilities of Baht 10 million. Subsidiary has negotiated with the lending bank to obtain the written waiver of such covenant. The Group, therefore, presented the entire amount of such loans as part of current portion of long-term borrowings.

19. LIABILITIES UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

	In Thousand Baht	
	2018	2017
Liabilities under hire purchase and finance lease agreements		
- Due for payments within one year	3,149	5,704
- Due for payments between 2-5 years	2,528	5,764
Total	5,677	11,468
Less Deferred interest	(268)	(617)
Liabilities under hire purchase and finance lease agreements - net of deferred interest	5,409	10,851
Less Current portion	(2,973)	(5,337)
Net	2,436	5,514

Amortized interest, which was presented as part of “Finance costs” in the statements of comprehensive income for the years 2018 and 2017, amounted to approximately Baht 0.3 million and Baht 0.5 million, respectively.

During 2012 to 2018, the Company entered into hire purchase agreements for its vehicles with three local banks and seven private companies for the periods of 24 to 60 months whereby such hire purchase agreements will end during 2017 to 2021.

During 2014, the Company entered into sales and finance leaseback agreements of machinery and equipment with a local leasing company for a period of 48 months.

	Consolidated and Separate Financial Statement (In Thousand Baht)	
	2018	2017
Deferred gain on sales and leaseback	12	271
Less Cumulative recognized amount	(12)	(259)
Net	-	12

Gain on sales and finance leaseback which was recognized as part of “Other income” for the years 2018 and 2017 amounted to approximately Baht 12 thousand and Baht 68 thousand, respectively.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

20. SHARE CAPITAL, PREMIUM ON SHARES AND WARRANTS

	Par Value (In Baht)	In Thousand Shares / In Thousand Baht			
		2018		2017	
		No. of Share	At Par Value	No. of Share	At Par Value
Authorized share capital					
As at December 31					
- Common shares	0.25	<u>1,416,549</u>	<u>354,137</u>	<u>1,416,549</u>	<u>354,137</u>
Issued and paid-up shares as at January 1					
- Common shares	0.25	830,008	207,502	568,826	142,207
Private placement	0.25	8,200	2,050	30,000	7,500
Exercise of warrants	0.25	<u>121,197</u>	<u>30,299</u>	<u>231,182</u>	<u>57,795</u>
As at December 31					
- Common shares	0.25	<u>959,405</u>	<u>239,851</u>	<u>830,008</u>	<u>207,502</u>

On January 8, 2018, the Company received the proceeds for partial share subscription of 300,000 shares under the general mandate basis of the increase in share capital for offering to specific persons (Private Placement) of not exceeding 40,000,000 shares to Macquarie Bank Limited ("Macquarie") amounting to approximately Baht 1.7 million (Baht 5.70 per share, comprised of the amounts for paid-up share capital of Baht 0.075 million and premium on shares of approximately Baht 1.6 million). The Company registered this issued and paid-up share capital with the Ministry of Commerce on January 9, 2018.

On April 23, 2018, the Company received the proceeds for partial share subscription of 7,900,000 shares under the general mandate basis of the increase in share capital for offering to specific persons (Private Placement) of not exceeding 47,675,178 shares to 3 non-related persons amounting to approximately Baht 49.1 million (Baht 6.22 per share, comprised of the amounts for paid-up share capital of approximately Baht 2.0 million and premium on shares of approximately Baht 47.1 million). The Company registered this issued and paid-up share capital with the Ministry of Commerce on April 26, 2018.

At the general shareholders' meeting on April 28, 2017, the shareholders unanimously approved the Company to decrease in the authorized share capital from Baht 195,000,000 to Baht 194,967,110.50 by eliminating the unissued 131,554 common shares, Baht 0.25 par value, of the Company which was equivalent to Baht 32,889.50 and increase the Company's authorized share capital from Baht 194,967,110.50 (divided into 779,868,446 common shares, Baht 0.25 par value) to Baht 259,394,716.50 (divided into 1,037,398,866 common shares, Baht 0.25 par value) by issuance of new 257,530,420 common shares, Baht 0.25 par value, in order to support the investments for business expansion of the Group. Such new common shares shall be allocated for offering to the existing shareholders of 170,647,815 shares, for private placement of 56,882,605 shares, and the rest of 30,000,000 shares for supporting the adjustment of the rights under the ECF-W1 warrants that may be resulted from the issuance and offering of the aforesaid new common shares.

At the extraordinary shareholders' meeting on October 2, 2017, the shareholders approved the significant matters relating to the Company's share capital as follows:

- a) Decrease in the Company's authorized share capital amounting to Baht 64,411,770.00 from previously Baht 259,349,716.50 to Baht 194,937,946.50 by eliminating the unissued 257,647,080 common shares, Baht 0.25 par value. The Company subsequently registered such decrease in share capital with the Ministry of Commerce on October 16, 2017.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

- b) Increase in the Company's authorized share capital amounting to Baht 159,199,322.50 from previously Baht 194,937,946.50 to Baht 354,137,269.00 by issuance of new 636,797,290 common shares, Baht 0.25 par value in order to accommodate the following schemes:
- (1) General mandate basis of the increase in share capital for offering to the existing shareholders (Right Offering) of 233,925,535 shares;
 - (2) General mandate basis of the increase in share capital for offering to specific persons (Private Placement) of 77,975,178 shares whereby the Board of Directors subsequently approved in their meeting (a) on October 3, 2017 to offer the first lot, not exceeding 40,000,000 shares, to Macquarie Bank Limited ("Macquarie"), who is foreign institutional investor incorporated and operates its finance and banking businesses in Australia. Macquarie shall purchase the Company's newly issued shares at once or occasionally at the price not less than 90% of the volume weighted average price of the Company's shares on the Market for Alternative Investment for the past 7 consecutive business days prior to the date on which the offering price is determined for Macquarie on each occasion whereby the subscription rights shall be subject to the success in execution of share subscription agreement between the Company and Macquarie as well as the conditions to be specified in such agreement. Subsequently on January 8, 2018, the Company received the proceeds for partial share subscription from Macquarie amounting to approximately Baht 1.7 million (Baht 5.70 per share, comprised the amounts for paid-up share capital of Baht 0.075 million and premium on shares of Baht 1.6 million). The Company registered this issued and paid-up share capital with the Ministry of Commerce on January 9, 2018 and (b) on October 19, 2017 to offer the second lot, not exceeding 30,000,000 shares, to One Asset Management Limited ("ONEAM"), who is local institutional investor. ONEAM shall purchase the Company's newly issued shares on this occasion at Baht 5.58 per share, totalling Baht 167.4 million, which is the price not less than 90% of the volume weighted average price of the Company's shares on the Market for Alternative Investment for the past 7 consecutive business days prior to the date on which the offering price is determined for ONEAM, i.e. October 19, 2017. ONEAM purchased and paid-up for such shares, amounting to Baht 167.4 million, on October 25, 2017 (comprised the amounts for paid-up share capital of Baht 7.5 million and premium on shares of Baht 159.9 million) and will allocate such shares to 22 mutual funds and 8 provident funds which are under their management. The Company registered this issued and paid-up share capital with the Ministry of Commerce on October 30, 2017;
 - (3) Exercise of the ECF-W2 for purchase of the Company's newly issued 194,937,946 common shares; and
 - (4) Exercise of the ECF-W3 for purchase of the Company's newly issued 129,958,631 common shares.

The Company registered such increase in share capital with the Ministry of Commerce on October 17, 2017 and will utilize the fund derived from the abovementioned increase in shares capital as working capital to support the Company's financial liquidity and/or expansion in core business and other businesses relevant to core business and/or several investment projects in the energy business.

Section 51 of the Public Limited Companies Act, B.E. 2535 (1992) requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account, premium on shares, separated from the reserve account referred to in Section 116 of the Public Limited Companies Act, B.E. 2535 (1992) (Legal reserve). Premium on shares is not available for dividend distribution.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Warrants

The Company issued and offered 194,929,773 units of free warrants (“ECF-W2”) to existing shareholders on October 20, 2017 for the purchase of incremental shares on the basis of 4 common shares for 1 unit of warrant. Terms of the warrants are as follows:

Exercise ratio	1 unit of warrant to purchase 1 incremental common share
Exercise price	Baht 3 per share (may be subsequently changed regarding adjustment provisions of the warrants)
Exercise period	The warrants shall be exercisable with the first exercise date on November 25, 2017 and other 5 times, i.e. the 25th of February, May, August, November 2018 and the last exercise date is February 20, 2019.
Term of warrants	1 year and 4 months from the date on which the warrants are issued to the shareholders

On the same day, the Company issued and offered 129,951,632 units of free warrants (“ECF-W3”) for the purchase of incremental shares on the basis of 6 common shares for 1 unit of warrant. Terms of the warrants are as follows:

Exercise ratio	1 unit of warrant to purchase 1 incremental common share
Exercise price	Baht 5 per share (may be subsequently changed regarding adjustment provisions of the warrants)
Exercise period	The warrants shall be exercisable with the first exercise date on May 25, 2019 and other 7 times, i.e. the 25th of August and November 2019, February, May, August, November 2020 and the last exercise date is February 20, 2021.
Term of warrants	3 years and 4 months from the date on which the warrants are issued to the shareholders

Subsequently on November 6, 2017, the Stock Exchange of Thailand has granted the Company’s 194,929,773 (ECF-W2) and 129,951,632 (ECF-W3) units of warrants as listed securities and has permitted such warrants to be traded on the Market for Alternative Investment since November 7, 2017. Details of the exercised warrants are as follows:



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

Exercise Date	Number of warrants exercised for purchases of common shares (Unit)	Proceeds from the exercise of warrants (Baht)	Paid-up share capital (Baht)	Premium on shares (Baht)	Number of unexercised warrants	Date of the registered increase in issued and paid-up share capital with the Ministry of Commerce
November 25, 2017	20,255,666	60,766,998	5,063,917	55,703,081	174,674,107	November 30, 2017
February 25, 2018	31,348,046	94,044,138	7,837,012	86,207,126	143,326,061	February 27, 2018
May 25, 2018	37,787,808	113,363,424	9,446,952	103,916,472	105,538,253	June 1, 2018
August 25, 2018	46,436,851	139,310,553	11,609,213	127,701,340	59,101,402	August 29, 2018
November 25, 2018	5,624,925	16,874,775	1,406,231	15,468,544	53,476,477	December 12, 2018

21. LEGAL RESERVE

Section 116 of the Public Limited Companies Act B.E. 2535 requires the public limited companies to appropriate not less than 5% of its annual profit, less accumulated losses brought forward (if any), to a reserve account ("Legal reserve") until this account reaches an amount not less than 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

22. EXPENSES BY NATURE

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2018	2017	2018	2017
Assemblies, raw materials, and supplies used	903,273	944,249	903,273	937,241
Employee expenses	267,054	244,782	263,861	237,756
Depreciation and amortization	77,298	85,137	74,936	81,724
Finance costs	101,238	78,657	97,060	75,626
Advertising and sales promotions	64,712	74,468	64,714	74,248
Freight and transportation charges	50,855	44,390	50,585	42,436
Electricity	36,150	35,019	35,749	34,364
Showroom rental and service charges	27,102	33,494	20,183	21,120
Repair and maintenance expenses	13,247	13,347	13,235	13,263
Bank charges	10,762	12,713	10,120	11,834
Fuels	12,212	11,176	12,212	11,176
Loss (reversal of loss) on diminution in value of inventories	1,179	(2,703)	1,179	(2,703)
Changes in finished goods and work-in-process	(182,431)	(223,247)	(189,756)	(225,671)



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

23. INCOME TAX

Corporate income tax recorded as expense (income) for the years ended December 31, 2018 and 2017 consists of:

	In Thousand Baht			
	Consolidated		The Company Only	
	2018	2017	2018	2017
Income tax computed from accounting profit	8,475	15,184	12,262	16,584
Effects from non-deductible expenses	13,045	12,962	9,038	7,847
Effects from additional deductible expenses or non-taxable income	(4,641)	(5,081)	(4,641)	(1,605)
Effects from reduction in income tax rate under investment promotion	-	(5,425)	-	(5,425)
Current tax on taxable profit	16,879	17,640	16,659	17,401
Decrease (increase) in deferred tax assets	(800)	302	(1,020)	315
Decrease in deferred tax liabilities	(2,870)	(6,291)	(2,870)	(6,291)
Income tax presented in statement of comprehensive income	13,209	11,651	12,769	11,425

As at December 31, 2018, a subsidiary had tax loss carryforward of approximately Baht 74.0 million whereby such loss is able to be used as tax credit during 2019 until 2023.

Deferred tax assets and liabilities presented in statements of financial position as at December 31, 2018 and 2017 consist of:

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2018	2017	2018	2017
<i>Deferred tax assets</i>				
Effects from temporary non-deductible items or item not yet recognized in accounting				
- Allowance for diminution in value of obsolete and slow moving inventories	847	611	847	611
- Allowance for doubtful accounts	1,091	613	1,091	393
- Allowance for impairment of building and equipment	1,092	1,092	1,092	1,092
- Deferred gain on sales and leaseback	-	3	-	3
- Liability for post-employment benefits	1,358	1,269	1,358	1,269
Total deferred tax assets	4,388	3,588	4,388	3,368
<i>Deferred tax liabilities</i>				
Effects from temporary non-recognized items:				
- Unamortized debenture issuance costs	2,253	23	2,253	23
- Revaluation surplus on land	7,690	7,690	7,690	7,690
- Revaluation surplus on building - net	13,668	15,729	13,668	15,729
- Revaluation surplus on machinery - net	13,726	16,765	13,726	16,765
Total deferred tax liabilities	37,337	40,207	37,337	40,207



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

24. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share for the years ended December 31, 2018 and 2017 are determined by dividing profit for the year, attributable to owners of the Company, by the weighted average number of common shares outstanding during the year as follows:

	In Thousand Baht / In Thousand Shares			
	Consolidated		Separate Financial Statement	
	2018	2017	2018	2017
Profit for the year, attributable to owners of the Company	33,759	70,572	48,540	71,494
Basic weighted average number of outstanding common shares	902,672	668,379	902,672	668,379
Basic earnings per share (Baht)	0.037	0.106	0.054	0.107

Diluted earnings per share

Diluted earnings per share for the years ended December 31, 2018 and 2017 are determined by dividing the profit for the year, attributable to owners of the Company, by the weighted average number of common shares outstanding during the year after adjusting the effect from dilutive potential common shares as follows:

	In Thousand Baht / In Thousand Shares			
	Consolidated		Separate Financial Statement	
	2018	2017	2018	2017
Profit for the year attributable to owners of the Company	33,759	70,572	48,540	71,494
Basic weighted average number of outstanding common shares	902,672	668,379	902,672	668,379
Effect from the right under the exercise of warrants	30,192	116,969	30,192	116,969
Diluted weighted average number of outstanding common shares	932,864	785,348	932,864	785,348
Diluted earnings per share (Baht)	0.036	0.090	0.052	0.091



25. PAYMENT OF DIVIDENDS

At the general shareholders' meeting held on April 25, 2018, the shareholders unanimously approved the Company to pay dividends for the 2017 operations at approximately Baht 0.0603 per share, totalling approximately Baht 52.0 million, to the shareholders whereby such dividends shall be paid from the promoted activities and non-promoted activities amounting to Baht 0.0173 per share and Baht 0.0430 per share, respectively. The date for payment of such dividends was May 24, 2018.

At the general shareholders' meeting held on April 28, 2017, the shareholders unanimously approved the Company to pay dividends for the 2016 operations at approximately Baht 0.0535 per share, totalling approximately Baht 30.4 million, to the shareholders whereby such dividends shall be paid from the promoted activities and non-promoted activities amounting to Baht 0.0154 per share and Baht 0.0381 per share, respectively. The date for payment of such dividends was May 26, 2017.

26. PROMOTIONAL PRIVILEGES UNDER INVESTMENT PROMOTION

By virtue of the provisions of the Investment Promotion Act B.E. 2520, the Company has been granted certain promotional privileges which include among others, exemption from import duty on the imported raw materials and necessary supplies used in the promoted business to (1) exemption 50% from import duty on the imported raw machinery in the promoted business to (2) and (3) exemption from corporate income tax on net profit from the promoted businesses attributable in the extent not exceeding the specified amount in the promotional certificates for a period of three years from the date income was first derived from the promoted businesses and the dates income was first derived from the promoted businesses are as follows:

- (1) Production of printed matter, income was first derived on April 1, 2011.
- (2) Manufacture of furniture and parts (rubber wood furniture : chairs) (except those made from restricted trees), income was first derived on August 14, 2014.
- (3) Manufacture of furniture and parts (particle board furniture) (except those made from restricted trees), income was first derived on August 14, 2014.

As a promoted entity, the Company must comply with certain conditions and regulations as specified in the promotional certificates.

Operating results classified by the promoted and non-promoted businesses for the years ended December 31, 2017 are as follows:

	2017 - Consolidated (In Thousand Baht)		
	Promoted Business	Non-Promoted Business	Total
Net sales	335,594	1,109,029	1,444,623
Other income	68	33,993	34,061
Cost of sales	(227,562)	(776,641)	(1,004,203)
Distribution costs	(34,654)	(121,969)	(156,623)
Administrative expenses (including loss on exchange rate)	(35,635)	(144,672)	(180,307)
Finance costs	(17,329)	(61,328)	(78,657)
Share of profit from investment in associate and joint venture	-	17,026	17,026
Income tax expense	-	(11,651)	(11,651)
Profit for the year	20,482	43,787	64,269



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

	2017 - Separate Financial Statement (In Thousand Baht)		
	Promoted Business	Non-Promoted Business	Total
Net sales	335,594	1,092,067	1,427,661
Other income	68	31,585	31,653
Cost of sales	(227,562)	(765,626)	(993,188)
Distribution costs	(34,654)	(117,399)	(152,053)
Administrative expenses (including loss on exchange rate)	(35,635)	(119,893)	(155,528)
Finance costs	(17,329)	(58,297)	(75,626)
Income tax expense	-	(11,425)	(11,425)
Profit for the year	20,482	51,012	71,494

27. SIGNIFICANT FINANCIAL INFORMATION CLASSIFIED BY OPERATING SEGMENT

Sales, other income, cost of sales, other expenses, and profit / loss before income tax expense are significant financial and core information of the Group that are provided regularly to the highest authority in decision-making operation and also used in evaluation of financial performances of the segments. The Group has two significant operating segments (identified by internal reporting segments), i.e. (1) wood furniture and particle boards (rubber wood furniture and particle board furniture) and (2) other segments, e.g. laminating papers, dried sawn lumbers, furniture-decorating supplies and retail shops for sundry goods imported from abroad, which has been insignificant portion as compared to entire volumes and size of business activities. So these minor segments are insignificant portion. The transfers between segments were accounted for at cost whereby the accounting policies applied to operating segments of the Group are similar to those accounting policies discussed in Note 3. In addition, the Group is unable to apportion the segment information for assets and liabilities without incurring undue costs.

Information on Products

	In Thousand Baht	
	Consolidated	
	2018	2017
Net sales		
- Wood furniture and particle boards	1,389,385	1,332,318
- Other products	65,181	112,305
Total	1,454,566	1,444,623
Other income		
- Wood furniture and particle boards	45,116	28,182
- Other products	5,108	22,905
Total	50,224	51,087
Cost of sales		
- Wood furniture and particle boards	966,856	892,700
- Other products	48,133	111,503
Total	1,014,989	1,004,203
Other expenses		
- Wood furniture and particle boards	409,105	369,764
- Other products	38,434	45,823
Total	447,539	415,587



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

	In Thousand Baht	
	Consolidated	
	2018	2017
Profit (loss) before income tax expense		
- Wood furniture and particle boards	58,540	98,036
- Other products	(16,278)	(22,116)
Net	<u>42,262</u>	<u>75,920</u>

Information on Geographic Areas

	In Thousand Baht	
	Consolidated	
	2018	2017
Export sales - net		
- Japan	647,240	668,008
- Philippines	15,062	15,147
- Bahrain	6,686	22,446
- Malaysia	5,733	18,075
- Taiwan	5,538	5,073
- Kuwait	3,453	-
- Hongkong	3,418	-
- Peru	1,873	2,358
- United States of America	737	6,783
- United Arab Emirates	-	7,960
- India	-	5,132
- China	-	2,888
- Other countries	200	941
Total	<u>689,940</u>	<u>754,811</u>
Domestic sales - net	<u>764,626</u>	<u>689,812</u>
Total sales - net	<u>1,454,566</u>	<u>1,444,623</u>

The Group has no any non-current assets located in the countries other than Thailand.

Information on Key Customers

(customers whose transactions exceeding 10% of total balance of transactions)

	Percentage of Balance Attributable to Key Customers to Total Balance	
	Consolidated	
	2018	2017
Net sales		
- Wood furniture and particle boards	34.13	36.99
- Other products	-	-
- Export	43.60	39.02
- Domestic	22.67	28.75
- Total	32.60	34.12



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

28. DISCLOSURE OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

The Group are exposed to normal business risks relating to liquidity risk, credit risk, foreign currency risk, and interest rate risk. The Group has used derivative financial instruments for hedging against the foreign currency risk without intention for trading or speculation purposes and there was no significant change in risk management policy relating to financial instruments during 2018 and 2017.

Liquidity Risk

The Group manages its liquidity risk and maintain a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Credit Risk

Credit risk is the risk that a customer or counterparty is unable or unwilling to meet its financial and contractual commitments. To mitigate this risk, the Group periodically assess the financial position and viability of customers and counterparties. The carrying amount of receivables presented in the statements of financial position is the maximum exposure to credit risk.

Foreign Currency Risk

The Group has significant business transactions internationally, including import of merchandises and raw materials as well as export of its products, giving rise to exposure to fluctuations in foreign currency exchange rates. In practical, the Group reduces this risk by matching cash receipt from its customers (receivables) against cash payment to its suppliers (payables). Since 2009, the Company has started using forward exchange contracts (buy-sell) to mitigate this risk.

As at December 31, 2018 and 2017, the Company had the outstanding forward exchange contracts (buy and sell) as follows:

	In Thousand			
	Foreign Currency		Fixed Baht	
	2018	2017	2018	2017
Forward exchange contracts - buy				
- U.S. Dollar	32	50	1,038	1,625
Forward exchange contracts - sell				
- U.S. Dollar	-	55	-	1,801

In addition, the fair values of forward exchange contracts (buy and sell) outstanding as at December 31, 2018 and 2017 were as follows:

	In Thousand Baht	
	2018	2017
Forward exchange contract - buy		
- U.S. Dollar	1,035	1,628
Forward exchange contract - sell		
- U.S. Dollar	-	1,790



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

The forward exchange contracts (buy and sell) as at December 31, 2018 had maturities in May and June 2019.

As at December 31, 2018 and 2017, significant outstanding non-hedged foreign currency assets and liabilities are as follows:

	Consolidated			
	Foreign Currency Assets		Foreign Currency Liabilities	
	2018	2017	2018	2017
- U.S. Dollar	3,206,038	3,332,181	165,739	188,402

	Separate Financial Statement			
	Foreign Currency Assets		Foreign Currency Liabilities	
	2018	2017	2018	2017
- U.S. Dollar	3,206,038	3,332,181	165,739	188,402

Interest Rate Risk

Interest rate risk arises from the fluctuation of market interest rates in the future, which may have a negative effect to current and future operations and cash flows of the Group. The Group's management believes that the interest rate risk is minimal because the Group's deposits at banks, short-term and long-term loan receivables, bank overdrafts and short-term and long-term loan payables bear interest approximated or at the floating market interest rates.

Fair Value Measurements

The following assumptions were used by the Group in estimating the fair values of financial assets and financial liabilities:

Cash and cash equivalents, current investment, restricted deposits at banks, trade and other receivables, short-term and long-term loan receivables, bank overdrafts, short-term and long-term loan payables, trade and other payables have carrying amounts that did not materially differ from their fair values because these financial assets and liabilities will mature in a short-term period or bear interest at the rates or approximated market rates (Level 2 inputs).

Fair value of debentures, which are stated at the amortized cost, was disclosed as discussed in Note 16.

Investment in subsidiaries and associate/joint venture as well as liabilities under hire purchase and finance lease agreements are not practicable to be estimated the proper fair value without incurring undue costs.

29. CAPITAL MANAGEMENT

Significant objectives of capital management of the Group are to ensure that they have the appropriate financial structure and fund structure as well as maintaining the financial liquidity and ability to continue their businesses as a going concern. The Group did not have any significant change relating to capital management policy during 2018 and 2017.

As at December 31, Debt-to-Equity ratio for the consolidated and separate financial statements was 1.35 : 1.00 and 1.29 : 1.00, respectively, in 2018 and 1.71 : 1.00 and 1.66 : 1.00, respectively, in 2017.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

30. REGISTERED PROVIDENT FUND

The Company has arranged a contributory registered provident fund in accordance with the Provident Fund Act, B.E. 2530 (1987). Membership to the fund is on a voluntary basis. Under the plan, the Company and employees contribute an amount equivalent to 3% of the employees' basic salaries. The fund will pay back the provident fund to employees in accordance with the conditions stated in the policies of provident fund regulations.

The Company's contribution, which was charged as expense for each of the years 2018 and 2017, amounted to approximately Baht 1.5 million.

31. SECURITIES TRADING ACCOUNT OF THE COMPANY

The Company was approved by the Board of Directors' meeting on December 20, 2018 to open the securities trading account for debt instruments and equity instruments with two local securities companies whereby the amounts for debt securities amounted to Baht 50 million and for equity securities amounted to Baht 1. The Managing Director or any other persons designated by the Managing Director is authorized to open the account, execute the securities trading, sign the documents to purchase-sale-transfer of the Company's securities, and change the amounts between debt securities and equity securities.

32. CURRENT INVESTMENT

This account represented investment under bills of exchange, unsecured, of two local securities companies which bear interest at 3.5% p.a. and have maturities not exceeding six months from the particular issuance dates.

33. OTHERS

As at December 31, 2018;

- a. The Company had commitments on space lease and service agreements for its branch offices and retail shops for sales of its goods with two private companies with term of 3 years whereby the last agreement will end in July 2021. Such commitments are as follows:

	In Million Baht
Due for payments within one year	14.0
Due for payments after one year but not exceeding five year	11.7
Total	25.7

- b. The Company had letters of guarantee issued by three local banks to two private companies and a government agency totalling approximately Baht 29.5 million;
- c. The Company had commitment on construction of fixed asset (building) amounting to approximately Baht 3.0 million (excluding value-added tax);
- d. The Company had commitment on contract for soil filling on its land amounting to approximately Baht 6.6 million (excluding value-added tax);
- e. The Company had commitment on purchase of machinery and equipment amounting to approximately Baht 2.1 million;



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

- f. The Company had commitment on construction of the roof-top solar power generating system on its factory buildings amounting to approximately Baht 25.9 million;
- g. The Company had commitment from feasibility study on investment project relating to biomass power plant located in Saga prefecture of Japan with a condition that the refundable deposit of Baht 100 million shall be paid to the project owner as part of the process for such feasibility study whereby such deposit will be refunded in case the Company or the Group finally decides not to invest in the project. In 2018, the Company has partially paid such deposit amounting to Baht 75 million which was presented as part of "Deposits and guarantees" in the consolidated and separate statements of financial position as at December 31, 2018;
- h. A subsidiary had commitment on purchases and installation design of machines totalling approximately USD 13.3 million (approximately Baht 431.6 million);
- i. A subsidiary had commitments on design of factory building and construction project consultancy fee totalling approximately Baht 3.0 million (excluding value-added tax).

34. EVENTS AFTER THE REPORTING PERIOD

At the Board of Directors' meeting on January 16, 2019, the Board of Directors passed the resolutions to approve the following significant matters that will be proposed and subject to consideration and approval in the upcoming shareholders' meeting:

- a. Investment by the Company or the Company's subsidiary in Strek (Thailand) Co., Ltd. ("S-TREK") at the percentage of shareholding of not exceeding 51% of the issued and paid-up share capital of S-TREK. S-TREK is engaged in importation and sales of devices, tools and spares for use in computer and telecommunication works. The Company has a plan to twice acquire common shares for such portion from the major shareholder of S-TREK who is a non-related person in total number of 15,300,000 common shares at the price of approximately Baht 33.33 per share, totalling Baht 510 million (the first lot of 6,120,000 shares, amounting to Baht 204 million and the second lot of 9,180,000 shares, amounting to Baht 306 million) whereby the Company shall issue incremental common shares for offering to specific person (Private Placement) for the first lot of 40,800,000 shares at the price of Baht 5 per share that is expected to complete in the first quarter of 2019 and for the second lot of the number of share to be calculated at the price equivalent to market price of share at the subsequent offering period. Such offering shall be made in order to exchange (Share Swap) with the aforesaid investment in S-TREK.
- b. Decrease in authorized share capital of Baht 68,425,178.25 (from previously Baht 354,137,269 to Baht 285,712,090.75) by eliminating the unissued common shares of 273,700,713 at Baht 0.25 par value.
- c. Increase in authorized share capital of Baht 36,950,000 (from previously Baht 285,712,090.75 to Baht 322,662,090.75) that is divided into 147,800,000 common shares at Baht 0.25 par value.
- d. Offering and appropriation of the Company's incremental 40,800,000 common shares at Baht 0.25 par value at the price of Baht 5 per share, totalling Baht 204 million, to specific person (Private Placement) as discussed in "a." above.



EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2018 and 2017

- e. Offering and appropriation of the Company's incremental common shares of not exceeding 95,000,000 shares at Baht 0.25 par value to specific person (Private Placement) under the General Mandate basis.
- f. Appropriation of the Company's incremental 12,000,000 common shares at Baht 0.25 par value to the existing shareholders at the existing shareholding proportion in order to serve the adjustment of rights of the ECF-W3 warrants.
- g. Issuance and offering of debentures at the amount of not exceeding Baht 2,000 million.

At the Board of Directors' meeting on February 27, 2019, the Board of Directors approved the declaration of dividends from the 2018 operations at approximately Baht 0.030227 per share, totalling approximately Baht 29 million, and specified the date for dividend payment on May 3, 2019. Such matter will be proposed for approval in the upcoming shareholders' meeting.

35. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been approved to be issued by the Company's Board of Directors' meeting on February 27, 2019.



ECF

EAST COAST FURNITECH PUBLIC COMPANY LIMITED

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