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No. ECF2 044/2561

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Subject: Notification of the resolutions of the Board of Directors' Meeting approving the investment in purchasing the ordinary shares of S-TREK (Thailand) Co., Ltd., capital increase, and the issuance and allocation of the newly issued ordinary shares to the specific person under the private placement basis, and the schedule for Extraordinary General Meeting No. 1/2019

To President  
The Stock Exchange of Thailand

Enclosure 1. Information Memorandum on the Asset Acquisition (Addendum 1) regarding acquisition of shares of S-TREK (Thailand) Co., Ltd. in the proportion of 51 percent  
2. Capital Increase Form (F53-4)  
3. Information Memorandum regarding the offer of newly issued shares by capital increase of East Coast Public Company Limited to the specific person under the private placement

East Coast Furnitech Public Company Limited (the "Company") wishes to inform to the the Stock Exchange of Thailand (the "SET") that the Meeting of the Board of Directors of East Coast Furnitech Public Company Limited (the "Company") No. 13/2018 held on November 30, 2018 (the "Meeting") has resolved the significant resolutions as follows:

1. The Meeting has resolved to propose the Extraordinary General Meeting No. 1/2019 to consider approving the Company and/or its subsidiaries to invest in the ordinary shares of S-TREK (Thailand) Co., Ltd. ("S-TREK") in the proportion of not exceeding 51 percent of the total issued shares of the Company by purchasing from the existing shareholders i.e. Mr. Jirasak Prempojwattana ("Mr. Jirasak"), in the total number of 15,300,000 shares, at a par value of Baht 10 per share, equivalent to the total value of Baht 510,000,000, (the "Investment in Ordinary Shares of S-TREK") which the payment of such shares shall be by means of share swap by a new share issuance.

**Part 1** The Company will purchase the first portion of the Sale Shares from the Seller in the amount of 10,710,000 shares, equivalent to 35.7 percent of the total sold shares of S-TREK, for the total value of Baht 357,000,000. The Company will increase its registered capital by issuing 51,000,000 new ordinary shares at the offering price of Baht 7 per share, totaling Baht 357,000,000 to the Seller by mean of Private Placement as a payment of the 10,710,000 Sale Shares. The exchange ratio shall be 1 ordinary shares of S-TREK to 4.7619 shares of the

Company. The payment for and transfer of the first portion of the Sale Shares are expected to be done within April 2019 subject to the following conditions.

- 1) The Extraordinary General Meeting of Shareholders of the Company No. 1/2019 has resolved to approve the entering into the asset acquisition transaction by the Company and the issuance and offering newly-issued ordinary shares to specific investor by mean of Private Placement;
  - 2) The Company and the Seller have complied with all the conditions precedent pursuant to the MOU, having details as per Clause 3.3 of this information memorandum; and
  - 3) The Company must have received the approval for offering newly-issued ordinary shares to specific investor by mean of Private Placement from the Office of Securities and Exchange Commission (the “**SEC Office**”). pursuant to Notification No. TorChor. 72/2558 Re: Approval for Listed Companies to Offer Newly Issued Shares to Specific Investors (Private Placement) (“**Notification No. TorChor. 72/2558**”).
- (collectively, the “**Share Purchase Conditions**”)

**Part 2** The Company will purchase the second portion of the Sale Shares from the Seller in the amount of 4,590,000 shares, equivalent to 15.3 percent of the total sold shares of S-TREK, for the total value of Baht 153,000,000. The Company will issue the new ordinary shares with total value of Baht 153,000,000 to the Seller by mean of Private Placement as a payment of the 4,590,000 Sale Shares. The offering price will be at 110 percent of the market price of the Company’s shares. In this regard, “market price” shall be pursuant to rules and regulations of the SEC Office. The payment for and transfer of the second portion of the Sale Shares, in addition to being subject to the Share Purchase Conditions, are also subject to that any of S-TREK’s audited financial statements for 12-month period ending on 31 December 2019 to ending on 31 December 2021 must have a net profit (excluding special items) amounting not less than 100,000,000 per year (the “**Second Share Purchase Condition**”). The payment for and transfer of the second portion of the Sale Shares will be done by April 2022.

In case where S-TREK’s audited financial statements for 12-month period ending on 31 December 2019 to ending on 31 December 2021 (3 years) have a net profit (excluding special items) less than 100,000,000 per year, the Company will no longer have a duty to accept the transfer of the second portion: i.e. 4,590,000 Sale Shares from the Seller. In this case, the Company is entitled to sell the first portion: i.e. 10,710,000 Sale Shares to the Seller and/or a person designated by the Seller

The investment mentioned above is considered as an acquisition of assets in accordance with the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rule on Entering into Material Transactions Deemed as Acquisition or Disposal of Asset (as amended), and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Asset B.E. 2547 (2004) (as amended) (collectively, the “**Notification of**

**Acquisition or Disposal of Assets**”). The highest transaction value equals to 30.94 percent based on the net profits from operation calculated from two audited consolidated financial statements for a period of 9 months ending on 30 September 2018 of the Company. Once included the asset acquisition transaction(s) occurred during the past 6-month period prior to the date the Company’s Board of Directors have resolved to enter into this transaction, this investment shall be of a total value of 63.31 percent of total value of consideration being considered as a Class 1 transaction in accordance with the Notification on Acquisition or Disposal of Assets, where the investment value is 50 percent or higher but less than 100 percent.

As a result, the Company is required to (1) preparing the information memorandum regarding the acquisition of assets according to Enclosure No. 1 Information Memorandum regarding the acquisition of assets and the transaction disclosure to the SET; (2) deliver such information memorandum to the shareholders of the Company together with the invitation notice of the Extraordinary General Meeting No. 1/2019, as well as provide the shareholders with the advice from the independent financial advisor, all of which must be delivered or provided to shareholders at least 14 days prior to the date of the shareholders’ meeting; and (3) manage to convene the shareholders’ meeting in order to approve such transactions, where the resolution must be passed by the vote of more than 75 percent of the shareholder attending the meeting, and has voting rights, excluded the vote of shareholders who has conflict of interest.

Furthermore, there is a resolution passed to confer the power regarding (1) the determination, and alteration of the date, time, and venue of the Extraordinary General Meeting No. 1/2019, together with (2) the alteration or addition of the agenda of such meeting, as well as (3) alteration of the record date of such meeting, upon any members of executive committee (its agent), managing director (its agent) to the extent that it is appropriate and necessary within the scope of laws.

Furthermore, the acquisition of the ordinary shares in S-TREK is equivalent to 51 percent of the total shares sold of S-TREK in order for the Company to have control power over S-TREK. It is hence deemed that the Company has acquired the business of the private company to itself pursuant to Section 107 (2) (b) of the Public Limited Companies Act B.E. 2535 (1991) (as amended), prescribing that the acquisition of the business of other companies or private companies to itself, such acquisition shall be approved by a shareholders’ meeting with a vote of not less than three-fourths of the total votes of the shareholders attending the meeting and entitled to vote. In this regard, the Board of Directors’ Meeting of the Company No. 13/2018, convened on 30 November 2018, has resolved to propose the entering into the asset acquisition transaction to the Extraordinary General Meeting of Shareholders No. 1/2019 which will be held within March 2019 for further consideration and approval to comply with the law.

The Meeting has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 to consider conferring power upon the Board of Director, or its agent to have authority regarding the Investment in Ordinary Shares of S-TREK, which includes:

1. Determination, alteration, addition the details regarding the Investment in Ordinary Shares of S-TREK;
  2. Negotiation, alteration, amendment, execution of the agreements and other documents in relation to the Investment in Ordinary Shares of S-TREK not limited to the share purchase agreement and the shareholders' agreement of S-TREK
  3. Execution, alteration, amendment, contact regarding the documents concerning requests of approval, and any evidences which are necessary and in connection with the SEC, the SET, and relevant agencies or authorities; and having authorities to proceed any necessary and appropriate actions to enable the private placement of the Company to be duly executed;
  4. Proceeding any further necessary and appropriate actions to enable any matters above to be duly executed.
2. The meeting has resolve to propose the Extraordinary General Meeting of Shareholders No. 1/2019 to consider approving appointing the IV Global Securities Public Company Limited as the financial advisor to provide advice regarding the investment in the ordinary shares of S-TREK by means of share swap.
3. The Meeting has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 to consider approving the reduction of the registered capital of the Company by Baht 68,425,178.25 from the existing registered capital of Baht 354,137,269 to the registered capital of Baht 282,712,090.75 by deducting 273,700,713 unissued shares with a par value of Baht 0.25 per share.
- These deducted shares are the ordinary shares remained from the allocation for offering to the existing shareholders (Rights Offering) and to the specific persons under the Private Placement basis pursuant to the General Mandate according to the resolution of the Extraordinary General Meeting No. 2/2017 dated 2 October 2017, which the resolution regarding the capital increase according to General Mandate has already expired on the date of Annual General Meeting of 2018 dated 25 April 2018.
4. The Meeting has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 to consider approving the amendment of Clause 4 of the Memorandum of Association of the Company to be in line with the reduction of the registered capital of the Company according to aforementioned Clause 3.
5. The Meeting has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 to consider approving the increase of 40,000,000 registered capital of the Company from the existing registered capital of Baht 285,712,090.75 to the registered capital of Baht 325,712,090.75 by issuing 160,000,000 newly issued ordinary shares with a par value of Baht 0.25, the details of which is appeared in **Enclosure No. 2**.

6. The Meeting has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 to consider approving the amendment of Clause 4 of the Memorandum of Association of the Company to be in line with the increase of the registered capital of the Company according to aforementioned Clause 5.

7. The Meeting has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 to consider approving the issuance and allocation of 51,000,000 newly issued ordinary shares with the par value of 0.25 Baht, and the price of each newly issues ordinary shares shall be Baht 7 per share, totaling 357,000,000 Baht, for offering to the specific persons under the Private Placement basis i.e. Mr. Jirasak in return for the ordinary shares of S-TREK which the Company shall invest in, the details of which is shown according to the **Enclosure No.3**.

In offering such newly issued shares of the Company, in spite of the fact that the Company shall hold the shares in S-TREK totaling not exceeding 35.70 percent of total issued shares of S-TREK after the payment of S-TREK (first part), the Company shall be eligible to propose two director i.e. Mr. Chalee Suksawad and Mr. Arak Suksawad, and the Company and Mr. Jirasak shall determine the other details, conditions, and/or agreements, and execute the relevant agreements within April 2019 such as Share Purchase Agreements regarding the shares to be sold and purchased, Shareholders' Agreement regarding S-TREK between the Company, Mr. Jirasak, and all shareholders of S-TREK, which initially the Company and all shareholders agreed to grant the Company the power to take control of the Board of Director's Meeting and Shareholders' Meeting, as well as any other agreements that cause the Company to acquire controlling power in S-TREK, the details of which appeared in the Clause 3.3 of the Information Memorandum regarding the list of acquisition or disposal of assets concerning the acquisition of ordinary shares of S-TREK, which is added in the Information Memorandum regarding the acquisition of ordinary shares of S-TREK.

Such issuance and allocation of shares to Mr. Jirasak is the offer of newly issued shares to the specified person in the private placement basis, who is not connected person of the Company, which the shareholders' meeting of the Company shall designate the price of offer apparently in the amount of 7 Baht per share according to the Notification of the Capital Market Supervisory Board No. TorChor. 72/2558, Re: Approval of Offering for Sale of Newly-Issued Shares by Listed Companies to Specific Persons, which is the subscription price that is not lower than the market price of the Company's share according to Notification No. TorChor. 72/2558.

In this regard, the subscription price of the newly issued ordinary shares to Mr. Jirasak which is calculated on the basis of the weighted average price of the Company's shares trading on the stock exchange of not fewer seven consecutive business days prior to the date that the Board of Directors' of the company has resolved to propose Shareholders' Meeting to consider the issuance and allocation of newly issued ordinary shares to the specified person on the private placement basis (which is from 21 November 2018 to 29 November 2018) which is Baht 5.99 (based on SETSMART data in [www.setportal.set.or.th](http://www.setportal.set.or.th) of the SET). Such offering price is the

offering of newly-issued ordinary shares at the price with no discount from the market price more than 10 percent as specified in Notification Tor Jor. 72/2558.

The details regarding the comments of the Board of Director of the Company and the issuance and allocation of the newly issued ordinary shares is appeared in the Capital Increase Form (F53-4) (**Enclosure No. 2**), and the Information Memorandum regarding the offer of newly issued shares by capital increase of East Coast Public Company Limited to the specific person under the private placement (**Enclosure No. 3**).

The Meeting has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 to consider conferring power upon the Board of Director, or its agent to have authority regarding the issuance, offer, allocation, subscription of the newly issued ordinary shares, which includes:

1. Determination, alteration, addition the details regarding the allocation, offer, allocation, subscription of the newly issued ordinary shares, the date and time of offering and allotting such shares, means of payment of such shares (which is eligible to determine the period of allocation and subscription either in single or sequential allocation) including proceeding any further actions in connection with the issuance, offer, allocation, subscription of such shares, and manipulation of delivering and disclosing the relevant information to the Ministry of Commerce, SEC, SET, and relevant agencies or authorities;
  2. Execution, alteration, amendment, contact regarding the documents concerning requests of approval, and any evidences which are necessary and in connection with the offer, allocation, subscription, delivery such shares, including contact, filing requests for approval, documents or evidences to the Ministry of Commerce, the SEC, the SET, and relevant agencies or authorities; and listing the such share in the SET; and having authorities to proceed any necessary and appropriate actions to enable the private placement of the Company to be duly executed;
  3. Proceeding any further necessary and appropriate actions to enable any matters above to be duly executed.
8. The Meeting has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 to consider approving the increase of the registered capital of the Company to accommodate the adjustment of the exercise price and ratio of Warrants to purchase the Company's newly issued ordinary shares No. 2 for existing shareholders (ECF-W2), which is issued and allotted to the existing shareholders on pro rata basis, and Warrants to purchase the Company's newly issued ordinary shares No. 3 for existing shareholders (ECF-W3), which is issued and allotted to the existing shareholders on pro rata basis, totaling 14,000,000 shares with a par value of Baht 0.25.

Currently, the company is not able to calculate the adjustment ratio of Warrants ECF-W2 and ECF-W3, since in calculating the price and ratio of new exercise of rights, it shall be calculated from the market price of ordinary shares of the Company which is equivalent to the weighted average price per share of all ordinary shares of the Company which means the value of sell

and purchase of ordinary shares divided by the number of ordinary shares of the Company that were traded in the SET during consecutively 7 business days of the SET before the date of calculation, which the Company is currently not able to calculate. The Company shall be able to calculate the price and ratio of exercise of rights on first day that the ordinary share purchaser shall not be entitled to subscribe the newly issued ordinary shares; in other words, the first date of offering the newly issued ordinary shares under the Private Placement basis, which shall be informed by the Company in the SET system later on.

9. The Meeting has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 to consider approving the allocation of 95,000,000 newly issued ordinary shares to the specific person under the Private Placement basis with a par value of Baht 0.25 per share, equivalent to 10 percent of the paid-up capital of the Company to the specific person under the Private Placement basis under the General Mandate basis.

The Company may either entirely or partially allocate the newly issued ordinary shares, either in single or sequential allocation. In any case, the aggregate number of newly issued ordinary shares to be allocated to specific persons under the Private Placement basis under the General Mandate basis shall not exceed 95,000,000 shares or 10 percent of the paid-up registered capital of the Company as at the date the board of directors approving the increase of the registered capital under the General Mandate basis.

The specific persons under the Private Placement basis, who shall receive the allocation of the newly issued ordinary shares under the General Mandate basis, must at least have one of the following qualifications and shall not be the connected persons of the Company as specified in the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546:

- (a) being institutional investors in accordance with the definition prescribed in the Notification of the Securities and Exchange Commission No. KorChor. 17/2551 Re: Determination of Definitions in Notifications relating to Issuance and Offer for Sale of Securities; or
- (b) being individual investors or juristic persons that have a stable financial status and a potential to an actual investment as well as have knowledge, skills, experience or potential in a manner that benefits or supports the Company's operation.

The subscription price of the newly issued ordinary shares to be allocated to the specific persons under the Private Placement basis under the General Mandate basis shall be "**Market Price**" which means the weighted average price of the Company's shares trading on the stock exchange of not fewer seven consecutive business days but not more than 15 consecutive business days prior to the date for determination of such subscription price. The weighted average price using in the calculation must be the daily average price for trading. In this regard, the date for determination of the subscription price shall not be earlier than three business days prior to the first subscription date where the shares shall be offered to the investors. In the case that the

Board of Directors of the Company deems that there is an appropriate cause by taking into account of the best interests of the Company, the Board of Directors may determine the offering price with a discount of not more than 10 percent of the market price, provided that the Board of Directors has taken into consideration of the market status at that time in determining such discount, pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 72/2558, Re: Approval of Offering for Sale of Newly-Issued Shares by Listed Companies to Specific Persons.

In addition, the Meeting has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 to consider approving the authorisation to the board of directors to take any action relating to the allocation of the newly issued ordinary shares as follows:

- (1) to consider and determine details of the allocation of newly issued ordinary shares, such as, the subscription price of newly issued ordinary shares, number of allocations of the newly issued ordinary shares, whether single or sequential allocation, period of the offering, payment of share subscription price, name of specific persons under private placement basis, other conditions and details in connection with the allocation of such newly issued ordinary shares;
- (2) to enter into negotiation, agreement and execution of relevant documents and agreements, as well as taking any actions in connection with the allocation of such newly issued ordinary shares; and
- (3) to execute applications for permission and waiver, and necessary evidence in connection with the allocation of such newly issued ordinary shares, including the arrangement and submission of applications for such permission or waiver, documents and evidence to the relevant authorities or agencies, listing of such newly issued ordinary shares on the SET and being empowered to take any other action which is required and appropriate for the allocation of such newly issued ordinary shares.

10. The Meeting has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 to consider the issuance and offer the debenture with the commitment amount not exceeding Baht 2,000,000,000, the details of which are as follows:

Purpose	:	To increase the liquidity and/or repay the debt and/or redeem the existing debentures and/or use in the business expansion.
Category of Securities	:	All types of debentures including sub-ordinated debentures, not sub-ordinated debentures, amortizing debentures, bullet debentures, secured debentures, unsecured debentures, debentures having representative, debenture not having representative, depending upon the appropriateness of the market at the time of issuance and offer debentures.
Commitment Amount	:	Total value of unredeemed debenture (at any time) shall not exceed Baht 200,000,000 or any equivalent currencies in the same amount. The Company is eligible to issue and offer the additional debenture in



replace of the existing debentures which are redeemed under the commitment amount, and the purchased debenture (at any time) shall not exceed the commitment amount.

- Interest : Depending upon the market when there is any issuance and offer of debentures.
- Term : Short term – not exceeding 270 days;  
Long term – not exceeding 10 years.
- Offer : Domestically offer to public and/or under private placement basis and/or to the institutional investor or major investor, wholly or partially, either in single or sequential offer, which is subject to the regulations of the SEC.
- Call Option : Depending upon the criteria specified once the debentures are issued.
- Others : Other restrictions and conditions of debentures such as the types or characteristics of issued debentures, par value, price per unit, interest rate, the appointment of debenture representative, means of issuance, offer, allocation, the details of offer call option, and registration in the secondary market (if any) shall be in the scope of power of the executive director. The executive director is authorised to determine, alter the conditions and details regarding the issuance and offer of each types of debentures in each time; to undertake any further necessary actions in connection with the issuance and offer of debentures to cause the offer and allocation of debenture to be duly executed under the laws; to appoint the underwriter; to enter into and execute the Underwriting Agreement, Placement Agreement and any other relevant agreements; to prepare the application and documents required by the SEC, other relevant government authorities or agencies.

Currently, the Company has issued the debentures in the amount of Baht 669,900,000 according to the resolution of the Annual General Meeting dated 28 April 2017, all of which redemption date is 9 August 2020.

11. The Meeting has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 to consider approving amendment of the Objectives of the Company to accommodate the new sales channel via the Internet. This objective shall be added as:  
“Clause 28 conducting business regarding the sales of product via the internet system.”
12. The Meeting has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 to consider approving amendment of Memorandum of Association of the Company Clause 3. Objectives of the Company to be in line with the Objectives of the Company as follows:  
“Clause 3 The Company shall have 28 objectives according to the BorMorJor. 002 attached herein.”

13. The Meeting has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 to consider approving determination of the date of Extraordinary General Meeting No.1/2019 within March 2019. The venue of the meeting is to be announced. The agenda items of the meeting shall be as follows:

- Agenda 1            The matters to be informed by the Chairman of the meeting for acknowledgement.
- Agenda 2            To consider and certify the minutes of the Extraordinary General Meeting of Shareholders dated 25 April 2018
- Agenda 3            To consider approving the Company and/or its subsidiaries to invest in the ordinary shares of S-TREK in the proportion of not exceeding 51 percent by means of ordinary share issuance by capital increase (Share Swap).
- Agenda 4            To consider approving the reduction of the registered capital of the Company by Baht 68,425,178.25 from the existing registered capital of Baht 354,137,269 to the registered capital of Baht 282,712,090.75 by deducting 273,700,713 unissued shares with a par value of Baht 0.25 per share.
- Agenda 5            To consider approving the amendment of Clause 4 of the Memorandum of Association of the Company to be in line with the reduction of the registered capital of the Company.
- Agenda 6            To consider approving the increase of 40,000,000 registered capital of the Company, which is equivalent to 160,000,000 shares with the par value of Baht 0.25, causing the new registered capital to be Baht 325,712,090.75, which is equivalent to 1,302,848,363 shares with the par value of Baht 0.25
- Agenda 7            To consider approving the amendment of Clause 4 of the Memorandum of Association of the Company to be in line with the increase of the registered capital of the Company.
- Agenda 8            To consider approving the increase of the registered capital of the Company by issuance and allocation of 51,000,000 newly issued ordinary shares for offering to the specific persons under the Private Placement basis i.e. Mr. Jirasak Prempojwattana, who is the seller and the major shareholder of S-TREK in return for first part of the payment for investment.
- Agenda 9            To consider approving the increase of the registered capital of the Company to accommodate the adjustment of the exercise price and ratio of Warrants to purchase the Company's newly issued ordinary shares No. 2 for existing shareholders (ECF-W2), which is issued and allotted to the existing shareholders on pro rata basis, and Warrants to purchase the Company's newly issued ordinary shares No. 3 for existing shareholders (ECF-W3), which is issued and allotted to the existing shareholders on pro rata basis, totaling not exceeding 14,000,000 shares

- Agenda 10 To consider approving the allocation of not exceeding 95,000,000 newly issued ordinary shares to the specific person under the Private Placement basis under the General Mandate basis.
- Agenda 11 To consider approving the issuance and offer the debenture with the commitment amount not exceeding Baht 2,000,000,000.
- Agenda 12 To consider approving amendment of the Objectives of the Company and the Memorandum of the Association of the Company Clause 3 (Objectives of the Company) to be in line with the amendment of Objectives of the Company.
- Agenda 13 Any other matters (if any)

In this regard, the record date for determining the rights of shareholders to attend the Extraordinary General Meeting No. 1/2019 shall be 31 January 2019.

Furthermore, the Board of Director of the Company has passed the resolution to confer power to determine, alter the date, time, and venue of Extraordinary General Meeting No. 1/2019; to alter or add the agenda of such meeting; and/or to alter the record date as it is deemed appropriate and necessary under the scope of laws.

Please be informed accordingly.

Yours Sincerely,  
East Coast Furnitect Public Company Limited

(Mr. Arak Suksawad)  
Managing Director

- Translation -

**Information Memorandum on the Asset Acquisition (Schedule 1)  
on Acquisition of 51 Percent Ordinary Shares in of STREK (THAILAND) CO., LTD.**

Reference is made to the Board of Directors' Meeting of East Coast Furnitech Public Company Limited (the "**Company**" or "**ECF**") No. 13/2018, convened on 30 November 2018 has a resolution for the Company to enter into an asset acquisition transaction by purchasing ordinary shares in STREK (THAILAND) CO., LTD. ("**S-TREK**") in an amount of 15,300,000 shares, having a par value of Baht 10 per share, equivalent to 51 percent of the total S-TREK shares (the "**Sale Shares**"), from a current shareholder named Mr. Jirasak Prempojwattana ("**Mr. Jirasak**" or the "**Seller**"), for a total value of Baht 510,000,000. In doing so, the Company and the Seller have to first comply with the conditions precedent prior to entering into the transaction as per the Memorandum of Understanding on Sale and Purchaser of Shares of S-TREK dated 30 November 2018 (the "**MOU**"), having details as appeared in Clause 3.3 of this information memorandum. In this regard, the Company and the Seller shall further determine and prescribe details, conditions and/or terms in order to execute the relevant agreement(s) within April 2019, such as share sale and purchase agreement with respect to the Sale Shares, S-TREK shareholders' agreement to be entered into between the Company, the Seller and all the other shareholders of S-TREK. Initially, the Company and all the shareholders shall agree that the Company has control power over meetings of the board and the shareholders, and shall agree on other arrangements that give the Company control power in S-TREK. Details thereof are as stated in Clause 3.3 of this information memorandum. In addition, the Company's board meeting has resolved to propose the aforementioned asset acquisition to a shareholders' meeting for further consideration and approval.

The investment mentioned above is considered as an acquisition of assets in accordance with the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rule on Entering into Material Transactions Deemed as Acquisition or Disposal of Asset (as amended), and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Asset B.E. 2547 (2004) (as amended) (collectively, the "**Notification of Acquisition or Disposal of Assets**"). The highest transaction value equals to 30.94 percent based on the net profits from operation calculated from two audited consolidated financial statements for a period of 9 months ending on 30 September 2018 of the Company. Once included the asset acquisition transaction(s) occurred during the past 6-month period prior to the date the Company's Board of Directors have resolved to enter into this transaction, this investment shall be of a total value of 63.31 percent of total value of consideration being considered as a Class 1 transaction in accordance with the Notification on Acquisition or Disposal of Assets, where the investment value is 50 percent or higher but less than 100 percent.

As a result, the Company is required to disclose the information memorandum on entering into such transaction to the Stock Exchange of Thailand (the "**SET**"), and to hold a shareholders' meeting to consider

and approve the entering into the said transaction with a vote not less than three-fourths of the total votes of shareholders attending a meeting and entitled to vote (not include shareholders who have interests). In this regard, the Company shall send, to its shareholders, a notice of the shareholders' meeting along with the information memorandum having the contents at least as required by the Notification of Acquisition or Disposition of Assets and an opinion of independent financial advisor, at least 14 days prior the meeting date.

Furthermore, the acquisition of the ordinary shares in S-TREK is equivalent to 51 percent of the total shares sold of S-TREK in order for the Company to have control power over S-TREK. It is hence deemed that the Company has acquired the business of the private company to itself pursuant to Section 107 (2) (b) of the Public Limited Companies Act B.E. 2535 (1991) (as amended), prescribing that the acquisition of the business of other companies or private companies to itself, such acquisition shall be approved by a shareholders' meeting with a vote of not less than three-fourths of the total votes of the shareholders attending the meeting and entitled to vote. In this regard, the Board of Directors' Meeting of the Company No. 13/2018, convened on 30 November 2018, has resolved to propose the entering into the asset acquisition transaction to the Extraordinary General Meeting of Shareholders No. 1/2019 which will be held within March 2019 for further consideration and approval to comply with the law.

Therefore, the Company would like to disclose the details of the transaction as prescribed by the Notification of Acquisition or Disposal of Assets as follows:

**(1) Transaction Date**

The Company will purchase the Sale Shares from the Seller in the total amount of 15,300,000 shares, with a par value of Baht 10 per share, equivalent to 51 percent of the total ordinary shares of S-TREK, for the total value of Baht 510,000,000 by separating the Sale Shares to be purchased into 2 portions.

The payment for and transfer of the first portion of the Sale Shares shall be done within April 2019 subject to the relevant conditions stated in Clause 3.1 of this information memorandum. The payment for and transfer of the second portion of the Sale Shares will be done within April 2022 subject to the relevant conditions stated in Clause 3.1 of this information memorandum.

**(2) Relevant Parties and Relationships with the Listed Company**

Seller	:	Mr. Jirasak Prempojwattana, the shareholder of S-TREK
Purchaser	:	East Coast Furnitech Public Company Limited
Relationships with the Listed Company	:	S-TREK and the Seller are not a connected person of the Company pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions dated 31 August 2008 (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, dated 19 November 2003 (as amended) (collectively, the " <b>Notifications on Connected Transactions</b> ").

**Information of S-TREK**

S-TREK was incorporated on 3 December 1992 with a registration number 0105535160996, having its head office at No. 452 Sukonthasawas Road, Ladprao Sub-district, Ladprao District, Bangkok. Its registered and paid-up capital is Baht 300,000,000, divided into 30,000,000 ordinary shares, having a par value of Baht 10 per share. Its authorized director, as of 30 November 2018, is Mr. Jirasak Prempojwattana. At present, S-TREK has no subsidiary and/or joint company.

S-TREK is a trading company distributing IT and mobile merchandises and has a distribution channel covering area of all over Thailand. The product groups distributed by S-TREK can be categorized into the followings:

1. Computer parts;
2. Computer equipment;
3. Networking products;
4. Software products;
5. CCTV products;
6. Services and solutions;
7. Internet café;
8. Mobile phones; and
9. E-Sports or electronic sports

S-TREK has over 5,000 items on hand and has its customers in Bangkok and over 4,000 stores in Thailand.

History of S-TREK is that S-TREK was registered in 1992 by Mr. Jirasak Prempojwattana with a registered capital of Baht 1 million. S-TREK was a distributor of mobile and Walky-Talky products. S-TREK was also a battery manufacturer where each was made to order (OEM) for a mobile phone to sell to leading IT companies, under the brand of "S-Tech".

Later in 2000, S-TREK was formally appointed as a distributor of flash drives under the brand of "TREK" from Singapore. At that time, a company, "TREK", was the company manufacturing the first-ever flash drive in the world to be used as data storing device in place of floppy disks. S-TREK started to expand its distribution channels and its market to IT business, by bringing such merchandise into and for sale in Thailand for the first time, resulting in S-TREK being very well-known in the IT business. The following years, S-TREK started expanding its business to computer components, such as display card and mainboard under several global famous brands such as Gigabyte, Sparkle, HIS, Sapphire, MSI, Palit and Biostar. For the past years, S-TREK has expanded and kept expanding its services to include the import of every model of Gigabyte display cards, which was considered an important step to push and promote growth of S-TREK sales. In addition, S-TREK has been formally appointed by Seagate Technology (Thailand) Co., Ltd. to be a distributor and collector of hard disk information under a brand of "Seagate". S-TREK also expanded its business to mobile products, including after sale services.

The director(s) and shareholders of S-TREK are of knowledge and capability and are experienced in IT and mobile product distribution business. They have not less than 25 years of experience in business operation.

#### **Shareholding Structure of S-TREK**

S-TREK's shareholders, as of 30 November 2561, are as follows:

<b>Name of Shareholder</b>	<b>Number of Shares Held (Share)</b>	<b>Shareholding Percentage (Percent)</b>
1. Mr. Jirasak Prempojwattana	29,500,000	98.33
2. S.T.S. Telecom Co., Ltd.*	499,997	1.67
3. Mr. Thaninrat Phibunphakdiphong	3	0.00
<b>Total</b>	<b>30,000,000</b>	<b>100.00</b>

**Remarks** : \*S.T.S. Telecom Co., Ltd. has Mr. Jirasak Prempojwattana as its authorized director and ultimate shareholder holding 99.99 percent shares. The current registered and paid-up capital is Baht 100 million.

### **(3) General characteristics of the transaction and transaction value**

#### **3.1 General Characteristics**

The Company will purchase the Sale Shares from the Seller in the total amount of 15,300,000 shares, with a par value of Baht 10 per share, equivalent to 51 percent of the total ordinary shares of S-TREK, for the total value of Baht 510,000,000 by separating the Sale Shares to be purchased into 2 portions as follows.

**Portion 1** The Company will purchase the first portion of the Sale Shares from the Seller in the amount of 10,710,000 shares, equivalent to 35.7 percent of the total sold shares of S-TREK, for the total value of Baht 357,000,000. The Company will increase its registered capital by issuing 51,000,000 new ordinary shares at the offering price of Baht 7 per share, totaling Baht 357,000,000 to the Seller by mean of Private Placement as a payment of the 10,710,000 Sale Shares. The exchange ratio shall be 1 ordinary shares of S-TREK to 4.7619 shares of ECF. The payment for and transfer of the first portion of the Sale Shares are expected to be done within April 2019 subject to the following conditions.

- 1) The Extraordinary General Meeting of Shareholders of the Company No. 1/2019 has resolved to approve the entering into the asset acquisition transaction by the Company and the issuance and offering newly-issued ordinary shares to specific investor by mean of Private Placement;
- 2) The Company and the Seller have complied with all the conditions precedent pursuant to the MOU, having details as per Clause 3.3 of this information memorandum; and
- 3) The Company must have received the approval for offering newly-issued ordinary shares to specific investor by mean of Private Placement from the Office of Securities and Exchange

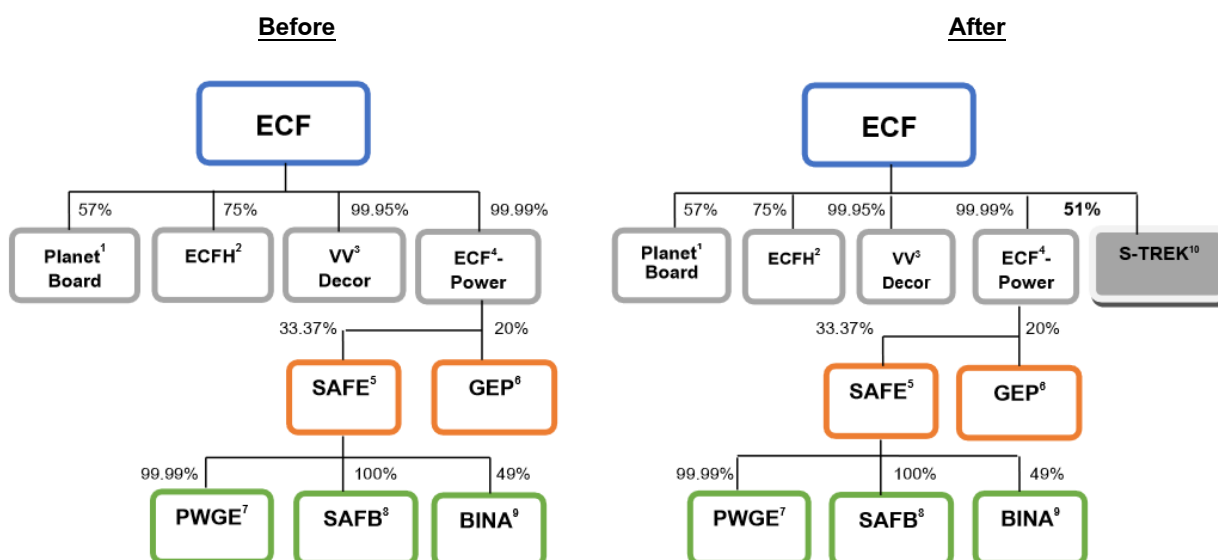
Commission pursuant to Notification No. TorChor. 72/2558 Re: Approval for Listed Companies to Offer Newly Issued Shares to Specific Investors (Private Placement)

(collectively, the “**Share Purchase Conditions**”)

**Portion 2** The Company will purchase the second portion of the Sale Shares from the Seller in the amount of 4,590,000 shares, equivalent to 15.3 percent of the total sold shares of S-TREK, for the total value of Baht 153,000,000. The Company will issue the new ordinary shares with total value of Baht 153,000,000 to the Seller by mean of Private Placement as a payment of the 4,590,000 Sale Shares. The offering price will be at 110 percent of the market price of the Company’s shares. In this regard, “market price” shall be pursuant to rules and regulations of the Office of Securities and Exchange Commission (the “**SEC Office**”). The payment for and transfer of the second portion of the Sale Shares, in addition to being subject to the Share Purchase Conditions, are also subject to that any of S-TREK’s audited financial statements for 12-month period ending on 31 December 2019 to ending on 31 December 2021 must have a net profit (excluding special items) amounting not less than 100,000,000 per year (the “**Second Share Purchase Condition**”). The payment for and transfer of the second portion of the Sale Shares will be done by April 2022.

In case where S-TREK’s audited financial statements for 12-month period ending on 31 December 2019 to ending on 31 December 2021 (3 years) have a net profit (excluding special items) less than 100,000,000 per year, the Company will no longer have a duty to accept the transfer of the second portion: i.e. 4,590,000 Sale Shares from the Seller. In this case, the Company is entitled to sell the first portion: i.e. 10,710,000 Sale Shares to the Seller and/or a person designated by the Seller.

Pictures of the Company’s shareholding, before and after entering into the transaction:



**Remarks** : 1. Planet Board Co., Ltd. 2. ECF Holdings Co., Ltd. 3. VV Décor Co., Ltd. 4. EF Power Co., Ltd. 5. Safe Energy Holdings Limited 6. Green Earth Power (Thailand) Co., Ltd. 7. Price of Wood Green Energy Co., Ltd. 8 . Safe Biomass Co., Ltd. 9 . Bina Puree Power (Thailand) Co., Ltd. 10. **STREK (THAILAND) CO., LTD.**



### 3.2 Class and Size of Transaction

The purchase price of S-TREK shares amounting 15,300,000 shares or equivalent to 51 percent of the total shares sold of S-TREK from Mr. Jirasak totals Baht 510,000,000.

Pursuant to the calculation of transaction size under the Notification of Acquisition or Disposition of Assets, the highest transaction value equals to 30.94 percent based on the net profits from operation calculated from two audited consolidated financial statements for a period of 9 months ending on 30 September 2018 of the Company. Once included the asset acquisition transaction(s) occurred during the past 6-month period prior to the date the Company's Board of Directors have resolved to enter into this transaction, this investment shall be of a total value of 63.31 percent of total value of consideration being considered as a Class 1 transaction in accordance with the Notification on Acquisition or Disposal of Assets, where the investment value is 50 percent or higher but less than 100 percent. The details are as follows.

<b>Transaction Size Calculation Criteria</b>	<b>Calculation Formula</b>	<b>Transaction Size</b>	<b>Size of the past 6 months transaction(s)</b>	<b>Total Transaction Size</b>
1. Net Tangible Asset Criteria	51% x 419.62 million Baht / 1,390.70 million Baht	15.39%	n.a.	15.39%
2. Net Profits Criteria	51% x 32.93 million Baht** / 54.29 million Baht*	30.94%	n.a.	30.94%
3. Total Value of Consideration Criteria	510 million Baht / 3,352.83 million Baht	15.21%	48.10%	63.31%
4. Value of Securities Criteria	51,000,000 shares / 959,405,082 shares	5.32%	n.a.	5.32%
<b>Highest Transaction Value</b>		<b>30.94%</b>	<b>48.10%</b>	<b>63.31%</b>

#### **Remarks :**

- \* Net profits of the Company calculated from the past 12 months ending on 30 September 2018 pursuant to the Company's financial statements audited by the Company's auditor.
- \*\* New profits of S-TREK calculated from the past 12 months ending on 31 December 2017 pursuant to S-TREK's financial statements audited by S-TREK's auditor.
- The Company uses S-TREK's financial statements for a period ending 31 December 2017 which have been audited by certified public account in calculating transaction size, as this financial statements is the latest version

Therefore, the Company is required to disclose the information memorandum on entering into the transaction to the SET, to hold a shareholders' meeting to consider and approve the entering into the said transaction with a vote not less than three-fourths of the total votes of shareholders attending a meeting and entitled to vote (not include shareholders who have interests). In this regard, the Company shall send, to its shareholders, a notice of the shareholders' meeting along with the information memorandum having the

contents at least as required by the Notification of Acquisition or Disposition of Assets and an opinion of independent financial advisor, at least 14 days prior the meeting date. In this regard, the Board of Directors' Meeting of the Company No. 13/2018, convened on 30 November 2018, has resolved to propose the entering into the asset acquisition transaction to the Extraordinary General Meeting of Shareholders No. 1/2019 which will be held within March 2019 for further consideration and approval.

### 3.3 Key Summary of the MOU on Sale and Purchaser of Shares of S-TREK dated 30 November 2018

Topic	Details
Purchaser	East Coast Furnitach Public Company Limited
Seller	Mr. Jirasak Prempojwattana, the shareholder of S-TREK
Sale Shares	Shares of S-TREK, amounting 15,300,000 shares or 51 percent of the registered and paid-up capital of S-TREK
Conditions Precedent	<ol style="list-style-type: none"><li>1) Due Diligence Result of S-TREK is satisfactory to the Company.</li><li>2) The entering into the transaction receives approval from a meeting of Board of Directors and/or shareholders of the Company pursuant to rules and regulations of the SEC Office, SEC and the SET and relevant laws.</li><li>3) The financial statements of S-TREK have been correctly prepared under accounting standards generally-accepted in Thailand.</li><li>4) Key contracts and licenses of S-TREK are duly and continually in force.</li><li>5) There is no breach of loan agreement or any other agreements made with a third party resulting from a change of control in S-TREK.</li><li>6) Other customary conditions precedent, including but not limited to, no material change affecting S-TREK from the date of MOU.</li><li>7) Other conditions precedent to be agreed in the share sale and purchase agreement between the Company and Mr. Jirasak Prempojwattana after the date of MOU.</li></ol>
Initial Terms regarding Shareholders' Agreement	<p>The shareholders' agreement shall contain customary terms, including but not limited to the followings.</p> <ol style="list-style-type: none"><li>1) Board of Directors of S-TREK shall consist of 3 directors, comprising 2 representative from the Company: i.e. Mr. Chalee Suksawad and Mr. Arak Suhsawad.</li><li>2) Authority of director shall be 2 directors signing jointly and affixing the Company's seal, provided that it shall the 2 directors shall be either Mr. Chalee Suksawad and Mr. Arak Suksawad, signing jointly with the Seller.</li><li>3) Terms on directors and board meetings, such as which group of director will be a chairman, meeting quorum, resolution, board reserved matters and votes required in resolving such reserved matters.</li><li>4) Right of each party in appointing management of S-TREK, such as CEO or</li></ol>

Topic	Details
	<p>CFO, etc.</p> <p>5) Dividend policy.</p> <p>6) Terms on shareholders' meetings, such as meeting quorum, resolution, shareholders' reserved matters and votes required in resolving such reserved matters.</p> <p>7) Share transfer restriction, such as right of first refusal, tag-along right and drag-along right.</p> <p>8) Restriction prohibiting shareholders of S-TREK, directors and management from investing in, hold shares in, supporting, being a director or management in any competing business with S-TREK.</p> <p>9) Terms on that the Seller and/or his relevant persons must maintain their shareholdings in S-TREK.</p> <p>10) Terms on that the key employees, directors and management of S-TREK whose names are to be announced by the Purchaser must work for S-TREK</p>
<p><b>Other Agreements</b></p>	<p>1) Apart from the debts incurred pursuant to the financial statements that are revised as a result of a special audit and related to business operation of S-TREK, the Company will not be responsible for any other debts that the Seller and S-TREK incurred in excess of the value specified in the said financial statements.</p> <p>2) The Company will not be responsible in any additions made to security and guarantee of S-TREK's debts which incurs prior to the Company becoming S-TREK's shareholder. In case there is a there will be revocation of any personal security of the Seller with a financial institution, the Seller must first settle any outstanding debts incurred before the Company becomes a shareholder if S-TREK and shall notify the Company in writing on such guarantee revocation.</p>

The Company has hired Siam City Law Offices GP Limited to be the Company's legal advisor to conduct legal due diligence of S-TREK and Hunton Andrews Kurth (Thailand) Limited to advice the Company on the laws relating to the transaction and relevant proceedings

**(4) Description of Asset to be Acquired**

The Company enters into the acquisition of assets which are the shares in S-TREK amounting 15,300,000 shares, having a par value of Baht 10 per share, equivalent to 51 percent of the total sold shares of S-TREK and totaling the purchase price of Baht 510,000,000. In payment of the purchase price, the first portion shall be Baht 357,000,000 for the initial 10,710,000 shares, equivalent to Baht 33.33 per share. General details of S-TREK are as follows.

- 4.1 Name of the Company : STREK (THAILAND) CO., LTD.
- 4.2 Date of Incorporation : 3 December 1992
- 4.3 Address : No. 452 Sukonthasawas Road, Ladprao Sub-district,  
Ladprao District, Bangkok
- 4.4 Registered and Paid-up Capital : Baht 300,000,000
- 4.5 Number of Shares Sold : 30,000,000 shares
- 4.6 Par Value per Share : Baht 10
- 4.7 Connected Person to the Listed Company : The Company, S-TREK and shareholders of S-TREK have no relationship to each other. In addition, S-TREK and its shareholders are not connected person under S-TREK the Notifications on Connected Transactions
- 4.8 Number of Shares to be Acquired : 15,300,000 shares
- 4.9 Shareholding Percentage after Acquisition : 51 percent
- 4.10 Structure of Business Operation before and after the Acquisition

The details of current shareholders of S-TREK compared to that after the acquisition as follows:

List of shareholders	Before the acquisition		After the acquisition (Part 1 and Part 2 in full amount)	
	Amount of shares (shares)	Shareholdings compared to paid-up capital (percent)	Amount of shares(Shares)	Shareholdings compared to paid-up capital (percent)
1. Mr. Jirasak Prempojwatana	29,500,000	98.33	14,200,000	47.33
2. S.T.S. Telecom Co., Ltd.*	499,997	1.67	499,997	1.67
3. Mr. Thaninrat Phibunphakdiphong	3	0.00	3	0.00
4. East Coast Furnitech Public Co, Ltd.	-	-	15,300,000	51.00
Total	30,000,000	100.00	30,000,000	100.00

**Remark** : \*S.T.S. Telecom Co., Ltd. has Mr. Jirasak Prempojwatana as its authorized director and ultimate shareholder holding 99.99 percent shares. The current registered and paid-up capital is Baht 100 million.

- 4.11 The current list of directors of S-TREK compared to that after the acquisition comprising:

Name - Surname	Before acquisition	After acquisition
1. Mr. Jirasak Prempojwatana	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2. Mr. Chalee Suksawad	-	<input checked="" type="checkbox"/>
3. Mr. Arak Suksawad	-	<input checked="" type="checkbox"/>

**Remark** : The Company has the rights to nominate 2 new directors from the 1 existing director of S-TREK after the share payment and receipt of the first portion of shares has been completed.

#### 4.12 Business Operation

S-TREK operates its business a trading company distributing IT and mobile products and has the distribution channels all over Thailand. Its products can be categorized into at least 9 product groups. S-TREK has over 5,000 ready-to-sell products. It has the distribution channels through small, medium and large IT center, located in Bangkok and over 4,000 stores in other provinces all over Thailand, such as IT City, Advice, JIB, COM7, Banana IT, etc. It has over 4,000 stores in other provinces all over Thailand, such as IT City, Advice, JIB, COM7, Banana IT, etc.

#### 4.13 Financial Information

Key financial information of S-TREK in respect of the audited financial statements for 12-month period ending on 31 December 2015 – 2017 can be summarized as follows:

	(Unit : Million Baht)		
	12-Month Period on 31 Dec 2015	12-Month Period on 31 Dec 2016	12-Month Period on 31 Dec 2017
<b>Statement of financial position</b>			
<b>Assets</b>			
Cash and cash equivalents	43.04	17.01	68.47
Trade account receivables and other receivables	521.69	1,242.94	1,186.27
Inventories	164.71	360.47	556.68
Other current assets	8.88	29.49	142.21
<b>Total current assets</b>	<b>1,124.88</b>	<b>1,649.93</b>	<b>2,001.13</b>
Fixed Deposit for guaranteed	54.96	159.27	144.00
Improvement for building and equipment	1.40	5.24	5.43
intangible assets	-	-	-
<b>Total non-current assets</b>	<b>56.45</b>	<b>164.51</b>	<b>149.43</b>
<b>Total assets</b>	<b>1,181.32</b>	<b>1,814.44</b>	<b>2,150.56</b>
<b>Liabilities and Equity</b>			
Short-term borrowings from financial	558.86	997.85	1,076.68

	12-Month Period on 31 Dec 2015	12-Month Period on 31 Dec 2016	12-Month Period on 31 Dec 2017
institutions			
Trade account payables and other payables	354.94	380.42	467.22
Current portion of long-term borrowings from financial institutions	17.03	19.83	17.80
Loan from director	-	32.59	-
Loan from company related	-	20.26	-
Other current liabilities	6.10	30.05	111.76
<b>Total current liabilities</b>	<b>937.32</b>	<b>1,486.12</b>	<b>1,676.46</b>
Net of current portion of long- term liabilities	59.96	40.02	53.16
<b>Total non-current liabilities</b>	<b>60.14</b>	<b>41.64</b>	<b>54.48</b>
<b>Total liabilities</b>	<b>997.46</b>	<b>1,527.75</b>	<b>1,730.94</b>
Share capital	100.00	200.00	300.00
Unappropriated profit (Loss)	83.86	86.68	119.62
<b>Equity</b>	<b>183.86</b>	<b>286.68</b>	<b>419.62</b>
<b>Total liabilities and equity</b>	<b>1,181.32</b>	<b>1,814.44</b>	<b>2,150.56</b>
<b>Statement of profit and loss</b>			
<b>Revenue from sale of goods and provision of service</b>	<b>2,638.20</b>	<b>3,161.55</b>	<b>4,785.37</b>
Other income	17.53	27.11	62.36
Cost of sale	2,517.07	3,026.82	4,664.39
Sales expense	14.80	16.40	27.58
Administrative expense	61.88	54.25	49.85
Financial cost	29.51	43.79	64.52
<b>Total profit (loss)</b>	<b>22.83</b>	<b>38.19</b>	<b>32.93</b>

**Remark :**

- Financial statements of S-TREK for 12-month period ended 2015 was audited by CPA Audit Services Co., Ltd., Financial statements of S-TREK for 12-month period ended 2016 was audited by EY Office Limited, Financial statements of S-TREK for 12-month period ended 2017 was audited by EY Office Limited, and Financial statements of S-TREK for 12-month period ended 2018 was audited by Suttithum Law and Auditing Co., Ltd.

**(5) Total value of consideration, value of assets acquired, criteria used in determining value of consideration and payment conditions**

After the Share Purchase Conditions, the Company will pay the purchase price for the first portion of Sale Shares by share swap through issuing not over 51,000,000 shares at the offering price of Baht 7, totaling Baht 357,000,000 to the Seller by mean of Private Placement, in consideration of the 10,710,000 Sale Shares, with the exchange ratio of 1 ordinary shares of S-TREK to 4.7619 shares of the Company.

After the Second Share Purchase Condition, the Company will purchase the second portion of the Sale Shares from the Seller in the amount of 4,590,000 shares, equivalent to 15.3 percent of the total sold shares of S-TREK, for the total value of Baht 153,000,000. The Company will issue the new ordinary shares with total value of Baht 153,000,000 to the Seller by mean of Private Placement as a payment of the 4,590,000 Sale Shares. The offering price will be at 110 percent of the market price of the Company's shares. In this regard, "market price" shall be pursuant to rules and regulations of the SEC Office.

The total value of consideration of acquisition of the Sale Shares (both portions) in S-TREK is Baht 510,000,000. The Company will make payment by kind by increasing it registered capital and allocating the newly-issued shares from such capital increase to the Seller: i.e. Mr. Jirasak by mean of Private Placement. In this regard, the offering of the Company's shares as payment of the purchase price of the Sale Shares (both portions) is not considered an offering of shares with discount pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 28/2551 Re: Application for and Approval of Offer for Sale of Newly Issued Shares (as amended) and the Notification of the Securities and Exchange Commission No. SorChor. 39/2551 Re: Calculation of Offer Price of Securities and Determination of Market Price for Consideration of Offer for Sale of Newly Issued Shares with Discount No. SorChor. 39/2551 (as amended) calculating through weighted average price of the Company's shares in the past 7 days on the SET prior to the date of board meeting to be held to consider and approve the allocation and offering of newly-issued shares to specific investor (Private Placement): i.e. Mr. Jirasak.

Regarding the criteria used in determining total value of consideration amounting Baht 510,000,000 for acquisition of 51 percent shares in S-TREK, the value is obtained from negotiation between the Company and the Seller using Price to Earnings Ratio Approach and Discounted Cash Flow Approach prepared by the financial advisor.

Approach	S-TREK Business Value (100%) (Million Baht)	S-TREK Business Value (51%) (Million Baht)	Value of S-TREK's shares (Baht/share)
Price to Earnings Ratio Approach	903.67 – 1,576.51	460.87 – 804.02	30.12 – 52.55
Discounted Cash Flow - Base Case	710.16 – 808.61	362.18 – 412.39	23.67 – 26.95
- Best Case (Profit in year 2019 equal to Baht 100 million)	1,346.87 – 1,499.08	686.90 – 764.53	44.90 – 49.97

**Remark :**

- Forward P/E of S-TREK multiply with average P/E of a group of listed company operating IT and communication technology business on the SET or on MAI (6 companies) (9.04 – 15.77 times)
- Discounted Cash Flow: calculated from cash flow estimation during 2018-2023, taking into account discount of 7.96% - 8.69% per year and terminal growth of 1% per year.

Moreover, the Company considers the growth of IT and mobile business that will play major role in the daily lives and the benefit the Company will be getting from expanding its business, investing in S-TREK and from diversifying risk from operating one core business.

**(6) Source of fund for the Acquisition and details in issuance of new shares**

Issuing the new ordinary shares in an amount not over 51,000,000 shares at a par value of 0.25 per share in support of share offering to specific investor (Private Placement): i.e. Mr. Jirasak, is a payment by share swap in consideration of payment of the purchase price and transfer of the first portion of the Sale Shares. The shares newly-issued will be for a total value of Baht 357,000,000 (Baht 7 per share) in support of the offering to Mr. Jirasak via mean of Private Placement, and will be used as a payment by share swap.

For payment and transfer the second portion of the Sale Shares, the Company will issue the new ordinary shares with total value of Baht 153,000,000 to the Seller by mean of Private Placement as a payment of the second portion of the Sale Shares. The offering price will be at 110 percent of the market price of the Company's shares. In this regard, "market price" shall be pursuant to rules and regulations of the SEC Office, as specified in Clause 5. of this information memorandum.

In case where the Extraordinary General Meeting of Shareholders No. 1/2562 which will be held within March 2019 resolve to approve only that the Company may enter into the transaction, but does not approve the offering of the newly-issued shares to private investor (Private Placement): i.e. Mr. Jirasak or in case where the Company does not received approval from the SEC, the Company may seek financial assistance from financial institution.

**(7) Condition for the entering into the transaction**

Acquisition of the ordinary shares in S-TREK is subject to the followings.

Extraordinary General Meeting of Shareholders of the Company, which will be held within March 2019 and resolves to approve such acquisition, having detail as follows.

<b>Agenda proposed to shareholders' meeting for consideration and approval</b>	<b>Condition to Approval</b>
Consider and approve the investment by the Company in the ordinary shares of STREK (THAILAND) CO., LTD., in an investment portion of not over 51 percent	Votes of not less than three-fourths of shareholders attending a meeting and entitled to vote, not include shareholders who have interests

In addition, purchase of S-TREK's shares is up to the Share Purchase Conditions and the Second Share Purchase Condition, having details as per Clause 3.1 and Clause 3.3 abovementioned.



**(8) Expected benefits to the Company from the Transaction**

Investment in S-TREK will help the Company to be able to expand the scope of its business to a new business, which is IT and Mobile business. This business is interesting and has potential and therefore should benefit the Company and the Company's shareholders for the following reasons.

**8.1 Business Expansion**

At present, IT and mobile equipment is one of the important requisite in our daily lives in this fast revolving era of technology development. IT equipment, computer, mobile and other technology equipment, components or parts have inevitably played more and more important role with the daily lives. From such reason, the Company sees potential and growth in this particular fiend of business. That the Company shall invest in S-TREK is the expansion of business promoting growth of the Company alongside the growth of IT and mobile business.

However, although IT and mobile business is the business with promising growth in which the Company trusts will prove to promote Company's future growth, the Company will still operate its core business of manufacturing and distributing furniture under management of the same old management group. The IT and mobile business will be under management of a management team of which most members are current managements of S-TREK. Those current management are skilled and experienced in the business of IT and mobile product distribution and are ready to stay and work with the Company (nevertheless, note that after the payment of the first purchase price, the Company will nominate two directors to become two of the three directors of S-TREK). The management of furniture manufacturing and distributing business of the Company at present will not be affected. Hence, not only the investment in S-TREK's shares strongly, in a good way and in a long term, effect the management and business operation of the Company, it also helps diversify risk towards each business and help add value to the Company through investment in such potential growing and profitable business.

**8.2 Acquisition of Assets with Readiness and Growth Potential**

S-TREK has set its long-term goal in operating business that promotes its growth to increase sales and profits from operation focused in IT and mobile product group to ensure a continuing growth. S-TREK plans to reach the top and become a leader of IT and mobile business within 3 years. The Sales of S-TREK have increased for the past 10 years. Products of sale were mainly an IT art, mobile and solution, consisting of over 5,000 products. S-TREK has over 4,000 customer stores in other provinces all over Thailand.

S-TREK gives importance to group of products that can be beneficial to education, such as a smart table that can respond and enhance quality of teaching, or to support sudden needs of a business world. S-TREK has expended its business into developing e-Sports products including constructing a complex to support e-Sports players in Thailand.

In addition to the above, S-TREK management team also gives importance to working flexibly to always be ready to adjust the strategies regarding technologies, consumer behavior, after sales services including risk analysis and management such as product lifespans and customer base.

**(9) Opinion of the Board of Directors on the entering into the transaction**

The Board of Directors' Meeting of the Company No. 13/2561, convened on 30 November 2018, has resolved to approve the entry into the transaction, as the investment in S-TREK's shares in a portion of not over 51 percent will provide following benefits to the Company:

- 1) Investment in ID and mobile is for adding value and to general yields to the Company in the long term, which can be contributed to shareholders;
- 2) Investment is a great opportunity in expanding the Company's business to IT and mobile which is corresponding with the Company's policy and goal in diversifying risks from its core business.

Therefore, after due consideration, the Company's Board of Directors view this investment is reasonable as it will give the Company an opportunity to grow, steadily and continuingly. Such investment will promote stability to the Company's profits and salary, create value and long-term benefit to the Company. Also, when using Discounted Cash Flow criteria on the presumption, the Company will get appropriate yields from this investment.

Although there is a risk in investing in IT and mobile business as this particular field does change quite quickly and rapidly following technology development that may affect import duty, product lifespan management, the Company is confidence in potential and management experiences of the current managements who have been in this business field for over 25 years and is also confident in potential of the 4,000 customer stores nationwide.

In this regard, prior to resolving and approving the investment in S-TREK, the Board of Directors has agreed the Company hire several advisors with different speciality to examine documents and conditions thoroughly in order to ensure that there is no material risk that might cause the investment failure. The due diligence result turned out satisfying. For any issues that remain unclear or inconclusive, those issues will be put into the draft contract as conditions precedent, having details as per Clause 3.3 above and subject to the condition(s) of payment of the second purchase price as agreed with the Seller.

Hence, in requesting for approval from the Extraordinary General Meeting of Shareholders No. 1/2019 to be held within March 2019, the Company would like to ask each shareholder to please consider both benefits and risks including the opinion of the independent financial adviser in making a decision.

**(10) Opinion of the Audit Committee and/or opinion of the Director which is different from the opinion in No. 9**

There is no different opinion. All the directors attended the meeting.

The Board of Directors hereby certify that the information in this information memorandum is correct, complete and not misleading.

Please be informed accordingly.



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Yours sincerely,

East Coast Furnitech Public Company Limited

(Mr. Chalee Suksawad and Mr. Arak Suhsawad)

Authorized Directors

(F 53-4)

**Capital Increase Report Form**  
**East Coast Furnitech Public Company Limited**  
**30 November 2018**

We, East Coast Furnitech Public Company Limited, (the “**Company**”) hereby reports the resolution of Board of Directors Meeting No. 10/2017, held on 30 November 2018 from 9.30 to 13.00 hrs. in respect of a capital increase and share allotment as follows:

**1. Capital Decrease and Increase**

**Capital Decrease**

The Board of Directors Meeting has passed a resolution to approve the decrease of the Company’s registered capital amounting to Baht 68,425,178.25 from Baht 354,137,269.00 to Baht 285,712,090.75 by cancelling unissued ordinary shares of the Company amounting 273,700,713 shares with a par value of Baht 0.25 per share.

The cancellation of the unissued ordinary shares shall not include the ordinary shares of the Company allocated for the accommodation of the exercise of the rights under the Warrant to purchase ordinary shares of the Company No. 2 (“**ECF-W2**”) which approved by the Extraordinary General Meeting of Shareholders No. 2/2017 on 2 October 2017, which have not yet exercised, amounting to 53,484,650 shares, and the Warrant to purchase ordinary shares of the Company No. 3 (“**ECF-W3**”) which approved by the Extraordinary General Meeting of Shareholders No. 2/2017 on 2 October 2017, which have not yet exercised, amounting to 129,958,631 shares.

**Capital Increase**

The Board of Directors Meeting has passed a resolution to approve the increase of the Company’s registered capital from Baht 285,712,090.75 to Baht 325,712,090.75 by means of issuing 160,000,000 newly issued ordinary shares with a par value of Baht 0.25 per share, totaling Baht 40,000,000. The Details of each type of capital increase are as follows:

Type of capital increase	Type of share	Number of share (shares)	Par value (Baht/share)	Total (Baht)
<input checked="" type="checkbox"/> Specifying the purpose of utilizing proceeds	Ordinary share	not exceeding 65,000,000	0.25	not exceeding 16,250,000.00
<input checked="" type="checkbox"/> General Mandate	Ordinary share	not exceeding 95,000,000	0.25	not exceeding 23,750,000.00

## 2. Allotment of new shares

### 2.1 If specifying the purpose of utilizing proceeds

#### A. Details of allocation

Allotted to	Number of share (shares)	Ratio (Old : New)	Sale Price (Baht/share)	Subscription and payment period	Remark
1) on a private placement basis, Mr. Jirasak Prempojwattana ("Mr. Jirasak"), a shareholder of S-TREK (Thailand) Co., Ltd. ("S-TREK"), as consideration	51,000,000	-	Baht 7 per share	Details shown in Enclosure No. 1	Details shown in Enclosure No. 1
2) to accommodate the adjustment of rights of ECF-W2 and ECF-W#	14,000,000	-	free of charge	-	Details shown in Enclosure No. 2

#### Remarks:

- As a payment for the acquisition of shares in S-TREK (Part 1) to Mr. Jirasak, equivalent to 35.7 percent of the total sold shares in S-TREK by means of share swap, the Company therefore issues up to 51,000,000 newly issued ordinary shares at a par value of Baht 0.25 per share as consideration for the value of investment in the ordinary shares of S-TREK, at an offering price of Baht 7 per share, in the total value of not exceeding Baht 357,000,000. (the "**Investment in Ordinary Shares of S-TREK**")

It is expected that the payment for and the receipt of shares in the Part 1 will be completed within April 2019 under the relevant conditions as follows:

- The Company's Extraordinary General Meeting of Shareholders No. 1/2019 resolved to approve the Company to enter into the transaction of assets acquisition and issue and offer newly-issued ordinary shares to be allocated to the seller (Mr. Jirasak) on a private placement basis;
- The Company and the seller (Mr. Jirasak) comply with conditions precedent according to the MOU as appeared in Clause 3.3 of Memorandum of Assets Acquisition (Schedule 1) Re. The Acquisition of Ordinary Shares in S-Trek (Thailand) Company Limited (S-TREK) in the Proportion of 51 percent and;

3) The Company obtains an approval to offer newly-issued ordinary shares on a private placement from the Securities and Exchange Commission (the “SEC”) in accordance with the Notification No. TorChor. 72/2558 (“**Notification No. TorChor. 72/2558**”).

(Collectively referred to as “**Shares Purchase Conditions**”)

In offering such newly issued shares of the Company, in spite of the fact that the Company shall hold the shares in S-TREK totaling not exceeding 35.70 percent of total issued shares of S-TREK after the payment of S-TREK (first part), the Company shall be eligible to propose two director i.e. Mr. Chalee Suksawad and Mr. Arak Suksawad, and the Company and Mr. Jirasak shall determine the other details, conditions, and/or agreements, and execute the relevant agreements within April 2019 such as Share Purchase Agreements regarding the shares to be sold and purchased, Shareholders’ Agreement regarding S-TREK between the Company, Mr. Jirasak, and all shareholders of S-TREK, which initially the Company and all shareholders agreed to grant the Company the power to take control of the Board of Director’s Meeting and Shareholders’ Meeting, as well as any other agreements that cause the Company to acquire controlling power in S-TREK, the details of which appeared in the Clause 3.3 of the Information Memorandum regarding the list of acquisition or disposal of assets concerning the acquisition of ordinary shares of S-TREK, which is added in the Information Memorandum regarding the acquisition of ordinary shares of S-TREK. Such issuance and allocation of shares to Mr. Jirasak is the offer of newly issued shares to the specified person in the private placement basis, which the shareholders’ meeting of the Company shall designate the price of offer apparently in the amount of 7 Baht per share according to Notification Tor Jor. 72/2558. Such offering price is the offering of newly-issued ordinary shares at the price with no discount from the market price more than 10 percent as specified in

The market price means the weighted average price of the Company’s shares on the SET for the past 7 consecutive business days prior to the date on which the Board of Directors of the Company has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 approves the offering of the newly issued ordinary shares, i.e. from 21 November, 2018 to 29 November 2018, which is Baht 5.99 (based on SETSMART data in [www.setportal.set.or.th](http://www.setportal.set.or.th) of the SET). Such offering price is the offering of newly-issued ordinary shares at the price with no discount from the market price more than 10 percent as specified in Notification Tor Jor. 72/2558.

The Meeting has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 to consider conferring power upon the Board of Director, or its agent to have authority regarding the issuance, offer, allocation, subscription of the newly issued ordinary shares, which includes:

1. Determination, alteration, addition the details regarding the allocation, offer, allocation, subscription of the newly issued ordinary shares, the date and time of offering and allotting such shares, means of payment of such shares (which is eligible to determine the period of allocation and subscription either in single or sequential allocation) including proceeding any further actions in connection with the issuance, offer, allocation,

subscription of such shares, and manipulation of delivering and disclosing the relevant information to the Ministry of Commerce, SEC, SET, and relevant agencies or authorities;

2. Execution, alteration, amendment, contact regarding the documents concerning requests of approval, and any evidences which are necessary and in connection with the offer, allocation, subscription, delivery such shares, including contact, filing requests for approval, documents or evidences to the Ministry of Commerce, the SEC, the SET, and relevant agencies or authorities; and listing the such share in the SET; and having authorities to proceed any necessary and appropriate actions to enable the private placement of the Company to be duly executed;
3. Proceeding any further necessary and appropriate actions to enable any matters above to be duly executed.

If the offering price for newly-issued ordinary shares falls lower than 90 percent of the market price in past 7-15 business days before the first day of offering the newly-issued ordinary shares to Mr. Jirasak, the Company has a duty to prohibit Mr. Jirasak not to sell any of newly-issued ordinary shares received for a period of 1 year from the Company's shares' first trading date in the SET (Silent Period). After such newly-issued shares are traded in the SET for 6 months, Mr. Jirasak can sell up to 25 percent of the shares being prohibited to sell in accordance with the rules prescribed in the Notification of the Stock Exchange of Thailand Re: Rules, Conditions and Procedures Governing the Listing of Ordinary or Preferred Shares Issued for Capital Increase, BE 2558.

2. to accommodate the adjustment of rights of ECF-W2 and ECF-W3 issued and allocated to the existing shareholders on a pro rata basis as at the book closing date according to the conditions of the rights adjustment specified in the terms and conditions thereof. Currently, the company is not able to calculate the adjustment ratio of Warrants ECF-W2 and ECF-W3, since in calculating the price and ratio of new exercise of rights, it shall be calculated from the market price of ordinary shares of the Company which is equivalent to the weighted average price per share of all ordinary shares of the Company which means the value of sell and purchase of ordinary shares divided by the number of ordinary shares of the Company that were traded in the SET during consecutively 7 business days of the SET before the date of calculation, which the Company is currently not able to calculate. The Company shall be able to calculate the price and ratio of exercise of rights on first day that the ordinary share purchaser shall not be entitled to subscribe the newly issued ordinary shares; in other words, the first date of offering the newly issued ordinary shares under the Private Placement basis, which shall be informed by the Company in the SET system later on

**B. The Company's plan in case where there are fractions of shares remaining**

any fractions shall be rounded down.

## 2.2 Allotment of new shares under the General Mandate

Allotted to	Type of Shares	Number of share (shares)	Percentage of paid-up capital	Remarks
1. Private Placement	Ordinary Shares	Not exceeding 95,000,000	Not exceeding 10 percent	Remarks Nos. 1, 2 and 3

### Remarks:

1. The Company may either entirely or partially allocate the newly issued ordinary shares, whether in single or sequential allocation. In any case, the aggregate number of newly issued ordinary shares to be allocated to specific persons under the Private Placement basis under the General Mandate basis shall not exceed 95,000,000 shares or 10 percent of the paid-up registered capital of the Company as at the date the board of directors approving the increase of the registered capital under the General Mandate basis.
2. The specific persons under the Private Placement basis, who shall receive the allocation of the newly issued ordinary shares under the General Mandate basis, must at least have one of the following qualifications and shall not be the related persons of the Company as specified in the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transaction and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Practices of Listed Company in Respect of Connected Transaction B.E. 2546 :
  - (a) being institutional investors in accordance with the Notification of the Securities and Exchange Commission No. KorChor. 17/2551 Re: Determination of Definitions in the Notification Relating to Issuance and Offer for Sale of Securities; or
  - (b) being individual investors or juristic persons that have a stable financial status and a potential to an actual investment as well as have knowledge, skills, experience or potential in a manner that benefits or supports the Company's operation.
3. The offering price of the newly issued ordinary shares to the specific investors by means of the Private Placement under the General Mandate shall be "**Market Price**" which means the weighted average price of the Company's shares trading on the stock exchange of not fewer seven consecutive business days but not more than 15 consecutive business days prior to the date for determination of such subscription price. The weighted average price using in the calculation must be the daily average price for trading. In this regard, the date for determination of the subscription price shall not be earlier than three business days prior to the first subscription date where the shares shall be offered to the investors. In the case that the Board of Directors of the Company deems that there is an appropriate cause by taking into account of the best interests of the Company, the Board of Directors may determine the offering price with a discount of not more than 10 percent of the market price, provided that the Board of Directors has taken into consideration of the market status at that time in determining such discount, pursuant to the Notification of the Capital Market



Supervisory Board No. TorChor. 72/2558, Re: Approval of Offering for Sale of Newly-Issued Shares by Listed Companies to Specific Persons.

4. The Board of Directors' Meeting has resolved to approve the authorization to the board of directors to take any action relating to the allocation of the newly issued ordinary shares as follows:
  - (1) to consider and determine details of the allocation of newly issued ordinary shares, such as, the subscription price of newly issued ordinary shares, number of allocations of the newly issued ordinary shares, whether single or sequential allocation, period of the offering, payment of share subscription price, name of specific persons under private placement basis, other conditions and details in connection with the allocation of such newly issued ordinary shares;
  - (2) to enter into negotiation, agreement and execution of relevant documents and agreements, as well as taking any actions in connection with the allocation of such newly issued ordinary shares; and
  - (3) to execute applications for permission and waiver, and necessary evidence in connection with the allocation of such newly issued ordinary shares, including the arrangement and submission of applications for such permission or waiver, documents and evidence to the relevant authorities or agencies, listing of such newly issued ordinary shares on the SET and being empowered to take any other action which is required and appropriate for the allocation of such newly issued ordinary shares.

### **3. Schedule for shareholders meeting to approve the capital increase/allotment**

The Extraordinary General Meeting of Shareholders No. 1/2019 shall be held within March 2019. The venue of the meeting is to be announced.

The record date for determining the right of shareholders to attend the Extraordinary General Meeting of Shareholders No. 1/2019 will be on 31 January 2019.

### **4. Approval of the capital decrease and increase/share allotment by relevant governmental agency and conditions thereto**

1. The Company will apply for the registration of the capital decrease and increase of the paid-up capital with the Department of Business Development, the Ministry of Commerce.
2. The Company will apply for the approval from the SET to list such newly issued ordinary shares on the SET.
3. The offer and allocation of the newly-issued shares on a private placement basis to Mr. Jirasak shall be in compliance with the Shares Purchase Conditions as well.

### **5. Objectives of the capital decrease and increase and the use of proceeds from the capital increase**

1. The Company's objectives to issue newly-issued ordinary shares as a payment for the value of the investment in ordinary shares in S-TREK is to enhance the ability to generate profits of the Company by investing in S-TREK. Such investment will help the Company expand the

operation of its business to the new businesses which are the business of IT and mobile products, having considered that these businesses have a potential in growth, together with the fact that S-TREK has satisfied operation results and is on an upward trend on a continuous basis. The Company believes that such investment will benefit the Company and the shareholders of the Company in the future.

2. to accommodate the rights adjustment of ECF-W2 and ECF-W3 according to the conditions of the rights adjustment in the terms and conditions.
3. to be used as a working capital and increase the liquidity of the Company as well as to be used as the fund for expanding its core business such as the investment for semi-automatic machines to add up in production process and/or the business relevant to the core business and/or the investment in any businesses in the energy industry such as solar power plant in Myanmar that the Company has invested 20 percent of total share of Green Earth Power (Thailand) Company Limited and the investment in the associates (SAFE Energy Holding Company Limited : SAFE) that is held by the subsidiary (ECF Power Company Limited) 33.37 percent of total shares. In this regard, SAFE plans to invest in more other projects and is on the process of feasibility study.

**6. Benefits to the Company related to the capital increase/share allotment.**

- 1) Investing in S-TREK is an expansion of business in an attractive industry. At present, IT devices and mobile phones are one of the most important factors in our daily lives in an era of technological growth and information changes and are rapidly growing at present. Therefore, IT devices, computers, mobile phones and other technological devices inevitably play an important role on daily lives in every aspect. For this reason, the Company recognizes the potential and growth in this business; therefore, the Company's investment in S-TREK which is an expansion of business of the Company will enable the Company to grow together with the decent growth prospects of IT and mobile phones business.

Although the IT and mobile phones business has good growth prospects, which the Company viewed that it would help build up the potential and growth of the Company in the future, the Company is still operating the core business of manufacturing and selling furniture under the existing management while the business operation of IT and mobile phones will be under the management of mostly the current S-TREK's executives who are knowledgeable, experienced and expert in the business of distributing IT products and mobile phones and are ready to cooperate with the Company (after the payment of the shares in the Part 1, the Company will nominate the two directors, causing S-TREK to have two directors nominated by the Company from the total of the three directors). This will not affect the current administration of furniture manufacture and distribution business of the Company. Therefore, not only will investing in S-TREK have a good impact on the administration and business operation of the Company in the long run, but it will also diversify the Company's risks from business operation and increase an

opportunity to add value to the Company by investing in the business that is expected to grow in terms of revenue and profits.

- 2) Investing in S-TREK is a good acquisition of assets with a potential to grow. S-TREK has determined the long-term goal of business to increase the growth of sales and profits from the operation of IT products and mobiles in order to grow continuously and aim to be the leader of IT and mobile phones business within 3 years. S-TREK has experience continuously sales growth in the past 10 years from the distribution of products, i.e. IT parts, mobile phones and solutions with the total products of more than 5,000 products and customers both in Bangkok and across the country of more than 4,000 shops

S-TREK places an importance on products that can develop the potential of learning and education in Thailand such as smart tables that can fulfil and increase the efficiency of learning and teaching, and the development of business that rapidly responds to the business world. In addition, it also expands the business to the development of e-Sports or electronic sports products that S-TREK has invested in constructing building to support the e-Sports competitions in Thailand.

In addition, the experienced management team of S-TREK focuses on flexible management and is ready to change the business strategies to be in line with rapid changes in terms of technology, consumer behavior and after-sale services, as well as the risk analysis and management of the business continuously such as product ages and the maintenance of consumer base.

- 3) The Company's newly-issued shares and offered on a private placement basis in lieu of cash payment for share purchase is the Company's investment management that would not affect the Company's working capital and the Company does not have to increase debt liabilities from loans and can reduce the financial costs of the Company. The Company expects that the Company will be able to generate revenue from S-TREK's business in addition to the core business, which has a good opportunity to receive a good return on investment in the assets.
- 4) This capital increase will assist the Company in enhancing the Company's financial liquidity and being a working capital, as well as strengthening the Company's balance sheet for the expansion in its core business and/or the business relevant to its core business and investment in energy industry for a long term.

**7. Benefits which the shareholders will receive from the capital increase/share allotment:**

Please see Clause no. 6 of this Capital Increase Report Form.

**8. Other details necessary for shareholders to approve the capital increase/share allotment.**

The issuance of the newly-issued shares of the company to Mr. Jirasak will have an effect on the shareholders of the Company in terms of the Control Dilution and the Earning per Share Dilution at the rate of 5.047. Please consider the details in Information in respect of expected effects from the capital increase or

allocation of shares to specific investor (Private Placement) in Information Memorandum on the Offering of Newly Issued Ordinary Shares to Specific Investors (Private Placement).

**9. Schedule of actions where the board of directors of the Company passed a resolution approving the capital increase or allotment of new shares:**

Procedures	Date
1) The date of the Meeting of Board of Directors No. 13/2018	30 November 2018
2) The date to determine shareholders entitled to attend the Extraordinary General Meeting (EGM) No. 1/2019 (Record Date)	31 January 2019
3) The date of EGM No. 1/2019	within March 2019
4) Proceed the registration for capital decrease with the Ministry of Commerce	within 14 days since receiving the resolution from the shareholder's meeting
5) Proceed the registration for capital increase with the Ministry of Commerce	within 14 days since receiving the resolution from the shareholder's meeting
6) Proceed the offer and allocation of the newly-issued shares on a private placement basis	after obtaining an approval from the SEC – no longer than 3 months after the shareholders' meeting passing a resolution
7) Proceed the registration for the paid-up capital received on a private placement basis and other matters in relation to the MOC	within 14 days since receiving the subscription payment
8) Proceed the application to list the newly-issued shares on the SET	within 30 days since receiving the subscription payment

The Company hereby certifies that the information contained in this report is true and complete in all respects.

(Authorized Director  
signed with the  
Company's Seal affixed)

\_\_\_\_\_  
(Mr.Chalee Suksawad)  
Authorized Director

\_\_\_\_\_  
(Mr.Arak Suksawad)  
Authorized Director



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**Information Memorandum on the Offering of Newly Issued Ordinary Shares to Specific Investors  
(Private Placement)**

The Board of Directors' meeting No. 13/2018 of East Coast Furnitech Public Company Limited (the "**Company**"), held on 30 November 2018, approved the Company to acquire shares from Mr. Jirasak Prempojwatana ("**Mr. Jirasak**") in the total number of 15,300,000 shares, at a par value of Baht 10 per share, equivalent to 51 percent of the total sold shares of S-TREK, equivalent to the total value of Baht 510,000,000, by the method of acquiring the shares of Strek (Thailand) Company Limited ("**S-TREK**"), which is divided into to two parts.

The Board of Directors' meeting therefore resolved to approve the allocation of newly-issued ordinary shares of the Company up to 51,000,000 shares, at a par value of Baht 0.25 or equivalent to 51 percent of the Company's paid-up capital after the increase of paid-up capital to Mr. Jirasak as (a) consideration for the investment in the ordinary shares of S-TREK for the Part 1 acquisition of Shares in S-TREK in the number of 10,710,000 shares ("**Part 1**"), equivalent to the proportion of not exceeding 35.70 percent of the total sold shares of S-TREK, paying by newly-issued shares of the Company at an offering price of Baht 7, in the total value (Part 1) of not exceeding Baht 357, 000,000, and (b) as a payment for shares and the receipt of shares in S-TREK in the Part 2 in the number of 4,590,000 shares ("**Part 2**") or equivalent to 15.3 percent of the total sold shares in S-TREK or equivalent to the total value (Part 2) of Baht 153,000,000, which is expected to be completed within April 2022 under the conditions of the Part 2 acquisition that will be paid by newly-issued shares of the Company at an offering price of 110 percent of the market price of the Company's shares at the time of offering. The determination of "market price" will be in accordance with the rules and regulations of the Office of the Securities and Exchange Commission (the "**SEC**"). Please consider more details of the investment in ordinary shares of S-TREK in Memorandum on the Acquisition of Assets of East Coast Furnitech Public Company Limited according to Schedule 1 appeared in Enclosure 1

In this regard, the investment in the ordinary shares in S-TREK in Part 1 will have the value of Baht 357,000, and the Company will make a payment for such investment in ordinary shares of S-TREK by the Company's newly-issued ordinary shares of not exceeding 51,000,000 shares, at a par value of Baht 0.25 per share, by determining an offering price of the Company's newly-issued ordinary shares at Baht 7 per share, totaling Baht 357,000,000 ("**the Offering of Newly-issued Shares of the Company**")

The Offering of Newly-issued Shares at an offering price of Baht 7 is considered the offering of newly issued ordinary shares with no discount more than ten percent of the market price as defined in the Notification of the Capital Market Supervisory Board No. TorChor. 2558/72(2015) Re: Approval for Listed Companies to Offer Newly Issued Shares to Specific Investors (Private Placement) (including the amendments thereof) ("**Notification No. TorChor. 72/2558**") which needs to be approved by the Extraordinary General Meeting of Shareholders No. 1/2019 of the Company with votes of not less than three-quarters of the total votes of the shareholders attending the meeting and eligible to vote. In addition the

Company will need to obtain approval regarding the offering of newly-issued ordinary shares on a private placement basis from the SEC as stipulated in Notification No. TorChor. 72/2558 prior to the Offering of Newly-issued Ordinary Shares of the Company.

The information important for the shareholders' decision making is as follows:

## 1. **Details of the offering, determination and appropriateness of the offering price and determination of the market price**

### 1.1. **Details of the offering**

The Company issues up to 51,000,000 newly issued ordinary shares at a par value of Baht 0.25 per share as consideration for the value of investment in the ordinary shares of S-TREK to Mr. Jirasak, at an offering price of Baht 7 per share, in the total value of not exceeding Baht 357,000,000 as a payment for the acquisition of shares in S-TREK (Part 1) that the Company will receive in the number of 10,710,000 shares in S-TREK in the Part 1, equivalent to 35.7 percent of the total sold shares in S-TREK. It is expected that the payment for and the receipt of shares in the Part 1 will be completed within April 2019 under the relevant conditions as follows

- 1) The Company's Extraordinary General Meeting of Shareholders No. 1/2019 resolved to approve the Company to enter into the transaction of assets acquisition and issue and offer newly-issued ordinary shares to be allocated to the seller (Mr. Jirasak) on a private placement basis;
- 2) The Company and the seller (Mr. Jirasak) comply with conditions precedent according to the MOU as appeared in Clause 3.3 of Memorandum of Assets Acquisition (Schedule 1) Re. The Acquisition of Ordinary Shares in S-Trek (Thailand) Company Limited (S-TREK) in the Proportion of 51 percent and;
- 3) The Company obtains an approval to offer newly-issued ordinary shares on a private placement from the SEC in accordance with the Notification No. TorChor. 72/2558 (Collectively referred to as "**Shares Purchase Conditions**")

Such offering price of the Company's newly-issued ordinary shares is a price with no discount more than ten percent of the market price as defined in the Notification No. TorChor. 72/2558 The Offering of Newly-issued Shares of the Company is the offering of newly-issued shares as consideration for the investment in ordinary shares in S-TREK in the Part 1 in the number of 10,710,000 shares, equivalent to not exceeding 35.7 percent of the total sold ordinary shares in S-TREK from the existing shareholder, i.e. Mr. Jirasak. Although the Company will hold shares in S-TREK in the proportion of not exceeding 35.70 of the total sold shares in S-TREK, the Company has the rights to nominate 2 persons, namely Mr. Chalee Suksawat and Mr. Arak Suksawat to be directors of S-TREK (after the appointment of the 2 new directors of S-TREK, S-TREK will have 3 directors in total) and the Company and Mr. Jirasak will determine the details, conditions and/or any other agreements in order to sign the relevant agreements within

April 2019 such as the share purchase agreement, the shareholder agreement related to S-TREK which are made between the Company, Mr. Jirasak and all of the other shareholders of S-TREK. Preliminarily, the Company, and all of the shareholders agree that the Company has control in the Board of Directors' meeting and the shareholders' meeting, as per details appeared in Clause 3.3 of Information Memorandum of Assets Acquisition (Schedule 1) Re. The Acquisition of Ordinary Shares in S-Trek (Thailand) Company Limited in the Proportion of 51 percent.

Anyhow, the investment in the ordinary shares in S-TREK does not cause any conflict of interest to the Company since Mr. Jirasak will hold the Company's shares only in the number of not exceeding 51,000,000 shares or approximately not exceeding [•] of the total paid-up capital of the Company after the increase in paid-up capital and Mr. Jirasak will not be the director of the Company or send his representatives to be the directors of the Company or participate in the management of Company.

### **1.2 Determination of the offering price and appropriateness of the price of the Company's newly issued shares**

The Company determines the offering price of newly-issued ordinary shares of the Company in the number of not exceeding 51,000,000 shares at a price of Baht 7 per shares which is the price from the negotiation between the Company and the seller.

Such price is a price not lower than 90 percent of the market price according to Notification No. TorChor. 72/2558

### **1.3 Determination of the market price**

The market price means the weighted average price of the Company's shares on the SET for the past 7 consecutive business days prior to the date on which the Board of Directors of the Company has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 approves the offering of the newly issued ordinary shares, i.e. from 21 November, 2018 to 29 November 2018, which is Baht 5.99 (based on SETSMART data in [www.setportal.set.or.th](http://www.setportal.set.or.th) of the SET). Such offering price is the offering of newly-issued ordinary shares at the price with no discount from the market price more than 10 percent as specified in Notification Tor Jor. 72/2558.

If the offering price for newly-issued ordinary shares falls lower than 90 percent of the market price in past 7-15 business days before the first day of offering the newly-issued ordinary shares to Mr. Jirasak, the Company has a duty to prohibit Mr. Jirasak not to sell any of newly-issued ordinary shares received for a period of 1 year from the Company's shares' first trading date in the SET (Silent Period). After such newly-issued shares are traded in the SET for 6 months, Mr. Jirasak can sell up to 25 percent of the shares being prohibited to sell in accordance with the rules prescribed in the Notification of the Stock Exchange of Thailand Re:



Rules, Conditions and Procedures Governing the Listing of Ordinary or Preferred Shares  
Issued for Capital Increase, BE 2558

#### 1.4 Offering Plan

The schedule in April 2019 under the conditions on the share purchase as appeared in Clause 1.1 of this information memorandum.

## 2. Objectives of the offering of the newly issued ordinary shares, plans for utilizing the proceeds

### 2.1 Objectives of the offering of the newly issued ordinary shares, plans for utilizing the proceeds and details

The Company's objectives to issue newly-issued ordinary shares as a payment for the value of the investment in ordinary shares in S-TREK is to enhance the ability to generate profits of the Company by investing in S-TREK. Currently, S-TREK operates the business of trading IT products, having IT and mobile products, as well as channels to distribute covering the areas across Thailand. The products ready to sell are more than 5,000 products and the distribution channels via distributors which is small, medium and large IT centers cover Bangkok areas and provincial areas of more than 4,000 shops. In addition S-TREK places an importance by considering the product groups which can develop the learning and education potential of Thai people such as smart tables which can fulfil and increase the efficiency of learning and teaching, and develop the business which responds rapidly to the business world. In addition, there is an expansion to the development in e-Sports products or electronic sports which S-TREK has invested in constructing buildings in order to support e-Sports in Thailand. Moreover, the experienced management team of S-TREK focuses on flexible management and is ready to change the business strategies to be in line with the rapid changes in terms of technology, consumer behavior, after-sale services as well as the continuous risk analysis and management in the business such as product ages, the maintenance of customer base. Please consider details in Clause 8 Memorandum on the Acquisition of Assets of East Coast Furnitech Public Company Limited according to Schedule 1 appeared in Enclosure 1

#### The details of investment in ordinary shares in S-TREK

Company Name	:	Strek (Thailand) Co., Ltd.
Date of establishment	:	3 December 1992
Address	:	452 Sukonthasawas Road, Ladphrao, Ladphrao, Bangkok
Paid-up registered capital	:	Baht 300,000,000
Number of issued shares	:	30,000,000 shares
Par value	:	Baht 10
Characteristics of business	:	A trading company of IT products, having IT and



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	<p>mobile phone products as well as channels to distribute covering the areas across Thailand. The products ready to sell are more than 5,000 products and the distribution channels via distributors which is small, medium and large IT centers cover Bangkok areas and provincial of more than 4,000 shops, namely IT City, Advice, JIB, COM7, Banana IT etc.</p>
Connected persons of the Company :	<p>The Company, S-TREK and the shareholders of S-TREK do not have any relationship between each other. In addition, S-TREK and its shareholders are not connected persons of the Company under the Notifications of Connected Persons.</p>
Number of shares, proportion of shareholdings the Company hold in S-TREK after the issuance of newly-issued ordinary shares to Mr. Jirasak as a payment for shares in S-TREK	<p>15,300,000 shares, 51 percent, totaling the value of not exceeding Baht 510,000,000 divided into 2 parts, i.e:</p> <p>Part 1, in the number of 10,710,000 shares, equivalent to 35.7 percent of the total sold shares in S-TREK, totaling Baht 357,000,000. The Company will issue newly-issued ordinary shares up to 51,000,000 shares at an offering price of Baht 7 as a payment for shares in S-TREK in the Part 1 and;</p> <p>Part 2, in the number of 4,590,000 shares or equivalent to 15.3 percent of the total sold shares in S-TREK, totaling Baht 153,000,000.</p>
Product groups	<ol style="list-style-type: none"><li>1. Computer parts</li><li>2. Computer equipment</li><li>3. Networking products</li><li>4. Software products</li><li>5. CCTV products</li><li>6. Services and solutions</li><li>7. Internet cafe</li><li>8. Mobile phones</li><li>9. E-Sports or electronic sports</li></ol>

The details of current shareholders of S-TREK compared to that after the acquisition as follows:

List of shareholders	Before the acquisition		After the acquisition (Part 1 and Part 2 in full amount)	
	Amount of shares (shares)	Shareholdings compared to paid-up capital (percent)	Amount of shares(Shares)	Shareholdings compared to paid-up capital (percent)
1. Mr. Jirasak Prempojwatana	29,500,000	98.33	14,200,000	47.33
2. S.T.S. TELECOM CO.,LTD.*	499,997	1.67	499,997	1.67
3. Mr. Thaninrat Phibunphakdiphong	3	0.00	3	0.00
4. East Coast Furnitech Public Co.,Ltd.	-	-	15,300,000	51.00
Total	30,000,000	100.00	30,000,000	100.00

Remark : \* S.T.S. TELECOM CO.,LTD.'s director and ultimate shareholder is Mr. Jirasak Prempojwatana in the proportion of 99.99 percent, who is an authorized director, and currently has a paid-up capital of Baht 100 million.

The current list of directors of S-TREK compared to that after the acquisition comprising:

Name - Surname	Before acquisition	After acquisition
1. Mr. Jirasak Prempojwatana	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2. Mr. Chalee Suksawat		<input checked="" type="checkbox"/>
3. Mr. Arak Suksawad		<input checked="" type="checkbox"/>

**Remark** : the Company has the rights to nominate 2 new directors from the 1 existing director of S-TREK after the share payment and receipt of shares in the Part 1 has been completed.

The Company believe that the investment in ordinary shares in S-TREK will enhance the potential to generate revenue and profits of the Company to be even higher since this is the investment in the IT industry which is growing and having an important role on daily life and business operation. The investment in S-TREK of the Company is to expand the boundary of the Company's business operation and will make the Company having an opportunity to grow together with the decent growth prospects of IT and mobile business, which helps create an opportunity to generate revenue and profits of the Company as well as value added and return to the Company in the long run.

In addition, the investment in ordinary shares in S-TREK is a strategic investment by expanding the business operation of the Company to an interesting industry with high potential to grow, by which the Company will gain benefits in the future from expanding businesses via an investment in S-TREK as well as the diversification of risks from operating only one core business.

As for the issuance of newly-issued ordinary shares of up to 51,000,000 shares as payment for shares in S-TREK in the Part 1, even though the Company will hold shares in S-TREK in the proportion of not exceeding 35.70 percent of the total sold shares in S-TREK, the Company and Mr. Jirasak will determine details, conditions and/or any other agreements to sing relevant agreements within April 2019 such as the share purchase agreement, the shareholding agreement related to S-TREK, made between the Company and Mr. Jirasak and all of the other shareholders of S-TREK. Primarily, the Company and all of the shareholders agreed that the Company will have control over the Board of Directors' meetings and shareholders meetings as well as other agreements which would make the Company have control over S-TREK. The details appeared in Clause 3.3 of Memorandum of Assets Acquisition (Schedule 1) Re. The Acquisition of Ordinary Shares in S-Trek (Thailand) Company Limited in the Proportion of 51 percent.

## **2.2 Opportunity to generate income to the Company**

Since the Company is able to expand the investment into the IT industry to build up the ability to generate revenue and profits to the Company from the fact that S-TREK has a continuously growing sales in the past 10 years via the distribution of products, i.e. IT parts, mobile phones and solutions. There are more than 5,000, products and customers both in Bangkok and other areas across Thailand more than 4,000 shops.

S-TREK also places an importance on products that can develop the learning and teaching potential of Thai people such as smart tables, which can fulfill to and increase the potential the learning and teaching potential and develops the business that can quickly respond to the business world. In addition, the company is also expanding to the development of e-Sports or electronic sports products, and S-TREK has invested in constructing building to support the competitions of "e-Sports" in Thailand.

Moreover, the experienced management team of S-TREK also focuses on the flexible management and is ready to change business strategies to be in line with the rapid changes in terms of technology , consumer behavior, after-sale services as well as the risk analysis and management in the business such as products ages and the maintenance of consumer base.

## **2.3 Possible impacts in the case of failure to implement the project and risks from the projects**

Regarding the Company's decision to invest in this project, the risks that may occur are as follows:

1. The risks in case the revenue and performance of S-TREK is not as expected
2. The risks from fluctuations of currency exchange rate since S-TREK imports IT products from foreign countries which may have an impact on S-TREK operation. However, S-TREK has made currency exchange forward contracts to hedge the risks that might occur from currency exchange rate.

However, the Company has made a plan to hedge the risks by determining the price of share payment and receipt of shares in the second part to be under the conditions of share purchase

and any of S-TREK's audited 12-month financial statements as of 31 December 2019 to 31 December 2021 must have net profits (excluding special transactions) of not lower than Baht 100,000,000 per year. The share payment and share receipt in the Part 2 is expected to be completed within April 2022

If the the Company's audited 12-month financial statements as of 31 December 2019 to 31 December 2021, all of the 3 financial statements (all of the 3 years) of S-TREK show net profits (excluding special transactions) lower than Baht 100,000, the Company will no longer be obliged to receive the transfer of remaining shares of 4,590,000 shares from the seller, and the company will have the rights to sell shares from the Part 1 of 10,710,000 shares back to the seller and-or persons specified by the seller.

#### **2.4 Total expected initial investment budget and total expected investment budget utilized for the projects to generate income to the Company**

The Company will acquire shares from the seller in the total number of 15,300,000 shares, at a par value of Baht 10 per share, equivalent to 51 percent of the total sold shares in S-TREK, totaling Baht 510,000, by means of acquiring shares in S-TREK which is divided into 2 parts: (a) Part 1 in the number of 10,710,000 shares, equivalent to 35.7 percent of the total sold shares in S-TREK, totaling Baht 357,000,000. The Company will issue newly-issued ordinary shares of the Company in the number of not exceeding 51,000,000 shares, at an offering price of Baht 7 as a payment for shares in S-TREK in the Part 1, and (b) for the Part 2 will issue another 4,590,000 shares, equivalent to 15.3 percent of the total sold shares in S-TREK, by issuing newly-issued ordinary shares of the Company, in the total value of Baht 153,000,000 to the seller on a private placement basis, at an offering price of the Company's newly-issued shares is at 110 percent of the market price of the Company's shares at the time of offering. The determination of "market price" will be in accordance with the rules and regulations of the SEC.

### **3. Information in respect of expected effects from the capital increase or allocation of shares to specific investor (Private Placement)**

The offering of shares as specified above may cause the following effects to the shareholders:

#### **3.1 Price dilution**

There is no price dilution since the offering price of newly-issued shares to Mr. Jirasak is Baht 7 per share which is higher than the market price of the Company's shares. The market price means the weighted average price of the Company's shares on the SET for the past 7 consecutive business days prior to the date on which the Board of Directors of the Company has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 approves the offering of the newly issued ordinary shares, i.e. from 21 November, 2018 to 29

November 2018, which is Baht 5.99 (based on SETSMART in www.setportal.set.or.th of the SET).

### 3.2 Control Dilution

$$\begin{aligned} &= \frac{\text{No. of shares offered for sale}}{\text{No. of paid-up shares} + \text{No. of shares offered for sale}} \\ &= \frac{51,000,000}{959,405,082.00 + 51,000,000} \\ &= 5.047 \text{ percent} \end{aligned}$$

After the offering of newly-issued shares, there will be a control dilution of 5.047 percent

### 3.3 Earning per Share Dilution

$$\begin{aligned} &= \frac{\text{Earnings per Share prior to the offering} - \text{Earnings per Share after the offering}}{\text{Earnings per Share prior to the offering}} \\ &= \frac{0.0566 - 0.0537}{0.0566} \\ &= 5.047 \text{ percent} \end{aligned}$$

After the offering of newly-issued shares, there will be earning per share dilution of 5.047 percent

When comparing the benefits the shareholders would gain from the offering of newly-issued shares to accommodate the investment in ordinary shares in S-TREK with the the control dilution and earning per share dilution which has little impact and does not have an impact on price dilution as per details above, the Board of Directors viewed that the offering of newly-issued ordinary shares for the investment in ordinary shares of S-TREK is more beneficial to the shareholders since the investment in ordinary shares in S-TREK is beneficial to the Company and the Company's shareholders as appeared in Clause 3.4 of this information memorandum.

### 3.4 Benefits to the Company and the Company's shareholders

In respect of the Company's investment in ordinary shares in S-TREK, there will be benefits to the Company and the Company's shareholders as follows:

1) Investing in S-TREK is an expansion of business. At present, IT devices and mobile phones are one of the most important factors in our daily lives in an era of technological growth and information changes and are rapidly growing at present. Therefore, IT devices, computers, mobile phones and other technological devices inevitably play an important role on daily lives in every aspect. For this reason, the Company recognizes the potential and growth in this business; therefore, the Company's investment in S-TREK which is an expansion of business of

the Company will enable the Company to grow together with the decent growth prospects of IT and mobile phones business.

Although the IT and mobile phones business has good growth prospects, which the Company viewed that it would help build up the potential and growth of the Company in the future, the Company is still operating the core business of manufacturing and selling furnitures under the existing management while the business operation of IT and mobile phones will be under the management of mostly the current S-TREK's executives who are knowledgeable, experienced and expert in the business of distributing IT products and mobile phones and are ready to cooperate with the Company. This will not affect the current administration of furniture manufacture and distribution business of the Company. Therefore, not only will investing in S-TREK have a good impact on the administration and business operation of the Company in the long run, but it will also diversify the Company's risks from business operation and increase an opportunity to add value to the Company by investing in the business that is expected to grow in terms of revenue and profits.

2) Investing in S-TREK is a good acquisition of assets with a potential to grow. S-TREK has determined the long-term goal of business to increase the growth of sales and profits from the operation of IT products and mobiles in order to grow continuously and aim to be the leader of IT and mobile phones business within 3 years. S-TREK has experience continous sales growth in the past 10 years from the distribution of products, i.e. IT parts, mobile phones and solutions with the total products of more than 5,000 products and customers both in Bangkok and across the country of more than 4,000 shops

S-TREK places an importance on products that can develop the potential of learning and education in Thailand such as smart tables that can fulfil and increase the efficiency of learning and teaching, and the development of business that rapidly responds to the business world. In addition, it also expands the business to the development of e-Sports or electronic sports products that S-TREK has invested in constructing building to support the e-Sports competitions in Thailand.

In addition, the experienced management team of S-TREK focuses on flexible management and is ready to change the business strategies to be in line with rapid changes in terms of technology, consumer behavior and after-sale services, as well as the risk analysis and management of the business continuously such as product ages and the maintenance of consumer base.

3) The Company's newly-issued shares and offered on a private placement basis in lieu of cash payment for share purchase is the Company's investment management that would not affect the Company's working capital and the Company does not have to increase debt liabilities from loans and can reduce the financial costs of the Company. The Company expects that the Company will be able to generate revenue from S-TREK's business in addition to the core business, which has a good opportunity to receive a good return on investment in the assets.

**4. Opinion of the Board of Directors of the Company on the matters required in the Notification of the Capital Market Supervisory Board No. TorChor. 73/2558 (2015) Re: Particulars in the Invitation to a Shareholders' Meeting of Listed Companies to Request for Approval for Issuance and Offering of Securities (Codified)**

4.1 Reference of the determination of the offering price and appropriateness of the offering price of the newly-issued shares, S-TREK is a company with financial stability and potential to generate revenue and profits to the Company. S-TREK also has experience and success in operating business in the IT industry for more than 25 years, and is very well known and respected in the IT business circle. Its apparent success includes be appointed to be a official distributor of flash drives under the trademark "TREK" from Singapore. At that time "TREK" was the first company in the world to manufacture flash drives and later on began expanding the business to the manufacture of computer parts under world-class trademarks, as well as being appointed by Seagate Technology (Thailand) Co.,Ltd. to be an official distributor of hard disk products under trademark "Seagate".

Investing in S-TREK is considered a good opportunity to invest in an interesting business with high potential to generate revenue and profits, as well as the diversification of risks from operating only one core business which is beneficial to the stability of the Company's business operation in the long run.

The investment in shares in S-TREK will be beneficial to the Company since it is an investment in IT and mobile phones business in order to create added value and generate returns to the Company in the long term which will be the returns to the shareholders. In addition, investing in S-TREK is a good opportunity for the Company to expand its business to IT and mobile business which is in line with the Company's policy and objectives to diversity risks from the operation of core business.

The criteria the Company used to determine the price of the Company's newly-issued shares at Baht 7 per share as a payment for ordinary shares in S-TREK is the price higher than the market price of the Company's shares. The market price of the Company's shares is the weighted average price of the Company's shares on the SET for the past 7 consecutive business days prior to the date on which the Board of Directors of the Company has resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2019 approves the offering of the newly issued ordinary shares, i.e. from 21 November, 2018 to 29 November 2018, which is Baht 5.99 (based on SETSMART data in [www.setportal.set.or.th](http://www.setportal.set.or.th) of the SET).

Investing in IT and mobile phones business may have risks from rapid and continuous changes according to the changes in technology, currency exchange, products import and the management of product ages to catch up with the new technology. However, the Company is confident in the potential and experience in respect of the management in this business of the existing management, who have experience in this field for more than 25 years and the

potential of customer base both in Bangkok and other provinces of not less than 4,000 shops at present.

Prior to the approval of investing in S-TREK, the Company's Board of Directors has required the Company to hire advisors who are experienced in different fields to examine documents and conditions in detail so as to be confident that there are no significant risks that may cause the investment to be unsuccessful. The due diligence result is satisfactory, and in respect of unclear or inconcluded issues, the Company has determined the conditions of entering into transactions in order to be most beneficial to the Company regarding the entering into this transaction.

#### **4.2 Rationale and necessity of the capital increase and the offering of the newly issued ordinary shares**

The Board of Directors is of the opinion that the offering of newly-issued ordinary shares on a private placement basis will allow the Company to maintain cash flow to be used as working capital or used for the business operation of the Company and/or for debts repayment which will increase the liquidity of the Company. The ability to raise fund when comparing with the issuing of newly-issued shares to the public, the offering and allocation of newly-issued shares is considered faster and the amount is in accordance with the need.

In this regard, the Board of Directors has considered other options for source of fund to pay the consideration for the purchase of the ordinary shares in S-TREK such as the offering of newly-issued shares to the public or existing shareholders and have the opinion that such processes are required to follow more rules and consume more time including having higher cost of operation. In addition, the offering of newly-issued shares to the public or existing shareholders has an uncertainty that the Company will be able to raise fund in the full amount within the time required. In addition, the use of source of fund from loan to pay the consideration of the purchase of assets will have an impact on the financial ratio such as debt to equity ratio which may have an impact on financial status of the Company.

In addition, the Board of Directors is of the opinion that the capital increase by issuing newly-issued ordinary shares on a private placement basis is not only beneficial in terms of flexibility and financial liquidity of the Company, but also beneficial to the expansion of the Company in the future since the specific person that the Company will allocate newly-issued ordinary shares to will be a business alliance of the Company which is useful for the business expansion, investment and the business operation of the Company in the long run.

#### **4.3 Possibility of the plan for utilizing the proceeds derived from the share offering**

The Board of Directors is of the opinion that the allocation of newly-issued shares on a private placement basis as consideration for the investment in ordinary shares in S-TREK in Part 1. Preliminarily, it is expected that the Company and the shareholders of S-TREK will agree to complete the share acquisition transaction within April 2019, depending on the conditions on shares purchase.



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**4.4 Reasonableness of the capital increase and sufficiency of the source of fund in the case where the proceeds derived from the offering of shares do not cover the budget required for the operation**

The Board of Directors is of the opinion that the Company has studied the necessity of this capital increase and found that the capital increase is reasonable and will result in the most benefits to the Company and its shareholders since this is a capital increase to invest in ordinary shares of a company that has satisfactory operating performance and is a business in the industry that has a potential to generate high revenue and profit. The investment in ordinary shares in S-TEK in the total number of 15,300,000 shares, equivalent to 51 percent of the total sold shares in S-TREK, totaling Baht 510,000, by means of acquiring shares in S-TREK which is divided into 2 parts: (a) Part 1 in the number of 10,710,000 shares, equivalent to 35.7 percent of the total sold shares in S-TREK, totaling Baht 357,000,000. The Company will issue newly-issued ordinary shares of the Company in the number of not exceeding 51,000,000 shares, at an offering price of Baht 7 as a payment for shares in S-TREK in the Part 1, and (b) for the Part 2 will issue another 4,590,000 shares, equivalent to 15.3 percent of the total sold shares in S-TREK, by issuing newly-issued ordinary shares of the Company, in the total value of Baht 153,000,000 to the seller on a private placement basis, at an offering price of the Company's newly-issued shares is at 110 percent of the market price of the Company's shares at the time of offering.

In respect of the payment and receipt of shares in the Part 1, the Company will pay consideration to Mr. Jirasak, the shareholders of S-TREK by issuing newly-issued ordinary shares up to 51,000,000 shares. Since this is a share swap transaction, it is expected that the funds received from the offering of shares will cover all the budget needed for the investment in ordinary shares in S-TREK without the need to use other sources of funds.

**4.5 Potential impacts on the business operation, financial position and operating results of the Company, resulting from the capital increase and implementation of the utilization plan of the proceeds**

The Board of Directors is of the opinion that the issuance of newly-issued ordinary shares and the implementation of the utilization plan of the proceeds are in accordance with the normal business and strategies of the Company, i.e. the Company is still operating the core business of manufacturing and selling furnitures under the existing management while the business operation of the IT and mobile phones business will be under the management of mostly by the current executives of S-TREK, who are knowledgeable, experienced and expert in distributing IT and mobile phones products and are ready to cooperate with the Company, which will not affect the current business administration of distributing furnitures of the Company. Therefore, not only will investing in S-TREK have a good impact on the administration and business operation of the Company in the long run, but it will also diversify the Company's risks from business

operation and increase an opportunity to add value to the Company by investing in the business that is expected to grow in terms of revenue and profits. In addition, the Company will have a business alliance with the IT business group that has experience and success in the IT products for not less than 25 years, which will help improve the Company's operating results in the future. In case that the Extraordinary General Meeting of Shareholders No. 1/2019, which will be held in March 2019 approved the acquisition of assets but does not approve the issuance of newly-issued ordinary shares to a specific person on a private placement basis, i.e. Mr. Jirasak or the offering of newly-issued ordinary shares is not approved by the SEC, regarding the payment for shares and receipt of shares in Part 1 and Part 2, the Company may consider obtaining financial support from financial institutions instead.

However, the implementation of the utilization plan of the proceeds still have risk factors in that the operating performance of S-TREK may not be as expected and the risks from currency exchange fluctuations since S-TREK imports IT products from foreign countries, which may affect the operation of S-TREK, which S-TREK has made forward contracts for currency exchange so as to hedge the currency exchange risks that may occur, and uncontrollable external factors that may affect the business such as overall economy, industry trends and disasters. In order to deal with such risks, the Company plans to hedge such risks by determining that the payment for and receipt of shares in the Part 2 will be in accordance with the conditions in shares purchase and the audited 12-month financial statements as of 31 December 2019 to 31 December 2021, any of such financial statements of S-TREK must have net profits (excluding special transactions) of not less than Baht 100,000,000 per year. The payment for shares in the Part 2 is expected to be completed within April 2022.

In case that the audited 12-month financial statements as of 31 December 2019 to 31 December 2021, all of the 3 financial statements (all of the 3 years) have net profits (excluding special transactions) of less than Baht 100,000,000, the Company's obligation to receive the transfer of remaining shares in the number of 4,590,000 shares from the seller will be terminated, and the Company has the rights to sell shares purchased in Part 1 in the number of 10,710,000 shares back to the seller and/or persons specified by the seller.

## 5. Certification of the Board of Directors

The Board of Directors of the Company hereby certifies that the Board of Directors of the Company has performed its duty with honesty and has carefully preserved the benefit of the Company in relation to this capital increase. However, in the case where such performance of duty causes damage to the Company, the shareholders may claim for damages from such director on behalf of the Company in accordance with Section 85 of the Securities and Exchange Act, B.E. 2535 (1992) (including the amendments thereof). In addition, if such performance of duty causes a director or his/her related person to obtain undue benefit, the shareholders may claim for such benefit from such director on behalf of the Company in accordance with Section 89/18 of the Securities and



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Exchange Act, B.E. 2535 (1992) (including the amendments thereof). Furthermore, the Board of Directors of the Company certifies that the Board of Directors of the Company has exercised due care in the consideration and examination of the entering into the transaction of investing in ordinary shares in S-TREK and is of the opinion that the entering of the transaction of investing in ordinary shares in S-TREK is beneficial to the Company and its shareholders as per details given above.

Please be informed accordingly

Sincerely yours,

East Coast Furnitech Public Company Limited

(Mr. Chalee Suksawad and Mr. Arak Suksawad)

Authorized directors