

February 19, 2014

Subject: Notification of Asset Acquisition

Attention: The Director and Manager  
The Stock Exchange of Thailand

We would like to notify you that the Board of Directors meeting of KCE Electronics Public Company Limited ("the Company") number 2/1014 held on February 18, 2014, passed a resolution approving Thai Laminate Manufacturer Co., Ltd ("TLM"), its subsidiary, holding 74.80% of the company shares, entering into a transaction of the Acquisition of Assets – Land, Building and Machinery, for the new plant expansion project. The new plant will have a total investment of Baht 757,000,000 (Baht seven hundred and fifty seven million only).

The Company has pleasure submitting the details of information concerning the Acquisition of Assets of its subsidiary as follows:

**1. The date, month and year that the transaction occurred**

Thai Laminate Manufacturer Co., Ltd will enter the transaction after the Board passed a resolution approving the acquisition of assets in the Company's Board of Directors' Meeting No. 2/2014 on February 18, 2014.

**2. The parties involved and their relationship with the Company**

● Land

Buyer: Thai Laminate Manufacturer Co., Ltd.

Seller: Mrs. A-Nothai Padunglert

Relationship between Buyer and Seller: None

● Building construction and facility system

Principal: Thai Laminate Manufacturer Co., Ltd.

Contractor: In preparation for bidding

Relationship between Buyer and Seller: None

● Machinery, equipment and manufacturing support equipment

Buyer: Thai Laminate Manufacturer Co., Ltd.

Seller: Companies that sell machinery and equipment in their normal course of business, mostly in overseas countries

Relationship between Buyer and Seller: None

### 3. General characteristics of the transaction, value and transaction size

Thai Laminate Manufacturer Co., Ltd., its subsidiary, will invest in a new plant construction project in order to expand the manufacturing capacity, and will have a total investment of Baht 757,000,000 (Baht seven hundred and fifty seven million only).

**Transaction type:** The transaction is not categorized as Type 1 - 4

**Transaction size:** This transaction is deemed an Acquisition of Assets according to the Notification of the Capital Market Supervisory Board No. Tor Jor 20/2551, "Rules for Entering into Material Transactions Deemed as Acquisition or Disposal of Assets" and the Notification of the Stock Exchange of Thailand (SET), "Disclosure of Information Concerning the Acquisition and Disposition of Assets of Listed Companies B.E. 2547 (Notification of Acquisition or Disposition of Assets)", valued at 6.71 % of the total assets of the Company and its Subsidiaries as at December 31, 2013 (which is the highest transaction size according to the calculation method, using the "Total Value of Consideration" basis, compares to total assets of the Company and its Subsidiaries), and valued at 7.19% of the total assets of the Company and its Subsidiaries when accumulated all transactions in the past 6 months prior to this transaction date. The transaction size is less than 15%, therefore it is not categorized as Type 1 – 4, according to the Notification of Acquisition or Disposition of Assets.

### 4. Details of the acquired asset

The new plant project will be built on 3-1-66 rais of land (Title Deed No. 35010 and 35011) located on the Latkrabang Industrial Estate, Bangkok, which is near to the current location of the company. The new factory is to expand Prepreg production capacity of 18.20 million sq ft per month and Laminate production capacity of 3.25 million sq ft per month. The capacity expansion is aimed to support the continued growth from both existing and new customer orders.

The project will be operated in two phases continuously as follows:

- 1) Phase I: will generate a production capacity of 9.10 million sq ft per month for Prepreg and 1.82 million sq ft per month for Laminate; the construction will be completed within one year and the operation will start on January 2015.
- 2) Phase II: will generate a production capacity of 9.10 million sq ft per month for Prepreg and 1.43 million sq ft per month for Laminate, and the operation will start in beginning of 2016.

### 5. Total value of the consideration in acquiring the assets

The value of the consideration in acquiring the assets in each phase is as follows:

1. Phase I - Total value of the consideration is approximately Baht 548,000,000:

1.1 Land and Land improvement - Baht 55,000,000

Term: payment according to the contract agreement.

1.2 Factory Building and facility system - Baht 165,000,000

Term: Advance payment according to the contract agreement and installment payment according to the progress of work.

1.3 Machinery and manufacturing support equipment - Baht 328,000,000

Term: Credit term 60 – 120 days from suppliers

2. Phase II - Total value of the consideration is approximately Baht 209,000,000 for Machinery and manufacturing support equipment:

Term: Credit term 60 – 120 days from suppliers

#### 6. Total value of assets acquired and the basis used to determine the value of the consideration

The total value of the investment in the new plant is approximately Baht 757 million, includes:

a) Land and Land improvement	Baht	55,000,000
b) Design, civil work and construction cost	Baht	165,000,000
c) Machinery and manufacturing support equipment	Baht	458,000,000
d) Other equipments & tools, furniture & fittings, machine installation cost, freight-in and others	Baht	<u>79,000,000</u>
<b>Total value of the consideration in acquiring the assets</b>	Baht	<u><u>757,000,000</u></u>

The value is the agreed upon price between the parties, the seller and the buyer, who are not related or connected parties, according to the Notification of the Capital Market Supervisory Board No. Tor Jor. 21/2551, "Rules on Connected Transactions", and the Notification of the SET, "Disclosure of Information Concerning Connected Transactions B.E. 2546".

#### 7. Expected benefits of the investment

- 1) Additional production capacity of 18.20 million sq ft per month for Prepreg and 3.25 million sq ft per month for Laminate, double the current 21 million sq ft per month and 3.25 million sq ft per month for Prepreg and Laminate, respectively, in order that TLM can support increasing orders from customers as well as industry growth.
- 2) Increase production efficiency by investing in new and modern technology; being automated, the new technology enables an increase in productivity and a reduction in labor force, resulting in efficient cost management.
- 3) Obtain tax privileges for being a BOI promoted business.

**8. Source of funds**

The Company acquires fund from both internal and external sources:

- 1) Cash from operation, being about 30%.
- 2) Long-term loan from a financial institute, being about 70% and withdrawn according to the progress of construction work.

Term: 2-year grace period, quarterly installment payments of principal and interest over 4 years, being fixed and floated interest rate.

**9. Board of Directors' opinion regarding entering the transaction**

The Board of Directors has passed a resolution approving Thai Laminate Manufacturer Co., Ltd ("TLM"), its subsidiary, entering into a transaction for the Acquisition of Assets for the new plant investment project.

**10. Opinion of the Audit Committee and/or Directors that is different from the Board's in item No. 9**

None of the Audit Committee and/or Directors has a different opinion from the Board's.

Please be informed accordingly.



Sincerely yours,



(Mrs.Voraluksana Ongkosit)

Executive Vice Chairperson