

Translation

CEN 001-2020

March 2, 2020

Subject Management Discussion and Analysis for business operation of year 2019

To The Manager and President

The Stock Exchange of Thailand

Business operation as ended December 31, 2019 of Capital Engineering Network Public Company Limited "Company" and Subsidiary with loss of 929.80 Million Baht as 993.37 Million Baht increased when compared to same period of previous year with loss off 63.57 Million Baht by following details:

Analysis of operating results

(1) Revenue

Year 2019 company and its subsidiaries has total revenue of 2,107.54 Million Baht as 1,161.24 Million Baht decreased or 35.53 percent when compared to same period of previous year which had total revenue of 3,268.78 Million Baht by following details;

- Revenue from sales of 1,427.57 Million Baht as 236.62 Million Baht decreased or 13.82 percent when compared to same period of previous year of 1,688.47 Million Baht thus subsidiaries has revenue from selling wire and decline in services somehow subsidiaries has revenue from sales of thermal energy and Electricity
- Income from project work of 647.0 Million Baht as 382.54 Million Baht decreased or 37.16 percent when compared to same period of previous year which had revenue of 1,029.54 Million Baht because the company has fewer work deliveries
- Other revenue of 32.98 Million Baht as 101.02 Million Baht decreased or 75.39 percent when compared to same period of previous year which has other revenue of 134.00 Million Baht due to sell scrap raw materials decreased as amount of 46.36 Million Baht and decline interest received of 23.54 Million Baht

(2) Gross Profit

Year 2019 company and its subsidiaries had losses gross from selling products and project work of 236.31 Million Baht or 11.39 percent increase when compared to same period of previous year with losses of 128.56 Million Baht due to quantity and price of steel wire decreased thus Ua Withya Public Company Limited there are increased costs of employment and project work along with total remaining costs of project work that has been closed according to purchase order are recognized together with delivered income

(3) Expenses

Year 2019 company and its subsidiaries has total expenses of 3,606.91 Million Baht 120.29 Million Baht increased from year 2018 which has total expenses of 3,486.62 Million Baht or 3.45 percent by following reasons;

- Cost of goods sold equal to 1,475.25 Million Baht as 236.62 Million Baht decreased or 13.82 percent when compared to same period of previous year with 1,711.87 Million Baht by vary from decline sales volume
- Project cost as amount of 835.63 Million Baht as 299.07 Million Baht declined or 26.36 percent when compared to same period of previous year with has amount of 1,134.70 Million Baht which varies according to the project work amount delivered to the customer and recognition of all remaining costs of project work that has been closed according to purchase order with delivered income
- Distribution cost as amount of 33.72 Million Baht as 12.08 Million Baht decreased or 26.38 percent when compared to same period of previous as amount of 45.80 Million Baht due to decline on sale which cause decline in delivery
- Administrative expenses of 208.47 Million Baht as 28.06 Million Baht decreased or 11.86 percent when compared to same period of previous year as amount of 236.53 Million Baht

- Other expenses of 493.18 Million Baht as 199.89 Million Baht increased or 68.15 percent when compared to same period of previous year as amount of 293.29 Million Baht because company recorded impairment on investment properties of 51.73 Million Baht; subsidiaries recorded more on impairment of fixed assets as amount of 141.19 Million Baht. Moreover, Ua Withya Public Company Limited recorded increased on impairment of investment in affiliated company of 42.01 Million Baht thus loss from impairment of other assets of 14.06 Million Baht and record more loss from project contract that creates burden of 64.69 Million Baht
- Loss from investment of 507.29 Million Baht as unrealized loss from change in fair value of investments
- Financial Cost of 62.23 Million Baht as 2.21 Million Baht decreased or 3.43 percent when compared to same period of previous year of 64.44 Million Baht

Financial Status

As at December 31, 2019 Company and its subsidiaries has total assets of 4,168.71 Million Baht as 1,560.56 declined when compared to December 31, 2018 as total assets of 5,729.27 Million Baht as results of

- Current Assets as amount of 2,639.01 Million Baht as 37.80 Million Baht decreased when compared to December 31, 2019 as amount of 2,676.81 Million Baht thus increased in cash and relevant to cash of 212.20 Million Baht; temporary investment decreased 409.80 Million Baht, Trade and other receivables decreased 563.07 Million Baht (Outside Trade account receivable decline of 404.11, accounts receivable from related parties decreased of 3.44 Million Baht, decline of other account receivable 110.86 Million Baht and accrued income from third parties decreased 36.27 Million Baht) decreased in inventories 282.46 Million Baht, decline in raw materials of 125.69 Million Baht, decline in work in process of 67.43 Million Baht, decline in finished goods of 25.79 Million Baht, decreased in allowance for goods of 35.51 Million Baht and increased in non - current assets as held for sale as amount of 1,136.81 Million Baht as

984.64 Million Baht when compared to year 2018 as amount of 152.17 Million Baht due to subsidiaries of Ua Withya Public Company Limited in term Power Plant Business as assets held for sales

- Non-Current Assets as amount of 1,529.70 Million Baht as 1,522.75 Million Baht when compared to December 31, 2019 as amount of 3,052.49 by decreasing from bank deposits pledged as collateral as amount of 37.79 Million Baht, investment for sales decline as amount of 91.47 Million Baht, decrease in receivable under finance lease agreement as amount of 8.87 Million Baht, decreased in investment in affiliated company decline of 100.50 Million Baht thus recording investment impairment and increased in recognize loss competition and land, building and equipment decline of 1,054.49 Million Baht due to recorded more in impairment of fixed assets and transfer fixed assets of 808.12 Million Baht as held for sales, decline in intangible assets from write-off as amount 25.60 Million Baht recorded under selling electricity agreement of 99.69 Million Baht and transfer to sales net total of 46.81 Million Baht and more non-current assets of 10.54 Million Baht

Source of Financial

Liabilities

- As at December 31, 2019 the company has total liabilities of 2,052.86 Million Baht as 34.46 Million Baht decreased when compared to December 31, 2019 as amount of 2,087.32 Million Baht by Rayong Wire Industries has short term loan from financial institution decreased as amount 125.31 Million Baht; Ua Withya Public Company Limited payback short term loans and overdraft to financial institution as amount 62.74 Million Baht, decline in trade and other payable of 274.80 Million Baht (outside trade payable decreased of 223.95 Million Baht), other payable declines of 47.59 Million Baht, payment payable from purchase of subsidiary companies of 20.65 Million Baht, more income received in advance from third parties of 20.67 Million Baht), Ua Withya Public Company

recorded provision from project work burdened of 64.69 Million Baht due to vary in price of raw materials from the date of proposed to customers, more short term loans from other company of 9.50 Million Baht, Ua Withya Public Company Limited payback loans as of 300.00 Million Baht, subsidiaries payback long term loans of 24.52 Million Baht, Deferred income tax liabilities declined of 53.51 Million Baht, more estimated employee benefits of 8.91 Million Baht, more income awaiting for recognition of 25.96 Million Baht and apart from this Ua Withya Public Company Limited has received money for issuance of debenture of 300.00 Million Baht which was used for repay the debt due on the loan dated January 19, 2020

Shareholders' Equity

- As at December 31, 2019 the company has proportion on shareholders' equity of 1,580.47 Million Baht as 944.10 Million Baht decreased when compared to December 31, 2019 as amount of 2,524.57 Million Baht due to company has loss from business operation

Please be informed for acknowledgement,

Sincerely yours,

Mr. Wutichai Leenabanchong

Chairman