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The Capital Engineering Network Public Company Limited

Management Discussion and Analysis Performance for the Year 2023

The group of company overview

Overview of the business group for the Year 2023, Capital Engineering Network Public Company Limited, the company, and its subsidiaries (collectively referred to as the "the Group"). The Thai economy experienced slower growth compared to the previous year. Monetary policy tightening in major economies, tourism sector, and domestic consumption improved. In addition, the recovery of trading partners' economies after the COVID-19 crisis, along with the expansion of investment in the construction sector—both in infrastructure and real estate projects, especially in CLM countries and Thailand's industrial sector—is still slowing down. The segment awaits the government's announcement of the investment budget to facilitate growth.

Key events of the year

On March 15, 2023, the Company obtained approval from the Extraordinary General Meeting of Shareholders No. 1/2023 to increase its registered capital. This augmentation aims to support payments related to the acquisition and transfer of ASTI shares, adhering to the Singapore Stock Exchange's practice rules. The investment in the semiconductor business by acquiring 130,209,600 shares of ASTI Holdings Limited (ASTI), equivalent to 19.89% of its registered and paid-up shares, with a total value of THB 216,147,936. The company issued newly issued ordinary shares to a Private Placement, not exceeding 80,000,000 shares, at an offering price of THB 2.702 per share. As of now, the company has not yet paid compensation for the purchase of such shares.

On April 14, 2023, the Company signed a Consortium Agreement, stipulating an additional investment structure where the Company and the joint venture partner each contribute 50% towards the remaining shares of the Company. Subsequently, on April 27, 2023, a Consortium Company named PROSPERA ALLIANCE PTE. ("PROSPERA") was registered, and categorized as an 'associated company' of the Company.

PROSPERA has initiated the engagement of financial and legal advisors to comply with the relevant regulations of the Singapore Securities Listed Company. The company has also submitted a letter expressing its intention and readiness to be a potential offeror, as announced on the Stock Exchange of Thailand on July 14, 2023. The Company is in the process of further studying its investment in ASTI, including filing a complaint with the Singapore regulator regarding rulings related to the Singapore Code of Takeover and Mergers.

PROSPERA has issued a notice on October 23, 2023, announcing the termination of interest in investing in ASTI HOLDING LIMITED due to financial reporting results and financial statements does not meet the conditions that must be met before investing more in ASTI HOLDING LIMITED.

Sky Tower Public Company Limited, or "**STOWER**," modified its Company's par value by consolidating the par value (Reverse Stock Split) from the initial value of THB 0.10 per share to THB 1.00 per share. The total number of registered shares before the par value adjustment was 36,972,514,000, which changed to 3,697,251,400 shares after the adjustment.

STOWER has concluded the closure of two indirect subsidiaries, namely Ultra Network Pte. Ltd. and Ultra Asia Investment Pte. Ltd., both wholly owned by Ultra Asia Limited, a subsidiary of the Company, and registered in Singapore.

STOWER has closed its subsidiary, Paradise Green Energy Co., Ltd., and the subsidiary is currently undergoing the liquidation process.

On November 10, 2023, **Pipeline Engineering Company Limited** underwent registration for a change in the company name and business objectives. The company has transitioned from its original business on such as the construction business, excavating underground tunnels, and all other types of construction. [It has shifted its business to specialized hospital Clinics, aesthetic medicine, and a clinical medical facility under the name "MEDISPHERE" to provide a full range of cosmetic surgery services. This includes facial care, skin treatments, body shaping, and general surgery. These services are led by specialist doctors under management by the new name, the company is Medisphere Company Limited \("MDS"\).](#)

Overview of the Group Performance for the Year 2023

[Sky Tower Public Company Limited](#) or "STOWER" received orders for high-voltage transmission towers and substation structures of the Electricity Generating Authority of Thailand (EGAT) during the third and fourth quarters worth approximately THB 210 million. "The Company has delivered and recognized approximately 5% of its revenue this year and will recognize the remaining 95% in 2024. In 2023, Skytowers Infra Inc., a subsidiary in the Philippines, has already delivered 43 telecommunication stations to mobile network operators (MNOs) under lease, resulting in a continuous increase in rental income from telecommunications towers. Furthermore, QROI Network Services Inc. (QNSI), a subsidiary in the Philippines, experienced a decline in equipment installation revenue. This reduction was attributed to a reassessment of communication equipment installation plans by major mobile network operators. Simultaneously, there has been an increase in revenue from new tower audit and maintenance services. It is also developing the business of installing solar cells for telecommunication stations and general buildings in the Philippines. This is an additional source of income for the Company in addition to the installation and testing of mobile phone transmission equipment on existing telecommunication towers. [Rayong Wire Industries Public Company Limited](#), or "RWI," experienced a decline in revenue from the sale of steel wire products compared to the previous year. This was primarily attributed to the ongoing decrease in market prices of raw materials, leading to a reduction in selling prices. Additionally, there was a reversal of the decrease in the value of inventories. The company, with a focus on maintaining cash flow, observed lower sales volumes than in 2022. Amidst persistent high market competition, losses were incurred through the measurement of the fair value of securities. [Enesol Company Limited](#), or "ENESOL" has exhibited improved performance attributed to the restructuring of natural gas prices and the receipt of energy support from the government. The Group's performance for the year has remained stable following adjustments to its business strategy. And [Medisphere Company Limited](#), or "MEDI" recognized revenue from beauty services in late 2023, subsequent to its investment in two beauty services clinics.

In summary, the Group's operating results indicate a net loss of THB 387.53 million for 2023, a decrease of THB 47.37 million or 10.89%. The gross loss from operations was THB 5.05 million, marking a reduction of THB 14.71 million or 152% compared to the 2022 performance. The Company **acknowledged a loss attributable to the Company amounting to THB 197.34 million**, resulting **in a loss per share of THB 0.27**. **In the separate financial statements, a net loss of THB 381.59 million** was reported, primarily stemming from the impairment of investments in subsidiaries. **The net loss per share was THB 0.52 per share.** The summary is as follows:

Overview of the performance for the Year 2023

The Group incurred a loss of THB 387.53 million in operating results. The operating loss amounted to THB 228.29 million, and there was an additional loss of THB 159.24 million from the fair value adjustment of financial assets and impairment. In 2023, the performance is better compared to the previous year.

Revenue

1. Revenue from sales

The revenue from the sales of steel wire decreased compared to the same period last year, with a decline of THB 209.51 million. This reduction is attributed to the continuous decline in steel prices and intense competition in domestic selling prices. Therefore, the Company has set up a sales strategy to meet expenses and focus on collecting money from debtors to generate excess cash flow as much as possible. Revenue from the sale of electrical and thermal energy generated from the power plant in Nong Khae Industrial Estate, utilizing natural gas as fuel, experienced growth. This growth can be attributed to electricity price support and adjustments in the natural gas pricing formula. Consequently, revenue from energy surpassed the previous year's figures, and sales of industrial products amounted to THB 10.76 million, reflecting an increase compared to the previous year.

2. Revenue from Project Works and Services

The subsidiary's total revenue from sales and services reached THB 162.52 million. Revenue from the domestic business was THB 92.48 million, decreased by THB 167.37 million or 51% from the previous year. Additionally, revenue from the telecommunications business in the Philippines amounted to THB 80.80 million, or 46.63% of the total. Businesses exhibiting potential and sustained growth include galvanizing services, industrial products distribution, and telecommunications services-related operations in the Philippines.

3. Other Income

As part of other income was from raw material scrap sales, sublease income and interest receivable.

Expenses

The Group's total expenses amounted to THB 1,571.93 million, a decrease of THB 357.52 million or 18.63% to THB 1,929.45 million, in 2022. In 2023, the company acknowledged a share of losses from its investment in a Singapore-based associate, Prospera Alliance Pte. Ltd ("Prospera"), amounting to THB 5.79 million.

1. Cost of Sales and Project Works

The cost of product sales and services was THB 1,174.49 million, decreased by THB 251.78 million (17.65%), compared to THB 1,426.27 million the same period of last year due to the reduction in the production capacity of the steel wire business group due to the continuous decline in raw material prices in line with the global steel market. Natural gas prices declined from the previous year in the power plant business group. Therefore, the company focuses on management, control raw materials appropriately and concisely to avoid excessive inventory and mitigate the risk of fluctuations in raw material prices. In addition, the telecommunications business group has performed better cost management. This year, telecommunication towers have been gradually delivered to domestic and international customers, and transportation costs have been managed to control and control freight costs within the specified framework as well.

2. Administrative Expenses

The administrative expenses THB of 214.46 million increased by THB 3.26 million (1.54%) compared to THB 211.20 million in the same period of the previous year by reducing unnecessary expenses and focusing on management

as in the previous year.

3. Loss on fair value measurement of financial assets and asset impairment

Unrealized losses occurred due to the adjustment of the fair value of marketable securities for trading at a specific point in time. Additionally, there was a recognition of losses from special items related to setting the estimation of goodwill impairment, amounting to THB 49.00 million.

4. Financial Cost

Financial costs, primarily arising from interest expenses associated with credit lines from financial institutions, and debt management has decreased over the previous year. However, as a result, financial costs increased by 29.99% in comparison to the year 2022.

Financial Position

Statement of Financial Position	Y2023	%	Y2022	%	Increased (Decreased)	%
Current Assets	1,598.29	50%	1,846.94	54%	(248.66)	(13%)
Non-Current Assets	1,601.10	50%	1,544.24	46%	56.86	4%
Total Assets	3,199.38	100%	3,391.18	100%	(191.80)	(6%)
Current Liabilities	215.79	7%	186.74	6%	29.05	16%
Non-Current Liabilities	380.58	12%	312.08	9%	68.50	22%
Total Liabilities	596.37	19%	498.82	15%	97.55	20%
<i>Shareholders' Equity of Company</i>	<i>1,585.54</i>	<i>50%</i>	<i>1,703.39</i>	<i>50%</i>	<i>(117.85)</i>	<i>(7%)</i>
Shareholder's Equity of NC	1,017.47	31%	1,188.97	35%	(171.50)	(14%)
Total Shareholders' Equity	2,603.01	81%	2,892.36	85%	(289.35)	(10%)
Total Liabilities and Shareholders' Equity	3,199.38	100%	3,391.18	100%	(191.80)	(6%)

➤ Asset

As of December 31, 2023, the group total assets amounted to **THB 3,199.38 million, decreased by THB 191.80 million (6%)**, compared with 2022. Total assets decreased due to fair value adjustments of financial assets. Assets generated from contracts also decreased, and **accounts receivable declined as a result of adjustments in the strategic plan.**

➤ Liabilities

As of December 31, 2023, the group total liabilities amounted to **THB 596.37 million, increased by 20%**. This is due to additional lease agreements and increased accounts payable from the operation of the power plant. Simultaneously, the subsidiary decreased loans from financial institutions and settled corporate taxes for the previous year. Despite the decrease in total assets, this illustrates the Group's effective management of its assets.

➤ Shareholders' Equity

As of December 31, 2023, the Shareholders' equity of the company was **THB 2,603.01 million, decreased by THB 289.35 million (8.71%)**, compared to THB 2,892.36 million on 31 December 2022, due to operating losses and changes in proportion in subsidiaries.

Financial Ratio

Financial Ratio Highlights	Y2023	Y2022
Current Ratio	7.41	9.89
Debt to Equity Ratio (D/E Ratio)	0.23	0.17
Return on Assets (ROA)	(6.17%)	(7.68%)
Return on Equity (ROE)	(12.45%)	(15.43%)
Book Value Per Share **	2.13	2.29

**Calculated by the number of paid-up registered ordinary shares of the Company in the amount of 745,161,919 shares.

Considering the provided financial position information, the Group exhibits a stable financial condition. The group's financial position is stable and has high liquidity, a current ratio of 7.41 times and low financial risk. The D/E ratio is only 0.23 times, resulting in sufficient liquidity and cash flow to carry out its business plan.

-Laphassarin Kraiwongwanitrueng-
(Laphassarin Kraiwongwanitrueng)
Acting Chief Executive Officer