

IR.012/2020

12 March 2020

Re: Plan and Progress Report in Solving C Caution

To President

The Stock Exchange of Thailand

On March 12, 2020, T Engineering Corporation Public Company Limited (the "Company") arranged a Public Presentation to provide information to investors and related parties as the Company has been remarked as "C" due to the Company's shareholder's equity is less than 50% of paid-up capital after deducted discount on share capital for the financial statement in year 2019 ended on December 31, 2019. The summary is as follows;

**Causes**

- In the past, until 2014, the Company has suffered from long-term debt and loss from the operation by the former management. As a result, the Company has repayment obligation to reduce debts. The details of debt obligations are as follows;

	2015	2016	2017	2018	2019
Accounts payable and accrued expenses	249.23	136.68	112.70	100.21	95.32
Retention receivables	61.44	46.16	31.78	24.33	19.19
Bank Overdraft	37.57	21.82	21.93	-	-
Promissory note	-	-	-	-	-
Long-term borrowing from a financial institution	178.17	109.17	40.17	-	-
<b>Total</b>	<b>526.41</b>	<b>313.82</b>	<b>206.58</b>	<b>124.54</b>	<b>114.51</b>

- Provision for long-term outstanding receivables
- Provision for damages from lawsuit that occurred in the year 2013 - 2014
- The Company has been unable to obtain the financial support from financial institutions due to major legal cases derived from the negative impact from the construction project occurred during the period of the year 2012 – 2014. As a result, the Company has been running the business by its existing cash flow of the Company.
- Competition in the construction industry including the increase in prices of construction materials and the risen of wages. As a result, the Company has a relatively low gross profit margin.



T ENGINEERING  
CORPORATION PCL

# บริษัท ที เอ็นจิเนียริ่ง คอร์ปอเรชั่น จำกัด (มหาชน) T Engineering Corporation Public Company Limited



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## Solutions

- At present, the Company has no loans with financial institutions due to the Company has repaid its all loans to financial institutions at the end of year 2018. As a result, the Company has no long-term loans with financial institutions and the Company will have the opportunity to obtain the financial support from financial institutions to operate the business effectively.  
>> The Company is in the process of negotiating for financial support from various financial institutions.
- The Company is in the process of improving the operation cost management to be more efficient to reduce operating cost
- Reduce administrative cost. In year 2019, the Company reduced administrative cost of approximately 15% when compared to the year 2018.
- The Company is in the process of applying for tax refund in year 2015-2018, which expected to receive in the amount of approximately Baht 65 million.
- Increase revenue by expanding customer base to EPC because this type of construction is more profitable than other types of construction.
- The Company is in the process of negotiating and studying for implementation with those who are capable of becoming partners with the Company in terms of new businesses that are more efficient in generating revenue, capital, and profits for the Company, which is expected to be able to conclude within year 2020.
- On February 27, 2020, the Extraordinary General Meeting of Shareholders No. 1/2020 approved the allocation of increased ordinary shares of 1,011,493,815 shares to existing shareholders (Rights Offering) and allocation of increased ordinary shares of 1,700,000,000 shares to Private Placement (PP). At present, the Company is in the share subscription process. In case all shares are fully subscribed, the Company will receive increasing capital in the amount of approximately Baht 81 million. Therefore, the Company can use aforesaid proceeds for working capital in business operation. The capital increase will strengthen the Company's liquidity as well as expanding the Company business.

Please be informed accordingly.

Sincerely yours,

(Mr. Tradsin Chongussayakul)

Managing Director

T Engineering Corporation Public Company Limited