

IR.038/2020

26 November 2020

Re: Plan and Progress Report in Solving C Caution

To President

The Stock Exchange of Thailand

On November 26, 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 of quarter 3/2020 ended on September 30, 2020. 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;

| | 2016 | 2017 | 2018 | 2019 | Q3/2020 |
|--|---------------|---------------|---------------|---------------|--------------|
| Accounts payable and accrued expenses | 136.68 | 112.70 | 100.21 | 95.32 | 22.92 |
| Retention receivables | 46.16 | 31.78 | 24.33 | 19.19 | 18.37 |
| Bank Overdraft | 21.82 | 21.93 | - | - | - |
| Promissory note | - | - | - | - | - |
| Long-term borrowing from a financial institution | 109.17 | 40.17 | - | - | - |
| Total | 313.82 | 206.58 | 124.54 | 114.51 | 41.29 |

- 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



ชั้นที่ 15 อาคารจักรนาค เลขที่ 3 ถนนสาทรใต้ แขวงยานนาวา เขตสาทร กรุงเทพฯ 10120 โทร : 02-018-7190-8 แฟกซ์ : 02-018-7199 ทะเบียนเลขที่ 0107548000501
15th Floor, Rajanakarn Building, 3 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Tel : 02-018-7190-8 Fax : 02-018-7199 Tax ID : 0107548000501

Solutions

- At present, the Company has no loans with any financial institutions due to the Company has repaid its all loans to financial institutions at the end of year 2018. In addition, in the first quarter of the year 2020, the Company has completely settled a major lawsuit dispute, and in the third quarter of the year 2020 the Supreme Court has made a final judgment that the Company wins a major litigation case. As a result, the Company has more 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.
- During the third quarter of the year 2020, the Supreme Court has made the final judgment that our contractor has to pay the Company of Baht 65.01 million with the interest at the rate of 7.5 percent per year since the next date of prosecution until payment completion (calculating up to date, approximately Baht 40 million). The Company can utilize this amount as a working capital. This may increase opportunity for the Company to take part in bidding more construction projects. In addition, as a result of the Supreme Court's final judgment, the Company has reversed the provision for damages from this lawsuit in the amount of Baht 30.22 million. The shareholders' equity has increased accordingly.
- The Company is in the process of improving the operation cost management to be more efficient to reduce operating cost.
- The Company has reduced administrative cost.
- 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.
- The Company has tried to 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.
- According to the Extraordinary General Meeting of Shareholders No. 1/2020 approved the allocation of newly issued ordinary shares of 1,011,493,815 shares to existing shareholders (Rights Offering) and allocation of newly issued ordinary shares of 1,700,000,000 shares to Private Placement (PP). On 26 May 2020, the Company has received the payment for share subscription of newly issued ordinary shares in the amount of 25,005,000 Baht from Private Placement, which the Company can use the said proceeds for working capital in business operation. The capital increase will strengthen the Company's liquidity as well as expanding the Company business.



T ENGINEERING
CORPORATION PCL

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



ชั้นที่ 15 อาคารจักรนาการ เลขที่ 3 ถนนสาทรใต้ แขวงยานนาวา เขตสาทร กรุงเทพฯ 10120 โทร : 02-018-7190-8 แฟกซ์ : 02-018-7199 ทะเบียนเลขที่ 0107548000501
15th Floor, Rajanakarn Building, 3 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Tel : 02-018-7190-8 Fax : 02-018-7199 Tax ID : 0107548000501

In this regard, as the current outbreak of the Coronavirus Disease 2019 (“COVID-19”), the Company has postponed the subscription for the newly issued ordinary shares that have been allocated to the existing shareholders (Rights Offering) indefinitely. In the case that all newly issued ordinary shares are fully subscribed, the Company will receive proceeds in the amount of approximately Baht 30 million. The Company will be able to use the share paid-up proceeds for working capital and will strengthen the Company’s liquidity as well as expanding opportunity the Company business.

Please be informed accordingly.

Sincerely yours,

(Mr. Pitsanu Vichitcholchai)

Chief Executive Officer

T Engineering Corporation Public Company Limited