

Translation

CEN 012/2021

May 17, 2021

Subject Management's Discussion and Analysis of Business Operations of Q1-2021

To The Manager and President

The Stock Exchange of Thailand

Capital Engineering Network Public Company Limited ("company") as its operation in business of Quarter 1-2021 for 3 months period as ended March 31, 2021 and its subsidiaries ("group of companies") which has been reviewed by certified public accountant - The operating profit was 247.04 Million Baht, an increase of 431.35 Million Baht when compared to the same period of previous year, which had a loss of 184.31 Million Baht as summarized as follows:

1. Nature of Business Operation of the Group

Company and its subsidiaries (together called "group of companies") - Operates the main business of investing in other companies. Production and distribution of materials and construction engineering High voltage transmission towers and electric power

2. Overall operation for the first Quarter of 2021

From situation of the coronavirus virus 2019 (COVID-19) that have continued affecting economy in Thailand but not impact of the Group. In the business sector of construction manufacturing industry is still active. Moreover, the group of companies and trading partners has a great protection and caution as still has higher growth in term of income because China reduced volume on export of steel products. In addition, export tax rebate has been canceled which resulting in rapid increase in term of raw material and steel wire prices also higher domestic trading, income from power plant business this quarter close to pervious year due to supporting from Government in term of alternative energy and consumption usage of energy from customers. In the part of steel structure business still has affected by the Covid-19 epidemic, the Electricity Generating Authority of Thailand (EGAT) postponed the bidding for installation of several high-voltage transmission towers since the end of 2020 thus revenue from production of high voltage transmission tower was not as expected. The investment strategy

has been adjusted with a focus on investment, concession abroad and bidding for government sector in Thailand in second half of the year. The main business of the company focuses on investing in other companies. In this quarter, the gain was recognized on fair value measurement of the market price over a period of time. As a result, the overall picture of this quarter showed expected earnings and the Group continues to develop its management strategy as to help increase business efficiency and create profits and sustainable growth for the company.

3. Performance Analysis

Revenue

REVENUE FOR THE FIRST QUARTER (Million Baht)	FOR THE THREE-MONTH				Increased (Decreased)	
	2021	%	2020	%		%
Revenue from sale	292.31	43.45%	328.34	69.57%	(36.03)	-10.97%
Revenue from manufacturing and service	22.24	3.31%	111.49	23.62%	(89.25)	-80.05%
Gain from measurement of financial asset	330.32	49.10%	-	-	330.32	100.00%
Other income	27.84	4.14%	32.14	6.81%	(4.30)	-13.38%
Total Revenue	672.71	100.00%	471.97	100.00%	200.74	42.53%

Quarter 1-2021 group of companies has total revenue of 672.71 Million Baht as 200.73 Million Baht increased or 42.53 percent when compared to same period of previous year as total revenue of 471.97 Million Baht by following details

Revenue (according to group of business) For Quarter 1-2021 (Million Baht)	FOR THE THREE-MONTH				Increased (Decreased)	
	2021	%	2020	%		%
Income from continuing operation						
Steel wire Business	218.51	33.88%	128.43	29.20%	70.14%	
Steel Structure Business	23.54	3.65%	111.49	25.35%	(78.89%)	
Power Plant Business	72.49	11.24%	199.91	45.45%	(63.74%)	
Investment Business	330.32	51.22%	-	0.00%	100.00%	
Total income from continuing operation	644.86	100.00%	439.83	100.00%	46.62%	

3.1 Revenue from sales

Operation in business in first quarter of year 2021 as amount of 292.31 Million Baht as 36.03 Million Baht decreased or 10.97 percent when compared to the same period of previous year as total revenue of 328.34 Million Baht

Steel Wire Business

Revenue from sales of steel wire are increasing when compared to same period of previous year 70.14 percent as 90.08 Million Baht increased because China reduced volume on export of steel products. In addition, export tax rebate has been canceled which resulting in rapid increase in term of raw material and steel wire prices therefore receives a large number of orders from customers and continues

Power Plant Business

In this Quarter , only 2 power plants from alternative energy that generate some income when compared to same period of previous year as totaling 5 power plants that generate income since all investments in the biomass power plant business are not profitable in order to stop recognizing loss from biomass power plant business thus machines could not be fully operated at the end of last year As a result, the revenue from selling electricity decreased 127.42 Million Baht or decreased 63.47 percent.

3.2 Revenue from Projects and Services

Operation in business of first quarter of year 2021 of 23.54 Million Baht as 87.95 Million Baht decreased or 78.89 percent when compared to same period of previous year as total revenue of 111.49 Million Baht

Steel Structure Business

Declining in revenue from projects and services when compared to same period of previous year of 80.05 percent as decreased of 89.25 Million Baht of revenue due to all work has been delivered at since the end of last year; moreover also undergoing structural and machinery improvements in order to increase efficiency of production and service, preparation for Government bidding as will be announced in the second half of the year however, to increase efficiency in term of production and services, preparation on Government bidding as will be announced in the second half of the year. However, the company still has revenue from the construction of the substation structure. And domestic telecommunication towers after

business restructuring and management It is also in the process of increasing capital. To bring the funds received To produce telecommunication towers for delivery in accordance with the concession Build overseas sales

3.3 Gain from measurement of fair value of other current financial assets

Investment business

Unrealized profit from changes in fair value of financial assets as amount of 330.32 Million Baht is consider as adjustment in fair value of marketable securities for trading

Expenses

EXPENSES FOR THE FIRST QUARTER (Million Baht)	FOR THE THREE-MONTH				Increased (Decreased) %	
	2021	% per Revenue	2020	% per Revenue		
Cost of goods sold	253.02	37.61%	319.06	67.60%	(66.04)	-20.70%
Cost of steel tower manufacturing and rendering service	28.54	4.24%	99.19	21.02%	(70.65)	-71.23%
Cost of distribution	7.46	1.11%	6.18	1.31%	1.28	20.71%
Administrative expenses	34.44	5.12%	61.12	12.95%	(26.68)	-43.65%
Loss from measurement of financial asset	-	-	143.97	30.50%	(143.97)	-100.00%
Finance cost	4.76	0.71%	16.93	3.59%	(12.17)	-71.88%
Total Expenses	328.22	48.79%	646.45	136.97%	(318.23)	-49.23%

Quarter 1-2021 group of companies has total expenses of 328.22 Million Baht as 318.23 Million Baht decreased when compared to same period of year 2020 as total expenses of 646.45 Million Baht or 49.23 percent decreased

3.4 Cost of sales and Distribution Cost

Cost of product sale amount of 253.02 Million Baht as 66.04 Million Baht decreased or 20.70 percent when compared to same period of previous year of 319.06 Million Baht by clarify in steel wire business segment, cost of sales varied according to increase in sales volume. This resulted in a 20.71 percent increase in distribution costs, including management of raw material stock and raw material prices, which are the main factors of cost of sales, appropriately and concisely. In the power plant business group as lower cost of sales because all investments in biomass power plants have been sold out.

3.5 Costs from project work and services

Cost from project work and services of 28.54 Million Baht as 70.65 Million Baht decreased or 71.23 percent when compared to same period of previous year of 99.19 Million Baht by fluctuation from delivery work to customers also a result on more efficient on cost management

3.6 Administrative expenses and finance costs

Administrative expenses of 34.44 Million Baht, a decrease of 26.68 Million Baht or 43.65 percent compared to the same period of previous year, which was 61.12 Million Baht, mainly due to a decrease in main activity income. Employee restructuring and unnecessary expense cuts have been made. And last year, the debentures of the subsidiary were repaid and the credit limit of the group of companies has been reduced resulting in lower financial costs

4. Financial Status

FINANCIAL POSITION As at March 31, 2021	31 Mar	31 Dec	Increase(decrease)	
	2021	2020	Million Baht	%
ASSETS				
Current Assets	1,663.01	1,241.73	421.28	34%
Non-Current Assets	1,327.82	1,462.58	(134.76)	-9%
Total assets	2,990.83	2,704.31	286.52	11%
LIABILITIES				
Current liabilities	370.94	401.09	(30.15)	-8%
Non-current liabilities	470.57	400.94	69.63	17%
Total liabilities	841.51	802.03	39.48	5%
EQUITY				
Issued and paid up share capital	745.14	745.14	-	-
Premium on ordinary shares	891.31	891.31	-	-
Retained earnings-Appropriated	45.39	45.39	-	-
Retained earnings-Unappropriated	(327.45)	(553.32)	225.87	-41%
Other components of shareholders' equity	479.17	479.91	(0.74)	0%
Equity attributable to owners of the Company	1,833.56	1,608.43	225.13	14%
Non-controlling interests of the subsidiaries	315.76	293.85	21.91	7%
Total shareholders' equity	2,149.32	1,902.28	247.04	13%

As ended December 31, 2020 (shown new comparison) due to The Group companies detected that the consolidated financial statements for the year ended December 31, 2020 the Group companies has recorded property, plants and equipment and profit in fixed assets between the subsidiaries in the consolidated financial statements are misaligned. Since the Group companies has disposal the fixed assets to other companies which inconsistent accordance with the requirement of Thai Financial Reporting Standards.

The amount of adjustments affecting the financial statements from such adjustments as follows:

	(unit : Baht)
	Consolidate statement
	Of Financial Statement
	As at January 1, 2021
Increase in property, plants and equipment	11,442,449.00
(Decrease) in loss deficits	(10,784,508.18)
(Increase) equity of non-controlling interests of subsidiaries	(657,940.82)

4.1 Assets

As March 31, 2021; group of companies has total assets of 2,990.83 Million Baht as 286.52 Million Baht increased or 10.59 percent when compared to December 31, 2020 as total asset of 2,704.31 Million Baht thus importance changes are as follows:

Trade and other current receivable - third parties increased by 34.75 Million Baht due to more sale volume in term of steel businesses

Inventories – increased by 9.76 Million Baht came from more ordering of raw materials and producing products to prepare for delivery to customers as well as tightening management control

Other current financial assets increased by 331.90 Million Baht as mostly from changed in fair value on marketable securities

Non-current assets or disposal asset group classified as held for sale increased by 49.65 Million Baht, mainly from Ua Withya Public Company Limited to dispose of investments in associates

Deposits at bank pledged as collateral decreased by 30.00 Million Baht due to Rayong Wire Industries Public Company Limited with withdrawals for payment of raw materials in order to reduce loan interest conditions

Rights-of-use assets decreased by 22.01 Million Baht as mostly came from Rayong Wire Industries Public Company Limited assisted in the Covid-19 period, reduce the land rent from the MapTa Phut Industrial Estate.

Deferred tax assets decreased as a result of the Group's profitability, enabling greater utilization of tax assets.

4.2 Liabilities

As March 31, 2021 –group of companies has total liabilities of 841.52 Million Baht as 39.49 Million Baht increased when compared to December 31, 2020 as amount of 802.03 Million Baht by increase in trade accounts payable from higher sales volume and deferred tax liabilities from estimates of operating tax amount.

4.3 Shareholders' Equity

As March 31, 2021, company has shareholders' equity of 1,833.56 Million Baht as 225.13 Million Baht increased when compared to December 31, 2020 (adjusted) of 1,608.43 Million Baht due to company has net profit for 3 months period of year 2021 of 247.04 Million Baht

Please be informed accordingly,

Sincerely yours,

Mr. Wutichai Leenabanchong
Chief Executive Officer