INFORMATION MEMORANDUM CONCERNING STARK CORPORATION PUBLIC COMPANY LIMITED'S BUSINESS, RESULTS OF OPERATIONS AND RECENT ACQUISITIONS IN VIETNAM

Bangkok, October 22, 2020 - Stark Corporation Public Company Limited, a leading ASEAN-based manufacturer of wire and cable products with over 50 years of experience in the power wire and cable industry today announced certain operational and financial updates, including in connection with its recent acquisitions in Vietnam.

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NOTICES AND CONVENTIONS

This Information Memorandum contains an overview and description of solely the matters to which it relates and does not purport to provide an exhaustive summary of all relevant issues, nor does it constitute a "prospectus" within the meaning of the Thai SEC Act. This Information Memorandum may not be used in lieu of such prospectus. We reserve the right to amend, at our sole discretion, such information without any notice, provided that, the publication of this Information Memorandum does not imply that the information herein is correct as at any time subsequent to the date hereof.

This Information Memorandum contains "forward-looking" statements that relate to future events, which are, by their nature, subject to significant risks and uncertainties. All statements, other than statements of historical fact contained in this Information Memorandum, including, without limitation, those regarding our future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "plan," "aim," "intend," "will," "may," "project," "estimate," "forecast," "anticipate," "predict," "seek," "should" or similar words or expressions, are forward-looking statements. These forward-looking statements include, without limitation, statements relating to: (i) our future overall business development and economic performance; (ii) our estimated financial information regarding, and the future development and economic performance of, our business; (iii) our future earnings and cash flow; (iv) our future financial position, including our ability to finance new projects; (v) our expected expansion plans; (vi) our business strategy, including our ability to expand our business overseas and to complete mergers and acquisitions; (vii) our future competitive environment in Thailand and other markets we conduct our business in, we intend to enter into, or develop our existing business in; (viii) our expected future dividend payments; (ix) regulatory changes; and (x) the amount and nature of future development and other capital expenditures required by us. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in these forward-looking statements as a result of a number of factors, including changes in competition, the continued availability of capital and financing, changes in regulations relating to our wires and cables business, general economic and business conditions, global and regional health and security conditions, our ability to finance and complete new acquisitions (if any) on schedule, liability for remedial actions under environmental regulations and other factors. Certain risks with respect to our business are described more specifically in "*Risk Factors*." If one or more of these or other risks or uncertainties materialize, or if the underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. We do not undertake to update our forward-looking statements, risk factors, or any other information in this Information Memorandum to reflect future events or circumstances.

This Information Memorandum includes statistics on the Thai and Vietnamese economies, other economies and countries, market data and industry data and forecasts that we have obtained from official sources, industry publications and surveys, including an industry report which we have commissioned from Frost & Sullivan on the wires and cables industry in Thailand and Vietnam dated August 2020. Industry publications and surveys and forecasts generally state that they contain information obtained from what they believe to be reliable sources but that the accuracy and completeness of that information is not guaranteed. Information, including estimates, expectations and forecasts relating to, in particular, the wires and cables industry in Thailand and Vietnam have been sourced from Frost & Sullivan's report. While reasonable actions have been taken to ensure that the information sourced from third parties is extracted accurately and in its proper context, our Company has not independently verified any of the data or ascertained the underlying economic assumptions relied upon therein. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, our Company does not make any representation as to the accuracy or completeness of this information. The industry in which we operate is subject to a high degree of uncertainty and risks due to a variety of factors, including those described under "*Risk Factors.*" These and other factors could cause results to differ materially from the information contained in such publications, surveys, forecasts and market research.

This Information Memorandum contains references to our Adjusted Core EBITDA. Adjusted Core EBITDA is not a measure of financial performance under either TFRS, IFRS or US GAAP. Such measure should not be considered in isolation or construed as an alternative to profit for the period or as an indicator of operating performance or any other standard measure under TFRS, IFRS or US GAAP. Our Adjusted Core EBITDA

measure may not be comparable to similarly titled measures used by other companies, including in our industry. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures*" for the definition of our Adjusted Core EBITDA and a reconciliation from net profit for the year/period to Adjusted Core EBITDA. Adjusted Core EBITDA may not be indicative of our historical results of operations, and this measure is not meant to be predictive of future results.

References to the pro forma financial information of Thipha Cables and Dovina for 2019 refer to the financial information derived from the compilation of pro forma information of Thipha Cables for the period from July 1, 2019 (the date of incorporation of Thipha Cables) to December 31, 2019, the standalone cable business of Thinh Phat Real Estate - Cables JSC for the year ended December 31, 2019 and Dovina for the year ended December 31, 2019. Such financial information combines the cable business operations of Thinh Phat Real Estate - Cables JSC, Thipha Cables and Dovina, as if Thipha Cables, the standalone cable business of Thinh Phat Real Estate - Cables JSC (as a standalone business) and Dovina were merged into an independent company from January 1, 2019, notwithstanding that they are separate legal entities. The pro forma financial information of Thipha Cables and Dovina for 2019 excludes the real estate business of Thinh Phat Real Estate - Cables JSC, retaining only the standalone cable business of Thinh Phat Real Estate - Cables JSC, and also eliminates intercompany transactions and balances among Thipha Cables, the standalone cable business of Thinh Phat Real Estate - Cables JSC and Dovina. References to the pro forma financial information of Thipha Cables and Dovina for the six months ended June 30, 2019, refer to the financial information derived from the compilation of pro forma information of the standalone cable business of Thinh Phat Real Estate - Cables JSC and Dovina for the six months ended June 30, 2019. Such financial information combines the cable business operations of Thipha Cables and Dovina for the abovementioned period as if the cable business of Thinh Phat Real Estate - Cable JSC (as a standalone business) and Dovina were merged into an independent company from January 1, 2019 notwithstanding that they are separate legal entities, and eliminates intercompany balances and intercompany transactions between them. References to the pro forma combined financial information of Thipha Cables and Dovina for the six months ended June 30, 2020, refer to the financial information derived from the compilation of pro forma information of Thipha Cables and Dovina for the six months ended June 30, 2020. Such financial information combines the cable business operations of Thipha Cables and Dovina for the abovementioned period as if Thipha Cables and Dovina were merged into an independent company notwithstanding that they are separate legal entities, and eliminates intercompany balances and intercompany transactions between them.

Except where the context otherwise requires or we specify otherwise, all references in this Information Memorandum to (a) "ourselves," "our Group," "we," "our," or "us," are references to Stark Corporation Public Company Limited, together with our consolidated subsidiaries and associates, excluding the media business of SMM and (b) our subsidiaries' businesses include their businesses as operated during the Track Record Period or earlier, even prior to their acquisition by our Company. All of the operational information presented herein, unless otherwise specified, is presented on an aggregate basis, reflecting the operations of our Company and of our consolidated subsidiaries and affiliate. References to "you" or "your" are to the readers of this Information Memorandum.

All translations between THB and U.S. dollars were made (unless otherwise indicated) on the basis of the average selling rate announced by the BOT for June 30, 2020, of THB 31.0658 = USD 1.00 and are provided solely for the convenience of the reader. No representation is made that the THB or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or THB, as the case may be, at any particular rate, the above rates or at all.

Certain numerical figures set out in this Information Memorandum, including financial data, have been subject to rounding adjustments and, as a result, the totals of the data in this Information Memorandum may vary slightly from the actual arithmetic totals of such information. The financial information presented in a number of tables and in a number of other places in this Information Memorandum has been rounded to the nearest whole number of the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Supplemental Information on the Historical Operating Performance of Our Vietnamese*

Business in 2018 and 2019" are calculated using the rounded numerical data in the narrative descriptions in the a*bovementioned sections and not the numerical data contained elsewhere in this Information Memorandum.*

AVAILABLE FINANCIAL STATEMENTS AND FINANCIAL INFORMATION

The following documents are available from our Company's website at www.starkcorporation.com:

- The unaudited pro forma consolidated financial information of Stark Corporation Public Company Limited and its subsidiaries for the six-month periods ended June 30, 2020 and 2019, and for the year ended December 31, 2019;
- The Audited financial statements of Dong Viet Non-ferrous Metal and Plastic Joint Stock Company for the year ended December 31, 2019;
- The Audited financial statements of Dong Viet Non-ferrous Metal and Plastic Joint Stock Company for the year ended December 31, 2018;
- The Audited financial statements of Thinh Phat Real Estate - Cables Joint Stock Company for the year ended December 31, 2018; and
- The Special-purposes combined financial statements of Thinh Phat Real Estate - Cables Joint Stock Company for the year ended December 31, 2019 and Thinh Phat Cables Joint Stock Company for the period from July 1, 2019 (date of incorporation) to December 31, 2019.

References to our Company's, our subsidiaries' or other websites included herein are inactive textual references only and are not hyperlinks. The contents of any such website are not part of this Information Memorandum.

BUSINESS

Overview

We are the largest ASEAN based wires and cables player by revenue in 2019 according to Frost & Sullivan, with over 50 years of experience in the industry. According to Frost & Sullivan, we hold 21.0% and 20.2% of the market share of the wires and cables market in Thailand and Vietnam, respectively, by revenue in 2019. In addition to our wires and cables business, we operate a logistics business.

- **Our Wires and Cables Business**. We conduct our wires and cables business through PDITL (in respect of our operations in Thailand), and Thipha Cables and Dovina (in respect of our operations in Vietnam). We manufacture and sell wires and cables in four product categories: (a) medium to extra-high voltage wires, (b) special-purpose wires, (c) low-voltage wires and other wires for building use, and (d) bare conductors. We own and operate three production facilities in Thailand and one in Vietnam. As at June 30, 2020, our production facilities had a total name plate production capacity in respect of copper wires and cables of 131,400 MT/year and a total name plate production capacity in respect of aluminum wires and cables of 91,200 MT/year. The combination of a diversified product portfolio and production facilities enables us to service diversified and fast-growing markets.

  Our customers comprise governments, state-owned enterprises, distributors, and developers and owners operating in the power plant, infrastructure, public transportation, petrochemical, oil and natural gas, and real estate industries. Significant projects which have used our wires and cables in Thailand include the Mae Moh Power Plant, PTTLNG Receiving Terminal Expansion Phase II, Mahanakhon Building, BITEC 2, Terminal 21 Korat, and Blueport Huahin. Significant projects which have used our wires and cables in Vietnam include Noi Bai Airport, Phu Quoc Airport, Vinh Airport, Cam Ranh Airport, Bac Lieu Wind Power, Dai Ninh Hydropower and Times City Hanoi. Our wires and cables have been used in international projects such as the 132 kV Sub-station Project, the Delhi Metro Rail Project, and the TATA Steel Kalinganagar Plant Project in India, the Muscat International Airport Project in Oman, and the Integrated Liquefied Natural Gas Project in Australia as well.

- **Our Logistics Business**. We provide the following logistics services to our customers through our subsidiary, Adisorn: (a) offshore manpower and human resource services; (b) ancillary engineering services such as vessel cleaning, off-shore construction services, fabrication and maintenance services; and (c) rental services of our warehouse, equipment and machinery.

We aim to provide our customers with high quality products and services, and innovative solutions to better service their needs. For instance, PDITL is the only domestic producer in Thailand of insulated extra-high voltage wires which are manufactured under rigorous product quality control and subject to numerous certifications. PDITL was also the first and is the only company in Thailand to introduce a High Voltage Mobile Testing Unit enabling PDITL to provide on-site high voltage testing services to our customers for their installed wire systems in compliance with International Electrotechnical Commission standards.

Our revenue for 2018, 2019, and the six months ended June 30, 2020 was THB 11,936 million, THB 11,691 million, and THB 7,666 million, respectively. Our wires and cables business (through PDITL) (including the contribution of our High Voltage Mobile Testing Unit) contributed 87.9%, 88.1%, and 88.8% of our core revenue, respectively, in 2018, 2019, and the six months ended June 30, 2020. Our logistics business (through Adisorn) contributed 12.1%, 11.9%, and 11.2% of our core revenue, respectively, for 2018, 2019, and the six months ended June 30, 2020. Following our acquisitions of Thipha Cables and Dovina in March 2020, and TCI in April 2020, we expect the contribution of our wires and cables business to our total revenue and gross profit to further increase, aided by our strategy to increase the utilization of our assets in Vietnam. For further details of the key financial highlights of our wires and cables business in Thailand (through PDITL and TCI) and in Vietnam (through Thipha Cables and Dovina) are set out in the section "— *Our Wires and Cables Business — Our wires and cables business in Thailand*" and "— *Our Wires and Cables Business — Our wires and cables business in Vietnam*," respectively.

Our Unaudited Pro Forma Consolidated Financial Information has been prepared to reflect the acquisition of each of Thipha Cables and Dovina on March 31, 2020, as if they have been acquired on January 1,

2019. The historical Consolidated Financial Statements have been adjusted in our Unaudited Pro Forma Consolidated Financial Information to give effect to pro forma events that are directly attributable to the abovementioned acquisitions, factually supportable and with respect to the statement of profit or loss and other comprehensive income, expected to have a continuing impact on our consolidated results. Our unaudited pro forma total revenue was THB 23,897 million, THB 12,207 million and THB 8,824 million in 2019, six months ended June 30, 2019 and 2020, respectively. Our unaudited pro forma net profit was THB 865 million, THB 513 million and THB 713 million for 2019, six months ended June 30, 2019 and 2020, respectively. Our pro forma Adjusted Core EBITDA was THB 2,158 million, THB 1,068 million and THB 1,133 million in 2019, for the six months ended June 30, 2019, and 2020, respectively. See the Unaudited Pro Forma Consolidated Financial Information of Stark Corporation Public Company Limited and its subsidiaries for the six-month periods ended June 30, 2020 and 2019 and for the year ended December 31, 2019 and the notes thereto included elsewhere in this Information Memorandum.

The table below sets out the breakdown of the unaudited pro forma total revenue generated from our wires and cables businesses in Thailand (through PDITL) and Vietnam (through Thipha Cables and Dovina), as well as our logistics business for 2019, the six months ended June 30, 2019 and 2020, stated as a percentage of our pro forma total revenue (as defined in the below notes to the table):

Pro Forma Revenue	**2019**		**Six Months Ended June 30, 2019**		**Six Months Ended June 30, 2020**	
	Pro forma revenue	As a percentage (%) of pro forma total revenue	Pro forma revenue	As a percentage (%) of pro forma total revenue	Pro forma revenue	As a percentage (%) of pro forma total revenue
	(THB million, except percentages)					
PDITL						
Domestic sales within Thailand....	8,928	37.4	4,591	37.6	4,043	45.8
Export outside of Thailand.....	1,230	5.1	511	4.2	637	7.2
	10,158	**42.5**	**5,103**	**41.8**	**4,680**	**53.0**
TCI.....	-	-	-	-	182	2.1
Thipha Cables and Dovina.....	12,143	50.8	6,333	51.9	2,744	31.1
Total Wires and Cables Business	**22,301**	**93.3**	**11,436**	**93.7**	**7,606**	**86.2**
Total Logistics Business.....	1,371	5.7	661	5.4	810	9.2
Pro forma total core revenue(1).....	**23,672**	**99.1**	**12,097**	**99.1**	**8,416**	**95.4**
Other non-core revenue.....	225	0.9	110	0.9	409	4.6
Pro forma total revenue.....	**23,897**	**100.0**	**12,207**	**100.0**	**8,824**	**100.0**

Note:

(1) Pro forma total core revenue is defined as the sum of our unaudited total pro forma revenue from sales, revenue from rendering services and rental income.

History and Recent Developments

Our Company (formerly known as SMM) was established in 1990. SMM was previously involved in the production and distribution of books and other printed items television and radio production, sales of copyrights

for television and satellite broadcasting and other publishing services. On July 9, 2019, SMM entered into an entire business transfer agreement in respect of the transfer by Team A Holding 2 Company Limited of its shares in PDITL and PDTL Trading Company Limited, and the liabilities of PDITL, to SMM, for a consideration of THB 13 billion, payable by way of shares amounting to an aggregate 95.6% interest in our Company. The controlling shareholder of Team A Holding 2 Company Limited is Mr. Vonnarat Tangkaravakoon, our Director and controlling shareholder. On August 15, 2019, we completed the divestment of our media business.

PDITL was founded in 1968 by way of a joint venture between a major Thai electric wire manufacturer and Phelps Dodge Corporation, an established copper mining company founded in the United States in 1834. When the General Cable Corporation divested its overseas investments in 2015, Team A Holding 2 Company Limited acquired a 75.5% equity stake in PDITL. While the composition of PDITL's board changed to Thai executives, PDITL kept a large proportion of their existing personnel who had the track record, experience, knowledge and expertise in the electric wire business. In 2019, Team A Holding 2 Company Limited increased its interest in PDITL to 99.3%, and we subsequently acquired PDITL later that year.

On December 24, 2019, our Company entered into an entire business transfer agreement with Pinwheel 2 Co., Ltd. to acquire the entire business of Adisorn for a consideration of THB 2 billion. In December 2019, we completed the acquisition of Adisorn, which provides logistics services such as offshore manpower, engineering and rental services to customers in the oil and gas industry. We believe that we can leverage Adisorn's customer base to introduce our wires and cables to these contacts in the oil and gas industry.

On December 26, 2019, our Company entered into a share purchase agreement with, among others, Mr. Vo Than Thinh and Thinh Phat Real Estate Cable JSC to purchase the entire interest in each of Thipha Cables and Dovina, for a final total consideration of VND 4,610 billion. On March 31, 2020, we completed the acquisitions of Thipha Cables and Dovina thereby expanding our Thai operations into the Vietnam market. As at the date hereof, Mr. Vo Than Thinh continues to be the honorary chairman of our Vietnamese subsidiaries.

On March 27, 2020, PDITL entered into an agreement with NMN2 and its shareholders to acquire the shares of NMN2 as well as to subscribe for further new shares in NMN2 in order to hold a 100.0% interest in TCI, for a consideration of THB 41 million and THB 500 million, respectively. TCI was formed through the amalgamation of Thai Cable Intertec Co., Ltd., Green Electric Cable (Thailand) Company Limited and Siam Copper Rod 2015 Co., Ltd. in 2019.

The following timeline sets out key milestones in our history and development:

1968 PDITL was established as a manufacturer of electronic and electric wires and cables, and commenced operations in Samrong, Thailand.

1980 Adisorn was founded as a general construction company

1982 Adisorn expanded its business to offshore manpower, engineering and rental services.

1987 PDITL jointly established Thai Copper which carries out casting and rolling of copper wires for a group of electric wire manufacturers.

1992 PDITL moved its manufacturing base from the Samrong production facility to its current Bang Phli production facility in Thailand.

1993 PDITL adopted the vertical continuous vulcanization ("**VCV**") technology at the Bang Phli production facility. PDITL was the first manufacturer in Thailand to utilize VCV technology for the production of wires and cables, enabling PDITL to manufacture extra-high voltage cables.

1995 PDITL received the ISO 9001 quality management system certification from the BASEC. PDITL was the first company in Thailand to obtain such certification.

1998 Thipha Cables, which previously operated under Thinh Phat Real Estate - Cables JSC, was established in Ho Chi Minh City, Vietnam.

1999 PDITL extended its manufacturing base by establishing an additional manufacturing base located in Rayong Province, Thailand in order to manufacture low voltage cables. The Rayong production facility received an ISO 9002 certificate from UL.

2000 PDITL received an ISO 9001 quality management system from UL and MASCI as well as received an ISO 14001 Environment Management from UL.

2002 The Bang Phli and Rayong production facilities received ISO 9001:2000 from UL and MASCI.

2003 The Rayong production facility received ISO 14001 and OHS.

2005 PDITL received the Chairman's Award 2005 on Safety, Occupational Health in respect of large factories which have achieved the requisite safety statistics.

2007 General Cable Corporation acquired the global wires and cables business of Freeport-McMoRan which operated as Phelps Dodge International Corporation.

2009 Dovina was established in Ho Chi Minh City, Vietnam.

PDITL also received an award for their maintenance standards from the Thai Industrial Standards Institute.

2013 Rayon Plant received the capacity for flame test laboratory award under the ISO/IEC 17025 standard.

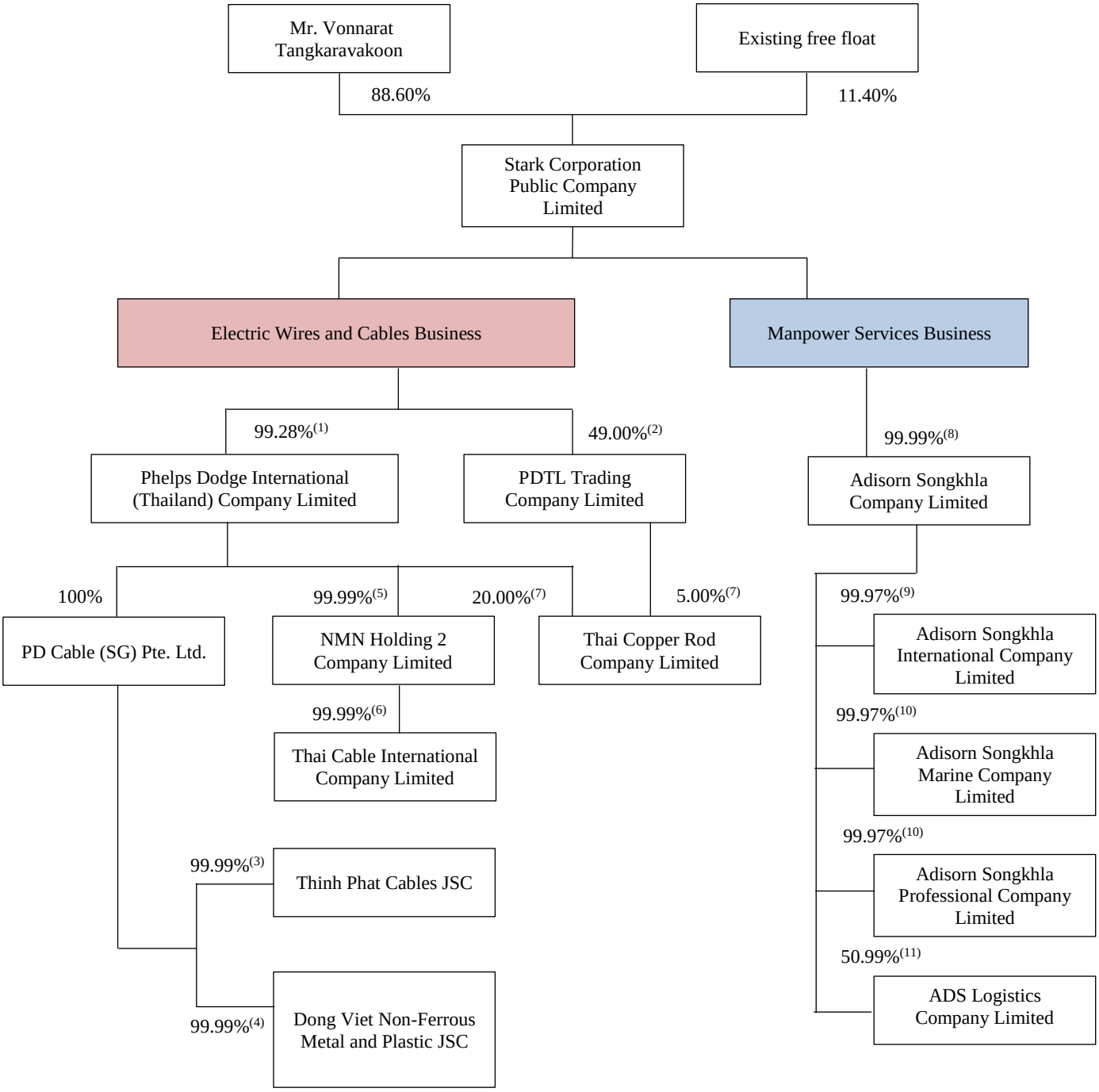
2015 Team A Holding 2 Company Limited acquired a 75.5% interest in PDITL from PDIC Thailand Holding LLC, an affiliate of General Cable Corporation. The Board of Directors' member and management team were changed to Thais.

2017 PDITL was the first and is the only company in Thailand to introduce a High Voltage Mobile Testing Unit.

2019 We acquired PDITL, followed by Adisorn.

2020 We acquired Thipha Cables and Dovina, followed by TCI.

Our Corporate Structure



Notes:

The remaining shareholding interests in the abovementioned entities are set out below:

(1) 0.0025% interest is held by Mrs. Chaloemphan Viravaidhaya, 0.0025% interest is held by Mr. Santipap Sornkhup, 0.075% interest is held by Miss Parimol Karnchanachari, 0.416% interest is held by Mr. Polsak Karnchanachari, 0.075% interest is held by Mrs. Busakorn Karnchanachari, 0.15% interest is held by Mr. Krida Karnchanachari, and 0.0003% interest is held by Adisorn.

(2) 10.00% interest is held by TISCO Bank Public Company Limited, 2.00% interest is held by Mr. Oranop Jantaraprapa, 0.40% interest is held by Mr. Naret Suwintawong, 0.40% interest is held by Mr. Sueh Sivachan, 1.30% interest is held by Mr. Pongkit Suttapong, 0.90% interest is held by Mr. Phee Tayanukorn, 8.00% interest is held by Mr. Suang Ruangsook, 3.00% interest is held by Miss Naphassachon Komarapajkul, 1.00% interest is held by Mrs. Siriwan Ruangsuk, 0.40% interest is held by Mr. Polsak Karnchanachari, 0.10% interest is held by Mrs. Busakorn Karnchanachari, 0.50% interest is held by Mr. Krida Karnchanachari, 0.40% interest is held by Miss Parimol Karnchanachari, 0.58% interest is held by Mr. Akanat Karnchanachari, 0.10% interest is held by Mrs. Sanorjit Karnchanachari, 0.40% interest is held by Miss Phetcharin Karnchanachari, 0.40% interest is held by Miss Pornpimon Karnchanachari, 0.69% interest is held by Mrs. Naruemon Suntaranu, 0.53% interest is held by Mrs. Rassamee Wijitwathakarn, 0.10% interest is held by Mr. Wiboon Wijitwathakarn, 0.40% interest is held by Miss Waranya Wijitwathakarn, 0.40% interest is held by Miss Witcharin Wijitwathakarn, 2.00% interest is held by Miss Phasanee Hatsadin, 2.00% interest is held by Miss Sineenart Hatsadin, 2.00% interest is held by Mrs. Sriwanik Hatsadin, 2.00% interest is held by Mr. Thammanit Angsusing, 1.50% interest is held by Mr. Thammasak Angsusing, 1.50% interest is held by Khunying Puangroi Diskul Na Ayudhya, 1.00% interest is held by Mrs. Yingluck Santiwechakul, 1.00% interest is held by Mr. Korporn Ruangsuk, 1.00% interest is held by Mr. Penthai Santiwechakul, and 5.00% interest is held by TISCO Foundation.

(3) 0.0000018% interest is held by PDITL, and 0.0000018% interest is held by Stark Corporation Public Company Limited.

(4) 0.000004% interest is held by PDITL, and 0.000004% interest is held by Stark Corporation Public Company Limited.

(5) 0.002% interest is held by Stark Corporation Public Company Limited, and 0.002% interest is held by Adisorn.

(6) 0.0001% interest is held by Stark Corporation Public Company Limited, and 0.0001% interest is held by PDITL.

(7) 30.0% interest is held by Bangkok Cable Company Limited, 12.5% interest is held by Sumitomo Electric Wintec (Thailand) Co., Ltd., 12.5% interest is held by Sumitomo Electric Industries, Ltd., 7.00% interest is held by HBC Telecom Co., Ltd., 7.0% interest is held by Thai Hitachi Enamel Wire Co., Ltd., and 6.00% interest is held by Hitachi Metals, Ltd.

(8) 0.0009% interest is held by Mr. Vonnarat Tangkaravakoon, and 0.0009% interest is held by Miss Piyachanok Tangkaravakoon.

(9) 0.01% interest is held by Miss Yosabavorn Amarit, 0.01% interest is held by Mr. Sathar Chantrasettalead, and 0.01% interest is held by Mr. Chanchai Boonruang.

(10) 0.01% interest is held by Miss Yosabavorn Amarit, 0.01% interest is held by Mr. Sathar Chantrasettalead, and 0.01% interest is held by Mr. Chanchai Boonruang.

(11) 0.01% interest is held by Mr. Vonnarat Tangkaravakoon, and 49.0% interest is held by Bee Wave Company Limited.

The table below provides a list of our subsidiaries and associated companies, together with additional information on each such subsidiaries and associated companies as at June 30, 2020:

Name of Subsidiary/ Associated Company	Country of Incorporation	Type of Business	Effective Ownership Interest (%)
(1) Phelps Dodge International (Thailand) Company Limited	Thailand	Wires and cables manufacturer and distributor	99.28
(2) PD Cable (SG) Pte. Ltd.	Singapore	Holding company	100.00
(3) Thinh Phat Cables JSC	Vietnam	Manufacturer of electric wires, cables, and non-ferrous products	99.99
(4) Dong Viet Non-Ferrous Metal and Plastic JSC	Vietnam	Manufacturer of non-ferrous metals and plastics for electric wires and cables	99.99
(5) NMN Holding 2 Company Limited	Thailand	Holding company	99.99
(6) Thai Cable International Company Limited	Thailand	Manufacturer of electric wires and small cables	99.99
(7) PDTL Trading Company Limited(1)	Thailand	Telephone and telecommunications equipment wholesale	49.00
(8) Thai Copper Rod Company Limited	Thailand	Copper products manufacturer	25.00(2)
(9) Adisorn Songkhla Company Limited	Thailand	Offshore manpower, property rental, logistics and engineering service provider	99.99
(10) Adisorn Songkhla International Company Limited	Thailand	Offshore manpower and engineering service provider	99.97
(11) Adisorn Songkhla Marine Company Limited	Thailand	Offshore manpower and engineering service provider	99.97
(12) Adisorn Songkhla Professional Company Limited	Thailand	Offshore manpower and engineering service provider	99.97
(13) Adisorn Songkhla Logistics Company Limited	Thailand	Property rental service provider	50.99

Notes:

(1) Currently dormant.

(2) PDITL has effective control over Thai Copper through its control of the management and operations of Thai Copper.

Our Competitive Strengths

We believe our success to date and potential for future growth are based on a combination of our competitive strengths, including:

We are one of Asia's leading wires and cables manufacturers with long-established operating history, large wires and cables manufacturing operations in the high-growth Thai and Vietnam markets.

We are the largest ASEAN based wires and cables player by revenue in 2019 according to Frost & Sullivan, with over 50 years of experience in the industry. According to Frost & Sullivan, we hold 21.0% and 20.2% of the market share of the wires and cables markets in Thailand and Vietnam, respectively, by revenue in 2019.

PDITL has a track record of 52 years, when it was founded in 1968 by way of a joint venture between a major Thai electric wire manufacturer and Phelps Dodge Corporation, an established copper mining company founded in the United States in 1834. Even after the acquisition by Team A Holding 2 Company Limited of PDITL, PDITL kept most of their existing personnel who have the track record, knowledge and expertise in the wires and cables business. Thipha Cables and Dovina similarly have a long track record. Thipha Cables, which previously operated under Thinh Phat Real Estate - Cables JSC, was established in Ho Chi Minh City, Vietnam, in 1998. Dovina was established in Ho Chi Minh City, Vietnam, in 2009. With the acquisition of our Vietnam subsidiaries, we expect to significantly increase our utilization and overall production (particularly in extra-high and high voltage cables), and supplement our existing distribution channels.

Our products have been used in many significant projects in Thailand, Vietnam and are exported internationally. Our project experience will position us to take advantage of project-driven growth in our key markets. According to Frost & Sullivan, the wires and cables industries in Thailand and Vietnam are expected to grow at a CAGR of approximately 10.6% and 15.9%, respectively, from 2020 to 2024. The key drivers of growth for Thailand include, among others, upgrading Thailand's transmission line to accommodate mega projects and usage, moving towards underground cables for larger cities, and new infrastructure projects such as high speed rail, motorways, and renewable projects. The key drivers of growth for Vietnam include, among others, the North/South transmission line project, implementing underground cables for big cities, and new infrastructure projects such as the mass rapid transportation, power plants and construction projects. This presents growth opportunities to expand our existing businesses. For further details see "*— Our Strategies — We intend to strengthen our leading market position in the Thai and Vietnam wires and cables industry*" below.

In addition, we believe that we will be able to sustain our market share due to the regulated nature of the wires and cables industry in Thailand and Vietnam. The Thai Ministry of Industry carries out rigorous inspections on production facilities seeking to obtain the requisite certification to sell wires and cables within Thailand. The Ministry of Science and Technology of Vietnam would only issue the requisite certificates to manufacturers which have complied with the relevant safety standards issued by a licensed certifying body. Due to domestic regulatory requirements, we believe that long-term players will continue to dominate the Thai and Vietnamese wires and cables industry and it will be difficult for international brands to enter the Thai and Vietnamese domestic markets. We believe that our accreditation on the requisite approved vendor lists, the approval of our products by the relevant authorities and/or licensing bodies, will enable us to sustain our existing market share in Thailand and Vietnam.

Further, as a substantial portion of our products are accredited with international standards, we are able to export such products regionally and internationally. We have exported our products to approximately 40 countries (outside Thailand and Vietnam), such as Australia, Brazil, Cambodia, India, Jordan, Myanmar, Oman, Singapore and the UAE.

Our multi-site production facilities are strategically located in Thailand and Vietnam with substantially low capital expenditures required for growth.

We currently have three production facilities in Thailand and one in Vietnam. We own the three production facilities in Thailand and the land-use rights up to 2055 for our production facility in Vietnam. As at June 30, 2020, our production facilities had a total name plate production capacity in respect of copper wires and cables of 131,400 MT/year and a total name plate production capacity in respect of aluminum wires and cables of

91,200 MT/year. Each of our production facilities contains a warehouse for storage of finished products, and a distribution center.

Our production facilities are strategically located within one to three hours by road from Bangkok or Ho Chi Minh, as the case may be, thus reducing delivery times and logistics costs for our customers. In particular, our Bang Phli production facility is located within close proximity of the (New) Bangkok International Airport, an area which has historically been relatively resilient to floods. Both Thailand and Vietnam are also One-Belt-One-Road countries, thus reducing logistics costs incurred in exporting our products. Our separate production facilities also enable us to better allocate capacity to optimize our production process. For instance, if the availability of raw materials or resources necessary for the manufacturing of products is more readily and affordably sourced at one production facility (whether or not arising from export/import controls), we may increase capacity of a particular product at such production facility. In addition, locating our production facilities in four distinct geographies across two countries minimizes our risk of supply chain disruption during the current COVID-19 pandemic. In the event of a localized lock-down, operations may continue at our other production facilities. During the lock-down imposed in Thailand in response to COVID-19, our production facilities in Vietnam enabled us to fulfill existing orders.

While our Long An production facility currently manufactures medium to low voltage wires, it is equipped to manufacture extra-high and high voltage wires and cables (including a high voltage testing room which can test wires and cables with voltages up to 400 kV). As such, we intend to transfer PDITL's knowledge and expertise in extra-high and high voltage wires and cables to our Vietnamese subsidiaries, commence the production of extra-high and high voltage wires and cables in Vietnam, thereby increasing our overall production of high voltage products to meet the increased demand for such products.

We believe that we produce one of the widest ranges of domestically manufactured high quality electric wire cables in Thailand and Vietnam.

We are able to produce a large spectrum of wires (medium to extra-high voltage wires, special-purpose wires, low-voltage wires and other wires for building use as well as bare conductors). PDITL is also able to test high voltage wires at our high voltage testing laboratory. As such, our customers view us as a one-stop shop for wires and cables with various specifications for a single project, thus reducing their logistics costs. In fact, PDITL is the only domestic producer of insulated extra-high voltage wires in Thailand. Through the integration of our Vietnamese subsidiaries, we expect to provide such a full range of wires in Vietnam as well.

We believe that there are high barriers to entry into the medium to extra-high voltage cable market segment due to factors such as capital expenditures, regulatory approvals, and strict customers' selection criteria (existence of a track record, reliability of manufacturers, ability to deliver products that comply with their specifications and international standards, among others). This makes it more challenging for new competitors to enter this market.

Quality control has been critical to our operations. We have an in-house team which conducts quality tests at every stage from the procurement of raw materials, to each stage of production being melting, rolling, twisting and insulating. See "— *Quality Control*" for further details. For instance, PDITL is certified with ISO 9001:2015 (Quality Management System Standard) from MASCI and UL which specifies requirements for a quality management system where an organization, among others, demonstrates its ability to consistently provide products that meet customers' and applicable statutory and regulatory requirements, and the Certificate of Testing Laboratory Accreditation pursuant to Standard No. TIS 17024 - 2547 (ISO/IEC 17025) which recognizes the quality management system of an organization's laboratories, and the technical expertise of its personnel, towards ensuring that the laboratories are able to consistently produce valid results and products that are accepted by suppliers and regulatory authorities. Thipha Cables is currently in the process of obtaining the ISO 9001:2015 (Quality Management System Standard) certification for a licensed certifying agency recognized by the Ministry of Science and Technology of Vietnam as well.

We also manufacture products in compliance with domestic and international approbations and accreditations such as, among others, the Thai Industrial Standards Institute, TÜV SÜD, KEMA Laboratories, and the International Electrotechnical Commission, thus making our products globally competitive and suitable for export.

Our multi-tier brands, Phelps Dodge, Nation, Goodland, and Thipha Cable, widen our reach to more customers through the B2G, B2B, B2C and export channels. Where the emphasis through B2G and B2B supports the price premium of extra-high and high voltage wires and cables, our foray into B2C and exports: (a) increases our production capability enabling us to benefit from further economies of scale, for example, in terms of negotiating raw material prices, and (b) increases our product exposure.

We are able to maintain high profit margins for our wires and cables compared to our peers through our focus on high-value products and low cost, integrated and efficient operations.

Our Adjusted Core EBITDA was THB 1,213 million, THB 1,195 million, and THB 1,085 million for 2018, 2019, and six months ended June 30, 2020, respectively, amounting to 10.2%, 10.4% and 14.9% of our core revenue for 2018, 2019, and the six months ended June 30, 2020, respectively. We believe that we have been able to maintain our high profit margins through the following factors:

- our emphasis has been on the manufacturing of higher margin products such as medium to extra-high voltage wires and special-purpose wires. These products are generally priced at a premium compared to low voltage wires and bare conductors due to the complexity of the applicable production process, as well as the requirements for their certifications. See "— *Our Wires and Cables Business — Our Products and Services*" for further details as to the factors contributing to the higher throughput margins associated with medium to extra-high voltage wire and special-purpose wires, compared to the other wires. Our ability to manufacture a spectrum of wires and cables customized to our customers' preferences also enables us to obtain premium pricing on our products. Due to the specialized nature of extra-high and high voltage wires and cables, we generally pass on the cost of the raw materials to our customers particularly in respect of our products distributed through the B2G and B2B channels.
- we believe that labor and electricity costs in Thailand and Vietnam are lower or comparable to that in other Asian countries such as India and China, thus ensuring that our export products are competitively priced.
- we believe that we have a strong domestic distribution network in Thailand. Notably, due to our strong distribution network, even our international competitors and operators of complementary products have utilized our distribution network to gain access to the Thai market.
- we regularly conduct price comparisons across suppliers prior to making an order so as to obtain the best price and conditions for the raw materials we purchase. Upon receipt of a customer's order, we factor the cost of raw materials into the quotations provided to such customers, in order to reduce our exposure to exchange rate fluctuations.
- we keep our costs of goods low by ensuring that we run an efficient supply chain. We maintain good long-term relationships with our existing suppliers whom we evaluate based on, among others, the quality and/or quantum of raw materials, prices, reliability and punctuality. Our suppliers are generally able to deliver on time and comply with our specifications, which allows us to manage our production capacity with minimal down-time. For each project, we normally obtain raw materials from various suppliers and do not rely on a sole supplier to ensure cost-effectiveness and reliability.
- our bulk purchase orders have enabled us to negotiate better rates from suppliers. We believe that we are able to enjoy economies of scale through our acquisitions of Thipha Cables, Dovina and TCI, which has enabled us to streamline our supply chain, minimize logistics risks, and reduce operational costs. Our increase in bulk orders attributable to the increase in the size of our operations and the consolidation of our procurement platform enhanced our ability to obtain more competitive raw material prices. Further, we negotiate and acquire raw materials directly from suppliers, thereby avoiding middle-man fees.
- integrating production and distribution processes allows us to better manage our production of bespoke cable orders by splitting up batches of different cable specifications. For instance, upon receipt of a purchase order, our planning department optimizes the production process by allocating tasks and orders to the production facility that is best suited. This allows us to use stockpiles in any one production facility to fulfil purchase orders without incurring costs in shifting inventories and, therefore, optimizing our production costs.

We undertake product and technical innovations in order to produce higher margin differentiated products to access new customers and segments.

To maintain and expand our market share (particularly for extra-high and high voltage wires), we undertake product and technical innovations to differentiate our higher voltage product range. PDITL has allocated a budget of up to 1.0% of its revenue annually since 2016 to finance research and development in areas such as product innovation, product handling properties and raw materials (including polymers and nonferrous metals).

In 1993, PDITL was the first manufacturer in Thailand to utilize VCV for the production of wires and cables, enabling the production of extra-high voltage wires. In 1994, PDITL started manufacturing wires with Milliken conductors. In 2017, PDITL was the first company in Thailand to introduce a High Voltage Mobile Testing Unit, to provide on-site high voltage testing services to customers for their installed wire systems in compliance with International Electrotechnical Commission standards. This allows us to test for current leakage or faults in the installed electric wire structure, thereby providing our customers with the assurance that their installed electric wires are of the highest efficiency and safety. In 2018, PDITL invented certain new aluminum transmission line products with features such as a steel support or composite core to improve conductivity over regular transmission line products. In 2020, we improved the cost effectiveness of our solar cable products, reducing costs by approximately 27.0% by focusing on a better product design. See "*Business—Technology, Research and Development*" for further details on the technology we use in our products.

We have a diversified customer base that includes long-term stable and strong relationships with blue-chip customers in the public and private sectors.

We have a diverse customer base comprising governments, state-owned enterprises, distributors, and developers and owners operating in the power plant, infrastructure, public transportation, petrochemical, oil and natural gas and real estate industries. We are not dependent on any one industry, and we are resilient to specific industry cyclical swings.

Our track record of consistent quality and timely delivery has enabled us to build long-term relationships with governments and state-owned enterprises as well as leading private companies and global engineering companies such as Siemens, Energex, ABB, Alstrom and General Electric. We adopt a collaborative approach with our customers by tailoring new products to their project needs. We believe this differentiates us from our competitors and further strengthens relationships with our customers. Our understanding of their specific requirements increases product loyalty. Our key public sector customers include the EGAT, PEA and EVN, who have been our customers for up to 50 years. These state-owned enterprises play an important role in developing their national infrastructure systems. Furthermore, as Thailand and Vietnam are emerging markets, the governments of Thailand and Vietnam have given priority to the development of wires and cables, telecommunications, public transportation and underground wire systems. Therefore, we are able to capitalize on our strong relationships with state-owned enterprises to participate in such infrastructure projects. Our exports of wires and cables also provide a natural hedge for exchange rate fluctuations. Our overseas public sector customers include the Dubai Electricity & Water Authority, Singapore Power, and Jordanian Electric Power.

We have an experienced board and management team, with strong corporate governance.

Our key management comprises our Chairman, Mr. Chanin Yensudchai, and our Directors, Mr. Prakorn Makjumroen and Mr. Nirouth Jeakvathanyoo. They have, in aggregate, more than 50 years of experience in the manufacturing, wires and cables, and logistics industry. Further, through our current management's leadership, we have been able to increase the total core revenues of PDITL by a CAGR of 14.0% from THB 6,024 million in 2015 to THB 10,158 million in 2019, with our Adjusted Core EBITDA increasing by a CAGR of 101.7% from THB 64 million in 2015 to THB 1,055 million in 2019, through, among others:

- generating growth through expansion, building long-term customer relationships, developing new technologies, diversifying our product and service offering, and expanding our distribution channels, including exports;
- growing our business both organically and inorganically both in Thailand, and elsewhere;

- improving our efficiency and profitability by focusing on operational excellence, and cost and resources optimization; and
- establishing partnerships and successfully acquiring and integrating strategic companies and businesses.

Our management leads a total workforce of more than 1,900 employees. They have fostered a strong company culture with an emphasis on employee welfare and personal development. The average tenure of our full time employees was approximately ten years as at December 31, 2019. In particular, our key management in the manufacturing and research and development departments have been with our subsidiaries for more than 15 years. We have also implemented a "no retirement age policy" thus enabling us to accumulate knowledge and experience through our key management and employees.

We are committed to training and know-how sharing. Since acquiring PDITL we have retained a substantial portion of our personnel, which has ensured business continuity. The founder of Thipha Cables and Dovina, Mr. Vo Tan Thinh, is also currently the honorary chairman of our Vietnamese operations thereby facilitating the integration of our Thai and Vietnamese subsidiaries. Further, following our acquisitions of Thipha Cables and Dovina, approximately 30 employees of our Vietnamese subsidiaries participated in online training programs relating to our production facilities in Thailand and received training in respect of the production of extra-high and high voltage wires. We plan to initiate additional on-site training programs in Thailand for employees of our Vietnamese subsidiaries as soon as travel restrictions between Thailand and Vietnam arising from the COVID-19 pandemic are eased.

As a company listed on the SET, we have also implemented corporate governance policies in compliance with the Corporate Governance Code for Listed Companies 2017 of the SEC.

Our Strategies

We believe that the strategies described below support the positive outlook of our businesses.

We intend to strengthen our leading market position in the Thai and Vietnam wires and cables industry.

In Thailand, according to Frost & Sullivan, growing power demand is expected to increase due to urbanization and industrialization, and this will require improved connectivity to the power grids, the rise of renewable energies and infrastructure developments (together with government policies favoring the implementation of infrastructure projects). This is expected to have a positive effect on the demand for electric wires and cables. In particular, the wires and cables market industry in Thailand is expected to grow from approximately USD 1.6 billion in 2020 to USD 2.3 billion in 2024, according to Frost & Sullivan. Mega projects are expected to drive the demand for low, medium and high voltage wires and cables steadily during the forecast period. In Vietnam, according to Frost & Sullivan, with strong economic growth, increased power demand, favorable government investment policies in infrastructure and a number of mega-projects, particularly in the power sector, key demand drivers for the wires and cables industry are similar to those observed in Thailand. In both countries, however, delays in the implementation of policies and mega projects, or more challenging macro-economic conditions in particular due to the COVID-19 outbreak have negatively impacted the wires and cables industry. Government stimulus packages, however, could strengthen the outlook for the industry. Frost & Sullivan expects that the wires and cables industry in Vietnam will rebound in 2021, and grow at a CAGR of 15.9% from 2020 to 2024. Further, it is expected that significant investments in upgrading the grid infrastructure will likely happen by 2023. As such, the market for low, medium and high voltage wires and cables is predicted to dominate the overall market share in Vietnam throughout the forecast period, according to Frost & Sullivan. With the expected growth in power demand in the ASEAN region, Frost & Sullivan also expects an increased need for an interconnected power grid (such as the ASEAN Grid Line) powered by a growing renewable sector. The electric vehicles and smart city developments in ASEAN are also expected to drive the use of low and medium voltage wires and cables in the ASEAN region from 2020 to 2024.

Key projects in the wires and cables industries in Thailand and Vietnam are set out below:

Name of Project	Project Value
Projects in Thailand (2020-2025)	
PEA SMART Grid / Underground	THB 239 billion
MEA Underground Cable	THB 143 billion
AEC Corridor Transmission Line	THB 77 billion
EGAT Upgrading Transmission Lines	THB 110 billion
Other mega projects	THB 1,796 billion
Projects in Vietnam (2021-2025)	
Power Plants	USD 26 billion
Transmission Lines	USD 10 billion

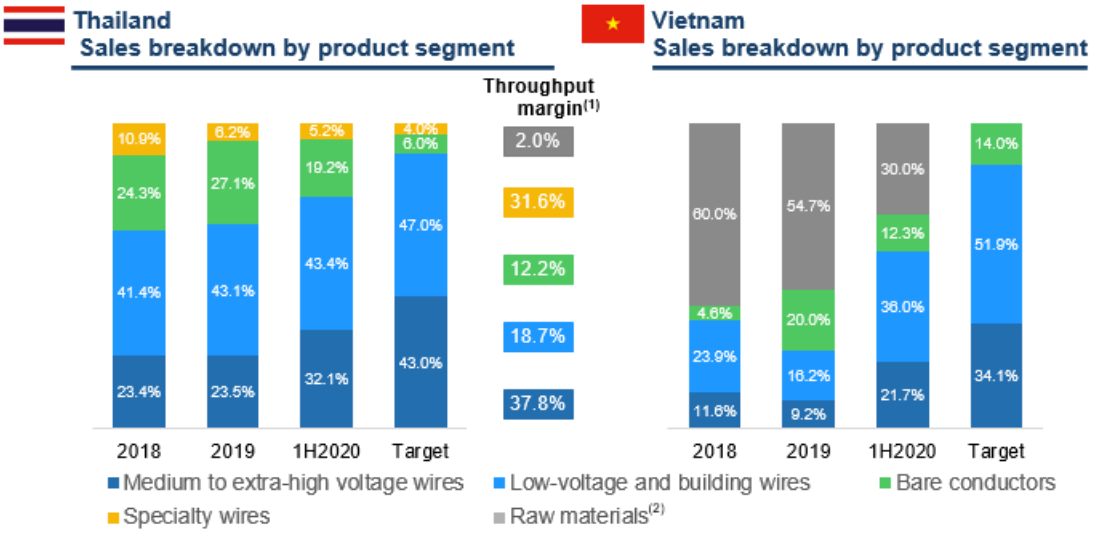
Source: Frost & Sullivan Report

As the use of low to extra-high voltage wires and cables is critical to the abovementioned key projects, particularly the use of high and extra-high wires and cables for transmission lines and underground cables, we believe that we are well placed to service this increase in demand as PDITL is the only domestic producer in Thailand of insulated extra-high voltage wires. We intend to continue securing new tenders for public sector infrastructure projects, as well as large private sector projects, by ensuring product quality, timeliness of delivery, and service enhancement. As we further expand the spectrum of products which we manufacture, we intend to continue improving our ability to operate as a one-stop shop, thereby increasing product loyalty by simplifying our customers' procurement process.

In order to meet increased demand for low to high voltage products, we intend to increase our production of low to medium voltage products, as well as extra-high voltage products, by increasing the utilization of newly installed capacity at each of our Rayong and Bang Phli production facilities. With an average utilization rate at our production facilities of approximately 51.2% as at June 30, 2020, we expect to be able to expand our production with minimal capital expenditure. We intend to increase OEE by a range of 10.0% to 20.0% by reducing switching times between production lines, thereby increasing capacity without additional capital expenditure. We also intend to improve the competitiveness of our Samut Sakhon production facility through an increase of capacity and OEE. See "— *Our Wires and Cables Business — Production Facilities and Capacity*" for further details on our production facilities and their respective production capacities. With an enlarged manufacturing footprint, we expect to have greater flexibility in terms of managing production across our production facilities thereby delivering more bespoke orders and maximizing overall utilization.

We intend to continue focusing on the manufacture of extra-high, high and medium voltage wires and cables to sustain high profit margins.

We intend to increase the sales of our higher margin products. These products comprise our medium to extra-high voltage wires with a throughput margin of 37.8% and special-purpose wires with a throughput margin of 31.6%, for the six months ended June 30, 2020. We also intend to reduce our sales of bare conductors as they carry lower margins. See "— *Our Wires and Cables Business — Our Products and Services*" for further details on the factors that contribute to the higher throughput margins of medium to extra-high voltage wire and special-purpose wires, compared to other wires. The following diagram illustrates the sales breakdown by product segment in Thailand and Vietnam, and the corresponding throughput margins.



Notes:

(1) Based on the throughput margin generated by each category of product manufactured and sold by PDITL over the Track Record Period. For further details see "*Management's Discussion and Analysis of Financial Condition — Key Factors Affecting our Results of Operations — Ability to adjust the selling prices of products we manufacture according to price fluctuations of raw materials we use.*"

(2) From December 2019 and in the first half of 2020, Dovina progressively ceased exporting its products to India, primarily exporting products as required under pre-existing contractual obligations.

In particular, with our acquisition of Thipha Cables and Dovina, we intend to significantly increase our overall production capacity of high voltage products, and supplement our distribution channels, offer of, and expertise in extra-high and high voltage wires. PDITL's track record would also help enhance the ability for Thipha Cables to participate in tenders for larger products. With the Long An production facility operating at approximately 45.0% capacity as at June 30, 2020, we also expect to be able to expand our production with minimal capital injection, since the Long An production facility is currently equipped to manufacture extra-high and high voltage wires and cables (including an existing high voltage testing room).

We intend to produce special-purpose wires for use in the renewables energy sector. According to Frost & Sullivan, under REmap 2036, Thailand has set a target to reach a total capacity of 17 Gigawatts of solar power by 2036. Under Thailand's revised Power Development Plans, the share of renewable energy is projected to increase to 18% by 2037. In addition, Vietnam is also looking to promote energy from renewable resources as well. We expect that our focus on higher margin products, such as medium and high voltage wires and special-purpose wires, will also enable us to benefit from the growth of the renewable energy sector.

We also intend to focus on the manufacture of special-purpose wires and we are currently collaborating with strategic partners and/or government entities to develop military-use cables, submarine cables and/or wires and cables for use in the aerospace industry. In particular, we are developing submarine cables in Vietnam to replace imported products from Europe. We are currently in the process of obtaining the requisite certifications to manufacture such products. We expect to obtain such certifications in the near to medium term. We also intend to develop High-Voltage, Direct Current electric power transmission wires. By focusing on higher margin products, we intend to increase our Adjusted Core EBITDA margin from a range of 8.0% to 10.0%, to a range of 15.0% to 18.0%.

We will continue to cross-sell across voltage segments, leveraging our market leadership and strength in the high voltage cable products, and to expand domestic distribution channels.

Building upon our expertise and reputation in the high voltage cable products, we have established distribution channels in Thailand for a full spectrum of wire products across the B2G, B2B, B2C and export channels. We believe that we can leverage Adisorn's customer base to further introduce our wires and cables to new customers in the oil and gas industry. We intend to continue expanding our B2C and export channels within Thailand.

Our focus in Vietnam has historically been on the B2G and B2B channels. We see an opportunity to further use additional channels such as through manufacturing our products in Vietnam for B2C and export. As a result, we are in the process of expanding our marketing and distribution department in Vietnam and seek to hire key personnel with relationships with relevant distributors and dealers in Vietnam. One of our objectives is to sell to approximately 2,000 to 3,000 distributors in Vietnam in the short to medium term.

We intend to continue exporting to emerging markets, and expand our exports to mature markets, with a target to export up to 50 countries by 2022. We believe that our export business will grow as disruptions to existing supply chains are becoming more prevalent as a result of breakdowns in trade relations (particularly between the United States and China), and our products are competitively priced as a result of the 26 and 38 free trade agreements that Vietnam and Thailand have respectively entered into, as at September 20, 2020, according to the Asian Development Bank's Asia Regional Integration Center. We also intend to manufacture mass-market products which are differentiated compared to other products on the market, but on a large-scale basis.

We intend to penetrate new markets using existing capacity and via accretive acquisitions of businesses that are complementary in terms of product offering, market presence, and distribution pipeline.

We believe that we have developed a sustainable approach to mergers and acquisitions and investments, with a particular focus on opportunities that complement our product offering, increase our market presence, further expand our distribution pipeline, and rely on the availability of international trade agreements which would facilitate exports. We continue to refine our merger and acquisition strategy and selection criteria for potential targets based on past experience. Such criteria include the ability to, and potential for, extending our product offerings, entering into complementary or new end-markets, acquiring new technologies and skills, creating revenue and cost synergies, and extending our customer coverage.

We will continue to identify and actively pursue suitable targets for merger and acquisition. Targets include other wires and cables business or businesses ancillary or complementary to the wires and cables business located in various emerging markets such as Indonesia or in the Middle East.

We intend to unlock further value in our Group for our shareholders and maintain cost competitiveness with optimized manufacturing processes and a lean management system.

As at June 30, 2020, we have short-term borrowings of THB 8,978 million, current interest-bearing liabilities of THB 1,064 million and non-current interest-bearing liabilities of THB 3,684 million. We intend to reduce our liabilities through cash generated from our operating activities, thereby reducing the leverage of our Group and our interest expenses.

We also intend to restructure PDITL as an International Business Center in Thailand. In order to qualify as an International Business Center, we expect that PDITL will provide support services (*e.g.*, corporate or IT, etc.) to our other subsidiaries such as Thipha Cables and Dovina. Under the Royal Decree issued under the Revenue Code regarding Tax Reduction and Exemption (no. 674), qualifying companies will enjoy a reduced corporate tax rate on qualifying income of a range of 3.0% to 8.0% (depending on the amount of the expenditure in Thailand per annum) instead of the applicable 20.0% corporate tax rate.

We seek to increase cost competitiveness through the procurement of raw materials from key suppliers and to further optimize our supply chain processes. We have consolidated our metal purchase orders with PDITL for both our Thai and Vietnamese operations. In Thailand, prior to the acquisition of Thipha Cables and Dovina in March 2020, PDITL's credit terms with our business partners vary from payment upon purchase to 270 days. After completion of these acquisitions, as we consolidated our Thai and Vietnamese procurement platform, we renegotiated credit terms with our partners. In 2018 and 2019, and in the six months ended June 30, 2020, our

average accounts payable days were 199 days, 201 days, and 168 days, respectively. Our businesses in Vietnam are given shorter credit terms (up to 180 days in the case of Thipha Cables) due to the lower credit rating of Vietnam compared with Thailand. With our recent acquisitions and synergies expected from a more integrated procurement platform together with increased bargaining power from larger consolidated orders, we have been able to negotiate longer credit terms and better prices, and we will seek to extend such more advantageous credit terms to our new subsidiaries in Vietnam. We recently obtained credit terms of up to 360 days following the acquisition of Dovina and Thipha Cables. See "*Management's Discussion and Analysis of Financial Condition — Certain Balance Sheet Items — Trade and other current receivables*" for further details.

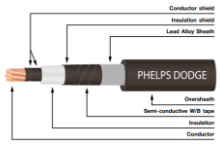
We will also continue to adopt a lean management team with a cross-function matrix in order to keep operating expenses low. Our subsidiaries will continue to be run by similar management teams to ensure greater oversight across operations.

Our Wires and Cables Business

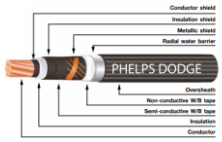
Our Products and Services

Our product offering focuses on wires and cables (which are made of copper or aluminum) that fall into four product categories:

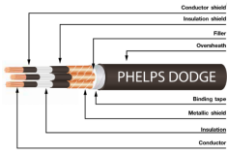
- **Medium to Extra-High Voltage Wires**



Extra-high voltage wires have a voltage range of greater than 230 kV. These wires are generally manufactured using VCV technology, and contain Milliken conductors. PDITL is able to test extra-high voltage wires at our in-house high voltage testing laboratory and the High Voltage Mobile Testing Unit. Extra-high voltage wires are primarily used for overhead, underground and sub-sea high-voltage power transmission. They are typically used in power plant projects.

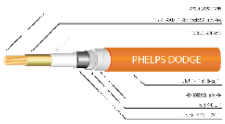


High voltage wires have a voltage range of between 100 kV to 230 kV. These wires are generally manufactured using VCV technology, and contain Milliken conductors as well. High voltage wires are primarily used for overhead, underground and sub-sea transmission. They are typically used in power plant, renewable energy, and petrochemical projects.



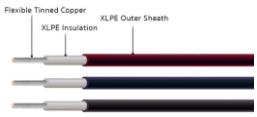
Medium voltage wires have a voltage range of 3 kV to 100 kV. Medium voltage wires are primarily used for railway (*e.g.*, skytrains), oil and gas, power plants, petrochemical or industrial projects. They are also used in electricity distribution systems.

We generally distribute our medium to extra-high voltage wires through the B2G and B2B channels.



- **Special-purpose Wires** do not have a prescribed voltage range. Instead they have unique features which are customizable to our customers' requirements. For instance, such wires may be fire resistant, ultraviolet light resistant, have signaling capacity, or are water proof and suitable for use underwater, They are used in a variety of projects an buildings such as railways (*e.g.*, skytrains), oil and gas plants, petrochemical plants, solar projects, hospitals and airports.

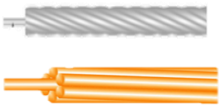
  We generally distribute our special-purpose wires through our B2G, B2B, B2C and export channels.



- **Low Voltage Wires and other Wires for Building Use** have a voltage range of 3 kV or less. These wires are either lead sheathed or lead free, depending on the customers' specifications, but nevertheless are manufactured using the 'skin' insulation technology. Most of our customers require double insulation in respect of low voltage wires. They are often used in railway, oil and gas, power plants or industrial projects. They are also used generally in electricity distribution systems. Such wires are used within buildings for individual consumption.

We generally distribute our low voltage and other such wires through our B2G, B2B, B2C and export channels.

- **Bare Conductors** have a voltage range of up to 500 kV. These wires are resistant to high temperatures and have low sag. The main use of bare conductors include those used for transmission grid lines, grounding systems and lightning protection systems, and do not require insulation. These production process is less complicated compared to the insulated wires and cables.



We generally distribute our bare conductors through our B2G and B2B channels.

PDITL's higher margin products consist of medium to extra-high voltage wires and special-purpose wires, with a throughput margins of 37.8% and 31.6%, respectively, for the six months ended June 30, 2020. These products are priced at a premium compared to low voltage wires or bare conductors due to (a) the complexity of their production process (*e.g.*, the use of VCV technology), (b) the high capital expenditures required to purchase the appropriate machinery and equipment, as well as testing facilities, to manufacture extra-high and high voltage wires, (c) the inclusion of safety features (such as insulation), and (d) the requirement to obtain various approbations and certifications in order to produce such wires, as well as the requisite track record in terms of years of operations and mileage of wire produced. The process of obtaining the relevant approbations and certifications is lengthy (approximately two years and at a cost of approximately USD 2 million to USD 3 million). The numerous domestic accreditations, such as the approval from the Thai Industrial Standards Institute and the Ministry of Science and Technology of Vietnam, provide a barrier to entry against the more established international brands from entering the markets in Thailand and Vietnam. Our ability to manufacture a spectrum of wires and cables customized for our customers' preferences also enables us to obtain premium pricing on our products. We are generally able to pass on our cost of raw materials to our customers thereby contributing to the higher throughput margins carried by these products. Low voltage wires and other wires for building use as well as bare conductors had lower throughput margins of 18.7% and 12.2%, respectively, for the six months ended June 30, 2020. In 2019, PDITL converted its production of bare conductors to higher margin products and we intend to continue doing so in the future. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Factors Affecting our Results of Operations — Ability to adjust the selling prices of products we manufacture according to price fluctuations of raw materials we use.*"

Significant projects which have used our wires and cables are set out below:

Years	Project	Features	Location	Customer
2017	Mae Moh Power Plant	Consists of ten generating units with an aggregate capacity of 21000 Megawatts	Mae Moh District, Lampang Province	The EGAT
2016	PTTLNG Receiving Terminal Expansion Phase II	Consists of two 160,000 m^3 LNG storage tanks and regasification facilities for 5.0 MT per annum	Rayong, Thailand	PTT LNG Company Limited
2016	132kV Sub-station Project	A power plant	Culcutta, India	Regent Electro Mech Pvt Ltd
2015	Terminal 21 Korat	A mixed-used complex consisting of a mall and transportation hub	Korat, Thailand	Siam Retail Development Company Limited
2015	Blueport Huahin	A shopping and fashion mall	Huahin, Thailand	Huahin Asset Co., Ltd.
2014	BITEC 2	A premier convention center in Bangkok	Bangkok, Thailand	Bhiraj Buri Group

Years	Project	Features	Location	Customer
2014	Delhi Metro Rail Project	A rapid transit system	Delhi, India	ABB India Limited
2014	Vinh Airport	An airport terminal	Hanoi, Vietnam	Airport Corporation of Vietnam
2013	Mahanakhon Building	A mixed-use skyscraper which is recognized as the tallest building in Thailand	Bangkok, Thailand	King Power MahaNahon Plc.
2012	Integrated Liquefied Natural Gas Project	Liquefied Natural Gas Project	Queensland, Australia	General Cable Australia
2010	Muscat International Airport Project	An international airport	Muscat, Oman	Bahwan Engineering Group
2009	TATA Steel Kalinganagar Plant Project	A steel plant	Jajpur, India	TATA Steel Limited

Our wires and cables business in Thailand

We operate our wires and cables business in Thailand through PDITL. We manufacture the full spectrum of wires from medium to extra-high voltage wires, special-purpose wires, low-voltage wires and other wires for building use, and bare conductors at the Bang Phli, Rayong and Samut Sakhon production facilities in Thailand. We distribute our products via B2G, B2B, B2C and exports channels. See "*—Production Facilities and Capacity*" and "*— Marketing and Distribution — Distribution*" for further details.

PDITL has been at the forefront of innovation in the electric wire business in Thailand. For instance, in 1993, PDITL was the first manufacturer in Thailand to utilize VCV for the production of wires and cables, enabling the production of extra-high voltage wires. In 2017, PDITL was the first company in Thailand to introduce a High Voltage Mobile Testing Unit, to provide on-site high voltage testing services to customers for their installed wire systems, in compliance with International Electrotechnical Commission standards. In fact, PDITL is the only domestic producer in Thailand of insulated extra-high voltage wires which are manufactured under rigorous product quality control and subject to numerous certifications. PDITL continues to focus on higher margin products such as medium to high voltage wires, and special-purpose wires.

TCI, which was formed through the amalgamation of Thai Cable Intertec Co., Ltd., Green Electric Cable (Thailand) Company Limited and Siam Copper Rod 2015 Co., Ltd. in 2019, further complements PDITL's range of higher margin products, and through their focus on low voltage wires, the acquisition of TCI has enabled us to offer our customers a full spectrum of wire products.

PDITL's total core revenue was THB 10,426 million, THB 10,158 million, THB 5,103 million and THB 5,308 million for 2018, 2019, the six months ended June 30, 2019, and 2020. PDITL's revenue from sales of wires and cables was THB 10,150 million in 2019 comprising 23.5% from the sales of medium to extra-high voltage wires, 6.2% from the sales of special-purpose wires, 43.1% from the sales of low voltage and building wires and 27.1% from the sales of bare conductors. PDITL's cost of goods sold was THB 8,828 million for 2019. Costs of raw materials and conversion costs accounted for 91.5%, overhead costs accounted for 6.5%, direct labor costs accounted for 1.3%, and depreciation accounted for 0.7%, respectively, of the cost of goods sold in 2019. PDITL's Adjusted Core EBITDA was THB 835 million, THB 1,055 million, THB 507 million and THB 699 million for 2018, 2019, the six months ended June 30, 2019, and 2020. PDITL's net profit was THB 463 million, THB 479 million, THB 226 million and THB 624 million for 2018, 2019, the six months ended June 30, 2019, and 2020. The net working capital (being trade and other current receivables and inventories less trade and other current payables) of PDITL was THB 1,563 million, THB 1,784 million, THB 579 million, and THB 2,057 million as at December 31, 2018, December 31, 2019, June 30, 2019, and June 30, 2020. For the avoidance of doubt, the financial statements of PDITL for the six months ended June 30, 2020 did not consolidate TCI's results of

operations following PDITL's acquisition of TCI in late March 2020. TCI's contribution to the core revenue, Adjusted Core EBITDA and net profit of PDITL was not and is not material.

Our wires and cables business in Vietnam

Prior to our acquisition of Thipha Cables and Dovina, Thipha Cables focused on the manufacture of low to medium voltage wires, and bare conductors, while Dovina imported raw materials, such as copper cathode and aluminum ingot, and manufactured non-ferrous metal products, such as copper rods, round copper wires, tinned copper wires, aluminum rods, round aluminum wires and various PVC composites. Their production facility is located in Long An, Vietnam. Thipha Cables and Dovina distributed their products largely through B2G and B2B. See "— *Production Facilities and Capacity*" and "— *Marketing and Distribution — Distribution*" for further details. Dovina also sold the abovementioned raw materials as part of its business. From December 2019 and in the first half of 2020, Dovina progressively ceased exporting its products to India, primarily exporting products as required under pre-existing contractual obligations.

Following our acquisition of Thipha Cables and Dovina, as the Long An production facility is equipped to manufacture extra-high and high voltage wires and cables (including a high voltage testing room which can test wires and cables with voltages up to 400 kV), we intend to transfer PDITL's knowledge and expertise in extra-high and high voltage wires and cables to our Vietnam subsidiaries, commence the production of such products in Vietnam, thereby increasing our Group's overall production of high voltage products to meet the increased demand for such products.

Thipha Cables' and Dovina's pro forma combined core revenue was VND 9,083 billion, VND 4,658 billion, and VND 2,099 billion for 2019, the six months ended June 30, 2019, and the six months ended June 30, 2020. The pro forma combined Adjusted Core EBITDA of Thipha Cables and Dovina was VND 691 billion, VND 343 billion and VND 157 billion for 2019, the six months ended June 30, 2019, and the six months ended June 30, 2020. The pro forma combined net profit of Thipha Cables and Dovina was VND 442 billion, VND 217 billion, and VND 51 billion for 2019, the six months ended June 30, 2019, and the six months ended June 30, 2020. The pro forma combined net working capital (being trade and other current receivables and inventories less trade and other current payables) of Thipha Cables and Dovina was VND 1,069 billion, and VND 1,228 billion as at December 31, 2019, and June 30, 2020.

Production Facilities and Capacity

We currently have three production facilities in Thailand and one in Vietnam. As at December 31, 2019, our production facilities had a total name plate capacity of 110,400 MT/year (in respect of copper wires and cables) and 91,200 MT/year (in respect of aluminum wires and cables). As at June 30, 2020, our name plate production capacity of copper wires and cables increased to 131,400 MT/year and our name plate capacity of aluminum wires and cables increased to 91,200 MT/year. This was attributable to the increase in our production capacity of copper wires and cables in Thailand by 11,000 MT/year and 10,000 MT/year at our Bang Phli and Rayong production facilities, respectively. We installed a new high voltage 150 mm production line for high and extra-high voltage wires at Bang Phli, and an additional production line for low to medium voltage wires at Rayong in the first half of 2020.

We have three production facilities in Thailand. Our Bang Phli production facility is located at 159, Moo 10, Soi Wat Ratchaburana, Theparak Km.17, Bangpa, Bangplee, Samuthprakarn 10540, and is approximately 45 acres. At this production facility, using our VCV technology, we are able to manufacture medium to high voltage wires. For further details on the VCV technology used, see "— *Technology, Research and Development.*" Our Rayong production facility is located at 9/9, Moo 4, Nikom Pattana Sub-district, Nikom Pattana District, Rayong 21180 and is approximately 33 acres. At this production facility, we manufacture low to medium voltage wires. Our Samut Sakhon production facility is located at 227 Moo 4 Soi 97 Petchkasem Road, Omnoi, Krathumban, Samut Sakhon, and is approximately 8 acres. At this production facility, we have a scrap furnace and we manufacture low voltage wires.

In Vietnam, our Long An production facility is located at QC5P+6G Luong Binh Street, Ben Luc district, Long An, Vietnam, and is approximately 49 acres. It currently produces low to medium voltage wires though it is equipped to manufacture extra-high and high voltage wires.

The table below shows the maximum name plate capacity, actual production capacity and utilization rate of each of our production facilities as at the dates indicated therein:

Production Facility	As at December 31, 2018			As at December 31, 2019			As at June 30, 2020		
	Name plate capacity [1] (tons)	*Actual production volume (tons)*	*Utilization rate (%)*	*Name plate capacity [1] (tons)*	*Actual production volume (tons)*	*Utilization rate (%)*	*Name plate capacity [1] (tons)*	*Actual production volume (tons)*	*Utilization rate (%)*
Bang Phli									
Copper	15,000	7,380	49.2%	15,000	11,180	74.5%	26,000	19,500	75.0%
Aluminum..	20,000	18,510	92.6%	20,000	10,150	50.8%	20,000	15,000	75.0%
Total	**35,000**	**25,890**	**74.0%**	**35,000**	**21,330**	**60.9%**	**46,000**	**34,500**	**75.0%**
Rayong									
Copper	15,000	12,910	86.1%	15,000	12,010	80.1%	25,000	10,625	42.5%
Aluminum..	5,000	-	-	5,000	-	-	5,000	-	-
Total	**20,000**	**12,910**	**64.6%**	**20,000**	**12,010**	**60.1%**	**30,000**	**10,625**	**35.4%**
Samut Sakhon									
Copper	8,400	2,470	29.4%	8,400	2,960	35.2%	8,400	6,300	75.0%
Aluminum..	1,200	830	69.2%	1,200	480	40.0%	1,200	900	75.0%
Total	**9,600**	**3,300**	**34.4%**	**9,600**	**3,440**	**35.8%**	**9,600**	**7,200**	**75.0%**
Long An									
Copper	72,000	43,620	60.6%	72,000	43,150	59.9%	72,000	32,400	45.0%
Aluminum..	65,000	18,700	28.8%	65,000	19,080	29.4%	65,000	29,250	45.0%
Total	**137,000**	**62,320**	**45.5%**	**137,000**	**62,230**	**45.4%**	**137,000**	**61,650**	**45.0%**
Total copper production capacity[2] ...	**110,400**	**66,380**	**60.1%**	**110,400**	**69,300**	**62.8%**	**131,400**	**68,825**	**52.4%**
Total aluminum production capacity[2] ...	**91,200**	**38,040**	**41.7%**	**91,200**	**29,710**	**32.6%**	**91,200**	**45,150**	**49.5%**
Total production capacity[2] ...	**201,600**	**104,420**	**51.8%**	**201,600**	**99,010**	**49.1%**	**222,600**	**113,975**	**51.2%**

Notes:

(1) The name plate capacity is the maximum amount that a machine and/or equipment can produce under specific conditions, as rated by the manufacturer, in a calendar year.

(2) The total name plate capacity, total production volume and utilization rate are calculated as if each of Thipha Cables, Dovina and TCI were subsidiaries of PDITL as at the respective dates stated above.

In addition, we monitor the overall equipment effectiveness ("**OEE**") of our production facilities at Bang Phli and Rayong. OEE measures the percentage of manufacturing time that is truly productive, after factoring-in down-time required for switching between production lines of different products. It is calculated as all available capacity over the name plate capacity. Our OEE for the relevant periods is set out below:

Production Facility	2018	2019	Six Months Ended June 30, 2020
Bang Phli	46%	52%	59%
Rayong	41%	43%	53%

Procurement and Production Process

Our procurement and production process comprises six key steps:

1. **Production planning.** Upon receipt of a purchase order from a customer, we assess if we have sufficient stockpile within our warehouses. If we are required to commence production, we initiate the planning process. Our cable design and development department starts by designing and developing electric wires, and preparing the manufacturing guide required for our products to comply with the relevant industrial standards. In particular, the manufacturing guide, among others, specifies the quality testing plan, the diameter of the wire, type of plastic required, and the average thickness of the wire.

   Our planning department then draws up a production plan based on the manufacturing guide. In doing so, it takes into account various factors such as the estimated amount of raw materials required, cost of raw materials, and number of operational machines required. Our planning department uses such estimates to coordinate and optimize the production process by allocating tasks and orders to our various production facilities to maximize production efficiency.

2. **Procurement of raw materials.** Upon receipt of the planning department's estimates as to the required raw materials, our procurement department assesses the costs of raw materials required and appoints suppliers from our vendor list. See "— *Raw Materials*" for further details.

3. **Production.** The production of electric wires takes approximately 30 to 90 days depending on the type and complexity of the electric wires. The four main production stages are set out below:

- Smelting: The smelting (or casting) process encompasses the melting of the solid raw materials, for instance copper cathodes, into liquid through a furnace and forming the raw materials into straight line copper bars which initially have a square cross-section.

- Rolling: The formed copper and aluminum conductive wires (*i.e.*, wires without insulation) are rolled into the required diameter. The wires are subsequently drawn and subject to annealing (if required). At the end of these processes, we perform a quality test. This comprehensive quality test includes: checking thermal conduction, and inspecting the roundness, surface condition, diameter and elongation of the conductive wires against the requisite specifications.

- Twisting: The conductive wires are then processed in a twisting machine. Each type of product may use various conductive wires to receive different currents. After the twisting process is complete, the conductive wires are more flexible. We perform a quality test which includes the inspection of the elongation, density of the conductive wires, and the twisting direction of the conductive wires.


- Insulating: We use plastic pellets such as PVC or XLPE for wrapping conductive wires. The wrapping process begins with melting the plastic pellets in the electric wire wrapping machine. Once the plastic is in liquid form, the conductive wires are brought to the wrapping head where the melted plastic is wrapped around the conductive wires and the conductive wires and the plastic insulator are welded. Once wrapped in the plastic insulator, the wires are cooled down with water so that the plastic solidifies.

  We use a special technology called VCV technology in the plastic insulator wrapping process for high voltage electric wires. As insulators for high voltage electric wires tend to be large and heavy, wrapping the insulator around the conductive wires is difficult. Additionally, the weight of such insulators normally causes the insulator to tilt to one side. The VCV technology resolves these issues as it enables the electric wire insulator to stay in the center.

  At the end of the wrapping process, a third quality test is performed. This test includes the inspection of the electric wire structure, diameter of the electric wires, a weight loss test, checking electric resistance and current leakage, the existence of air bubbles in the electric wire, the surface condition of the insulator, the thickness of the electric wire after wrapping the insulator and sheath, and the direction, width and thickness of the wrapping tape (if any).


4. **Quality control test.** Our quality control department conducts tests on raw materials and our products at the various production stages mentioned above and we also conduct a final quality test on the finished products. Such tests would measure characteristics including, among others, elongation, density, twisting direction, chemical composition, metal composition, tensile strength, and fire resistance.
5. **Storage process.** Once the production process and the relevant control tests have been completed, our warehouse and transportation department packs our products in preparation of delivery.
6. **Delivery process.** Our customers may collect their orders directly from our production facilities (which is customary for governments and/or state-owned enterprises), or we may arrange for delivery through third-party or related-party logistics providers (which is customary for private sector customers). Depending on the commercial arrangement, our exports are carried out by third-party logistics providers, with the assistance of our related-party logistics provider, and sold on a FOB or CIF basis.

To ensure that our products are delivered on time, we are able to track the delivery status and the location of our logistics providers' delivery trucks through a GPS system so as to provide our customers with updates on the status of their delivery.

Raw Materials

The main raw materials required for our wires and cables business consist of copper (of 99.99% purity, called London Metal Exchange Grade A) and aluminum (of 99.70% purity, called Electrical Conductor Grade). We procure such raw materials from key suppliers such as IXM (formerly known as Louis Dreyfus Company Metals), Marubeni, and Glencore. The prices of such raw materials are quoted from prices traded on the London Metal Exchange. We typically make price comparisons between several suppliers to obtain the best price and terms for our customers. We are also required to procure other materials in order to insulate the electric wires such as PVC, PE and XLPE. Following our acquisition of Thipha Cables and Dovina, we are also able to procure raw materials from Vietnam, where such raw material are generally cheaper than in Thailand. We typically enter into term contracts with key suppliers of up to six months.

We report our consolidated results of operations in Thai Baht, while our purchases are made primarily in United States dollars. We have entered into forward exchange contracts to mitigate our exposure to foreign exchange variations. All gains and losses on hedge transactions are recognized in profit or loss in the same period as the exchange differences on the items covered by the hedge. For additional information on our forward receivable and forward payable under our foreign currency forward contracts, see "— *Contractual obligations and commitments*."

The key source of energy for our production facilities is electricity sourced from the grid. Since 2018, PDITL has installed solar panels on rooftops in and within the area of certain of its production facilities to use more renewable energy to sustainably support our business development and decrease our overhead costs.

Our Logistics Business

We provide the following logistics services through our subsidiary, Adisorn:

- **Offshore Manpower services.** We focus on providing manpower services to our customers in the oil and gas industry. In particular, our employees are trained and experienced in a variety of fields such as engineering, construction and architecture. As at June 30, 2020, we had 800 to 1,000 employees engaged by Adisorn. Our employees are seconded to our customers for a period of approximately three to five years by way of a service contract. In addition, we provide human resources services such as visa and work permit applications and payroll services.
- **Engineering Services.** We provide ancillary services such as vessel cleaning, off-shore construction services, fabrication and maintenance services.
- **Rental Services.** We provide warehouse, equipment and machinery rental services. Our logistics warehouse which has a total area of approximately 82,000 sqm is located at Kanjanavanich, in proximity to the harbor in the Songkla province, Thailand. This facilitates conveyance of goods (such as general and industrial commodities) to our customers' premises. For equipment and machinery rental, we provide electric generators, welding machinery, containers, wire rope slings, air compressors and other related heavy machinery.

We entered a service agreement with a multinational energy corporation based in Thailand in May 2020, which was further amended in August 2020, in respect of the provision of manpower services for a period of up to five years. We also entered into a contract with a Thai national petroleum exploration and production company in December 2019 in respect of the provision of manpower services for a term of approximately three years subject to an extension for an additional year. These two customers (with whom we have had a relationship for over 30 years) contributed more than 90.0% of Adisorn's revenue in the six months ended June 30, 2020.

Adisorn's core revenue was THB 1,371 million, THB 661 million and THB 810 million for 2019, the six months ended June 30, 2019, and the six months ended June 30, 2020. Adisorn's Adjusted Core EBITDA was THB 165 million, THB 87 million and THB 133 million for 2019, the six months ended June 30, 2019, and the six months ended June 30, 2020.

Marketing and Distribution

As at June 30, 2020, our sales and marketing department for our wires and cables business comprised a total of 132 personnel, including 51 of whom are dedicated to our business in Thailand and 81 to our business in

Vietnam. We maintain product specialists as well as personnel dedicated to specific market segments and customer accounts, such as B2G, B2B, B2C, projects, retailers and distributors, state-owned enterprises, and export customers. While we do not have a marketing department specifically dedicated to our logistics business, we have a corporate planning department which is involved in managing Adisorn's customer portfolio.

Our Wires and Cables Business

Our wires and cables are sold under the brands such as Phelps Dodge, Nation and Goodland. Our customers comprise governments, state-owned enterprises, distributors, and developers and owners operating in the power plant, infrastructure, public transportation, petrochemical, oil and natural gas, and real estate industries.

We distribute our products through four main channels: B2G, B2B, B2C and via exports. We distribute our products to government and state-owned enterprises in Thailand, Vietnam, and other countries. Our key public sector customers include the EGAT and the PEA in Thailand, and the EVN in Vietnam. Overseas governments which use our products include, among others, the Dubai Electricity & Water Authority, Singapore Power, and the Jordanian Electric Power. We distribute our products to businesses in the private sector within Thailand, Vietnam and to international customers such as Siemens, Energex, ABB, Alstrom and General Electric. We also distribute our products to electric wire, general construction material, retail, or wholesale stores. We have exported our products to approximately 40 countries (outside Thailand and Vietnam), such as Australia, Brazil, Cambodia, India, Jordan, Myanmar, Oman, Singapore and the UAE.

Our marketing department focuses on the following key areas:

- **Quality of products and services.** Consolidating our customer base and acquiring new customers require us to maintain and increase the quality and reliability of our products and services. Our products comply with international and other applicable standards. Further details of the certifications we and our products have received are set out in "— *Quality Control.*"

- **Distribution.** We distribute our products through four main channels: B2G, B2B, B2C and via exports.

  Business to Government ("**B2G**"). We distribute our products to governments and state-owned enterprises in Thailand, Vietnam, and other countries. Our key customers include the EGAT and the PEA in Thailand and the EVN in Vietnam. Overseas governments which use our products include, among others, the Dubai Electricity & Water Authority in UAE, Singapore Power, and the Jordanian Electric Power. We generally participate in government and state enterprise projects by way of project bidding, or through contractors. Due to the nature of these projects, orders via B2G are large and in bulk.

  Business to Business ("**B2B**"). We distribute our products to businesses in the private sector within Thailand, Vietnam and to international customers such as Siemens, Energex, ABB, Alstrom and General Electric. We generally participate in private sector projects by way of project bidding, through contractors, or through distributors. Similar to B2G, due to the nature of these projects, orders via B2B are large and in bulk.

  Business to Consumer ("**B2C**"). We also distribute our products to electric wire, general construction material, retail, or wholesale stores. In 2019, our products are distributed through approximately 5,000 dealers in Thailand, and approximately 30 dealers in Vietnam. We typically manufacture low voltage wires and electrical wires to be kept as inventory before they are sold to the dealers.

  Export. We have exported our products to customers in approximately 40 countries outside of Thailand and Vietnam, such as Australia, Brazil, Cambodia, India, Jordan, Myanmar, Oman, Singapore and the UAE. We generally export our products by way of project bidding, through contractors, or through distributors and/or dealers.

- **Price.** The price of our products is generally determined based on, among others, the type of electricity system, order quality, cost of raw materials, budgeted profit margin, other expenses as well as related environmental factors such as the number of personnel involved in the manufacturing process, production period, associated cost of transportation, and after-sales services to be provided. In addition, where we supply our products to distributors, we may also consider the demand and supply of electric wire products, as well as the price being offered by competitors, so as to ensure that our pricing strategy is competitive.

Our customers may purchase our products on a fixed-cost or variable cost basis. To the extent the price of our products is fixed, we generally pass all of our costs onto our customers. To the extent the prices of our products are variable, we factor the cost of the raw materials used into the price of our products and we enter into forward exchange contracts to better control the cost of the raw materials used in Thai Baht, our functional currency.

- **Sales Promotion.** Our sales and marketing staff are required to undergo specific product and customer segmentation training programs.

  We promote our products through multiple avenues such as our corporate websites at www.pdc.com, http://thiphacable.com, and http://dovinametal.com, which provide product data, details of stores distributing our products, and product price. In addition to our online marketing activities via Facebook, Google Ads, or through our websites and other online marketing channels, we also regularly participate in traditional offline trade promotion activities such as trade events and product exhibitions. For instance, we advertise on magazines such as the Thai Electrical & Mechanical Contractors Association TEMCA Magazine, and participate in product exhibitions such as the ASEAN Sustainable Energy Week in 2019 and the Manufacturing Expo 2019. We also conduct knowledge enhancement seminars for electric wire users and students from time to time.

Our Logistics Business

Adisorn's business development department is responsible for managing its customer portfolio. Through Adisorn's strong track record and, we believe, with our ability to attract highly-trained and experienced personnel in this industry, we are able to maintain our long-term relationships with our key customers.

Quality Control

As we seek to offer products of the highest quality, we employ best-practice quality controls throughout the production process from the procurement of raw materials to our finished products before delivery to our customers. Our quality control department conducts tests on raw materials upon arrival and our products throughout the stages of production, and a final quality test on the finished product. In addition to ensuring that our production process complies with high quality standards, our subsidiaries have been accredited with the following industry-recognized certificates.

PDITL holds the following certifications:

- ISO 9001:2015 (Quality Management System Standard) from MASCI and UL which specifies requirements for a quality management system where an organization, among others, demonstrates its ability to consistently provide products that meet customers' and applicable statutory and regulatory requirements.
- ISO 14001:2015 (Environmental Management System Standard) from UL which recognizes an organization's effective implementation of environmental management systems that enhance environmental performance while systematically fulfilling compliance obligations and achieving environmental objectives, including that of sustainable practices.
- BS OHSAS 18001:2007 (Occupational Health and Safety Management System Standard) from DQS recognizes an organization's internal occupational health and safety management framework, that as a result of its implementation, creates the best possible working conditions, motivates its workforce, reduces the risk of hazards and occupational accidents and illnesses, and demonstrates compliance and a commitment to achieving international labor standards and standards set out in international labor conventions.
- Certificate of Testing Laboratory Accreditation pursuant to Standard No. TIS 17024 - 2547 (ISO/IEC 17025) with regards to the Requirements for Competence of Testing and Calibration from the Thai Industrial Standards Institute, the Ministry of Industry which recognizes the quality management system of an organization's laboratories, and the technical expertise of its personnel, which ensures that such organization's laboratories are able to consistently produce valid results and products that are accepted by suppliers and regulatory authorities.

Adisorn holds the following certification:

- ISO 9001:2015 (Quality Management System Standard) from the Management System Certification Institution (Thailand) which specifies requirements for a quality management system where an organization, among others, demonstrates its ability to consistently provide products that meet customers' and applicable statutory and regulatory requirements.

As at the date of this Information Memorandum, Thipha Cables and Dovina are in the process of obtaining the ISO 14001:2015 certification from a licensed certifying agency recognized by the Ministry of Science and Technology of Vietnam.

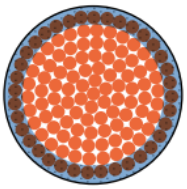
Further, we manufacture a variety of wires and cables which are certified by authorities or licensing bodies such as the Thai Industrial Standards Institute, TÜV SÜD, KEMA Laboratories, and the International Electrotechnical Commission. PDITL is listed on the register of Approved Vendor List in Thailand which allows it to bid for government sector infrastructure projects and large private sector projects.

Technology, Research and Development

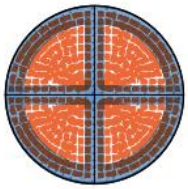
We focus on product and technical innovation to differentiate our higher voltage product range, and to better respond to our customers' needs. PDITL allocated a budget of up to 1.0% of its revenue annually since 2016, to conduct research and development on product innovation, product handling, and raw materials such as polymers and non-ferrous metals.

PDITL is the only manufacturer in Thailand that produces up to 500 kV cables with an in-house high voltage testing laboratory which can test wires and cables with voltages up to 400 kV. In order to manufacture such high-voltage wires, PDITL was the first and is the only manufacturer in Thailand to utilize VCV technology in our products. Through VCV technology we are able to locate the electrical conductor within the center of the insulator thus supporting the highest voltage and reducing current leakage. We also provide on-site testing of such high voltage wires through our High Voltage Mobile Testing Unit. Our copper raw materials are melted in an oxygen free closed system to ensure that the wire remains tough notwithstanding the rolling process, thus improving electric conductivity. We also introduced the use of skin insulation to low voltage wires, providing double insulation, which enhances electrical resistance.

In addition, we manufacture products which utilize a Milliken conductor that can conduct higher electric currents than other cables. Due to the natural phenomenon of electromagnetic field generation of AC circuits, there is a tendency for more of the current to be carried on the outside portion of the conductor rather than its center. This is known as the "skin effect." To mitigate this, the Milliken conductor was developed such that the conductor is divided into 4 to 5 sector shaped conductors. This enables the wire to carry at least 5.0% more current than a round compacted conductor.



AC flows on round compact conductor



AC flows on Milliken conductor

In 2018, PDITL invented certain new aluminum transmission line products with features such as a steel support or composite core to improve conductivity over regular transmission line products. We expect an increase in demand for such products when the Thai and Vietnamese governments upgrade the transmission lines in Thailand and Vietnam, respectively. In 2020, we improved the cost effectiveness of our solar cable products, reducing costs by approximately 27.0% by focusing on a better product design.

Our production facilities are equipped with machines mainly imported from Europe. Our operators of such machines have the requisite know-how to manufacture high quality wires and cables.

We are collaborating with strategic partners and/or government entities to develop submarine cables and/or wires and cables to be used in the aerospace industry. Due to the unique and highly specialized nature of these products, it is expected that such products would carry higher profit margins.

Intellectual Property

Our intellectual property portfolio plays an important role in our growing business. We strategically protect our technologies, inventions, designs and brands through various types of intellectual property.

As at the date hereof, the following key registered trademarks which are material to our Group's business is set out below:

Mark Sample	Registration Number	Registration Date/ Expiry Date	Class of Goods/Services[2]	Countries of Registration
PDITL	Kor. 165164[1]	20.12.2001/ 19.12.2021	09	Thailand
(Known as the PDIC Global Design and the PDIC Globe Design)				
Flexiloy	171120721	30.06.2017/ 29.06.2027	09	Thailand
Dovina				
Registered in Vietnam	156428	31.12.2010/ 20.08.2029	06, 09, 14, 17, 19, 35, 37, 40	Vietnam
Registered in country-members of WIPO	1330782	30.06.2016/ 30.06.2026	06	Australia, Bahrain, China, India, Japan, Cambodia, Republic of Korea, Lao PDR, New Zealand, Oman Philippines
Registered directly in jurisdictions outside of Vietnam	4/9997/2016	15.08.2016/ 03.05.2022	06	Myanmar
	47926	05.07.2016/ 05.07.2026	06	Brunei Darussalam
	2016062402	15.07.2016/ 05.07.2026	06	Malaysia
	01840215	16.05.2017/ 15.05.2027	06	Taiwan
	181104988	25.07.2016/ 24.07.2026	06	Thailand
	2016062402	28.02.2017/ 05.07.2026	06	Malaysia

Mark Sample	Registration Number	Registration Date/ Expiry Date	Class of Goods/Services(2)	Countries of Registration
DOVINA COPPER - ALUMINIUM & PLASTIC	The Published Cautionary Notice in East Timor Suara Timor Lorosae on 27 July 2016	27.07.2016 to 01.05.2021	06	East Timor
DOVINA	IDM000671167	12.02.2020/ 13.07.2026	06	Indonesia
Thipha Cables				
Registered in country-members of WIPO				
ThiPha Cable	1321320	28.07.2016/ 28.07.2026	09	Australia, Bahrain, China, India, Japan, Cambodia, Republic of Korea, Lao PDR, New Zealand, Oman, Philippines, USA
Registered directly in jurisdictions outside of Vietnam				
ThiPha Cable	47986	25.07.2016/ 25.07.2026	09	Brunei Darussalam
ThiPha Cable	The Published Cautionary Notice in East Timor No. Pub / 556 / KP / A / 8/19.	27.07.2016/ 27.07.2026	09	East- Timor
ThiPha Cable	01840331	06.05.2017/ 15.05.2027	09	Taiwan
ThiPha Cable	181111039	12.07.2026	09	Thailand
ThiPha Cable	4/9995/2016	30.03.2020/ 30.03.2023	09	Myanmar
ThiPha Cable	753/18	01.08.2019/ 16.11.2032	09	Fiji
ThiPha Cable	IDM000670627	11.02.2017/ 18.07.2026	09	Indonesia
ThiPha Cable	2016063161	08.08.2017/ 20.07.2026	09	Malaysia

Notes:

(1) Pursuant to the trademark license agreement entered into between, among others, PDITL and an entity with the General Cable group (the "**General Cable License Agreement**"), PDITL is entitled to use certain trademarks licensed from General Cable including the trademarks known as PDIC Global Design and PDIC Globe Design in Thailand and certain territories outside of Thailand in connection with the export of wires and cables.

(2) Class 06 refers to, among others, common metals and their alloys, ores; metal materials for building and construction; transportable buildings made of metal; non-electric cables and wires made of common metal; small items of metal hardware; metal containers for storage or transport; safes. Class 09 refers to, among others, scientific, navigation, surveying, photographic and cinematographic, audio-visual, optical, weighing, measuring, signaling, detecting, testing, inspecting, life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching,

transforming, accumulating, regulating or controlling the distribution or use of electricity; apparatus and instruments for recording, transmitting, reproducing sound or images; computers. Class 14 refers to, among others, precious metals and their alloys; jewelry, precious and semi-precious stones; horological and chronometric instruments. Class 17 refers to, among others, unprocessed and semi-processed rubber, gutta-percha, gum, asbestos, mica and substitutes for all these materials; plastics and resins in extruded form for use in manufacture; packing, stopping and insulating materials; flexible pipes, tubes and hoses (non-metal). Class 19 refers to, among others, materials (non-metal), for building and construction; rigid pipes (non-metal), for building; asphalt, pitch, tar and bitumen; transportable buildings (non-metal); monuments (non-metal). Class 35 refers to, among others, advertising; business management; business administration; office functions. Class 37 refers to, among others, construction services; installation and repair services. Class 40 refers to, among others, the processing of materials. Class 42 refers to, among others, scientific and technological services and research and design relating thereto; industrial analysis, industrial research and industrial design services; design and development of computer hardware and software.

As at the date hereof, we have the following key trademark applications which are pending for transfer:

Mark Sample	Registration Number	Expiry Date	Class of Goods/Services(1)	Country of Registration
T-P-C THIPHACO	36860	26.11.2019 (must be renewed and then transferred)	09, 19	Vietnam
THỊNH PHÁT	43229	19.07.2021	09, 19	Vietnam
THỊNH PHÁT	63342	26.12.2023	17, 25	Vietnam
Thipha land	154263	20.08.2029	36, 37	Vietnam
THIPHA Cable	183395	26.04.2021	09	Vietnam
ThiPha Cable	316130	11.11.2026	09, 36, 37, 42	Vietnam
ThiPha Cable	319266	23.05.2026	09, 35, 36, 37	Vietnam
ThiPha Cable	235951	08.11.2028	09	Sri Lanka
ThiPha Cable	28298	31.11.2028	09	Suriname

Note:

(1) Class 09 refers to, among others, scientific, navigation, surveying, photographic and cinematographic, audio-visual, optical, weighing, measuring, signaling, detecting, testing, inspecting, life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling the distribution or use of electricity; apparatus and instruments for recording, transmitting, reproducing sound or images; computers. Class 17 refers to, among others, unprocessed and semi-processed rubber, gutta-percha, gum, asbestos, mica and substitutes for all these materials; plastics and resins in extruded form for use in manufacture; packing, stopping and insulating materials; flexible pipes, tubes and hoses (non-metal). Class 19 refers to, among others, materials (non-metal) for building and construction; rigid pipes (non-metal), for building; asphalt, pitch, tar and bitumen; transportable buildings (non-metal); monuments (non-metal). Class 25 refers to, among others, clothing; footwear; headwear. Class 35 refers to, among others, advertising; business management; business

administration; office functions. Class 36 refers to, among others, insurance; financial affairs; monetary affairs; real estate affairs. Class 37 refers to, among others, construction services; installation and repair services. Class 42 refers to, among others, scientific and technological services and research and design relating thereto; industrial analysis, industrial research and industrial design services; design and development of computer hardware and software.

As at the date hereof, the abovementioned trademarks assigned by Thinh Phat Real Estate - Cables JSC to Thipha Cables are pending registration with the NOIP. See "*Risk Factors—Risks Relating to our Business and Operations—We are subject to risks inherent to intellectual property rights.*" Pursuant to the share purchase agreement dated December 26, 2019 entered into between our Company and the sellers of Thipha Cables and Dovina, neither the sellers nor any of their affiliates is permitted, in the course of any business, to use the words "Thinh Phat Cables" or "Thipha Cables," trade or service marks used by Thipha Cables or Dovina, or other intellectual property rights which may cause confusion with such words, marks, names, designs or logos. Thinh Phat Real Estate - Cables JSC may continue to use its corporate name (including the word "Cables") until the earlier of December 31, 2021 and the end of the calendar month for which the necessary construction permits, for an on-going residential project, are in force. The word "Cables" has to be removed from its corporate name thereafter.

In addition to the key trademarks disclosed above, as at the date hereof, we have certain trademarks which are also pending registration.

Properties

We own and lease various properties in Thailand and Vietnam. As at June 30, 2020, our core properties, plants and equipment used for our business (excluding properties which we have leased) are as follows:

Properties	Type of ownership	Net book value	Encumbrance
		(THB million)	
Land	Owned / Land use rights [1]	699	Certain of our properties, plants and equipment are pledged as collateral for short-term and long-term borrowings from financial institutions and letters of credit, trust receipts and telegraphic transfer facilities.
Land improvements	Owned[2]	24	
Building and building improvements	Owned	745	
Warehouse	Owned	37	
Machinery and factory equipment	Owned	1,811	
Vehicles	Owned	20	
Furniture, fixtures and office equipment	Owned	16	
Assets under installation and construction	Owned	744	
Construction in progress	Owned	99	None, but will be subject to encumbrances in the future for short-term and long-term borrowings from financial institutions and letters of credit, trust receipts and telegraphic transfer facilities.
Property, plant and equipment		**4,195**	

Notes:
(1) We own land use rights within Vietnam up to 2055.
(2) Not applicable in respect of our properties in Vietnam.

Employees and Human Capital Development

As at June 30, 2020, we employed 1,900 permanent staff. The table below sets forth the number of permanent employees by category and location as at the dates indicated therein:

	As at December 31, 2018[1]	As at December 31, 2019[1]	As at June 30, 2020[1]
Employees by Category:			

	As at December 31, 2018[1]	As at December 31, 2019[1]	As at June 30, 2020[1]
Management	4	11	17
Commercial	122	123	130
Customer Service Center	34	37	38
Financial and Accounting	75	74	72
Human Resource Management & OHS	97	83	95
Information Technology	14	12	12
Logistics and Warehouse	192	165	168
Operation	1,213	971	1,034
Planning	44	48	46
Procurement	30	30	30
Technology	175	175	178
Corporate Strategy	1	9	10
Administration	13	33	38
Contract	-	23	21
AEC	-	12	11
Total permanent employees	**2,014**	**1,806**	**1,900**
Employees by Geographies:			
Thailand	1,200	977	973
Vietnam	814	829	927
Total permanent employees	**2,014**	**1,806**	**1,900**

Note:

(1) The number of permanent employees is calculated as though each of Thipha Cables, Dovina and TCI were subsidiaries of PDITL as at the respective dates stated above.

As at June 30, 2020, a substantial portion of our employees in our Thai operations were members of the Phelps Dodge Thailand Workers Union and all employees in our Vietnamese subsidiaries were members of the labor unions formed by the employees of Thipha Cables and Dovina. As of the date hereof, there has never been a work stoppage organized by such trade unions since their respective establishments and there has never been any request by them which has had a material impact on our Group's operations. We believe that we provide our employees with an attractive remuneration and compensation package. Our employee turnover rate (computed as the ratio of resignations over the number of permanent employees) in the Track Record Period was less than 1.0%. We believe that these figures are below the overall employee turnover rate for Thailand.

We regularly evaluate the performance of our employees and have succession plans in place to provide successors for key employees at all levels. We invest significant resources in training and education programs, including strategic management, corporate governance and marketing programs. For instance, in 2020, following our acquisition of Thipha Cables and Dovina, approximately 30 employees from our Vietnamese subsidiaries participated in online training programs relating to our production facilities in Thailand where they received training in respect of the production of extra-high and high voltage wires. We plan to initiate additional on-site training programs in Thailand for employees from our Vietnamese subsidiaries as soon as travel restrictions between Thailand and Vietnam arising from the COVID-19 pandemic have been eased.

Competition

Our key competitors in Thailand are Thai-Yazaki Electric Wire Co., Ltd. and Bangkok Cable Company Limited. Both compete in the low voltage and medium voltage segments. Our key competitors in Vietnam are Vietnam Electric Cable Corporation which is a competitor in the low, medium and high voltage segments, and LS Vina which focuses on low and medium voltage segments with a large proportion of its products being manufactured for export.

We believe that it would be difficult for international brands such as General Cable Corporation to compete with us in the short to medium term in Thailand and Vietnam. This is the case as, among others, it would take a few years to commence a wires and cables production line and they would have to apply for and obtain the requisite domestic regulatory approvals and accreditations as required by the Thai Industrial Standards Institute

or the Ministry of Science and Technology of Vietnam. We also believe that their products (if imported) would likely be more expensive than ours due to import duties. Furthermore, we believe it is unlikely that General Cable Corporation will re-enter Thailand as they are currently operating under the Prysmian brand.

Insurance

We maintain insurance for our employees which provides coverage for, among others, life benefit, accidental death, long term physical injuries, disability benefits and medical expenses. Our subsidiaries also hold, as applicable, commercial general liability insurance, industrial all risk insurance, property all risk insurance, fire insurance and vehicular insurance. PDITL, Thipha Cables and Dovina also hold import cargo insurance for products lost or damaged during shipment. In addition, PDITL holds a business interruption insurance, while our Company also maintains a directors' and officers' liability insurance. In addition, we have taken up product liability insurance in Thailand. However, due to industry practice, we have not taken up product liability insurance in Vietnam.

All the above policies are effective and the premiums have been paid thereon. These insurance policies are reviewed annually to ensure that the coverage is adequate. Our Directors believe that the coverage from these insurance policies is adequate for our present operations.

Corporate Social Responsibility

We believe that in our business operations, we have a responsibility towards society, the environment, and all stakeholders which include our shareholders, customers, trading partners, contract parties, employees and communities. Our CSR policy therefore encompasses, among others, corporate governance, fair business operations, respect for human rights, fair treatment of employees, responsibility towards customers, responsibility towards trading partners, fair competition, environmental management, and community and society development.

We adhere to the principles of corporate governance. We communicate our corporate governance policies to the members of our organization. We monitor our operations and practices so that they comply with our corporate governance policies, including our anti-corruption policy.

Within our organization, we prioritize the safety, health and welfare of our employees. We treat our employees with fairness and we support their development and progress, including by giving them the opportunity to develop skills in other areas. With regards to the environment, we focus on the efficient use of raw materials, reduction of energy consumption, water management, increasing use of renewable energy resources, and the reduction of waste and the release of greenhouse gases.

To pursue our sustainable development goals, we organize social and environmental activities focusing on education and community development. In 2019, we held several educational workshops including, among others, (a) a workshop for teachers from various colleges and electricians from the Institute for Skill Development and Professional Electricians, (b) the Northeast regional workshop for electrical teachers 2019, (c) the "Hands-on" activity workshop for the faculty of engineering, King Mongkut's University of Technology Thonburi, (d) the Central, West and East regional workshop for electrical teachers 2019, and (e) the Northern regional workshop for electrical teachers 2019 held on April 22, 2019 at Sirikit Dam, Uttaradit, Thailand.

Environment and Safety

As at September 30, 2020, we were not involved in any material litigation, legal or regulatory proceedings concerning environmental matters the outcome of which we believe is or may become material to our business, financial position, results of operations, or prospects.

Environment. We are subject to Thai and Vietnamese laws and regulations relating to the protection of the environment. The primary environmental issue for our production facilities is wastewater. Our production facility in Thailand comply with ISO 14001:2015 (Environmental Management System Standard) from UL which recognizes an organization's effective implementation of environmental management systems that enhance environmental performance while systematically fulfilling compliance obligations and achieving environmental objectives, including that of sustainable practices. Our production facility in Vietnam complies with the environment and safety standards prescribed within the Thinh Phat Industrial Zone in Long An Province.

Safety. We are committed to the safety of our employees and to complying with applicable governmental safety regulations. To maintain the requisite health and safety standards within our production facilities, we routinely carry out hazard assessment risks. We assess each risk to formulate an execution plan to prevent and/or solve any issues. Any accidents are recorded and followed by an analysis on the cause of such accidents. We regularly conduct emergency drills at our production facilities. We also provide safety, health and environment training courses to our employees, including safety orientations for new employees, safety training for executives and supervisors, and specialized safety training such as basic fire extinguishing and safety techniques, electrical safety, chemical safety and first aid training. We regularly improve our communication guidelines regarding safety for employees of every level by encouraging them to discuss safety issues and comment on how to improve safety, health and environment management. We focus on safety at our manufacturing sites, offices, and for our employees while working offsite (road safety, for instance). We comply with the various safety standards set by Thai governmental agencies and we believe that our current operations are in compliance with applicable safety laws and regulations.

In response to the COVID-19 pandemic, we have implemented a number of additional safety measures at our production facilities in Thailand and Vietnam, including frequent hand washing with alcohol-based hand sanitizers or soap and water, both of which are made available in sufficient quantities such that our workers do not incur expenses for these occupational health and safety requirements, encouraging respiratory hygiene such as covering coughs, physical distancing of at least one meter or more according to the relevant government recommendations, wearing face masks, regular environmental cleaning and disinfection, and limiting unnecessary travel. We have also provided training for staff and managers to increase awareness of COVID-19, including advising workers on self-assessment, symptom reporting, and requiring workers who are unwell or who develop symptoms to stay at home, self-isolate and to contact medical professionals as may be required.

Disputes and Legal Proceedings

We are involved in certain legal proceedings and investigations from time to time that are incidental to the normal conduct of our business and the nature of our industry. As at September 30, 2020, we are not involved in any material litigation or legal proceedings the outcome of which we believe is or may become material to our business, financial position, results of operations, or prospects.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion is intended to convey our management's perspective on our financial condition and results of operations as of and for the years ended December 31, 2018 and 2019 and as of and for the six-month periods ended June 30, 2019 and 2020, as measured in accordance with TFRS (collectively, our "**Consolidated Financial Statements**"). Our audited consolidated financial statements as of and for the year ended December 31, 2019 are referred to hereafter as our "**2019 Consolidated Financial Statements.**" Our reviewed interim consolidated financial statements as of and for the six months ended June 30, 2020 are referred to hereafter as our "**2020 Interim Consolidated Financial Statements.**"*

You should read the following discussion of our financial condition and results of operations in conjunction with the sections entitled "Presentation of Financial Information" and our Consolidated Financial Statements and the related notes for the years and periods discussed which we have already published.

Our Consolidated Financial Statements are prepared in accordance with TFRS. Our Interim Consolidated Financial Statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2018) Interim Financial Reporting guidelines promulgated by the Federation of Accounting Professions. Our historical results presented in this Information Memorandum in general do not necessarily indicate results expected for any future period. Our results of operations for the six months ended June 30, 2020 are not necessarily indicative of our results of operations for the year ended December 31, 2020 and results of operations in prior accounting periods are not indicative of our future results.

For the purposes of this section and except as otherwise stated, references to "2018" and "2019" are to the respective years ended December 31, 2018 and 2019. References herein to the "Track Record Period" refer to the period from January 1, 2018, to June 30, 2020. Except as otherwise indicated, all accounting data disclosed in this section is extracted or derived from our Consolidated Financial Statements.

Information provided in the following discussion that is presented on the basis of our reportable business segments and geographical segments is generally sourced from our Consolidated Financial Statements.

The following discussion and analysis contains forward-looking statements, including statements relating to our plans, strategies, objectives, expectations, intentions and resources. Although based on assumptions we consider reasonable, our actual results could differ materially from those expressed or implied in such forward-looking statements. For a discussion of those risks and uncertainties, please see "Notices and Conventions" and "Risk Factors."

In this section, except where the context otherwise requires or we specify otherwise, all references to "our Company," "we," or "our" are references to Stark Corporation Public Company Limited, together with our consolidated subsidiaries and our associate. Please note, however, that with respect to our logistics business for 2018, 2019 and the six months ended June 30, 2019 (prior to our acquisition of Adisorn in December 2019), references to our logistics business and revenue generated by, and costs and expenses attributable to our logistics business are to the business conducted by Adisorn and revenue, costs and expenses relating to such business while Adisorn was not yet operating as one of our subsidiaries. Such revenue, costs and expenses are recorded in our Consolidated Financial Statements as set out in "— Basis of Presentation — Presentation of financial information."

Overview

For purposes of our Consolidated Financial Statements and in accordance with TFRS, we have four reportable operating segments:

- First segment - Manufacturing, trading, and providing testing services for wire products made from copper and aluminum and for use in electrical transmission, telecommunications and construction.
- Second segment - Rendering offshore manpower services.
- Third segment - Rendering services related to vessel cleaning, construction and maintenance, primarily for customers in the oil and gas industry.
- Fourth segment - Rental property.

Our first reportable operating segment corresponds to most of our wires and cables business which we conducted through PDITL until March 2020. After the acquisitions of Thipha Cables, Dovina and TCI in the first half of 2020, we have been conducting such wires and cables business through PDITL, Thipha Cables, Dovina and TCI. Our second, third and fourth reportable operating segments comprise our logistics business conducted by Adisorn. For ease of reference, the following discussion will refer to our two main business segments: our "wires and cables business" and our "logistics business."

Our geographical coverage spans principally growth markets in ASEAN as we have key production sites in Thailand and Vietnam but also extends around the world as we have exported our products to approximately 40 countries (outside Thailand and Vietnam), such as Australia, Brazil, Cambodia, India, Jordan, Myanmar, Oman, Singapore and the UAE. We also target emerging economies in Latin America, the Middle East and Africa, where we have existing relationships with customers. In the medium- to long-run, we also expect to increase our customer base in mature markets.

Basis of Presentation

Presentation of financial information

Our consolidated financial information has been prepared in accordance with TFRS and the acquisition by Siam Inter Multimedia Public Company Limited (now Stark Corporation Public Company Limited) of Team A Holding 2 Company Limited on July 9, 2019 has been accounted for as a reverse acquisition business combination, where SMM was the legal acquirer and accounting acquiree and Team A Holding 2 Company Limited was the legal acquiree and accounting acquirer. As a result of this reverse acquisition, our consolidated financial information for 2019 consolidates the operating results of Team A Holding 2 Company from January 1, 2019 to July 8, 2019 and the operating results of Stark Corporation Public Company Limited from its establishment on July 9, 2019 to December 31, 2019. Moreover, since Team A Holding 2 Company Limited and Adisorn Songkhla Company Limited were under common control, the operating performance of Adisorn Songkhla Company Limited which was acquired by us on December 25, 2019 has been consolidated into our Consolidated Financial Statements as if such acquisition had been completed on January 1, 2018. The entire business activities of the accounting acquiree (SMM), including its assets and liabilities, were divested on August 15, 2019. The operating performance of SMM has been consolidated in our 2018 consolidated financial information and in our 2019 consolidated financial information until August 15, 2019. Such operating performance appears under "net loss for the year from discontinued operations" in our 2019 Consolidated Financial Statements.

Our consolidated financial information is presented in Thai Baht, which is our presentation currency. The reporting periods are of 12 months for each of 2018 and 2019. Our significant accounting policies have been applied throughout the Track Record Period.

Comparability of our Consolidated Financial Statements

We have made acquisitions of new companies and businesses pursuant to our business strategy during the Track Record Period. See "*Business — History and Recent Developments*."

In 2019, in addition to the reverse acquisition described above, we completed one acquisition and one divestment: (i) we acquired Adisorn through the purchase of a direct 100% equity interest in Pinwheel 2 Company Limited on December 30, 2019 and (ii) we divested the entire legacy business of SMM, which primarily consisted

of the production and distribution of books and other printed items television and radio production, sales of copyrights for television and satellite broadcasting and other publishing activities on August 15, 2019. The operating performance of Adisorn Songkhla Company Limited which was acquired by us on December 25, 2019 has been consolidated into our Consolidated Financial Statements as if such acquisition had been completed on January 1, 2018. We also ceased to consolidate the operating results of the divested SMM legacy business into our Consolidated Financial Statements from August 15, 2019. See Note 1.3 to our 2019 Consolidated Financial Statements. We recorded a THB 16 million loss from discontinued operations relating to such divestment in 2019.

In 2020, we acquired: (i) Thipha Cables on March 31, 2020, (ii) Dovina on March 31, 2020, and (iii) TCI on April 1, 2020, through the acquisition of NMN2. The operating results of Thipha Cables, Dovina and TCI have been consolidated into our Consolidated Financial Statements from their respective dates of acquisitions to June 30, 2020. None of the operating results of these companies were consolidated into our Consolidated Financial Statements as of and for the six months ended June 30, 2019. See Note 1.2 to our Consolidated Financial Statements as at and for the six months ended June 30, 2020. The scope of consolidation has therefore changed during the Track Record Period, and this is reflected in our Consolidated Financial Statements.

Recent Developments

It is still too early to make a determination on the effect of the COVID-19 outbreak and related containment measures on medium- and long-term demand and supply for specific categories of products and services we offer and on demand in various local and global markets where we operate or export our products and services. Different industries where our customers operate may also experience different impacts from the COVID-19 outbreak. Containment measures in connection with the COVID-19 outbreak had the effect of temporarily restricting our operations in 2020 but such restrictions at our manufacturing facilities did not materially affect our operations or results of operations. Certain restrictions imposed by the Vietnamese government on transportation negatively impacted, to a limited extent, our revenue generated by our Vietnamese subsidiaries in the first half of 2020. During the COVID-19 outbreak, our supply chain and distribution networks have proven reliable. We have implemented and maintained a high standard of safety and hygiene in all our facilities while adapting to changing circumstances.

Key Factors Affecting our Results of Operations

Our business, financial condition, results of operations and prospects are affected by a number of factors, some of which are beyond our control. The principal factors affecting our results of operations and financial condition are discussed below:

Demand for our products

We have a diversified customer base with customers that operate in multiple industries, such as power supply and generation, public transportation, petrochemical industry, and real estate, the performance and growth of which depend to a certain extent on macroeconomic, political and social factors. These factors include, without limitation, economic growth, capital expenditures programs, access to financing, government spending and policies, including infrastructure programs, levels of disposable income, trade disputes that may negatively affect overall consumer sentiment and free flow of goods and services, or periods of political and social instability or uncertainty. Our customers include private sector companies and government and state-owned enterprises. Historically, performance and growth of the main industries in which our customers operate has correlated to demand for our products. Stimulus plans announced by governments and government programs may also lead to increased demand for our products if such programs target industries in which our customers operate, or increase the number of mega-projects we may be successfully bidding for. Hence, demand for, and sales volumes of our products are influenced by these macroeconomic, political and social factors.

In Thailand, according to Frost & Sullivan, growing power demand due to increased urbanization and industrialization, and supported by improved connectivity to the power grids, the rise of renewable energies and infrastructure developments (together with government policies favoring the implementation of infrastructure projects) is expected to have a positive effect on demand for electric wires and cables. In Vietnam, according to Frost & Sullivan, with strong economic growth, increased power demand, favorable government investment policies in infrastructure and a number of mega-projects, particularly in the power sector, key demand drivers for

wires and cables industry are similar to those observed in Thailand. In both countries, however, delays in the implementation of policies and mega projects, or more challenging macro-economic conditions in particular due to the COVID-19 outbreak have negatively impacted the wires and cables industry. Government stimulus packages, however, could strengthen the outlook for the industry.

Sales of our wires and cables have historically represented and will continue to represent in the foreseeable future, our most significant source of revenue. In 2018, 2019 and the six months ended June 30, 2020 sales of wires and cables accounted for, in aggregate, 87.9%, 88.1%, and 88.8%, respectively, of our core revenue. Hence, during the Track Record Period, one of the key factors explaining variations in our revenue from sales was variations in sales volumes of our wires and cables. Variations in such market demand for our products in emerging countries are significant to our revenue from sales.

We have long-standing customer relationships and a broad customer base which comprises well established regional and multinational companies that operate in diverse end-markets. However, it is still too early to make a determination on the effect of the COVID-19 outbreak and related containment measures on medium- and long-term demand and supply for specific categories of products and on demand in various market segments, local and global markets where we operate or export our products. In addition, we have also increased our revenue through innovation. For instance, in 2017 PDITL was the first company in Thailand to introduce a High Voltage Mobile Testing Unit to provide on-site high voltage testing services to our customers, which enabled PDITL to generate new service revenues with significant profit margin.

Ability to adjust the selling prices of products we manufacture according to price fluctuations of raw materials we use

We generate almost all of our sales from wires and cables, and changes to the products' selling prices have an effect on our revenue from sales and results of operations. Prices of our products are generally sensitive to temporary or more fundamental supply and demand imbalances. Increased competitiveness may also put downward pressure on our selling prices. See "— *Competition and our ability to source new and profitable tender offers*." Unexpected shocks to demand and, to a certain extent, supply, such as the COVID-19 outbreak may cause temporary or more lasting impacts on demand and supply volumes and, consequently, price variations that may impact the cost of raw materials we use and our selling prices.

As explained under the section "— *Variations in costs of sales*," we have been able and expect we will be able in the foreseeable future to vary the selling prices of our products, so as to pass onto our customers, all or substantially all increases in our cost of raw materials. This is the case in Thailand where supply of such products and the number of manufacturers is limited. In addition, barriers to entry such as capital expenditures, regulatory approvals, and strict customers' selection criteria (existence of a track record, reliability of manufacturers, ability to deliver products that comply with their specifications and international standards, among others) make it more challenging for new competitors to enter this market. Therefore, we are generally able to voluntarily vary the selling prices of our products, which may impact our revenue from sales, either positively (in the case of an upward adjustment) or negatively (in the case of a downward adjustment to reflect lower prices of raw materials), subject to variations in sales volumes.

In 2018 and 2019, we manufactured and sold our wires and cables only through PDITL. The table below shows a breakdown of the throughput margin generated by main category of products manufactured and sold by PDITL over the Track Record Period:

	Year Ended December 31,		Six Months Ended June 30,	
	2018[1]	**2019[1]**	**2019[1]**	**2020[1],[2]**
		(%)		
Medium to extra-high voltage wires	36.1	32.5	32.7	37.8
Special-purpose wires	32.7	35.3	38.6	31.6

Low-voltage wires and other wires for building use ...	16.0	16.8	14.3	18.7
Bare conductors	7.6	12.2	16.1	12.2
Throughput margin	**20.5**	**20.4**	**19.6**	**24.3**

Notes:

(1) Calculated as the difference between revenue from sales and cost of raw materials, divided by revenue from sales.

(2) The data for the six months ended June 30, 2020 does not include results of Dovina, Thipha Cables and TCI.

Our management uses the throughput margin as one of our key performance indicators. Our business strategy has been and is to focus on increasing the share of medium to extra-high voltage and special-purpose wires in our overall product mix so as to maximize our throughput margin, while decreasing the share of products with lower throughput margins in our product mix (such as bare conductors). In addition, we seek to consolidate or increase our throughput margin through the implementation of our cost-optimization initiatives which have contributed to decrease the cost of raw materials. See "— *Products sales mix*" and "— *Impact of cost-optimization measures*."

The table below shows a breakdown of average realized selling prices and sales volumes variations by main category of products we offer over the Track Record Period:

	Year ended December 31,		**Six Months Ended June 30,**	
	2019		**2020**	
	Variation in Average Realized Price (THB/per ton) (1), (2)	**Variation in Sales Volume (ton) (1)**	**Variation in Average Realized Price (THB/per ton) (1),(2)**	**Variation in Sales Volume (ton) (1)**
Medium to extra-high voltage wires	(10.3)	9.1	19.4	34.7
Special-purpose wires	(51.5)	15.2	(10.8)	(10.4)
Low-voltage wires and other wires for building use	(6.9)	9.1	(3.2)	13.0
Bare conductors.....	22.6	(11.4)	58.9	(67.7)

Notes:

(1) Variations in sales volumes and average realized selling prices in any financial year/period indicated in the above table show variations against sales volumes and average realized selling prices in the immediately preceding comparable financial year/period.

(2) Average realized selling prices are computed by dividing revenue from sales generated by the relevant category of products by sales volumes of such category of products for the relevant year.

(3) For further discussions on the factors underlying variations in average realized price and variations in sales volumes, see "— *Results of operations — Results of operations for the six months ended June 30, 2020 compared to the six months ended June 30, 2019 — Revenue — Revenue from sales*" and "— *Results of operations — Results of operations for 2019 compared to 2018 — Revenue — Revenue from sales*."

Variations in average realized prices in THB/ton often reflect changes in the product mix within each of the four main categories of products. Such variations have a limited impact on our throughput margin as we are able to pass most of increases in cost of raw materials onto our customers, subject to limited time lag.

Variations in costs of sales

Our costs of sales accounted for 87.7%, 87.7% and 85.0% of our revenue from sales in 2018, 2019 and the six months ended June 30, 2020, respectively. The main components of our costs of sales are the cost of raw materials we use to manufacture our products (copper cathode, aluminum ingot) and the cost of utilities (electricity). For more details on the main components of our costs of sales over the Track Record Period, see "— *Description of Key Consolidated Statement of Profit or Loss Line-items — Costs of Sales.*"

We use copper, aluminum and polymers in our manufacturing processes. Copper and aluminum are commodity metals and are subject to market price fluctuations and we expect such prices will be volatile in the foreseeable future. Costs of raw materials and conversion cost accounted in aggregate for 90.6%, 90.7% and 64.4% of our costs of sales in 2018, 2019 and the six months ended June 30, 2020, respectively. This is particularly true for copper prices which have been subject to volatility since the financial crisis of 2008-2009 whereas aluminum

prices have remained relatively stable in the last few years, according to Frost & Sullivan. According to Frost & Sullivan, based on The World Bank's data, over the Track Record Period, copper prices in United States dollar per ton increased in 2018 primarily as a result of improving global economic demand since 2016 and increased infrastructure spending, particularly from the United States and China, before declining in 2019. Generally, we have been able to limit the magnitude of the impact of variations in the price of copper and aluminum we consume on our operating results thanks to our ability to adjust the selling prices of our products. This is demonstrated by our throughput margin. See "*— Ability to adjust the selling prices of products we manufacture according to price fluctuations of raw materials we use*." For instance, PDITL operates on a made-to-order basis and is able to pass variations in copper prices to its customers, as the purchase price of copper used for its customers' orders and the selling prices of such orders are fixed on the date of purchase of such raw materials. Variations in prices of raw materials we use have had, and will continue to have, a significant effect on our costs of sales and, indirectly due to our price adjustment policy, on our revenue from sales. If we are unable to pass on changes in raw material prices to our customers due to, among others, market competition or the timing of the purchase of the raw materials we consume, our operating income would also be affected by such variations in prices. In addition, changes in the price of copper and aluminum have a material impact on our working capital requirements. See "*Risk Factors — Risks Relating to our Business and Operations — The price volatility of the raw materials that we use could negatively impact our cost efficiencies and profit margins*" and "*Business — Our Wires and Cables Business — Raw Materials.*"

Acquisitions, capacity expansions and divestments

During the Track Record Period, we completed various acquisitions pursuant to our expansion strategy. See "*Business — Our Strategies — We intend to penetrate new markets using existing capacity and via accretive acquisitions of businesses that are complementary in terms of product offering, market presence, and distribution pipeline*" and "*Business — History and Recent Developments*." These acquisitions result in changes in our perimeter of consolidation from accounting year/period to accounting year/period, which have a direct impact on our consolidated results of operations, and in capacity expansions, which generally translate into increased revenue from sales. We acquired Adisorn in December 2019 (but this acquisition did not impact the comparability of our results of operations over the Track Record Period since Adisorn's operating results have been fully consolidated into our Consolidated Financial Statements as if such acquisition had been completed on January 1, 2018), Dovina and Thipha Cables in Vietnam in March 2020, TCI in April 2020, and divested the legacy media publishing business of SMM in August 2019. In the past, we have been successful in completing accretive acquisitions and integrating the newly acquired businesses, which generally translated into revenue and cost synergies, increased bargaining power with suppliers, and increased revenue from sales. See "*— Basis of Presentation — Comparability of our Consolidated Financial Statements*" and "*Business — Our Strategies — We intend to penetrate new markets using existing capacity and via accretive acquisitions of businesses that are complementary in terms of product offering, market presence, and distribution pipeline.*" Acquisitions, including the recent acquisitions of Dovina and Thipha Cables, increased our production capacities and expanded our customer base, which translated into higher sales volumes. See "*Business — Our Wires and Cables Business — Production Facilities and Capacity.*" Moreover, we expect these recent acquisitions will generate operational, marketing and technological benefits, such as in terms of increased bargaining power with suppliers of raw materials and equipment, access to distribution networks and transfer of knowhow and technology among our teams and production sites. These acquisitions also provide us with opportunities to further expand our production capacities in Vietnam in the future, which we expect will require limited capital expenditures, and lower our production costs by using intermediate products produced by Dovina internally (by PDITL and Thipha Cables) instead of manufacturing such intermediate products at a higher cost in Thailand or sourcing them from third parties.

We have in the past and may in the future dispose of non-strategic investments, businesses or companies. The divestment of SMM had a limited impact on our results of operations during the Track Record Period. See "*— Basis of Presentation*." Future divestments, however, could cause a decrease in revenue from sales and profit for the year/period, or net gains from such future disposal may have a more significant impact our profit and loss accounts in our consolidated statement of profit or loss.

Pursuant to our strategy of reinforcing our leading position in the wires and cables industry in Asia and globally, we plan to keep acquiring suitable targets, which will impact our scope of consolidation and, therefore, our Consolidated Financial Statements, including our revenue from sales, and profit for the year/period. See "*Business — Strengths and Strategies — Our Strategies — We intend to strengthen our leading market position in the Thai and Vietnam wires and cables industry*." Acquisitions and capacity expansions may increase our capital expenditures and may not generate anticipated returns on investments or may require longer-than-anticipated time periods before having a positive impact on our profitability. See "*Risk Factors — We may be unsuccessful in making strategic investments or integrating acquired companies and businesses*."

Depending on the nature of individual acquisitions, and the pace and success of post-acquisition integration plans, we will realize varying degrees of revenue and cost synergies. Revenues from acquired businesses and companies may decrease during a transitional integration period, and operating margins of purchased businesses and companies could also be lower than ours or lower than anticipated, and these may adversely affect our consolidated results of operations. See "*Risk Factors — Risks Relating to our Business and Operations — We may be unsuccessful in making strategic investments or integrating acquired companies and businesses.*" In 2020, we acquired Thipha Cables and Dovina pursuant to a locked-box mechanism with a three-month period between signing of the relevant share purchase agreement and completion of the acquisitions. During this period, our fixed costs remained stable, but our sales revenue decreased as we had decided to retain existing staff and capital expenditures were incurred to maintain the production facilities and equipment whereas we minimized copper and other raw materials sales to third parties so that we could use such raw materials internally upon taking control of the Dovina's operations. Dovina's revenue was also temporarily and negatively impacted while refocusing its production and sales of intermediate products such as copper rods and aluminum rods to serve PDITL and Thipha Cables, instead of exporting such products to third parties, principally located in India.

As a result of changes in our scope of consolidation following acquisitions and their impact on our consolidated revenue and profit margin, acquisitions may significantly impact our business, financial condition and results of operations.

Products sales mix

Different products carry different margins and the respective proportion of sales of these different categories of products has an impact on our gross profit margin. For instance, for the six months ended June 30, 2020, throughput margin (calculated as the difference between revenue from sales and cost of materials and conversion costs, divided by revenue from sales) achieved by PDITL from sales of medium to extra-high voltage wires, special-purpose wires, low voltage and building wires, and bare conductors was 37.8%, 31.6%, 18.7%, and 12.2%, respectively. We seek to shift our product mix in favor of higher-value and higher-margin products such as high-voltage and special-purpose wires and cables and decrease the share of sales of lower-margin products such as base conductors. For instance, in Thailand, PDITL successfully implemented a strategy of shifting its production toward higher margin products, such as medium to extra-high voltage wires and special-purpose wires, which contributed to an increase in revenue from sales and net profit and Adjusted Core EBITDA between 2015 and 2018.

We also seek to optimize production costs by allocating production of specific categories of products where such costs are cheaper and/or where production capacity is available. For instance, an additional 4,800 MT/year production capacity of high-voltage wires and cables has been available since July 2020 in Vietnam (at our production facility in Vietnam) and we also seek to increase our Vietnamese production facility's utilization rates. We are also in the process of increasing our production capacity of high voltage wires at our Thai facilities and expect further additional capacity to be available in the third quarter of 2021.

Competition and our ability to source new and profitable tender offers

Our revenue is typically tender-based and non-recurring in nature. Our orders are mainly secured through public or closed tenders and our customers evaluate our tenders based on, among others, our technological capabilities, our qualifications, track record, quality of our products, our ability to produce the required quantities, the reliability of our supply and distribution and our prices. Our revenue from sales varies with our ability to secure new projects through competitive bidding processes. In order to consolidate and increase our margins, we

also strategically allocate our marketing and sales resources, where appropriate, to geographic markets where pricing trends are more favorable. In addition, we benefit from PDITL's long track record in the industry and pre-existing relationships. Our ability to reliably deliver products that meet the required specifications of our customers, industry and other norms also puts us in a group of few market players who are solicited by governments, state-owned enterprises and private sector firms for tendering bids in connection with large and mega-projects.

Exchange rates fluctuations

Given the geographic spread of our operations in Thailand and Vietnam due to our recent acquisitions, we are exposed to currency rate fluctuations. Our functional currency is the Thai Baht. The functional currency of our subsidiaries in Vietnam is the Vietnamese Dong. Fluctuations in the value of those currencies against the Thai Baht may have a significant effect on our subsidiaries' results of operations when translated into Thai Baht for purposes of consolidation. For instance, to the extent our overseas subsidiaries' operations are profitable, profits derived from such subsidiaries will tend to be lower (in Thai Baht equivalent) should there be an appreciation of the Thai Baht against their functional currencies, and *vice versa* in the case of a depreciation of the Thai Baht against their functional currencies. For 2019, 12.1% of our revenue from sales was denominated in foreign currencies, principally the United States dollar (and primarily in connection with our export sales revenue). In addition, as our purchases of copper and aluminum are generally invoiced in United States dollar, a significant portion of our trade payables are denominated in United States dollar. Over the Track Record Period, the Thai Baht generally appreciated against the United States dollar. As at December 31, 2019, and June 30, 2020, our net exposure to the United States dollar (computed as the difference between the balance of our trade and other current payables and the balance of our trade and other current receivables, in each case denominated in United States dollar) was USD 110 million and USD 84 million, respectively. Consequently, comparability of performance between financial years and financial periods can be affected by fluctuations in local currencies against the Thai Baht. The relative strength or weakness of the Thai Baht against the United States dollar could also have either a positive or adverse effect on our prices, sales volumes and revenue from sales, because we generally invoice our export clients in United States dollar. Such effects on our sales, however, are limited, as most of our sales are invoiced on a cost-plus basis and, therefore, most of the variations in exchange rates that impact our costs of sales are generally passed onto our customers.

We attempt to hedge part of our exposure to foreign currencies by matching costs denominated in foreign currencies with revenue denominated in the same foreign currencies, so as to maintain foreign exchange neutrality. Since our domestic sales are still more significant than our export sales (most of which are denominated in United States dollar), whereas our purchases of raw materials, primarily copper and aluminum, are also generally denominated in United States dollar, as part of our risk management policy we enter into forward foreign currency contracts. To manage exposure where our cash outflows and cash inflows denominated in United States dollars do not match, we enter into such contracts for managing variations in the exchange rates of the United States dollar. If, however, we are unable to successfully manage such exposure to exchange rates fluctuations, such fluctuations may in the future have a material positive or adverse effect on our results of operations, in particular as we intend to expand our overseas operations.

Impact of cost-optimization measures

In order to support the sustainability, profitability and efficiency of our operations as well as our cost-competitive position, we have implemented and are in the process of implementing programs designed to reduce costs, improve our production processes and generally increase supply chain and manufacturing processes efficiencies. For instance, we successfully implemented lean management principles at PDITL in Thailand, which contributed to decreased production costs and lower selling, general and administrative costs at PDITL. PDITL also benefited from our lower purchase prices of raw materials as we actively negotiated better prices with our suppliers. Moreover, we also seek to increase our overall equipment effectiveness by reducing downtime of our production lines. See "*Business — Our Wires and Cables Business — Production Facilities and Capacity.*"

As a result of these initiatives, we have managed to increase our integration, better allocate resources, automate certain of our operating and management systems, improve our raw materials supply management, and our cost competitiveness. The positive impact of these initiatives has primarily been on manufacturing,

procurement and other fixed costs. These cost savings initiatives are expected to enhance profit through reduced expenditure brought about by price and/or operating cost-efficiency savings net of the impact of external factors we cannot control (such as variations in exchange rates or prices of raw materials and commodities). Costs savings are also reported where a new price paid for an item is lower than the price that would have been paid had no such initiatives been implemented (cost avoidance). See "*Business — Our Strategies — We intend to unlock further value in our Group for our shareholders and maintain cost competitiveness with optimized manufacturing processes and a lean management system*." These various initiatives illustrate our business strategy of controlling and optimizing our selling, general and administrative expenses in order to maximize our gross profit.

Our recent acquisitions and capacity expansions allowed us to achieve larger economies of scale and further optimize our production chain and resource allocation strategy by increasing our production capacity and strengthening our bargaining power through a more integrated procurement platform. For instance, we started consolidating PDITL's and Thipha Cables' procurement platforms for insulating materials, so as to increase our bargaining power, lower procurement costs by bypassing intermediaries in the supply chain and generally obtain better credit terms from the manufacturers. We intend to further improve the management and integration of our supply chain to capture additional cost-savings opportunities (such as better credit terms and prices). In addition, as we keep integrating our production platforms in Vietnam and Thailand, we will be able to leverage lower production costs in Vietnam for intermediate products used in our production of finished goods in Thailand. For instance, after the acquisition of Dovina, PDITL started sourcing aluminum and copper rods produced by Dovina in Vietnam, which reduced conversion cost since labor cost and utilities costs are lower in Vietnam than in Thailand. We estimate the resulting decrease in production costs of copper and aluminum rods to be approximately 40%.

If successful, these programs could further decrease our costs of sales and positively contribute to our operating margin and productivity. Considering the limited amount of restructuring costs and capital expenditures that have historically been required for implementing our cost-optimization initiatives, even if during a transitional phase when restructuring measures are being implemented or new projects are being undertaken and have not yet produced their expected effects on our business, related restructuring costs, capital expenditures and other costs would generally have a limited negative effect on our financial condition and results of operations in the short-term.

Optimization of production capacity

Our capacity utilization has had, and will continue to have, a significant impact on our costs of sales per unit and, consequently, assuming constant sales volumes and selling prices, our profitability. We plan our production according to current customer demand and our estimates of future demand to avoid over-production, unnecessary warehousing costs and write-offs, while maintaining certain production volumes to maintain cost-effectiveness and efficiencies, in particular during periods of high demand.

Generally, operating our facilities at their maximum practical capacities favorably affects our costs of sales and (assuming constant sales volumes and selling prices) profitability because fixed and semi-variable operating costs, such as depreciation expenses and production salaries, are spread over a larger sales base. If we operate our manufacturing facilities at low utilization rates, our fixed overheads per unit will increase and so will our costs of sales per unit. Decreases or increases in demand for our products may cause lower or higher utilization of our manufacturing facilities, respectively, and therefore increase or decrease our production costs per unit. Unexpected slowdowns or stoppages for unscheduled repair and maintenance would have a similar adverse effect on our costs of sales per unit. See "*Business — Our Wires and Cables Business — Production facilities and capacity*." We plan to increase the utilization rates of our production facilities by increasing our local market share in Vietnam and Thailand since we do have installed capacity that can be opportunistically used for projects and mega-projects which have already been publicly announced both in Vietnam and Thailand. See "*Business — Our Competitive Strengths — We are one of Asia's leading wires and cables manufacturers with long-established operating history, large wire and cable manufacturing operations in the high-growth Thai and Vietnam markets" and " Business — Our Strategies — We intend to strengthen our leading market position in the Thai and Vietnam wires and cables industry*."

Seasonality

We have generally experienced and expect to continue to experience certain seasonal trends in products in which demand is linked with government spending or projects commissioned by state-owned enterprises or state agencies. Demand, to a certain extent, correlates with budget approval and spending patterns. As a result, our revenue from sales tend to be higher in the second half of the calendar year.

Critical Accounting Policies

We have identified certain accounting policies that are significant to the preparation of our Consolidated Financial Statements. Note 3 to our 2019 Consolidated Financial Statements and to our 2020 Interim Consolidated Financial Statements includes a summary of principal accounting policies used in the preparation of our Consolidated Financial Statements. The determination of these accounting policies is fundamental to our financial condition and results of operations, and requires management to make subjective judgments about matters based on information and data that may change in future periods. As a result, determinations regarding these items necessarily involve the use of assumptions and subjective judgments as to future events and are subject to change, and the use of different assumptions or data could produce materially different results. In addition, actual results could differ from estimates and may have a material adverse effect on our business, financial condition, results of operations and prospects.

The selection of significant accounting policies, the judgments and other uncertainties affecting application of other policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing our consolidated financial information. Note 3.22 to our 2019 Consolidated Financial Statements includes a description of significant accounting judgments and estimates used by management in the process of applying our accounting policies. As uncertainties arising from the COVID-19 outbreak have affected the application of our accounting policies and estimation process, we have elected to partially follow the accounting guidance of the Federation of Accounting Professions in Thailand ("**TFAC**") on temporary accounting relief measures for additional accounting options to address the impact of the COVID-19 outbreak for transactions that are relevant to the 2020 Interim Consolidated Financial Statements. See Note 2 to our 2020 Interim Consolidated Financial Statement.

We believe that the following significant accounting policies involve the most significant judgments and estimates used in the preparation of our consolidated financial information.

Measurement of fair values

A number of our accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The assessment of fair value is based on market-observable inputs, as far as possible, and significant unobservable inputs and valuation adjustments. In estimating the fair value of an asset or a liability, we take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in our Consolidated Financial Statements is determined on such a basis, except for certain leasing transactions, and measurements that have some similarities to fair value but are not fair value.

Fair values are categorized into three levels based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3: inputs for the asset or liability that are not observable (unobservable input).

In connection with acquisitions, we generally engage independent appraisers to determine the fair values of net assets and liabilities acquired. Once the determination of fair values has been completed, the carrying amount of the assets acquired and liabilities assumed are recorded accordingly.

In 2019, the acquisition by Siam Inter Multimedia Public Company Limited (now Stark Corporation Public Company Limited) of Team A Holding 2 Company Limited has been accounted for as a reverse acquisition business combination. The consideration paid by SMM for the acquisition of all assets, liabilities, rights, duties, and commitments of Team A Holding 2 Company Limited was shares issued by SMM. The fair value of the transferred assets, liabilities, rights, duties, and commitments as at the date of the business combination was calculated from the number of ordinary shares in Team A Holding 2 Company Limited that should have been issued to shareholders of SMM in order to maintain the interest in the combined company in the same proportion of the interest arising from the reverse acquisition. The consideration transferred by Team A Holding 2 Company Limited (the accounting acquirer) was higher than the consideration transferred by SMM (the accounting acquiree) in the form of shares and as a result, Team A Holding 2 Company Limited became a major shareholder of SMM. Since the purpose of this transaction was for Team A Holding 2 Company Limited to acquire SMM's listing status, SMM recognized the difference between the fair value of the consideration transferred and the fair value of the net assets acquired as a listing license fee.

In connection with investment properties, fair values are assessed using various valuation techniques, including the income approach (including discounted cash flows) and the market approach (including open market values on an existing use basis).

In accordance with the accounting guidance of TFAC on temporary accounting relief measures for additional accounting options to address the impact of the COVID-19 outbreak, we have elected to lightly weight information relating to the COVID-19 situation in applying the above-described valuation techniques to measure the fair value of financial assets which are debt instruments using Level 2 or Level 3 inputs from January 1, 2020.

Impairment

The carrying amounts of investments in subsidiaries are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the amounts of the recoverable assets are estimated. For goodwill, impairment is assessed annually, without consideration of indication that such goodwill may be impaired.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

- Investments in subsidiaries: the recoverable amount is computed by reference to the fair value. It is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

- Goodwill: determining whether Goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires our management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value where the actual future cash flows are less than expected, a material impairment loss may arise.

As we have elected to follow the accounting guidance of TFAC on temporary accounting relief measures for additional accounting options to address the impact of the COVID-19 outbreak, we have assessed the impairment of trade accounts receivables under a simplified approach using the historical loss rate for expected credit loss and did not take into account forward-looking information relating to the uncertainties created by the COVID-19 outbreak.

Impairment of financial assets

From January 1, 2020, we have applied TFRS No.9 "Financial Instruments" ("**TFRS 9**"). The standard promulgates a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. In general, the main changes introduced by TFRS 9 relate to the

classification and measurement of financial assets, the introduction of a new impairment model based on expected credit losses (instead of losses incurred under the prior applicable standard) and the accounting treatment of hedges. TFRS 9 comprises mainly: (i) the classification and measurement of financial assets and financial liabilities; (ii) the new impairment model for the recognition of expected credit losses; and (iii) the new hedge accounting model. The adoption of TFRS 9 has fundamentally changed our accounting for impairment losses using the expected credit loss ("**ECL**") approach.

Under TFRS 9, we are required to recognize an allowance for expected credit loss on trade receivables and contract assets. The allowance for loss on a financial instrument at an amount equal to the life-time ECL if the credit risk on that financial instrument has significantly increased since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), we are required to measure the loss allowance for that financial instrument at an amount equal to 12-month ECL. TFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill at initial recognition is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally the fair value amount) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchases is recognized in profit for the period/year. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any assets. See also "*Critical Accounting Policies — Impairment*" for additional information on impairment of goodwill.

Revenue from sales recognition

Revenue from sale of goods for manufacturing and trading of the wire products made from copper and aluminum is recognized in the statement of profit or loss and other comprehensive income when control of the goods is transferred to customers, generally on delivery of goods or customer acceptance of goods.

For sale under bill-and-hold arrangements, revenue is recognized when the customer obtains control of the goods under the bill-and-hold arrangements based on the following criteria: the reason for the bill-and-hold arrangement must be substantive, goods must be identified separately as belonging to the customers and ready for physical transfer to the customers, and the subsidiary cannot have the ability to use the goods or to direct it to another customer. Revenue is therefore recognized before the goods are transferred to the customers according to applicable delivery arrangements and our management determines when we have satisfied our performance obligation to transfer the goods based on the above-mentioned criteria.

Revenue from sales is measured as the amount of consideration received or expected to be received for delivered goods after deduction of discounts, excluding value added tax.

Deferred tax

Deferred tax is recognized in respect of certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, the future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of each of our subsidiaries. The carrying amount of deferred tax assets are reviewed at each end of reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

We measure deferred tax assets and liabilities at the tax rates that are expected to apply in the period in which the asset is recognized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

We offset deferred tax assets and liabilities when there is a legally enforceable right to set off the current tax asset against current tax liabilities and we intend to settle such current tax liability and asset on a net basis or intend to recognize the asset and settle the liability simultaneously.

We recognize current and deferred tax as income or expense and included in the statement of profit or loss and other comprehensive income.

We present income tax expense related to profit or loss from normal activities in the statement of profit or loss and other comprehensive income except for current and deferred taxes of related items that are recognized directly in the shareholders' equity in the same or different period.

Employee benefit obligation

We operate a defined benefit pension plan based on the requirements of the Thai Labor Protection Act B.E. 2541 (1998), as amended (the "**Thai Labor Law**") to provide retirement benefits to employees based on pensionable remuneration and length of service. As such, we are exposed to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk and further rely on certain actuarial assumptions.

The employee benefit obligation consists of benefits that all employees who are entitled to receive upon retirement under the Thai Labor Law and our employment policy, and other long-term service benefits that all employees whose employment period ranged from 5 years to 35 years are entitled to receive in accordance with the terms of our employment policy. These obligations are calculated based on the actuarial techniques to determine the present value of employee benefit cash flows to be paid in the future. Under this method, the obligation is calculated based on actuarial assumptions, including the employee's expected salary, turnover rate, salary increase rate, mortality rate, discount rate, years of services and other factors.

We determine the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. We recognize gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Recent Accounting Pronouncements

We have adopted the new TFRS 9 and TFRS No.16 "Leases" ("**TFRS 16**") which became effective on January 1, 2020. TFRS 9 and TFRS 16 are set out at Note 3 to our 2020 Interim Consolidated Financial Statements. The adoption of TFRS 9 did not have any significant impact to the Consolidated Financial Statements while the adoption of TFRS 16 has resulted in an increase in our right-of-use assets.

Additionally, we have adopted the new TFRS No.15 "Revenue from contracts with customers" ("**TFRS 15**") which became effective on January 1, 2019. The adoption of TFRS 15 did not have any significant impact to the Consolidated Financial Statements.

Description of Key Consolidated Statement of Profit or Loss Line-items

Below is a summary description of the key elements of the line-items of our consolidated statement of profit or loss:

Revenue from sales. Our revenue from sales consists of revenue from sales of our products from our wires and cables business, which falls within four main categories of products:

- medium to extra-high voltage wires,
- special-purpose wires,
- low-voltage wires and other wires for building use, and
- bare conductors.

Breakdown based on main product categories and entities

The below table sets forth our revenue from sales, and gross percentages for each category of electric wire products described above (expressed as percentage of our revenue from sales) and manufactured by PDITL for the years/periods indicated therein. The table also shows the contribution to our consolidated revenue from sales of our Vietnamese subsidiaries and TCI acquired in the six months ended June 30, 2020:

	Year Ended December 31,				Six Months Ended June 30,			
	2018	(%)[1]	2019	(%)[1]	2019	(%)[1]	2020	(%)[1]
	(THB million, except percentages)							
Medium to extra-high voltage wires	2,443	23.4	2,389	23.5	891	17.5	1,481	23.2
Special-purpose wires	1,132	10.9	632	6.2	315	6.2	241	3.8
Low-voltage wires and other wires for building use	4,314	41.4	4,379	43.1	2,168	42.5	2,000	31.4
Bare conductors	2,531	24.3	2,749	27.1	1,724	33.8	885	13.9
Revenue from sales (PDITL)	**10,420**	**100.0**	**10,150**	**100.0**	**5,098**	**100.0**	**4,607**	**72.3**
Revenue from sales (Thipha Cables, Dovina)[2]	**-**	**-**	**-**	**-**	**-**	**-**	**1,581**	**24.8**
Revenue from sales (TCI)[2]	**-**	**-**	**-**	**-**	**-**	**-**	**182**	**2.9**
Revenue from sales	**10,420**	**100.0**	**10,150**	**100.0**	**5,098**	**100.0**	**6,369**	**100.0**

Notes:

(1) Computed as percentage of our consolidated revenue from sales.

(2) The results of operations of these entities have been consolidated into our revenue from operations since April 1, 2020.

Revenue from rendering services. As part of our service offering, we offer offshore manpower services (with skilled employees experienced in a variety of fields such as engineering, construction and architecture), vessel cleaning, construction and maintenance services primarily for customers in the oil and gas industry through Adisorn, and testing services provided by our High Voltage Mobile Testing Unit through PDITL. The main source of our revenue from rendering services originates from the logistics business conducted by Adisorn. Testing services are provided as part of our wires and cables business' offering. Services provided through Adisorn to two of our customers, a Thai national petroleum exploration and production company, and a multinational energy corporation based in Thailand, contribute to most of our revenue from rendering services.

The following table sets forth the main components of our revenue from rendering services for the years/periods indicated therein:

	Year Ended December 31,				Six Months Ended June 30,			
	2018	(%)[1]	2019	(%)[1]	2019	(%)[1]	2020	(%)[1]
	(THB million, except percentages)							
Revenue from offshore manpower services[2]	1,283	92.8	1,239	93.1	597	93.1	719	83.1
Revenue from vessel cleaning and construction and maintenance services[2]	94	6.8	83	6.3	40	6.3	68	7.9
Revenue from testing services	5	0.4	9	0.6	4	0.7	77	9.0
Revenue from rendering of services	**1,383**	**100.0**	**1,331**	**100.0**	**642**	**100.0**	**865**	**100.0**

Notes:

	Year Ended December 31,				Six Months Ended June 30,			
	2018	(%)[1]	2019	(%)[1]	2019	(%)[1]	2020	(%)[1]
	(THB million, except percentages)							

(1) Computed as percentage of our revenue from rendering services.

(2) Services offered through Adisorn, a subsidiary we acquired in December 2019. Adisorn's results of operations have been consolidated into our results of operations as if such acquisition had been completed on January 1, 2018. See "— *Basis of Presentation — Presentation of financial information.*"

Rental income. We generate rental income from (i) investment properties, (ii) rental properties (primarily warehouse space), and (iii) equipment (such as power generators, air compressors and welding machines). Our logistics business, conducted through Adisorn, generates 100% of our rental income.

The following table sets forth the main components of our rental income for the years/periods indicated therein:

	Year Ended December 31,				Six Months Ended June 30,			
	2018	(%)[1]	2019	(%)[1]	2019	(%)[1]	2020	(%)[1]
	(THB million, except percentages)							
Rental income from investment properties....	17	32.0	17	34.7	7	27.8	7	27.1
Rental income from rental properties.....	28	54.5	25	51.0	13	56.7	16	59.6
Rental income from rental equipment.....	7	13.4	7	14.4	4	15.5	4	13.3
Rental income[2].....	**52**	**100.0**	**49**	**100.0**	**24**	**100.0**	**27**	**100.0**

Notes:

(1) Computed as percentage of our rental income.

(2) Services offered through Adisorn, a subsidiary we acquired in December 2019. Adisorn's results of operations have been consolidated into our results of operations as if such acquisition had been completed on January 1, 2018. See "— *Basis of Presentation — Presentation of financial information.*"

Interest income. Interest income primarily consists of interest from short- and long-term loans to connected parties. Such income also includes interest earned on bank deposits. In our 2020 Interim Consolidated Financial Statements, "interest income" has been renamed "finance income" in accordance with TFRS 9. For additional information on such reclassification, see Note 32 to our 2020 Interim Consolidated Financial Statements.

Gain on foreign exchange rate -net. Gain on foreign exchange rate consists principally of our net realized (considered as operating profit) and unrealized (considered as non-operating profit) foreign exchange gains incurred principally on account receivables, account payables and other payables that are not denominated in Thai Baht. Our foreign currency exposure is to the United States dollar. See also "— *Key Factors Affecting our Results of Operations — Exchange rates fluctuations," and "— Qualitative and Quantitative Disclosure about Market Risks — Foreign Exchange Risk."*

The following table sets forth the main components of our gain on foreign exchange rate for the years/periods indicated therein:

	Year Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
	(THB million)			
Realized gain:				
Vietnamese acquisitions[1]...	-	-	-	226
Operations.....	61	114	34	90
Unrealized gain:	12	38	33	53
Total	**72**	**152**	**67**	**369**

	Year Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020

Note:
(1) Relates to the acquisitions of Dovina and Thipha Cables.

Other income. We generally generate insignificant income from activities which are not directly related to our two core businesses, such as gains on sales of assets, and dividends from subsidiaries and an associate.

Costs of sales. Costs of sales primarily consist of the costs associated with the manufacture of our products, including primarily; (i) cost of metal (principally copper and aluminum, the key raw materials used in our production processes of electric wires), (ii) cost of insulator and other raw materials (such as XLPE), (iii) labor cost, and (iv) other production costs (such as utilities and maintenance costs).

The following table sets forth the main components of our costs of sales for the years/periods indicated therein:

	Year Ended December 31,				Six Months Ended June 30,			
	2018	(%)[1]	2019	(%)[1]	2019	(%)[1]	2020	(%)[1]
	(THB million, except percentages)							
Cost of raw materials and conversion cost	8,286	90.6	8,077	90.7	4,097	90.9	3,489	64.4
Overhead cost	597	6.5	573	6.4	289	6.4	256	4.7
Direct labor cost	133	1.5	112	1.3	52	1.2	62	1.1
Depreciation cost	126	1.4	142	1.6	70	1.6	70	1.3
Costs of sales (PDITL)[2]	**9,142**	**100.0**	**8,905**	**100.0**	**4,508**	**100.0**	**3,876**	**71.6**
Costs of sales (Thipha Cables, Dovina)[3]	**-**	**-**	**-**	**-**	**-**	**-**	**1,391**	**25.7**
Costs of sales (TCI)[3]	**-**	**-**	**-**	**-**	**-**	**-**	**148**	**2.7**
Costs of sales[2], [3]	**9,142**	**100.0**	**8,905**	**100.0**	**4,508**	**100.0**	**5,416**	**100.0**

Notes:

(1) Computed as percentage of costs of sales.

(2) Costs of sales in 2018, 2019 and the six months ended June 30, 2019 were exclusively attributable to PDITL. In the six months ended June 30, 2020, following the acquisitions of Thipha Cables, Dovina and TCI, our costs of sales were attributable to PDITL, our newly acquired Vietnamese subsidiaries, and TCI.

(3) In the six months ended June 30, 2020, the results of operations of each of Thipha Cables, Dovina and TCI were consolidated in our results of operations from April 1, 2020.

Costs of rendering services. Costs of rendering services primarily consist of labor cost incurred in the process of rendering, principally, offshore manpower services (through Adisorn) and wire testing services (through PDITL).

Costs of rental. Costs of rental mainly include maintenance cost of properties rented and depreciation.

Distribution costs. Distribution costs primarily consist of (i) sales promotion expenses, including salary, welfare and employee expenses (for sales and marketing personnel), bank fees, travel expenses, advertising expenses, telephone charges, insurance costs, and entertainment expenses, and (ii) logistics costs, including freight and commission expenses, costs and commissions paid to intermediaries, custom expenses, and other distribution costs.

The following table sets forth the main components of our distribution costs for the years/periods indicated therein:

	Year Ended December 31,				Six Months Ended June 30,			
	2018	(%)[1]	2019	(%)[1]	2019	(%)[1]	2020	(%)[1]
	(THB million, except percentages)							
Costs of support sales	129	57.5	143	55.4	65	55.0	107	66.4

	Year Ended December 31,				Six Months Ended June 30,			
	2018	(%)[1]	2019	(%)[1]	2019	(%)[1]	2020	(%)[1]
	(THB million, except percentages)							
Costs of logistics	96	42.5	115	44.6	53	45.0	54	33.6
Distribution costs.....	**225**	**100.0**	**259**	**100.0**	**119**	**100.0**	**161**	**100.0**

Note:

(1) Computed as percentage of distribution costs.

Administrative expenses. Administrative expenses primarily consist of: (i) salary, welfare and employee expenses (for management and general and administrative personnel), (ii) professional and consultant fees, which over the Track Record Period mainly comprised accounting fees, auditing fees, legal fees, and human resources consulting fees, (iii) maintenance fees, such as for building and furniture repairs, (iv) allowance for expected credit loss for 2020 or allowance for doubtful accounts for 2019, (v) rental fees, depreciation and amortization, (vi) public utilities, and (vii) other administrative expenses, such as service expenses comprising expenses in relation to multiple supporting functions such as human resources, finance, procurement, internal control and corporate secretary.

The following table sets forth the main components of our administrative expenses for the years/periods indicated therein:

	Year Ended December 31,				Six Months Ended June 30,			
	2018	(%)[1]	2019	(%)[1]	2019	(%)[1]	2020	(%)[1]
	(THB million, except percentages)							
Costs of employees.....	148	50.8	158	45.2	44	29.1	48	26.4
Professional fee account.....	61	21.1	91	26.0	33	21.7	50	27.5
Costs of maintenance.....	26	8.9	25	7.3	12	8.0	17	9.1
Allowance for expected credit loss[2]	17	6.0	(13)	(3.6)	(14)	(9.0)	30	16.7
Rental costs	10	3.5	10	2.9	14	9.4	13	7.4
Public utilities costs.....	3	1.2	4	1.3	1	0.5	1	0.5
Other administrative expenses[3]	25	8.6	73	21.0	61	40.4	23	12.5
Administrative expenses.....	**291**	**100.0**	**349**	**100.0**	**151**	**100.0**	**182**	**100.0**

Notes:

(1) Computed as percentage of administrative expenses.

(2) "Allowance for expected credit loss" was referred to as "Allowance for doubtful accounts" in our 2019 Consolidated Financial Statements and in our interim consolidated financial statements for the six months ended June 30, 2019.

(3) "Other administrative expenses" comprise principally training, insurance costs, and transportation allowance.

Loss on fair value measurement of derivative. We reassess the fair value of derivatives at each reporting date and gain or loss from such derivatives' initial fair value recognized upon entering into the corresponding derivative contract. This is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Listing license fee. At the time of the reverse acquisition business combination, the consideration transferred by the accounting acquirer was higher than the consideration transferred by the accounting acquiree and because the purpose of this transaction was for the accounting acquirer to acquire the accounting acquiree's listing status on the Stock Exchange of Thailand, we recognized such difference between the fair value of the consideration transferred and the fair value of the net assets acquired as a listing license fee. This is a non-cash item.

Finance costs. Finance costs primarily include interest expenses on short- and long-term borrowings from related parties, banks and financial institutions, financial costs relating to finance leases, costs associated

with the purchase of copper and aluminum from intermediaries who generally give extended credit terms against payment of interest.

Share of profit (loss) from investment in an associate. Share of profit from investment in an associate or share of loss from investment in an associate is realized as share of profit or loss, as applicable, from Thai Copper in proportion to our direct and indirect equity interest in such associate (22.31% over the Track Record Period). The performance of this associate may be negatively impacted in the future by our plan to utilize Dovina's production capacity rather than Thai Copper's capacity. As a consequence, such increased utilization of Dovina's production capacity is expected to have a positive effect on their revenue and results of operations.

Tax expense. Tax expense comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at a reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Loss for the year from discontinued operations. We divested the entire multimedia business, including the production and distribution of books and other printed items, television and radio production, copyrights for television and satellite broadcasting (as well as related assets and liabilities) that was previously carried out by SMM (now our Company) in August 2019. The loss incurred on this divestment was recorded only in our 2019 Consolidated Financial Statements and did not impact the other financial statements discussed in this Information Memorandum.

Results of Operations

The following table sets out data from our consolidated statement of profit or loss for each of the years/periods indicated therein:

	Year Ended December 31,				Six Months Ended June 30,			
	2018	**(%)[1]**	**2019**	**(%)[1]**	**2019**	**(%)[1]**	**2020**	**(%)[1]**
	(THB million, except percentages and earnings per share)							
Revenue from sales	10,420	87.3	10,150	86.8	5,098	87.4	6,369	83.1
Revenue from rendering services	1,383	11.6	1,331	11.4	642	11.0	865	11.3
Rental income	52	0.4	49	0.4	24	0.4	27	0.4
Gain on foreign exchange rate - net	72	0.6	152	1.3	67	1.2	369	4.8
Other income	10	0.1	10	0.1	4	0.1	36	0.5
Total revenue[2]	**11,936**	**100.0**	**11,691**	**100.0**	**5,835**	**100.0**	**7,666**	**100.0**
Costs of sales	9,142	76.6	8,905	76.2	4,508	77.3	5,416	70.6
Costs of rendering services	1,191	10.0	1,163	9.9	547	9.4	653	8.5
Costs of rental	32	0.3	34	0.3	23	0.4	30	0.4
Distribution costs	225	1.9	259	2.2	119	2.0	161	2.1
Administrative expenses	291	2.4	349	3.0	151	2.6	182	2.4
Listing license fee	-	-	162	1.4	-	-	-	-
Loss on fair value measurement of derivative	-	-	-	-	-	-	11	0.1
Total expenses[2]	**10,882**	**91.2**	**10,873**	**93.0**	**5,348**	**91.7**	**6,451**	**84.2**
Operating profit[2]	**1,055**	**8.8**	**818**	**7.0**	**487**	**8.3**	**1,215**	**15.8**
Finance income[3], [4]	71	0.6	69	0.6	34	0.6	8	0.1
Finance costs[4]	424	3.5	487	4.2	255	4.4	290	3.8
Impairment loss	-	-	-	-	-	-	24	0.3
Share of profit from investment in an associate	5	0.0	3	0.0	2	0.0	1	0.0
Profit before income tax expense	**708**	**5.9**	**403**	**3.4**	**267**	**4.6**	**911**	**11.9**
Income tax expense	182	1.5	145	1.2	81	1.4	204	2.7
Profit for the years/periods from continued operations	525	4.4	258	2.2	186	3.2	706	9.2
Loss for the years/periods from discontinued operations	-	-	(16)	(0.1)	-	-	-	-
Net profit for the years/periods	**525**	**4.4**	**242**	**2.1**	**186**	**3.2**	**706**	**9.2**
Profit attributable to:								
Owners of the parent company	**362**	**3.0**	**124**	**1.1**	**133**	**2.3**	**701**	**9.1**
Non-controlling interests	163	1.4	118	1.0	54	0.9	5	0.1
Basic earnings per share from continued operations (in Thai Baht)[6]	**36,200**	**-**	**0.0124[6]**	**-**	**13,267**	**-**	**0.029[6]**	**-**
Basic loss per share from discontinued operations (in Thai Baht)	**-**	**-**	**(0.0014)**	**-**	**-**	**-**	**-**	**-**
Adjusted Core EBITDA[5]	**1,213**	**-**	**1,195**	**-**	**574**	**-**	**1,085**	**-**

Notes:

(1) Expressed as percentage of total revenue for the relevant year/period.

(2) Please note that for 2018 and 2019, in computing our (i) total revenue we have excluded "finance income," (ii) total expenses we have excluded "finance costs," for purposes of improving comparability with our results of operations for the six months ended June 30, 2020. Hence, the amount of total revenue and the amount of total expenses as reported in our 2019 Consolidated Financial Statements are different from the amounts presented in this table because we have adopted the same presentation of our consolidated statement of profit or loss as in our 2020 Interim Consolidated Financial Statements. Consequently, the operating profit presented in this table is also different from the operating profit as reported in our 2019 Consolidated Financial Statements. As reported in our 2019 Consolidated Financial Statements, our total revenue was THB 12,008 million for 2018 and THB 11,760 million for 2019, our total expenses were THB 11,305 million in 2018 and THB 11,360 million in 2019, and our operating profit was THB 703 million for 2018 and THB 400 million for 2019.

(3) "Finance income" was referred to as "interest income" in our 2019 Consolidated Financial Statements. This change in the terminology due to the implementation of TFRS 9 from January 1, 2020 had no effect on the components and scope of this line-items and, therefore, does not impact the comparability of "finance income" and "interest income" over the Track Record Period. Changes in this table and the following discussion from the presentation of our consolidated statement of profit or loss in our 2019 Consolidated Financial Statements are only for facilitating the investors' review of our financial performance during the Track

Record Period by adopting the same presentation of our consolidated statement of profit or loss as in our 2020 Interim Consolidated Financial Statements.

(4) "Finance income" was included in our total revenue and "finance costs" was included in our total expenses in our 2019 Consolidated Financial Statements. Changes in this table and the following discussion from the presentation of our consolidated statement of profit or loss in our 2019 Consolidated Financial Statements are only for facilitating the investors' review of our financial performance during the Track Record Period by adopting the same presentation of our consolidated statement of profit or loss as in our 2020 Interim Consolidated Financial Statements.

(5) Adjusted Core EBITDA for any year/period is defined as core operating profit for the year/period adding back depreciation and amortization, and realized foreign exchange gain (but excluding the realized foreign exchange gain relating to the acquisitions of our Vietnamese subsidiaries for the six months ended June 30, 2020), and non-recurring expenses (professional fees and expenses incurred in connection with the reverse acquisition business combination and the acquisitions of Thipha Cables, Dovina and TCI, and employee benefit expenses relating to adjusted severance pay as a result of an amendment to the Thai Labor Law). We use Adjusted Core EBITDA to provide additional information about our operating performance. For purposes of the computation, our "core operating profit" is the difference between our core revenue and our core costs and expenses, where our "core costs and expenses" are the sum of our costs of sales, costs of rendering services, costs of rental, distribution costs and administrative expenses. For the avoidance of doubt, the listing license fee is not included in the Adjusted Core EBITDA. Adjusted Core EBITDA is not a measure of financial performance under either TFRS, IFRS or US GAAP. We believe that this measure is useful for certain investors to determine our operating cash flow and historical ability to meet debt service and capital expenditure requirements. We believe the investor community commonly uses this type of financial measure to assess the operating performance of companies in our business sector. You should not consider our definition of Adjusted Core EBITDA in isolation or construe it as an alternative to profit for the period or as an indicator of operating performance or any other standard measure under TFRS, IFRS or US GAAP. Our Adjusted Core EBITDA measure may not be comparable to similarly titled measures used by other companies, including in our industry. Please refer to "*Non-GAAP Financial Measures* for a reconciliation from net profit for the year/period to Adjusted Core EBITDA.

(6) The earnings per share takes into account the shares issued pursuant to the reverse acquisition business combination.

Results of operations for the six months ended June 30, 2020 compared to the six months ended June 30, 2019

Revenue

Our total revenue increased by THB 1,832 million, or 31.4%, to THB 7,666 million for the six months ended June 30, 2020 from THB 5,835 million for the six months ended June 30, 2019. This increase was primarily due to an increase in our revenue from sales mainly due to the consolidation of the results of operations of Dovina and Thipha Cables in our 2020 Interim Consolidated Financial Statements from April 1, 2020 to June 30, 2020.

Revenue from sales: Our revenue from sales increased by THB 1,271 million, or 24.9%, to THB 6,369 million for the six months ended June 30, 2020 from THB 5,098 million for the six months ended June 30, 2019. This increase was primarily due to the consolidation of the results of operations of Dovina and Thipha Cables in our 2020 Interim Consolidated Financial Statements from April 1, 2020 to June 30, 2020.

Sales of wires and cables attributable to our newly acquired Vietnamese subsidiaries Thipha Cables and Dovina amounted to THB 1,581 million in the six months ended June 30, 2020. Sales of wires and cables attributable to our newly acquired subsidiary TCI amounted to THB 182 million in the six months ended June 30, 2020. The results of operations of these subsidiaries were not consolidated into our results of operations in the six months ended June 30, 2019 and were only consolidated from April 1, 2020 in the six months ended June 30, 2020.

PDITL's revenue from sales decreased by THB 491 million, or 9.6%, to THB 4,607 million in the six months ended June 30, 2020 from THB 5,098 million in the six months ended June 30, 2019. This decrease primarily reflected a decrease in revenue from sales of bare conductors (THB 839 million, or 48.7%) due primarily to our choice to prioritize orders of higher-margin products over lower-margin products such as bare conductors and use our production lines to serve such orders. This reflects our strategic objective to increase the share of sales of products which carry higher margin in our product mix. The decrease in revenue from sales of bare conductors was partially offset by an increase in revenue from sales of medium to extra-high voltage wires (THB 590 million, or 66.1%). This increase also reflected an approximately 35% increase in sales volumes of medium to extra-high voltage wires and an approximately 19% increase in our average realized selling price of such products in the six months ended June 30, 2020. The increase in demand reflected higher demand in Thailand as the country is upgrading its transmission lines to accommodate mega-projects and several urban centers and provinces have undertaken multi-year projects to set up their underground cable network, and an increase in export sales. Higher

average realized selling price reflected raw materials price trends. Revenue from sales of special-purposes wires decreased by THB 74 million, or 23.5%, in the six months ended June 30, 2020, reflecting decreased volumes (approximately 10%) and average realized selling prices (approximately 11%), compared to the six months ended June 30, 2020. This decrease in sales volumes of special-purposes wires (essentially signaling and controlling cables used in the railway industry) in the six months ended June 30, 2020 was primarily due to the timing of tender offers we successfully won early in the six months ended June 30, 2019, compared to the six months ended June 30, 2020 as we are still waiting for the results of a number of tender offers from similar customers.

Revenue from rendering services: Our revenue from rendering services increased by THB 223 million, or 34.8%, to THB 865 million for the six months ended June 30, 2020 from THB 642 million for the six months ended June 30, 2019. This increase was primarily due to increased revenue from Adisorn and from PDITL's High Voltage Mobile Testing Unit.

Revenue from offshore manpower services: Revenue from offshore manpower services increased by THB 122 million, or 20.5%, to THB 719 million for the six months ended June 30, 2020 from THB 597 million for the six months ended June 30, 2019, due to an increased in personnel outsourced to our customers.

Revenue from vessel cleaning, and construction and maintenance services: Revenue from vessel cleaning, and construction and maintenance services provided primarily to oil and gas industry customers increased by THB 28 million, or 69.7%, to THB 68 million for the six months ended June 30, 2020 from THB 40 million for the six months ended June 30, 2019, as a result of new contracts entered with customers.

Revenue from testing services: Revenue from our high voltage mobile testing unit increased by THB 73 million to THB 77 million for the six months ended June 30, 2020 from THB 4 million for the six months ended June 30, 2019, due to the increasing number of customers requesting our assistance to assess the quality and adequacy of their electric systems and power installation.

Rental income: Our rental income increased by THB 3 million, or 13.9%, to THB 27 million for the six months ended June 30, 2020 from THB 24 million for the six months ended June 30, 2019. This increase was primarily due to an increase by THB 3 million in our rental income from rental properties, or 23.1%, to THB 16 million for the six months ended June 30, 2020 from THB 13 million for the six months ended June 30, 2019. This increase primarily resulted from the pricing adjustment mechanism included in our lease agreements.

Gain on exchange rate: Our gain on exchange rate increased by THB 301 million to THB 369 million for the six months ended June 30, 2020 from THB 67 million for the six months ended June 30, 2019. This increase was primarily due to a realized gain on exchange rate in the amount of THB 226 million generated by our hedging transactions entered into in connection with the purchase and financing of our Vietnamese acquisitions for the six months ended June 30, 2020, due to the appreciation of the United States dollar against the Thai Baht and the Vietnamese Dong. Our realized gain on exchange rate from our operations also increased by THB 56 million from the six months ended June 30, 2019, due primarily to the impact of the fluctuations in the United States dollar against the Thai Baht on our cash flows from operations denominated in United States dollar. Our unrealized gain on exchange rate from our operations also increased by THB 20 million from the six months ended June 30, 2019, due primarily to translations into our reporting currency (Thai Baht) upon consolidation of balances of trade receivables and trade payables denominated into United States dollar.

Other income: Our other income increased by THB 32 million to THB 36 million for the six months ended June 30, 2020 from THB 4 million for the six months ended June 30, 2019. This increase primarily reflected dividends received from our associate in the six months ended June 30, 2020.

Expenses

Our total expenses increased by THB 1,103 million, or 20.6%, to THB 6,451 million for the six months ended June 30, 2020 from THB 5,348 million for the six months ended June 30, 2019. This increase was primarily due to increased costs of sale, which primarily reflected the impact of the consolidation of Thipha Cables and Dovina (from April 1, 2020) in the six months ended June 30, 2020.

Costs of sales: Our costs of sales increased by THB 908 million, or 20.1%, to THB 5,416 million for the six months ended June 30, 2020 from THB 4,508 million for the six months ended June 30, 2019. This increase was primarily due to costs of sales in the amount of THB 1,391 million attributable to our newly acquired Vietnamese subsidiaries and costs of sales in the amount of THB 148 million attributable to TCI whose results of operations were not consolidated into our results of operations in the six months ended June 30, 2019. PDITL's costs of sales decreased by THB 631 million, or 14.0%, to THB 3,876 million in the six months ended June 30, 2020 from THB 4,508 million in the six months ended June 30, 2019.

PDITL's throughput margin: PDITL's throughput margin increased from 19.6% for the six months ended June 30, 2019 to 24.3% for the six months ended June 30, 2020.

The throughput margin of medium to extra-high voltage wires increased from 32.7% for the six months ended June 30, 2019 to 37.8% for the six months ended June 30, 2020.

The throughput margin of special purpose wires remained high but decreased from 38.6% for the six months ended June 30, 2019 to 31.6% for the six months ended June 30, 2020.

The throughput margin of low-voltage wires and other wires for building use increased from 14.3% for the six months ended June 30, 2019 to 18.7% for the six months ended June 30, 2020.

The throughput margin of bare conductors decreased from 16.1% for the six months ended June 30, 2019 to 12.2% for the six months ended June 30, 2020.

Overhead cost: Overhead cost decreased by THB 33 million, or 11.4%, to THB 256 million for the six months ended June 30, 2020 from THB 289 million for the six months ended June 30, 2019, primarily due to the implementation of lean management methods and cost-optimization initiatives.

Direct labor cost: Direct labor cost increased by THB 9 million, or 17.3%, to THB 62 million for the six months ended June 30, 2020 from THB 52 million for the six months ended June 30, 2019. This increase was primarily due to increased headcount as we increased our production capacities with new production lines.

Costs of rendering services: Our costs of rendering services increased by THB 106 million, or 19.3%, to THB 653 million for the six months ended June 30, 2020 from THB 547 million for the six months ended June 30, 2019. This increase primarily reflected the development of our service offering and increased business activity level.

Costs of rental: Our costs of rental increased by THB 6 million, or 28.0%, to THB 30 million for the six months ended June 30, 2020 from THB 23 million for the six months ended June 30, 2019. This increase was primarily due to the rental of new assets and expansion of rental areas in Vietnam following the acquisitions of Thipha Cables and Dovina.

Distribution costs: Our distribution costs increased by THB 42 million, or 35.4%, to THB 161 million for the six months ended June 30, 2020 from THB 119 million for the six months ended June 30, 2019. This increase was primarily due to a THB 41 million increase in costs of support sale, or 63.5%, to THB 107 million for the six months ended June 30, 2020 from THB 65 million for the six months ended June 30, 2019. This increase in costs of support sales primarily reflected our focus on increasing our penetration of the retail market in Thailand. Targeting this market segment generally requires more promotions and higher costs of support sale.

Administrative expenses: Our administrative expenses increased by THB 31 million, or 20.4%, to THB 182 million for the six months ended June 30, 2020 from THB 151 million for the six months ended June 30, 2019. This increase was primarily due to an allowance for expected credit loss and non-recurring professional fees incurred in connection with our Vietnamese acquisitions in the six months ended June 30, 2020. These increases were partially offset by a decrease in other administrative expenses.

Allowance for expected credit loss: Allowance for expected credit loss increased by THB 44 million to THB 30 million for the six months ended June 30, 2020 compared to a reversal in the amount of THB 14 million for the six months ended June 30, 2019, due to the accounting treatment of our hedging of our trade and other current receivables. This allowance is a non-cash item and reflected

extended credit terms we offered to customers in the six months ended June 30, 2020, in consideration of the developing COVID-19 pandemic.

Professional fee account: Professional fee account increased by THB 17 million, or 52.9%, to THB 50 million for the six months ended June 30, 2020 from THB 33 million for the six months ended June 30, 2019, due to non-recurring legal, consultancy and auditing fees incurred in connection with the acquisitions of Thipha Cables and Dovina in the six months ended June 30, 2020.

Other administrative expenses: Other administrative expenses decreased by THB 38 million, to THB 23 million for the six months ended June 30, 2020 from THB 61 million for the six months ended June 30, 2019, primarily due to the increased valuation of employee benefit expenses relating to adjusted severance pay as a result of an amendment to the Thai Labor Law.

Loss on fair value measurement of derivative: We had a loss on fair value measurement of derivative in the amount of THB 11 million for the six months ended June 30, 2020 and did not incur any such loss for the six months ended June 30, 2019.

Operating profit

As a result of the foregoing, our operating profit increased by THB 728 million, or 149.6%, to THB 1,215 million for the six months ended June 30, 2020 from THB 487 million for the six months ended June 30, 2019.

Finance income

Our finance income decreased by THB 26 million, or 77.2%, to THB 8 million for the six months ended June 30, 2020 from THB 34 million for the six months ended June 30, 2019. This decrease was primarily due to lower interest from short- and long-term loans to connected parties reflecting the repayment of existing loans by connected parties.

Finance costs

Our finance costs increased by THB 34 million, or 13.4%, to THB 290 million for the six months ended June 30, 2020 from THB 255 million for the six months ended June 30, 2019. This increase was primarily due to higher average balance of borrowings over the six months ended June 30, 2019 as a result of the financing of our acquisitions.

Impairment loss

We suffered a THB 24 million impairment loss for the six months ended June 30, 2020 whereas we did not experience any such loss in the six months ended June 30, 2019. This impairment loss is a non-cash item resulting from the first-time application of TFRS 9.

Profit before income tax

As a result of the foregoing, our profit before income tax increased by THB 643 million to THB 911 million for the six months ended June 30, 2020 from THB 267 million for the six months ended June 30, 2019.

Income tax expense

Our income tax expense increased by THB 123 million to THB 204 million for the six months ended June 30, 2020 from THB 81 million for the six months ended June 30, 2019. This increase in our income tax expense was primarily a result of the increase in our taxable income. Therefore, our effective tax rate was 22.5% for the six months ended June 30, 2020 compared with 30.4% for the six months ended June 30, 2019.

Net profit for the period

As a result of the foregoing, our net profit for the period increased by THB 520 million to THB 706 million for the six months ended June 30, 2020 from THB 186 million for the six months ended June 30, 2019.

Adjusted Core EBITDA

Our Adjusted Core EBITDA for the period increased by THB 511 million, or 89.1%, to THB 1,085 million for the six months ended June 30, 2020 from THB 574 million for the six months ended June 30, 2019.

Results of operations for 2019 compared to 2018

Revenue

Our total revenue decreased by THB 245 million, or 2.1%, to THB 11,691 million for 2019 from THB 11,936 million for 2018. This decrease was primarily due to a decrease in our revenue from sales.

Please note that in computing total revenue, for purposes of improving comparability with our results of operations for the six months ended June 30, 2020, we have excluded interest income because we have adopted the same presentation of our consolidated statement of profit or loss as in our 2020 Interim Consolidated Financial Statements. Based on the presentation of our 2019 Consolidated Financial Statements, our total revenue was THB 12,008 million for 2018 and THB 11,760 million for 2019.

Revenue from sales: Only our subsidiary, PDITL, contributed to our revenue from sales in 2018 and 2019. Our revenue from sales decreased by THB 270 million, or 2.6%, to THB 10,150 million for 2019 from THB 10,420 million for 2018. This decrease was primarily due to changes in our product mix, with a decrease in our revenue from sales of special-purpose wires which was partially offset by increased sales of bare conductors.

PDITL's revenue from sales of special-purposes wires decreased by THB 500 million, or 44.2%, to THB 632 million for 2019 from THB 1,132 million for 2018. Revenue from sales of special-purposes wires in 2018 were high compared to other accounting periods as we benefited from significant orders from railway industry customers in Thailand as they upgraded their controlling and signaling wire systems. This decrease was partially offset by an approximately 15% increase in sales volumes, which reflected increased demand for fiber systems and signaling cables. The decrease in revenue from sales of special-purposes wires was partially offset by an increase by THB 218 million, or 8.6%, to THB 2,749 million for 2019 from THB 2,531 million for 2018 in revenue from sales of bare conductors. This increase primarily reflected an approximately 23% increase in average realized selling prices. Our revenue from sales of low-voltage wires and other wires for building use increased by THB 65 million, or 1.5%, to THB 4,379 million in 2019 from THB 4,314 million in 2018. This increase was primarily due to an approximately 9% increase in sales volumes, partially offset by an approximately 7% decrease in average realized selling price. The increase in sales volumes reflected the conversion of production lines to manufacture low-voltage wires and other wires for building use and our attempt to penetrate the retail market in Thailand. Finally, our revenue from sales of medium to extra-high voltage wires decreased by THB 54 million, or 2.2%, to THB 2,389 million in 2019 from THB 2,443 million in 2018. This decrease primarily resulted from an approximately 10% decrease in the average realized selling price in 2019. Sales volumes of medium to extra-high voltage wires increased by approximately 9% in 2019, reflecting continued demand in Thailand for this type of products used for upgrading the transmission networks of several urban centers in Thailand (underground networks).

Revenue from rendering services: Our revenue from rendering services decreased by THB 52 million, or 3.8%, to THB 1,331 million for 2019 from THB 1,383 million for 2018. This decrease was primarily due to a decrease in our revenue from offshore manpower services and revenue from other services primarily offered to customers in the oil and gas industry (vessel cleaning, maintenance and construction services).

Revenue from offshore manpower services: Revenue from offshore manpower services decreased by THB 44 million, or 3.4%, to THB 1,239 million for 2019 from THB 1,283 million for 2018, primarily due to fewer employees outsourced by Adisorn to assist our customers in 2019 compared to 2018.

Revenue from vessel cleaning, and construction and maintenance services: Revenue from vessel cleaning, and construction and maintenance services provided primarily to oil and gas industry customers decreased by THB 11 million, or 11.6%, to THB 83 million for 2019 from THB 94 million for 2018, primarily due to lower business activity level.

Revenue from testing services: Revenue from our high voltage mobile testing unit increased by THB 3 million, or 55.7%, to THB 9 million for 2019 from THB 5 million for 2018, due to the increasing

number of customers requesting our assistance to assess the quality and adequacy of their electric systems and power installation.

Rental income: Our rental income decreased by THB 3 million, or 6.0%, to THB 49 million for 2019 from THB 52 million for 2018. This decrease was primarily due to decreased revenue from rental properties which decreased by THB 4 million, or 12.5%, to THB 25 million for 2019 from THB 28 million for 2018, primarily due to customers' request for rebates or decreased rental fees and termination and non-renewal of leases.

Gain on exchange rate: Our gain on exchange rate increased by THB 80 million, or 110.7%, to THB 152 million for 2019 from THB 72 million for 2018. This increase was primarily due to a realized gain on exchange rate from operations in the amount of THB 114 million for 2019 compared to THB 61 million for 2018 mainly reflecting the impact of the fluctuations in the United States dollar against the Thai Baht on our cash flows from operations denominated in United States dollar, and an unrealized gain in the amount of THB 38 million for 2019 compared to an unrealized gain of THB 12 million in 2018, primarily due to translations into our reporting currency (Thai Baht) upon consolidation of balances of trade receivables and trade payables denominated into United States dollar.

Expenses

Our total expenses decreased by THB 9 million, or 0.1%, to THB 10,873 million for 2019 from THB 10,882 million for 2018. This decrease was primarily due to a decrease in our costs of sales, almost entirely offset by a non-recurring listing license fee in 2019 and increased administrative expenses.

Please note that in computing total expenses, for purposes of improving comparability with our results of operations for the six months ended June 30, 2020, we have excluded our finance cost because we have adopted the same presentation of our consolidated statement of profit or loss as in our 2020 Interim Consolidated Financial Statements. Based on the presentation of our 2019 Consolidated Financial Statements, our total expenses were THB 11,305 million for 2018 and THB 11,360 million for 2019.

Costs of sales: Our costs of sales decreased by THB 237 million, or 2.6%, to THB 8,905 million for 2019 from THB 9,142 million for 2018. This decrease was primarily due to decreases in the cost of metal and cost of insulating and other materials, which were partially offset by an increase in other costs of manufacturing. This decrease in our costs of sales was proportionate to the decrease in our revenue from sales.

PDITL's throughput margin: PDITL's throughput margin decreased to 20.4% for 2019 from 20.5% for 2018.

The throughput margin of medium to extra-high voltage wires remained high but decreased from 36.1% for 2018 to 32.5% for 2019.

The throughput margin of special purpose wires increased from 32.7% for the 2018 to 35.3% for 2019.

The throughput margin of low-voltage wires and other wires for building use increased from 16.0% for 2018 to 16.8% for 2019.

The throughput margin of bare conductors increased from 7.6% for 2018 to 12.2% for 2019.

Overhead cost: Overhead cost decreased by THB 23 million, or 3.9%, to THB 573 million for 2019 from THB 597 million for 2018, primarily due to the addition of new product lines.

Direct labor cost: Direct labor cost decreased by THB 21 million, or 15.6%, to THB 112 million for 2019 from THB 133 million for 2018, primarily due to the implementation of lean management methods and the implementation of our cost-optimization initiatives.

Costs of rendering services: Our costs of rendering services decreased by THB 27 million, or 2.3%, to THB 1,163 million for 2019 from THB 1,191 million for 2018. This decrease was primarily due to lower labor cost, primarily due to the implementation of lean management methods and the implementation of our cost-optimization initiatives.

Costs of rental: Our costs of rental increased by THB 2 million, or 6.2%, to THB 34 million for 2019 from THB 32 million for 2018.

Distribution costs: Our distribution costs increased by THB 34 million, or 15.0%, to THB 259 million for 2019 from THB 225 million for 2018. This increase was primarily due to increases in our other distribution costs, professional fee accounts and costs of logistics.

Costs of support sales: Costs of support sales increased by THB 14 million, or 10.8%, to THB 143 million for 2019 from THB 129 million for 2018, primarily reflecting our focus on increasing our penetration of the retail market in Thailand. Targeting this market segment generally requires more promotions and higher costs of support sale.

Costs of logistics: Costs of logistics increased by THB 20 million, or 20.8%, to THB 115 million for 2019 from THB 96 million for 2018, primarily due to increased costs of logistics associated with export sales.

Administrative expenses: Our administrative expenses increased by THB 57 million, or 19.6%, to THB 349 million for 2019 from THB 291 million for 2018. This increase was primarily due to non-recurring expenses incurred in connection with the restructuring of our business (as a result of the reverse acquisition business combination and the divestment of the legacy multimedia and publishing business), such as financial advisory fees, legal fees, independent financial advisory fees, special auditors' fees and fees paid to the Thai SEC and SET.

Costs of employees: Costs of employees increased by THB 10 million, or 6.5%, to THB 158 million for 2019 from THB 148 million for 2018, due to new hires following our reverse acquisition as we needed to expend certain of our departments to comply with our new obligations as a listed company (including support functions such as human resources, accounting, legal and other administrative departments).

Professional fee account: Professional fee account increased by THB 29 million, or 47.8%, to THB 91 million for 2019 from THB 61 million for 2018, due to the non-recurring incurrence of professional parties' fees relating to the restructuring of the business in 2019 (including the divestment of our legacy multimedia and printing business and the completion of the reverse acquisition business combination).

Allowance for expected credit loss: Allowance for expected credit loss decreased by THB 30 million. Our allowance for doubtful account was THB 17 million for 2018. We had a reversal of THB 13 million for 2019.

Other administrative expenses: Other administrative expenses increased by THB 48 million to THB 73 million for 2019 from THB 25 million for 2018, primarily due to the increased valuation of employee benefit expenses relating to adjusted severance pay as a result of an amendment to the Thai Labor Law.

Listing license fee: We recognized a non-recurring listing license fee in the amount of THB 162 million in 2019 as a result of the reverse acquisition business combination. See "*— Basis of Presentation — Presentation of financial information*" and "*— Description of Key Consolidated Statement of Profit or Loss Line-items — Breakdown based on main product categories and entities — Listing license fee*."

Operating profit

As a result of the foregoing, our operating profit (defined as the difference between our total revenues and our total expenses) decreased by THB 236 million, or 22.4%, to THB 818 million for 2019 from THB 1,055 million for 2018.

Please note that in computing our operating profit, for purposes of improving comparability with our results of operations for the six months ended June 30, 2020, we have excluded our finance cost from our total expenses and finance income from our total revenue because we have adopted the same presentation of our consolidated statement of profit or loss as in our 2020 Interim Consolidated Financial Statements. Based on the presentation of our 2019 Consolidated Financial Statements, our operating profit was THB 703 million for 2018 and THB 400 million for 2019.

Finance income

Our interest income decreased by THB 2 million, or 3.5%, to THB 69 million for 2019 from THB 71 million for 2018. This decrease was primarily due to a decrease in the average balance of loans and borrowings to related parties as we had requested repayment of all outstanding amounts under such loans and borrowings from the relevant related parties.

Please note that "finance income" is referred to as "interest income" in our 2019 Consolidated Financial Statements.

Finance costs

Our finance costs increased by THB 64 million, or 15.1%, to THB 487 million for 2019 from THB 424 million for 2018. This increase was primarily due to increased orders of raw materials, principally copper and aluminum, from our suppliers, which increased financial costs associated with the payment of interest in exchange for extended credit terms.

Share of profit from investment in an associate

Our share of profit from investment in an associate decreased by THB 2 million, or 36.0%, to THB 3 million for 2019 from THB 5 million for 2018. This decrease was primarily due to the decreased performance of Thai Copper in 2019.

Profit before income tax

As a result of the foregoing, our profit before income tax decreased by THB 305 million, or 43.0%, to THB 403 million for 2019 from THB 708 million for 2018.

Income tax expense

Our income tax expense decreased by THB 37 million, or 20.3%, to THB 145 million for 2019 from THB 182 million for 2018. This decrease in our income tax expense was primarily a result of our decreased taxable income. Our effective tax rate was 36.1% for 2019 compared with 25.8% for 2018.

Net profit for the year

As a result of the foregoing, our net profit for the year decreased by THB 283 million to THB 242 million for 2019 from THB 525 million for 2018.

Adjusted Core EBITDA

As a result of the foregoing, our Adjusted Core EBITDA for the year decreased by THB 19 million, or 1.5%, to THB 1,195 million for 2019 from THB 1,213 million for 2018.

Certain Balance Sheet Items

Property, plant and equipment

The net book value of our property, plant and equipment accounted for THB 2,385 million, THB 2,604 million and THB 4,195 million, as at December 31, 2018, and 2019, and June 30, 2020, respectively. The table below provides details of our property, plant and equipment, net of accumulated depreciation, as at the dates indicated therein:

	As at December 31,		**As at June 30,**
	2018	**2019**	**2020**
		(THB million)	
Land	549	627	699
Land improvements	26	26	24
Building and building improvements	245	307	745
Warehouse	43	39	37
Machinery and factory equipment	1,148	1,040	1,811
Vehicles	16	13	20
Furniture, fixtures and office equipment	9	12	16

	As at December 31,		As at June 30,
	2018	2019	2020
		(THB million)	
Assets under installation and construction .	349	540	744
Construction in progress.....	-	-	99
Property, plant and equipment	**2,385**	**2,604**	**4,195**

As at June 30, 2020, the book value of our property, plant and equipment significantly increased compared to the books value of our property, plant and equipment as at December 31, 2019, mainly due to the consolidation of Thipha Cables, Dovina and TCI in the first half of 2020.

For more information on our property, plant and equipment, see Note 15 to our 2019 Consolidated Financial Statements and Note 14 to our 2020 Interim Consolidated Financial Statements.

Goodwill

As at December 31, 2018 and 2019, our goodwill remained stable at THB 893 million and increased to THB 6,061 million as at June 30, 2020. Our goodwill as at December 31, 2018 and 2019 primarily represented the goodwill recognized as a result of the acquisition by Team A Holding 2 Company Limited of a 75.47% equity interest in PDITL in 2015. Goodwill variations primarily reflected acquisitions over the Track Record Period. The increase in our goodwill as at June 30, 2020, compared with December 31, 2019 mainly reflected the aggregate differences between consideration transferred for and the net identifiable assets and liabilities of Thipha Cables, Dovina and TCI upon their acquisitions in the first half of 2020. As a result of the acquisition of Thing Phat, we recognized a goodwill of THB 4,424 million. We recognized a goodwill of THB 583 million as a result of the acquisition of Dovina and a further THB 160 million from the acquisition of TCI. Additional details on these transactions and their impact on our goodwill are presented in Note 1.2 to our 2020 Interim Consolidated Financial Statements. See also "— *Critical Accounting Policies — Goodwill*" and "— *Critical Accounting Policies — Impairment*" for additional information.

Trade and other current receivables

We usually grant our customers a credit period of up to 60 days, depending on the requirements of the markets where we operate, the type of customer and pre-existing relationships. We tend to offer credit terms beyond 60 days (and up to 120 days) only to state-owned enterprises, regulators and other state agencies or departments. In 2018, 2019, and the six months ended June 30, 2020 our average collection period was 134 days, 131 days, and 105 days, respectively. The average collection period is calculated by dividing 360 days (for 2018 and 2019) or 182 actual days (for the six months ended June 30, 2020) by the accounts receivable turnover where the accounts receivable turnover is calculated as core revenue from sales divided by average trade and other current receivables. We seek to maintain strict control over our outstanding receivables and overdue balances are therefore reviewed regularly by management. In the first half of 2020, however, in consideration of exceptional circumstances due to the COVID-19 outbreak, we offered extended credit terms to customers.

The aging analysis for our trade receivables as at December 31, 2018 and 2019, and June 30, 2020 is detailed at Note 6 to our 2020 Interim Consolidated Financial Statements and 2019 Consolidated Financial Statements.

Trade and other current payables

In Thailand, prior to the acquisition of Thipha Cables and Dovina in March 2020, PDITL's credit terms with our business partners vary from payment upon purchase to 270 days. After completion of these acquisitions, as we consolidated our Thai and Vietnamese procurement platform, we renegotiated credit terms with our partners as described below. In 2018 and 2019, and in the six months ended June 30, 2020, our average accounts payable days were 199 days, 201 days, and 168 days, respectively. Our businesses in Vietnam are given shorter credit terms (up to 180 days in the case of Thipha Cables) due to the lower credit rating of Vietnam compared with Thailand. With our recent acquisitions and synergies expected from a more integrated procurement platform together with increased bargaining power from larger consolidated orders, we have been able to negotiate longer

credit terms and better prices, and we will seek to extend such more advantageous credit terms to our new subsidiaries in Vietnam. We recently obtained credit terms of up to 360 days following the acquisition of Dovina and Thipha Cables. Accounts payable days are calculated by dividing 360 days (for 2018 and 2019) or 182 actual days (for the six months ended June 30, 2020) by the accounts payable turnover, where accounts payable turnover is calculated as the costs of sales divided by the average trade and other current payables.

Additional information on our trade and other current payables as at December 31, 2018 and 2019, and June 30, 2020 is detailed at Note 18 to our 2020 Interim Consolidated Financial Statements and Note 20 to our 2019 Consolidated Financial Statements.

Inventories

Our inventories consist of finished goods, work in process, raw materials, spare parts and factory supplies, finished goods in transit and materials and spare parts in transit. In 2018, 2019 and the six months ended June 30, 2020, our average inventory days were 120 days, 142 days, and 172 days, respectively. Inventory days are calculated by dividing 360 days (for 2018 and 2019) or 182 actual days (for the six months ended June 30, 2020) by the inventory turnover where inventory turnover is calculated as the costs of sales rendering services and rental divided by average inventory.

Additional information on our inventories as at December 31, 2018 and 2019, and June 30, 2020 is detailed at Note 9 to our 2020 Interim Consolidated Financial Statements and 2019 Consolidated Financial Statements.

Indebtedness

As at June 30, 2020, we had unutilized credit facilities from banks in the aggregate amount of THB 16,368 million, in principal, respectively.

The following table sets forth our borrowings and finance lease liabilities as at the dates indicated therein:

	As at December 31,		**As at June 30,**
	2018	**2019**	**2020**
		(THB million)	
Current			
Bank overdrafts and short-term borrowings from financial institutions	471	1,706	8,315
Including secured	468	1,337	6,772
Including unsecured	3	369	1,543
Short-term borrowings from related companies	299	-	5
Including secured	-	-	-
Including unsecured	299	-	5
Other short-term borrowings[(1)]	675	822	659
Short-term borrowings	**1,446**	**2,528**	**8,978**
Current portion of long-term borrowings from financial institutions	2,617	481	948
Including secured	2,617	303	613
Including unsecured	-	178	336
Current portion of long-term borrowings from related companies	-	-	-
Including secured	-	-	-
Including unsecured	-	-	-
Current portion of other long-term borrowings[(2)]	30	185	50
Current portion of finance lease liabilities[(3)]	17	18	66
Total current interest-bearing liabilities	**2,664**	**684**	**1,064**
Non-current			
Long-term borrowings from financial institutions	475	1,588	3,204

	As at December 31,		As at June 30,
	2018	2019	2020
		(THB million)	
Including secured	475	1,426	2,566
Including unsecured	-	163	639
Long-term borrowings from related companies	6	6	6
Including secured	-	-	-
Including unsecured	6	6	6
Other long-term borrowings(2)	185	160	325
Finance lease liabilities(3)	57	39	149
Total non-current interest-bearing liabilities	**723**	**1,793**	**3,684**

Notes:

(1) Other short-term borrowings include bills of exchanges and unsubordinated bonds.

(2) Other long-term borrowings are unsubordinated bonds.

(3) "Finance lease liabilities" was reclassified to "Lease liabilities" in our Consolidated Financial Statements for the six months ended June 30, 2020.

Our short-term borrowings increased in the six months ended June 30, 2020, primarily as a result of a bridge loan granted by the BOT for financing our acquisitions of Thipha Cables and Dovina. We have already negotiated a long-term loan with a financial institution to replace this bridge loan from March 31, 2021. Certain of our financing agreements include restrictive covenants, such as certain limitations on the incurrence of new indebtedness, subject to the maintenance of financial ratios. As at the date hereof, all of our shares in PD Cable (SG) Pte. Ltd., Thipha Cables and Dovina, together with all rights attached to such shares, have been used as collateral to secure the credit facilities entered into in connection with the acquisition of our Vietnamese subsidiaries. The same credit facilities also benefit from corporate guarantees given by our Company and certain other subsidiaries within our Group for an amount of THB 7,910 million. For information on instances of technical breaches under certain financing agreements and related waivers and consents obtained from relevant lenders, see "*Risk Factors — Risks Relating to our Business and Operations — We face risks relating to our bank borrowings*."

We enter into finance leases with various financial institutions, principally in connection with machinery and equipment, for terms up to five years.

Please refer to "*— Qualitative and Quantitative Disclosure about Market Risks — Interest rate risk*" for a summary of the maturity profile of our outstanding borrowings.

Liquidity and Capital Resources

Our cash requirements consist mainly of the following:

- funding operating activities;
- funding our acquisitions;
- funding capital expenditures;
- paying dividends;
- servicing our indebtedness; and
- paying taxes.

Our sources of liquidity historically consisted mainly of the following:

- cash generated from our operating activities;
- borrowings from related companies;
- issuances of debt securities; and
- loans from banks and financial institutions.

Our ability to generate cash from our operations depends on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, market, regulatory and other factors, as discussed under "*Risk Factors*," many of which are beyond our control. Taking into account the financial resources available to us, including cash and cash equivalents, cash generated from operating activities, available banking facilities, we are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this Information Memorandum**.**

Cash and cash equivalents

As at December 31, 2018, and 2019, and June 30, 2020, we had cash and cash equivalents of THB 655 million, THB 1,431 million and THB 772 million, respectively. Changes in cash and cash equivalents balances reflected the effects of cash inflows and outflows over the Track Record Period. See "*— Liquidity and Capital Resources — Analysis of Cash Flow.*"

Analysis of cash flow

The following table sets out a summary of our cash flows for the years/periods indicated therein:

	Year Ended December 31,		Six Months Ended June 30,
	2018	**2019**	**2020**
		(THB million)	
Net cash flows provided by operating activities	907	676	1,301
Net cash flows used in investing activities	(817)	(620)	(6,542)
Net cash flows provided by (used in) financing activities	(35)	720	4,592
Net increase (decrease) in cash and cash equivalents	**55**	**776**	**(648)**
Cash and cash equivalents at end of the year/period	**655**	**1,431**	**772**

Net cash provided by operating activities

For the six months ended June 30, 2020, our net cash provided by operating activities in the amount of THB 1,301 million was primarily a result of our profit before income tax expense for the period of THB 911 million, as adjusted for changes in non-cash items and non-operating activities in the aggregate amount of THB 423 million and the effects of change in operating assets and liabilities in the aggregate amount of THB 387 million. Adjustments for non-cash items and non-operating activities primarily included adjustments for depreciation and amortization (THB 160 million), interest expense (THB 289 million) and interest expense paid (THB 385 million), partially offset by an unrealized gain on foreign exchange rate (THB 63 million). The main items accounting for changes in operating assets and liabilities were an increase in trade and other current payables (THB 1,130 million), an increase in trade and other current receivables (THB 638 million), and an increase in inventories (THB 145 million).

For 2019, our net cash provided by operating activities in the amount of THB 676 million was primarily a result of our profit before income tax expense for the year of THB 387 million, as adjusted for changes in non-cash items and non-operating activities in the aggregate amount of THB 780 million and the effects of change in operating assets and liabilities in the aggregate amount of THB 353 million. Adjustments for non-cash items and non-operating activities primarily included adjustments for depreciation and amortization (THB 193 million), interest expense (THB 490 million), a non-recurring listing license fee relating to the reverse acquisition business combination (THB 162 million), income tax expense paid (THB 131 million), which was partially offset by interest income (THB 69 million) and an unrealized gain on foreign exchange rate (THB 36 million). The main items accounting for changes in operating assets and liabilities were a decrease in trade and other current receivables (THB 1,463 million), a decrease in trade and other current payables (THB 1,480 million), and an increase in inventories (THB 307 million).

For 2018, our net cash provided by operating activities in the amount of THB 907 million was primarily a result of our profit before income tax expense for the year of THB 708 million, as adjusted for changes in non-

cash items and non-operating activities in the aggregate amount of THB 563 million and the effects of change in operating assets and liabilities in the aggregate amount of THB 221 million. Adjustments for non-cash items and non-operating activities primarily included adjustments for depreciation and amortization (THB 178 million), interest expense (THB 424 million), income tax expense paid (THB 150 million), partially offset by interest income (THB 71 million). The main items accounting for changes in operating assets and liabilities were an increase in inventories (THB 641 million), an increase in trade and other current payables (THB 1,434 million) and an increase in trade and other current receivables (THB 995 million).

Net cash used in investing activities

For the six months ended June 30, 2020, our net cash used in investing activities in the amount of THB 6,542 million was primarily a result of our investments in subsidiaries (THB 6,526 million relating to our acquisitions of Thipha Cables, Dovina and TCI in the first half of 2020), the acquisition of property, plant and equipment (THB 115 million), net of cash acquired (THB 246 million).

For 2019, our net cash used in investing activities in the amount of THB 620 million was primarily a result of investments in acquisitions (principally the reverse acquisition business combination and the acquisition of Adisorn (THB 1,550 million)), our acquisition of property, plant and equipment (THB 391 million) in particular to modernize and improve wires and cables production lines, partially offset by our proceeds from sales of our legacy multimedia and publishing business (THB 350 million) and proceeds from repayments of long-term loans by our subsidiaries (THB 1,103 million).

For 2018, our net cash used in investing activities in the amount of THB 817 million was primarily a result of our acquisition of additional shares in PDITL from other shareholders (THB 399 million), acquisition of property, plant and equipment (THB 352 million) to support our growth and cost-optimization measures (installation of solar panels to decrease our utilities expenses), our repayment of short-term loans to related parties (THB 211 million), partially offset by proceeds from repayment of such short-term loans to a related company (THB 116 million).

Net cash provided by (used in) financing activities

For the six months ended June 30, 2020, our net cash provided by financing activities in the amount of THB 4,592 million was primarily a result of proceeds from bank overdraft and short-term borrowings from financial institutions (THB 6,274 million), proceeds from long-term borrowings from financial institutions (THB 1,690 million) partially offset by repayments of bank overdraft and short-term borrowings from financial institutions (THB 2,488 million) and of short-term borrowings from a related party (THB 504 million). Proceeds from new borrowings and loans were primarily used for financing our acquisitions in the first half of 2020 and our on-going capital expenditures programs.

For 2019, our net cash provided by financing activities in the amount of THB 720 million was primarily a result of a share capital increase in the amount of THB 1,323 million, proceeds from bank overdraft and short-term borrowings from financial institutions (THB 1,083 million), partially offset by repayments of long-term borrowings from financial institutions (THB 1,375 million) and interest payments (THB 572 million). Proceeds from new loans and borrowings were used for the repayment of existing debt and for financing our investment plans, in particular for enhancing our production lines.

For 2018, our net cash used in financing activities in the amount of THB 35 million was primarily a result of repayments of long-term borrowings from financial institutions (THB 492 million), interest paid (THB 362 million) and repayments of short-term borrowings from financial institutions and other short-term borrowings (THB 210 million in aggregate), partially offset by proceeds from short-term borrowings from financial institutions (THB 415 million) and proceeds from long-term borrowings from financial institutions (THB 319 million). Proceeds from new loans and borrowings were used for the repayment of existing debt and for financing our investment plans, in particular for the implementation of cost-optimization measures (installation of solar panels) and new equipment for our High Voltage Mobile Testing Unit.

Capital Expenditures

Historical capital expenditure

We regularly make capital expenditures to expand our operations, maintain and renovate our manufacturing facilities and our equipment and increase our operating efficiency. The majority of our capital expenditures during the Track Record Period relate to the additions made to fixed assets. The cost of acquisitions of new businesses or entities, however, is not classified as capital expenditures as such acquisitions are accounted for under goodwill and investments.

The following table sets forth our historical capital expenditures incurred in respect of additions to fixed assets in the years/periods indicated below:

	Year Ended December 31,		Six Months Ended June 30,
	2018	**2019**	**2020**
		(THB million)	
Land	-	78	-
Land improvements	7	2	-
Building and building improvements	15	89	-
Warehouse	2	[1]	-
Machinery and factory equipment	136	36	44
Vehicles	12	-	-
Furniture, fixtures and office equipment	3	9	4
Assets under installation and construction	205	191	143
Total additions to fixed assets	**380**	**406**	**192**

Below is a description of a few of our main projects corresponding to capital expenditures set out in the above table.

In the six months ended June 30, 2020, we continued installing rooftop solar panels to sustainably support our business development and decrease our overhead costs. This capital expenditure plan has been in place since 2018. We also incurred capital expenditures for increasing our production capacity of copper wires and cables in Thailand by 11,000 MT/year and 10,000 MT/year at our Bang Phli and Rayong production facilities, respectively.

In 2019, we continued installing rooftop solar panels and invested in the enhancement of machinery and equipment at our production facilities for added efficiency in our manufacturing processes. We also acquired land for expanding our production facilities. We also incurred capital expenditures in connection with the purchase and installation of two breakdown machines for aluminum rods so as to increase our production capacity and manufacturing efficiencies.

In 2018, we upgraded our production lines for purposes of cost-optimization and expansion of our production capacity.

Planned capital expenditure

As at June 30, 2020 we had initiated two new main capital expenditure projects:

- as we intend to develop submarine cables, we estimate a USD 8 million capital expenditure plan, subject to further studies, will be necessary for developing such highly specialized products; and
- as we intend to develop High-Voltage, Direct Current electric power transmission, we estimate a USD 5 million capital expenditure plan, subject to further studies, will be necessary to develop this technology.

Contractual Obligations and Commitments

In addition to contractual obligations relating to the payments due under our indebtedness (see "— *Certain Balance Sheet Items — Indebtedness*" and "— *Qualitative and Quantitative Disclosure about Market Risks — Interest Rate Risk*"), including our obligations under finance leases, we have on-going contractual obligations relating to payments due under foreign exchange forward contracts, and commitments under purchase agreements relating to the purchase and installation of machinery and equipment and the purchase of raw materials, as described below.

The table below summarizes the main components of our commitments relating to long-term debt, finance lease obligations and purchase obligations, including purchases of raw materials and the purchase and installation of machinery and equipment, as at June 30, 2020:

	Payments due by period		
	Total	**Less than 1 year**	**More than 1 year**
		(THB million)	
Long-term debt[1]	4,533	998	3,535
Finance lease obligations	216	66	150
Purchase obligations[2]	1,630	1,630	-
Including for raw materials	1,477	1,477	-
Including for machinery and equipment	153	153	-
Total	**6,379**	**2,694**	**3,685**

Notes:

(1) Additional information on our long-term debt is disclosed under "— *Certain Balance Sheet Items — Indebtedness*" and "*Qualitative and Quantitative Disclosure about Market Risks — Interest Rate Risk*."

(2) Our purchase obligations include contractual commitments relating to the purchase and installation of machinery and equipment for our various expansion projects as set out in "— *Capital Expenditures*."

We also enter into foreign currency forward contracts for purposes of managing our exposure to variations in foreign currency exchange rates and other purposes. As at June 30, 2020, all of our foreign currency forward contracts were due within eleven months. As at December 31, 2019, all of our foreign currency forward contracts were due within five months. Details of corresponding derivative assets and liabilities as at June 30, 2020 and December 31, 2019 are presented at Note 29 to our 2020 Interim Consolidated Financial Statements.

Moreover, we and our subsidiaries have entered into non-cancellable lease agreements for office buildings, copy machines, and vehicles in Thailand and in Vietnam, primarily in connection with land where our office buildings and facilities are established.

Contingent Liabilities and Guarantees

As at June 30, 2020 and December 31, 2019, we had contingent liabilities in respect of guarantees in connection with transactions entered into by our subsidiaries in the aggregate amount of up to THB 1,125 million and THB 1,208 million, respectively.

The below tables show our contingent liabilities under letter of guarantees we gave to counterparties for the year/period indicated therein:

	As at June 30, 2020					
	Baht	**U.S. dollar**	**India Rupee**	**Hong Kong dollar**	**Sri Lanka Rupee**	**Vietnam Dong**
Letters of guarantee for contractual performance without collateral	539,050,401	2,156,644	3,471,468	-	-	-
Letters of guarantee for contractual performance with collateral[1]	-	-	63,209,135	-	-	-
Letters of guarantee for electricity usage and others without collateral	456,995,847	57,844	-	7,000,000	-	-
Letters of guarantee for electricity usage and others with collateral	653,000	-	-	-	-	-
Letters of guarantee for rendering services with collateral[1]	609,000	30,000	-	-	-	-
Letter of guarantee of warranty	-	-	-	-	-	130,408,155
Letter of guarantee of bidding	-	-	-	-	-	77,831,531
Letter of guarantee of advance payment	-	-	-	-	-	49,765,103
Letter of guarantee of contract implementation	-	-	-	-	-	57,940,663

Letter of guarantee of contract implementation and warranty	-	-	-	-	-	989,577
Letter of guarantee of payment	-	-	-	-	-	5,005,045

	As at December 31, 2019				
	Baht	**U.S. dollar**	**India Rupee**	**Hong Kong dollar**	**Sri Lanka Rupee**
Letters of guarantee for contractual performance without collateral	621,258,304	1,968,211	3,471,468	-	-
Letters of guarantee for contractual performance with collateral(1)	-	-	63,209,135	-	-
Letters of guarantee for electricity usage and others without collateral	458,030,884	57,844	-	7,000,000	1,300,000
Letters of guarantee for electricity usage and others with collateral(1)	1,139,000	-	-	-	-
Letters of guarantee for rendering services with collateral(1)	7,400,475	30,000	-	-	-

Note:

(1) As at June 30, 2020 and December 31, 2019, the value of collateral used to secure bank guarantees for contractual performance THB 66 million and THB 39 million, respectively. Such collateral comprises cash deposits of one of our subsidiaries.

We are also subject to litigation and claims arising in the ordinary course of business. See "*Business — Disputes and Legal Proceedings.*"

Off-Balance Sheet commitments

Except for the contingent liabilities discussed above, we do not maintain any off-balance sheet arrangements, transactions, obligations or other relationships with unconsolidated entities that would be expected to have a material current or future effect upon our financial condition or results of operations.

Related Party Transactions

We have entered into a number of agreements with "related parties" (persons with whom we may have a conflict of interest) as determined under Thai laws and regulations, and engage in transactions with them. See Note 39 to our 2019 Consolidated Financial Statements, Note 30 to our 2020 Interim Consolidated Financial Statements.

Qualitative and Quantitative Disclosure about Market Risks

We are exposed to normal business risks from changes in market interest rates and currency exchange rates, inflation rates and from non-performance of contractual obligations by counterparties. We do not hold or issue derivative financial instruments for speculative or trading purposes. Risk management is integral to our business. We have a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Our management continually monitors our risk management process to ensure that an appropriate balance between risk and control is achieved.

Liquidity risk

Liquidity risk is the risk that we are unable to meet our obligations when they fall due. We evaluate and monitor our cash inflow and cash outflow and liquidity risk so as to maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations, settle our due obligations and to mitigate the effects of fluctuations in cash flows.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial obligations to us in accordance with the terms and conditions of the contract as and when they fall due. Credit risk arises mainly from trade receivables from the sales of our products. We are also exposed to a concentration risk since as at December 31, 2019, 25% of our trade receivables were with six major customers. A

majority of our large customers, however, are state-owned enterprises and administrations which expose us to low counterparty risk.

Our management has a credit policy in place to monitor credit risk on an ongoing basis by conducting financial analyses and assessment on the credit of new and existing customers, enforcing credit terms, controlling credit utilization and reviewing debt collection. Fair value of receivables which are presented in our statement of financial position is the balance of receivables net of allowance for expected credit loss.

Interest rate risk

Interest rate risk is the risk that future changes in market interest rates will affect our results of operations and cash flows. Cash flow interest risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Certain of our short-term and long-term loans carry variable interest rates. We aim to monitor market interest rates fluctuations and manage liabilities by borrowing at fixed interest rates and floating interest rates based on the market conditions. In addition, we have entered in the past and may enter in the future in interest swap agreements with financial institutions to hedge volatility of interest rates by paying fixed interest rates in exchange for floating interest rates.

The effective interest rates of interest-bearing financial liabilities as at June 30, 2020 and the periods in which those liabilities mature or re-price were as follows:

	Effective interest rate	**Within 1 year**	**After 1 year but within 5 years**	**Total**
	(% per annum)	*(in THB million)*		
June 30, 2020				
Current assets				
Short-term loans to related companies	1.37 - 6.50	211	-	211
Non-current assets				
Long-term loans to related companies	5.25	-	43	43
Total		**211**	**43**	**254**
Current liabilities				
Bank overdraft and short-term borrowings from a financial institution	3.20 - 6.00	8,315	-	8,315
Current portion of long-term borrowings from financial institutions	3.50 - 9.30	948	-	948
Short-term borrowings from related companies	5.25	5	-	5
Other short-term borrowings	4.60 - 6.50	659	-	659
Current portion of other long-term borrowings	5.50 - 6.75	50	-	50
Current portion of lease liabilities	4.54 - 4.68	66	-	66
Non-current liabilities				
Long-term borrowings from financial institutions	3.50 - 9.30	-	3,204	3,204
Long-term borrowings from related companies	6.00	-	6	6
Lease liabilities	4.54 - 4.68	-	149	149
Other long-term borrowings	5.50 - 6.75	-	325	325
Total		**10,043**	**3,684**	**13,727**

Foreign exchange risk

Foreign currency risk is the risk that arises from changes in the exchange rate of the Thai Baht as our presentation currency, against foreign currencies, especially the United States dollar, leading to the risk that the fair value of future cash flows relating to purchases and sales denominated in foreign currencies will fluctuate. Our Vietnamese subsidiaries' assets, liabilities and operational transactions are denominated in foreign currency; therefore, fluctuations in foreign exchange rates will also influence our financial performance.

Most of our exposure to fluctuations of foreign currencies relate to our purchases of materials from overseas suppliers which are denominated in foreign currencies, such as the United States dollar. Where we are unable to fully match our cash outflows and cash inflows in foreign currencies, we enter into forward foreign exchange contracts to mitigate our exposure to foreign exchange variations. All gains and losses on hedge transactions are recognized in profit or loss in the same period as the exchange differences on the items covered by the hedge. For additional information on our forward receivable and forward payable under our forward foreign exchange contracts, see Note 38.4 to our 2019 Consolidated Financial Statements.

Inflation

According to the International Monetary Fund, Thailand's annual overall inflation rate as measured by the average consumer price index (using 2011 as the base year) was 1.1%, 0.9% and negative 1.1% in 2018, 2019, and June 30, 2020 respectively. Inflation in Thailand has not significantly impacted our business, cash flows, financial condition, results of operations and prospects in recent years.

Dividend

On November 30, 2018, we paid an interim dividend of THB 7,200 per share amounting to THB 2,880 million in total. No dividend was declared and paid in 2019 and in the six months ended June 30, 2020.

Non-GAAP Financial Measures

We use Adjusted Core EBITDA to provide additional information about our operating performance.

Adjusted Core EBITDA for any year/period is defined as core operating profit for the year/period adding back depreciation and amortization, realized foreign exchange gain (but excluding the realized foreign exchange gain relating to the acquisitions of our Vietnamese subsidiaries for the six months ended June 30, 2020), and non-recurring expenses (professional fees and expenses incurred in connection with the reverse acquisition business combination and the acquisitions of Thipha Cables, Dovina and TCI, and employee benefit expenses relating to adjusted severance pay as a result of an amendment to the Thai Labor Law). For purposes of the computation, our "core operating profit" is the difference between our core revenue and our core costs and expenses, where our "core costs and expenses" are the sum of our costs of sales, costs of rendering services, costs of rental, distribution costs and administrative expenses. For the avoidance of doubt, the listing license fee is not included in the Adjusted Core EBITDA.

Adjusted Core EBITDA is not a measure of financial performance under either TFRS, IFRS or US GAAP.

We believe that this measure is useful for certain investors to determine our operating cash flow and historical ability to meet debt service and capital expenditure requirements. We believe the investor community commonly uses this type of financial measure to assess the operating performance of companies in our business sector.

A reconciliation from net profit for the year/period to Adjusted Core EBITDA for the years/periods indicated is set out below:

	Year Ended December 31,		For the Six Months Ended June 30,	
	2018	**2019**	**2019**	**2020**
		(THB million)		
Core revenue[1]	11,854	11,529	5,764	7,261
Core costs and expenses[2]	10,882	10,710	5,348	6,441
Core operating profit for the years/periods	**973**	**819**	**416**	**821**
Adjusted for:				
Depreciation and amortization	178	193	95	160
Realized gain on foreign exchange[3]	61	114	34	90
Non-recurring professional fees related to the reverse acquisition business combination and other acquisitions	-	40	-	14
Employee benefit adjustment[4]	1	29	29	-
Adjusted Core EBITDA	**1,213**	**1,195**	**574**	**1,085**

Notes:

(1) "Core revenue" is the sum of our revenue from sales, revenue from rendering services and rental income.

(1) "Core costs and expenses" are the sum of our costs of sales, costs of rendering services, costs of rental, distribution costs and administrative expenses.

(2) Such realized gain on foreign exchange is the amount of realized gain on foreign exchange from operations and does not take into account the realized gain on foreign exchange from the acquisitions of our Vietnamese subsidiaries for the six months ended June 30, 2020. See "*— Description of Key Consolidated Statement of Profit or Loss Line-items — Gain on foreign exchange rate-net*."

(3) "Employee benefit adjustment" is the increased valuation of employee benefit expenses relating to adjusted severance pay as a result of an amendment to the Thai Labor Law in 2019.

You should not consider our definition of Adjusted Core EBITDA in isolation or construe it as an alternative to profit for the year/period or as an indicator of operating performance or any other standard measure under TFRS, IFRS or US GAAP. Our Adjusted Core EBITDA may not be comparable to similarly titled measures used by other companies, including in our industry.

SUPPLEMENTAL INFORMATION ON THE HISTORICAL OPERATING PERFORMANCE OF OUR VIETNAMESE BUSINESS IN 2018 AND 2019

The following discussion includes our management's perspective on Thipha Cables' (but using the scope of business of Thipha Cables' predecessor as an approximation to Thipha Cables' current business, as acquired by us in March 2020, as explained below) and Dovina's results of operations for 2018 and 2019, prepared in accordance with VAS or the special-purpose accounting policies set out in the notes to Thipha's 2019 Audited Special-Purpose Combined Financial Statements (as defined below). The financial information included and discussed in this section is presented in VND. We acquired Thipha Cables and Dovina on March 31, 2020 and we did not have any control on any of these companies' management, strategy and day-to-day operations until completion of such acquisitions.

You should take note that VAS and the special-purpose accounting policies differ in certain respects from TFRS, IFRS, U.S. GAAP and other accounting principles with which they may be familiar. In particular, the below financial information is not readily comparable to the financial information included in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

For the purposes of this section, references to "2018" and "2019" are to the respective years ended December 31, 2018 and 2019. Thipha Cables' and Dovina's historical results presented in this Information Memorandum in general do not necessarily indicate results expected for any future period.

*In August 2019, Thinh Phat Real Estate – Cables JSC spun off its cable business by establishing Thinh Phat Cables JSC and transferring all assets and liabilities relating to the cable business to that entity. For informational purposes only, the below discussion presents and includes certain information extracted from the audited financial statements of Thinh Phat Real Estate – Cables JSC for 2018 ("**Thipha's 2018 Audited Financial Statements**") and the audited special-purpose combined financial statements of Thinh Phat Real Estate – Cables JSC and Thinh Phat Cables JSC for 2019 ("**Thipha's 2019 Audited Special-Purpose Combined Financial Statements**"), included elsewhere in this Information Memorandum. In this section, "**Thipha**" refers to the combined business whose results of operations are discussed under the heading "— Thipha's results of operations for 2019 compared to 2018."*

For purposes of this section and for informational purposes only, please note that the below financial data and related discussion include the results of operations of the real estate business of Thinh Phat Real Estate – Cables JSC for 2018 and for 2019, a business which was excluded from our acquisition in August 2019 and, therefore, was never part of our business. As a result, the financial information presented and discussed below that relates to Thipha Cables' cable business and its predecessor company's real estate business is different from the historical results of operations of Thipha Cables. Such historical financial information for Thipha Cables for 2018 and 2019 is not available.

Most of the combined revenue and combined gross profit of Thinh Phat Real Estate – Cables JSC and Thinh Phat Cables JSC for 2019 were attributable to the cable business of Thinh Phat Real Estate – Cables JSC and, subsequently, of Thinh Phat Cables JSC. In addition, most of the revenue and gross profit of Thinh Phat Real Estate – Cables JSC for 2018 were also contributed by the cable business of this company. The combined net revenue from sales of finished goods and merchandise for 2019 was VND 6,520,656 million, accounting for 99.4% of the total combined net revenue. The combined cost of finished goods and merchandise sold for 2019 was VND 5,827,832 million, accounting for 99.6% of the total combined cost of goods sold and services rendered. Finished goods mainly consisted of voltage cables, fire resistant cables, bare conductors, and building wires. Therefore, we believe the financial information and trends discussed below are relevant to your understanding of the historical business performance of Thipha Cables and such financial data constitutes a reasonable approximation to the results of operations of the cable business of Thipha that we acquired in August 2019 as if it were a stand-alone business in 2018 and 2019. You should not consider the below discussion, Thipha's 2018 Audited Financial Statements, Thipha's 2019 Audited Special-Purpose Combined Financial Statements and Dovina's 2019 Audited Financial Statements included elsewhere in this Information Memorandum as a substitute for combined results of operations that Thipha Cables and Dovina would have had if such combined results of operations been

prepared for the years presented herein, due, among others, to significant related-party transactions which would have been subject to eliminations had the results of operations of these entities been combined.

*Dovina's audited financial statements as of and for the year ended December 31, 2019 are referred to hereafter as "**Dovina's 2019 Audited Financial Statements**."*

The basis of preparation of the financial statements and financial information discussed in this section and the critical accounting policies and key assumptions used or made in preparing such financial statements and financial information are disclosed in Dovina's 2019 Audited Financial Statements, Thipha's 2018 Audited Financial Statements, and Thipha's 2019 Audited Special-Purpose Combined Financial Statements included elsewhere in this Information Memorandum. You should review such basis of preparation, accounting policies and assumptions disclosed in the notes to these financial statements and each such financial statements included elsewhere in this Information Memorandum.

Supplemental information on Thipha's operating performance in 2019 and 2018

Thipha's results of operations for 2019 compared to 2018

The below discussion provides certain information on Thipha's financial results. This *"Thipha's results of operations for 2019 compared to 2018"* section should be read in conjunction with Thipha's 2018 Audited Financial Statements and Thipha's 2019 Audited Special-Purpose Combined Financial Statements, included elsewhere in this Information Memorandum.

Thipha's net revenue from sales of goods and rendering of services

Thipha's net revenue from sales of goods and rendering of services decreased by VND 449,871 million, or 6.4%, to VND 6,561,575 million for 2019 from VND 7,011,446 million for 2018. This decrease was primarily due to a VND 393,874 million, or 5.7%, decrease in Thipha Cables' revenue from sales of finished goods, which mainly consist of voltage cables, fire resistant cables, bare conductors, and building wires. The decrease in sales of finished goods was mostly due to a decrease in sales to Dovina, a related party, as mentioned in the section captioned *"Dovina's results of operations for 2019 compared to 2018."* Selling prices of steel products exported to India decreased as a result of India's imposition of anti-dumping duties on certain steel products imported from Vietnam starting from October 2019, which negatively impacted export sales of Dovina's products into India. Consequently, due to Dovina's decreased sales, Dovina decreased its orders to Thipha, which negatively impacted Thipha Cables' sales volumes of finished goods and its revenue from sales of good.

Thipha's cost of goods sold and services rendered

Thipha's cost of goods sold and services rendered decreased by VND 633,367 million, or 9.8%, to VND 5,850,650 million for 2019 from VND 6,484,017 million for 2018. This decrease was primarily due to the VND 608,527 million, or 9.5%, decrease in the cost of finished goods sold. The decrease in cost of goods sold and services rendered primarily reflected the decrease in sales volumes discussed above and lower purchase prices of raw materials such as copper and aluminum in 2019 compared to 2018.

Thipha's gross profit from sales of goods and rendering of services

As a result of the foregoing, Thipha's gross profit from sales of goods and rendering of services increased by VND 183,496 million, or 34.8%, to VND 710,925 million for 2019 from VND 527,429 million for 2018.

Thipha's financial income

Thipha's financial income decreased by VND 3,597 million, or 12.3%, to VND 25,751 million for 2019 from VND 29,348 million for 2018. This decrease was mostly due to decreased realized foreign exchange gains. Such decrease in realized foreign exchange gains was primarily due to a decrease in collections from customers denominated in currencies other than VND as a result of the decrease in exported sales.

Thipha's financial expenses

Thipha's financial expenses decreased by VND 9,718 million, or 11.1%, to VND 77,730 million for 2019 from VND 87,448 million for 2018. This decrease was primarily due to decreased realized foreign exchange

losses by VND 20,834 million, or 55.3%, to VND 16,831 million for 2019 from VND 37,665 million for 2018 due to lower non-VND denominated payments to foreign suppliers in 2019 compared to 2018. This decrease was partially offset by a VND 10,954 million, or 22.4%, increase of interest expense to VND 59,779 million for 2019 from VND 48,825 million for 2018. Interest expense increased primarily because Thipha's average balance of borrowings in 2019 was higher than in 2018.

Thipha's selling expenses

Thipha's selling expenses decreased by VND 12,902 million, or 9.5%, to VND 122,748 million for 2019 from VND 135,650 million for 2018. This decrease was primarily due to a VND 18,098 million, or 41.8%, decrease in staff costs to VND 25,216 million for 2019 from VND 43,314 million for 2018. Such decrease in staff costs mostly reflected the reversal, in 2019, of a portion of sales bonuses accrued in 2017 and 2018 because certain performance criteria were not met for allocating such bonuses, which caused a decrease in sales-based bonuses in 2019 compared to 2018. This decrease was partially offset by a VND 4,088 million, or 8.1%, increase in outside service costs (principally transportation and handling expenses), primarily due to higher transportation costs resulting from an increase in the number of long-distance customers and corresponding orders in 2019.

Thipha's general and administration expenses

Thipha's general and administration expenses increased by VND 10,554 million, or 19.4%, to VND 65,025 million for 2019 from VND 54,471 million for 2018. This increase was primarily due to a VND 22,242 million, or 116.6%, increase in staff costs to VND 41,311 million for 2019 from VND 19,069 million, partially offset by a VND 12,431 million, or 106.8%, decrease in provision for doubtful debts. The increase in staff costs was caused principally by an increase in the number of employees due to additional hires by Thinh Phat Cables JSC after its spin-off from Thinh Phat Real Estate – Cables JSC. The decrease in provision for doubtful debts primarily reflected a reversal of VND 795 million for 2019 compared to a provision expense of VND 11,636 million for 2018.

Thipha's net operating profit

As a result of the foregoing, Thipha's net operating profit increased by VND 191,965 million, or 68.8%, to VND 471,173 million for 2019 from VND 279,208 million for 2018.

Thipha's other income

Thipha's other income increased by VND 24,229 million to VND 25,377 million for 2019 from VND 1,148 million for 2018. This increase was primarily caused by proceeds generated by the disposal of real estate assets the amount of VND 21,874 million in 2019.

Thipha's other expenses

Thipha's other expenses increased by VND 1,206 million, or 98.4%, to VND 2,431 million for 2019 from VND 1,225 million for 2018. This increase was primarily caused by losses on the disposal of fixed assets.

Thipha's net other expenses

As a result of the foregoing, Thipha had a net other income of VND 22,946 million for 2019, most of which was contributed by the real estate business. Thipha had net other expenses of VND 78 million for 2018, most of which was also attributable to the real estate business.

Thipha's net accounting profit before tax

As a result of the foregoing, Thipha's net accounting profit before tax increased by VND 214,989 million, or 77.0%, to VND 494,119 million for 2019 from VND 279,130 million for 2018.

Thipha's business income tax

Thipha's business income tax – current increased by VND 41,360 million, or 73.5%, to VND 97,636 million for 2019 from VND 56,276 million for 2018. This increase was primarily due to the increase in Thipha's net accounting profit before tax.

Thipha's net profit after tax

As a result of the foregoing, Thipha's net profit after tax increased by VND 173,451 million, or 77.7%, to VND 396,569 million for 2019 from VND 223,118 million for 2018.

Supplemental information on Dovina's operating performance in 2019 and 2018

Dovina's results of operations for 2019 compared to 2018

The below discussion provides certain information on Dovina's financial results. This *"Dovina's results of operations for 2019 compared to 2018"* section should be read in conjunction with Dovina's 2019 Audited Financial Statements, included elsewhere in this Information Memorandum.

Dovina's net revenue from sales of goods and rendering of services

Dovina's net revenue from sales of goods and rendering of services decreased by VND 705,242 million, or 8.5%, to VND 7,585,455 million for 2019 from VND 8,290,697 million for 2018. This decrease was primarily due to a VND 767,836 million, or 9.3%, decrease in Dovina's revenue from sales of finished goods (primarily copper rods and fibers, aluminum rods and fibers, and plastic beads and pellets), partially offset by a VND 64,060 million increase in Dovina's sales of merchandises (principally copper). The decrease in sales of finished goods was primarily due to India's imposition of anti-dumping duties on certain steel products imported from Vietnam starting in October 2019. From December 2019 and in the first half of 2020, Dovina progressively ceased exporting its products to India, primarily exporting products as required under pre-existing contractual obligations. Dovina also ceased to recognize revenue from rendering of services in 2019, compared to VND 1,466 million in revenue from rendering of services in 2018.

Dovina's cost of goods sold and services rendered

Dovina's cost of goods sold and services rendered decreased by VND 733,953 million, or 9.0%, to VND 7,447,974 million for 2019 from VND 8,181,927 million for 2018. This decrease was primarily due to the VND 783,045 million decrease, or 9.6%, in the cost of finished goods sold, partially offset by a VND 50,951 million increase in the cost of merchandises sold. The decrease in costs of finished goods sold primarily reflected the decrease in sales volumes of finished goods. The increase in cost of merchandises sold primarily reflected the increase in sales volumes of merchandises.

Dovina's gross profit from sales of goods and rendering of services

As a result of the foregoing, Dovina's gross profit from sales of goods and rendering of services increased by VND 28,711 million, or 26.4%, to VND 137,481 million for 2019 from VND 108,770 million for 2018.

Dovina's financial income

Dovina's financial income increased by VND 966 million, or 2.6%, to VND 37,979 million for 2019 from VND 37,013 million for 2018.

Dovina's financial expenses

Dovina's financial expenses for the period decreased by VND 16,261 million, or 30.1%, to VND 37,746 million for 2019 from VND 54,007 million for 2018. This decrease was primarily due to decreased interest expense and realized foreign exchange losses for 2019 compare to 2018. Interest expense decreased by VND 4,585 million, or 17.6%, to VND 21,472 million for 2019 from VND 26,057 million for 2018, primarily due to lower average borrowing balances in 2019 compared to 2018. Realized foreign exchange losses decreased by VND 6,670 million, or 29.1% to VND 16,275 million for 2019 from VND 22,945 million for 2018. This decrease was primarily due to decreases in payments to foreign suppliers in 2019 as compared to 2018.

Dovina's selling expenses

Dovina's selling expenses decreased by VND 4,215 million, or 12.7%, to VND 29,018 million for 2019 from VND 33,233 million for 2018. This decrease was primarily due to a VND 5,351 million decrease in packaging material expenses, partially offset by a VND 1,811 million increase in other selling expenses. Packaging material expenses decreased primarily as a result of a decrease in export sales in 2019. Other selling expenses for 2019 were mainly composed of insurance fees which were accounted for as outside service expenses for 2018.

Dovina's general and administration expenses

Dovina's general and administration expenses increased by VND 5,520 million, or 36.4%, to VND 20,692 million for 2019 from VND 15,172 million for 2018. This increase was primarily due to a VND 4,225 million, or 58.8%, increase in outside service expenses. This increase was caused primarily by the reclassification of fees incurred on letters of credit from "other expenses" included in Dovina's "financial expenses" in 2018 to "outside service expenses" included in Dovina's "general and administration expenses" in 2019.

Dovina's net operating profit

As a result of the foregoing, Dovina's net operating profit increased by VND 44,632 million, or 102.9%, to VND 88,004 million for 2019 from VND 43,372 million for 2018.

Dovina's other income

Dovina's other income decreased by VND 27 million, or 7.4%, to VND 340 million for 2019 from VND 367 million for 2018.

Dovina's other expenses

Dovina's other expenses decreased by VND 434 million, or 20.1%, to VND 1,720 million for 2019 from VND 2,154 million for 2018.

Dovina's net other expenses

As a result of the foregoing, Dovina's net other expenses decreased by VND 407 million, or 22.8%, to VND 1,380 million for 2019 from VND 1,787 million for 2018.

Dovina's net accounting profit before tax

As a result of the foregoing, Dovina's net accounting profit before tax increased by VND 45,040 million, or 108.3%, to VND 86,624 million for 2019 from VND 41,584 million for 2018.

Dovina's business income tax

Dovina's business income tax increased by VND 3,378 million, or 34.3%, to VND 13,223 million for 2019 from VND 9,845 million for 2018. This increase was primarily due to the increase in Dovina's net accounting profit before tax.

Dovina's net profit after tax

As a result of the foregoing, Dovina's net profit after tax increased by VND 41,661 million, or 131.3%, to VND 73,401 million for 2019 from VND 31,740 million for 2018.

RISK FACTORS

The following describes the significant risks that could adversely affect our business, financial condition and the value of our Shares. Additionally, some risks may be unknown to us and other risks, currently believed to be immaterial, may also impair our business operations, financial condition, results of operations and prospects, and could be or could become material. All of these could materially and adversely affect our business, financial condition, results of operations and prospects.

This Information Memorandum also contains forward-looking statements that involve risks and uncertainties that you should consider together with the disclaimer regarding forward-looking statements at the beginning of this Information Memorandum. See "Notices and Conventions." Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Information Memorandum.

Risks Relating to our Business and Operations

We may be unsuccessful in making strategic investments or integrating acquired companies and businesses.

While our businesses have a long track record, we have been operating together as a Group only for a short period of time. Our Company's strategy has been to identify target businesses, and execute and integrate acquisitions. In particular, we diversified into the logistics business through our acquisition of Adisorn in December 2019 and we expanded our business into Vietnam through the acquisition of Thipha Cables and Dovina in March 2020. We also completed our acquisition of TCI in April 2020 to further expand our product offering. We plan to continue acquiring, investing in, or entering into joint ventures with, additional companies and further consolidate our strong position in existing markets and expand into new markets. See "*Business — Our Strategies — We intend to penetrate new markets using existing capacity and via accretive acquisitions of businesses that are complementary in terms of product offering, market presence, and distribution pipeline.*" This strategy, however, presents risks inherent in assessing the value, strengths and weaknesses of potential acquisitions and investment opportunities, in integrating and managing newly acquired businesses and maximizing or improving their operating efficiencies. We may not be able to identify suitable targets or vendors, or successfully complete suitable acquisitions in the future, and completed transactions may not be as successful as planned. These endeavors may also require substantial management attention and efforts. For instance, there is no assurance that we would be able to fully integrate our Vietnamese subsidiaries with our Thai operations as envisaged, or be able to successfully transfer our expertise in relation to the manufacture and production of high voltage products to our Vietnamese subsidiaries.

In addition, mergers, acquisitions and investments create risks, including, but not limited to, risks associated with:

- integrating personnel and operations across different cultures and languages and successfully managing the economic, political and regulatory risks associated with specific countries;
- obtaining and verifying relevant information regarding a target business prior to the consummation of the transaction, including the identification and assessment of liabilities, claims or other circumstances that could result in litigation or regulatory risk exposure;
- obtaining required regulatory approvals, including from competition authorities (if necessary);
- obtaining financing on favorable terms;
- retaining key employees, contractual relationships, suppliers or customers;
- the potential impairment of tangible and intangible assets and goodwill;
- the additional operating losses and expenses of businesses we acquire or in which we invest;
- implementing consistent controls, procedures and policies at companies we acquire; and

- incurring additional unplanned non-recurring expenses, which may not have been within budget, in relation to mergers and acquisitions to be recognized in relevant accounting years, lowering our net profit in those years.

In addition, mergers, acquisitions and investments may not be successful and may adversely affect our business, financial condition, results of operations, and the trading price of the Shares. Among the expected benefits from potential, and completed, acquisitions and joint ventures are synergies, cost savings, growth opportunities or access to new markets, or a combination thereof, and in the case of divestitures, from the realization of proceeds from the sale of businesses and assets to purchasers that place higher strategic value on these businesses and assets than we do. For acquisitions, our success in realizing these benefits and the timing of realizing them depend on the successful integration of the acquired businesses and operations with our business and operations. Even if we are able to integrate these businesses and operations successfully, we may not realize the full benefits or synergies we expected within the anticipated timeframe, or at all. Accordingly, unanticipated costs or delays in integrating the acquired companies or businesses may offset the benefits from such acquisitions.

If we fail to identify potential acquisitions, successfully integrate them, or more generally successfully execute our merger and acquisition strategy, our future growth, business, financial condition, results of operations and prospects, could be materially and adversely affected.

We are dependent on our key management and the availability of skilled employees.

Our success has been largely attributable to the continuing efforts of our key management, including our Chairman, Mr. Chanin Yensudchai, and our Directors, Mr. Prakorn Makjumroen and Mr. Nirouth Jeakvathanyoo. The success of our Vietnamese subsidiaries is also attributable to the efforts of Mr. Vo Than Thinh who is, as at the date hereof, the honorary chairman of our Vietnamese subsidiaries. Their experience in the relevant industries, reputation and business relationships would be difficult to replace. The loss of key management, including personnel privy to trade secrets and specialized knowhow and, in particular, such personnel working for businesses we recently acquired, or our inability to recruit sufficiently qualified personnel to replace them in a timely manner or at all, could materially and adversely affect our business, financial condition, results of operations and prospects.

Our success also depends on our ability to recruit and retain skilled, qualified and experienced managers and personnel and to motivate and train our staff to produce and sell the products and services that we offer. As we are in the process of implementing strategies aimed at accelerating our growth in Thailand and Vietnam, our ability to recruit such new managers and personnel, particularly for our marketing and distribution department in Vietnam, will be even more important to our future development and business prospects. There is competition for qualified personnel in the industries we operate in and, as a result, we may face challenges in attracting, retaining and motivating highly skilled, qualified and experienced personnel in these fields. Increased competition among players in our industry to recruit such personnel may significantly increase our compensation costs, which could affect our profitability.

A pandemic, epidemic or outbreak of an infectious disease, such as COVID-19, may materially and adversely affect our business, financial condition, results of operations and prospects.

The outbreak of any severe communicable disease, such as COVID-19, the Severe Acute Respiratory Syndrome, Middle East Respiratory Syndrome, H5N1 avian flu or the human swine flu, could have a material adverse effect on the overall business sentiment in Thailand, Vietnam and in economies where we operate or have business relationships. In 2004, an outbreak of the H5N1 virus, also known as “bird flu,” occurred in Southeast Asia and other regions, resulting in deaths worldwide and significantly affecting Southeast Asia’s economies. In April 2009, an outbreak of the H1N1 virus, commonly referred to as “swine flu” occurred in Mexico and spread to several Asian countries, including Thailand and Vietnam. Since the beginning of 2012, there have been reports on the outbreak of the viral hand, foot and mouth disease in Southeast Asian countries, including several confirmed human cases and deaths, particularly among children. Most recently in January 2020, COVID-19 spread aggressively in multiple countries, including Thailand, Vietnam, other countries in ASEAN, Europe and North America. The World Health Organization declared the outbreak to be a pandemic on March 11, 2020. Various measures have been implemented to contain the outbreak. In certain regions and countries, governments imposed extensive restrictions and containment measures, including restrictions on domestic and international travel,

restrictions on public gatherings, and local or general "stay at home" or quarantine orders. As at the date hereof, there are early indications that the COVID-19 outbreak and such measures have had a significant impact on national economies and may cause a prolonged global downturn. Any similar or more stringent measures taken may further worsen national economies and the global economy. In addition, our customers' ability to continue developing and/or operating projects in the power plant, infrastructure, public transportation, petrochemical, oil and gas, and real estate industries, may be restricted thereby delaying, suspending or decreasing orders for our products, and demand for our products may generally decrease as a result.

Regardless of enhanced hygiene and precautionary measures to safeguard the safety and health of our employees, we could also be subject to labor shortage or suspension of work if certain of our personnel, in Thailand or Vietnam, were to become infected with the disease or restrictions and containment measures described above were to affect their ability to reach our offices and production facilities, which in each case would directly and negatively impact our production. Our production efficiency (both in terms of delivery times and production costs) may also be significantly and adversely affected if government-imposed restrictions or other containment measures require us to temporarily suspend our operations, partially or entirely, at any or all of our production sites and/or offices. For instance, from the end of March 2020 to mid-May 2020, due to the lockdown imposed by the Vietnamese government in response to the COVID-19 outbreak, customers of our Vietnamese subsidiaries were unable to conduct quality checks on the finished products which they had purchased, and we were thus unable to deliver these finished goods to them. We also had to take a longer than expected time to integrate our Vietnamese subsidiaries with our Group. We had to delay the training of our staff in Vietnam and convert our on-site training scheme to an online training program. If the COVID-19 outbreak persists, this may impact our ability to continue expanding our operations through overseas acquisitions. Finally, the negative impact of the outbreak on global financial markets may reduce our ability to access capital or may increase financing costs.

As at the date hereof, the potential economic impact on Thailand, ASEAN and the global economy brought by, and the duration of, the COVID-19 pandemic is highly uncertain, subject to changes and difficult to estimate or predict. There is no assurance that the outbreak of COVID-19 in Thailand, Vietnam or elsewhere can be effectively controlled, or that another disease outbreak will not happen in the future. Whereas we are closely monitoring the current situation and potential developments, there is still uncertainty as to the full extent of the potential delays and disruptions described above on our business, financial condition, results of operations and prospects.

The price volatility of the raw materials we use could negatively affect our cost efficiencies and profit margins.

We rely on external suppliers to provide us with raw materials for use in the manufacture of our wires and cables. These raw materials include copper (of 99.99% purity called London Metal Exchange Grade A), aluminum (of 99.70% purity called Electrical Conductor Grade), and polymers. Copper and aluminum are commodity metals quoted on the London Metal Exchange and subject to market price fluctuations. The costs of raw materials and conversion costs accounted for 90.6%, 90.7% and 64.4% of our costs of sales for 2018, 2019 and the six months ended June 30, 2020, respectively.

As our purchases of materials from overseas suppliers are denominated in foreign currencies such as the U.S. dollar, we are exposed to the fluctuation of the exchange rate between Thai Baht and the U.S. dollar, which may also contribute to the changes in the costs of raw material which are denominated in Thai Baht. A significant proportion of our products is sold on a made-to-order basis for which we are generally able to pass variations in raw material prices on to customers since these costs are fixed on the date of purchase of the raw materials. However, to the extent that there is a significant increase in the prices of these raw materials and we are not able to pass on such increase to our customers on a timely basis, due to, among others, market competition or the timing of the purchase of the raw materials, or find alternative sources of supply on commercially acceptable terms, our financial performance will be adversely affected. Although we enter into forward exchange contracts to mitigate our exposure to foreign exchange variations, in the event of significant fluctuations in commodity prices, this may also have a material impact on our Group's throughput margin and working capital. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Factors*

Affecting our Results of Operations" for further details on the impact of variations in prices of raw materials on our costs of sales.

We are exposed to counterparty risks.

As our products are used in connection with developments and/or projects in the power plant, infrastructure, public transportation, petrochemical, oil and gas and real estate industries, we are exposed to payment delays and/or defaults by our customers and our financial position and profitability are dependent on the creditworthiness of such customers. We tend to offer credit terms beyond 60 days (and up to 120 days). Average collection days was 134 days, 131 days and 105 days in 2018, 2019 and the six months ended June 30, 2020. Please refer to "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Certain Balance Sheet Items — Trade and other current receivables*" for details. There is no guarantee that our customers will make timely payments and that they will be able to fulfill their obligations. In the event that our customers face any financial difficulties, cash flow difficulties or deterioration in their business performance, or there is a global economic downturn, our customers may not be able to settle or settle promptly such amounts to us, and consequently, our financial performance and our operating cash flows may be adversely affected.

We face risks relating to our bank borrowings.

As at June 30, 2020, we had bank borrowings amounting to approximately THB 12,468 million (comprising mainly short-term bank borrowings). These borrowings were taken mainly to finance the acquisitions of our subsidiaries, capital expenditures and working capital. Whilst our operating cash flows and re-financing activities have in the past been sufficient to service our debt repayment obligations, there is no assurance that we will continue to be able to do so in the future.

We are subject to covenants under our bank borrowings. Certain of our outstanding credit facilities impose limits on the ability of our subsidiaries, including PD Cable (SG) Pte. Ltd., Thipha Cables and Dovina, to distribute dividends to our Company unless we repay the outstanding loans in full or apply an amount equivalent to the dividends distributed towards the mandatory prepayment of outstanding loans. We are also subject to restrictive covenants (including financial covenants) which require, among others, that our subsidiaries maintain the requisite financial ratios, and that our controlling shareholder maintain ownership of at least 50.0% of the issued shares in our Company and a specific shareholding in another company held by him. We are also required to enter into an underwriting agreement before a requisite date to raise proceeds in excess of certain thresholds. In the event that our Company or our subsidiaries breach any of the covenants or undertakings under these facilities, this may result in an event of default, an acceleration of our repayment obligations or cross defaults, any of which could have a material adverse effect on our liquidity, financial position, and prospects. We have, from time to time, been in technical breach of our facilities, see "*— We may, from time to time, be in breach of certain covenants and conditions prescribed under our existing financing agreements.*" below.

In addition, certain of our bank borrowings are required to be guaranteed by way of personal guarantees from our controlling shareholder and/or by way of corporate guarantees from our Company and certain other subsidiaries within our Group. In the event that any guarantor intends to discharge his or its liabilities under the guarantees or refuses to grant further guarantees in our or the other subsidiaries' favor, we may not be able to refinance our bank borrowings or secure alternative bank borrowings on no less favorable terms or in a timely manner. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Certain Balance Sheet Items — Indebtedness*" for further details on the corporate guarantees provided by our Company and our subsidiaries.

As of June 30, 2020, we had THB 9,951 million of outstanding secured indebtedness. Such indebtedness is secured by, amongst other things, security interests on our warehouses, land, machinery and factory equipment, cash deposits and share pledges over certain of our subsidiaries. In particular, to finance our acquisition of our Vietnamese subsidiaries, we entered into various bank borrowings for which we granted certain security interests on assets held by our Vietnamese subsidiaries to the lenders. The security interests granted under such bank borrowings include mortgages over all of our shares in PD Cable (SG) Pte. Ltd., Thipha Cables and Dovina. If we are unable to perform our obligations under such bank borrowings, the relevant lenders may take action to recover their existing debt, including exercising related security and, therefore, taking ownership and potentially selling all or part of the mortgaged shares and/or assets. Any such event could negatively affect our ability to

exert the same level of influence over subsidiaries in which shares and/or assets have been mortgaged, result in a change of control of such subsidiaries and negatively impact our business, prospects and the trading price of our Shares.

We may, from time to time, be in breach of certain covenants and conditions prescribed under our existing financing agreements.

Certain of our subsidiaries have been, and may currently be, in technical breach of financial ratios prescribed under financing agreements to which it is a party to. See "— *We face risks relating to our bank borrowings.*" For example, under one such financing agreement, PDITL was required to maintain a maximum interest bearing debt to total equity ratio (being the sum of all interest bearing debt less cash on hand and fixed deposits divided by the total equity of our Company) (the "**D/E Ratio**") of 1.5 times from 2019 onwards. As at December 31, 2019, PDITL's D/E Ratio was 2.04 times. The lender, however, waived such requirement as at December 31, 2019 and March 31, 2020. In May 2020, PDITL further obtained consent from the lender to amend the maximum D/E Ratio to 10.75 times in 2020, and to 3.75 times and less from 2021 onwards. Pursuant to another financing agreement, PDITL had to maintain a D/E Ratio of 2.5 times from April 2020. As at June 30, 2020, PDITL's D/E Ratio was 5.23 times. Likewise, the lender waived such requirement on June 30, 2020, and on September 30, 2020.

In connection with our acquisition of our Vietnamese subsidiaries, PDITL, Thipha Cables and Dovina entered into various credit facilities for which security had to be provided on certain assets held by our Vietnamese subsidiaries before June 30, 2020. Due to the COVID-19 outbreak, the existing charges over such assets were not released on time, and our subsidiaries were in technical breach under these facilities. As at the date hereof, consents have been obtained from the lenders to extend the requirement to perfect such security arrangements until November 30, 2020.

As at the date hereof, none of its lenders has notified our subsidiaries of a default or event of default under the terms of any of its financing agreements. Notwithstanding the above, the lenders under the financing agreements to which these technical breaches relate may exercise their rights under the relevant agreements, including termination of the credit facilities, accelerating amounts due under such facilities, enforcement of security interests, preventing the distribution of dividends by us and/or our subsidiaries and/or exercise other remedies available to them. In such an event, we may be required to seek to replace such credit facilities. However, there can be no assurance that we will be able to obtain refinancing under similar or improved commercial terms, or that the lenders will not declare an event of default, accelerate our subsidiaries' repayment obligations or enforce other remedies against our subsidiaries which may result in cross defaults under other facilities that our Company or our subsidiaries have entered, or will enter, into. An event of default under, or acceleration of, any of our loans could have a material adverse effect on our liquidity, financial position, and prospects.

We may require additional funding in the future, and the conditions attached to such funding may restrict our ability to operate our business.

In connection with our growth strategy, we may need to obtain additional debt financing to fund our acquisitions, capital expenditures and investments. Additional debt financing may restrict our freedom to operate our business as it may have conditions that, among others, increase our vulnerability to general adverse economic and industry conditions, limit our or our subsidiaries' ability to pay dividends or require us to seek consent for the payment of dividends, require us to grant security interests over material assets integral to our business operations, or dedicate a portion of our cash flow from operations to repay our debt, which would consequently reduce the availability of our cash flows to fund capital expenditures, working capital requirements and other general corporate purposes, and restrict our freedom to operate our business by requiring the financial institution's consent before undertaking certain corporate actions.

We cannot assure you that we will be able to obtain any additional financing on terms that are acceptable to us, or at all. Our inability to obtain additional financing on favorable terms could affect our business operations adversely.

Our industry is competitive and increased competition could put downward pressure on our sales volumes and selling prices.

We operate in a competitive environment and are subject to competition from existing competitors and new market entrants. According to Frost & Sullivan, there are more than 50 players in the Thai wires and cables market with the top four manufacturers (including our Company) accounting for approximately 67% of the total wires and cables market in 2019, and approximately 250 manufacturers in Vietnam with the top five manufacturers (including our Company) accounting for approximately 85% of the Vietnamese wires and cables market in 2019.

We differentiate ourselves through, among others, our track record and our focus on higher margin products. We are also currently on certain approved vendor lists, thereby enabling us to bid for large government, state-owned enterprise, or private sector projects. However, our revenue is typically tender-based and non-recurring in nature. Our orders are mainly secured through public or closed tenders and our customers evaluate our tenders based on criteria such as our technological capabilities, our qualifications, track record, the quality of our products, our ability to produce the required quantities, the reliability of our supply and distribution, and our prices. If we are unable to secure new tenders or a substantial number of our competitors (both domestic and international) are able to obtain the approbations, certifications and licenses required to produce higher margin products and/or be classified as approved vendors, this may affect our ability to continue selling higher margin products and materially and adversely affect our business, financial condition, results of operations and prospects.

PDITL was previously owned by General Cable Corporation. Please see *"Business — History and Recent Developments"* for more details. Notwithstanding that General Cable Corporation has divested its business operations in South East Asia, and has been acquired by Prysmian Group, as the non-compete provided by General Cable Corporation ended on August 31, 2020, it is possible that General Cable Corporation, or its affiliates, may return to produce and/or distribute electric wires in Thailand. In such an event, General Cable Corporation may (subject to obtaining the requisite certifications and licenses to operate in Thailand and/or receiving the relevant approbations such as being registered on the requisite approved vendor lists) become a potential competitor, thereby affecting our business, financial condition, results of operations and prospects.

We also face substantial competition in several of our export markets because products are produced in accordance with specific industrial standards and so are essentially interchangeable with similar products made by our major competitors. Hence, there is no assurance that we will be able to penetrate into more mature markets, or maintain our foothold on emerging markets.

In addition, our competitors may have access to greater financial, technological, and other resources than we do. There is no guarantee that we will continue to make technological developments in our production process, thereby reducing our production costs. If we are unable to adapt to the changes in the industry brought about by technological developments, this may result in higher production costs which would reduce our profit margin. Further, if we do not assess and respond to changing customer expectations, preferences and needs in a timely manner, we will become less competitive and our business, financial condition, operating results and prospects could be materially and adversely affected. If we are unable to efficiently compete with our competitors or offer competitive bids for projects, or fail to reduce our costs in a manner sufficient to offset reduced demand and increased pricing pressure, our business, financial condition, results of operations and prospects could be adversely affected.

Our ability to increase sales of our higher margin products is dependent on infrastructure developments and upgrades in Thailand and Vietnam carried out by governments and state-owned enterprises.

Our wires and cables (particularly higher margin products) are widely used in infrastructure projects such as building and upgrading of power transmission networks, communications networks, transportation networks, and underground electric wire projects, carried out by governments or state-owned enterprises. These infrastructure developments are built to support the implementation of government policies designed to bolster the economic growth of Thailand and Vietnam, and accordingly, the funding for such developments are mostly provided by the government, state-owned enterprises or local authorities in Thailand and Vietnam. In particular, at December 31, 2019, 25% of our trade receivables was with six major customers. Our major customers include EGAT and PEA in Thailand and EVN in Vietnam.

Although infrastructure developments in these countries have experienced growth in the past few years, there is no assurance that they will continue to grow at the same rate in the future. Furthermore, these governments' capital expenditures, budgets and spending plans for infrastructure developments and their investment and infrastructure policies may change, which may result in decreased demand for our wires and cables and adversely affect our revenue and profitability.

We are subject to risks inherent to intellectual property rights.

We depend on our intellectual property rights to compete successfully and to achieve revenue growth. Our products are marketed and sold under multi-tier brands such as Phelps Dodge, Nation, Goodland, Thipha Cables and Dovina. Please see "*Business — Intellectual Property*" for details.

We have the contractual right to use certain trademarks licensed from an entity within the General Cable group including the trademarks known as the PDIC Global Design and the PDIC Globe Design pursuant to the terms of the General Cable License Agreement (as defined below). However, as at the date hereof, the General Cable License Agreement is in the process of being registered with the Department of Intellectual Property of Thailand, thus until completion of such registration we cannot enforce our legal rights as a licensor against third parties under Thai laws. There is no assurance that the registration process will be completed in a timely manner, if at all. While we have certain contractual rights under the abovementioned agreement, there can be no assurance that such contractual rights would be adequate in protecting our trademarks.

Further, certain trademarks assigned from Thinh Phat Real Estate - Cables JSC to Thipha Cables are pending registration with the National Office of Intellectual Property of Vietnam ("**NOIP**"). Barring any unforeseen circumstances and though all requisite applications and submission have been made to NOIP, the time necessary to complete the process of registering the trademarks assignment by NOIP may take up to seven months, and there can be no assurance that the applications to register the assignment of the trademarks will be successfully completed within this timeframe due to potential and subsequent requirements from NOIP.

Although most of our trademarks are protected under applicable laws, it may still be possible for third parties to infringe on them. We may also incur substantial expenditure in adopting preventive measures to protect our trademarks. In the event that there is any infringement of our trademarks by third parties, our business and financial performance may be adversely affected. The Phelps Dodge brand and its associated brands are also used by other entities over which we have no control over, in jurisdictions outside of Thailand. As the Phelps Dodge brand is integral to PDITL's corporate identity, if the activities of such other entities outside of our Group result in negative publicity in respect of the Phelps Dodge brand, this may adversely affect the brand associated with PDITL and our business, financial condition, results of operations and prospects.

Finally, we enter into confidentiality agreements with our key management and key personnel, and third parties engaged by us who may come into possession of such proprietary information in the course of their employment or engagement with us so as to safeguard against disclosure of the same during their employment or engagement with us and for a prescribed period after cessation of their employment or engagement with us. Whilst we have taken such steps to protect the intellectual property rights in our products and technical know-how, there is no assurance that they will comply with their confidentiality obligations.

We may inadvertently infringe on third party intellectual property rights.

We may be unaware of third party intellectual property rights that cover some of our technology, designs, services or equipment which we utilize. Third parties may assert claims against us alleging that we have infringed their intellectual property rights. Any litigation regarding patents or other intellectual property could be costly and time-consuming and could divert our management and key personnel from our business operations. Claims of intellectual property infringement might also require us to enter into costly license agreements or seek alternative designs or technologies.

If we are unable to obtain license agreements (if required) on terms acceptable to us, we may need to cease our operations in relation to a particular range of cable products or technological processes. We may also be subject to significant damage or injunctions against the development and sale of certain of our wires and cables.

If we are unable to grow our business in other emerging markets or if we experience difficulties in managing our future growth, it could have a material adverse impact on our business, financial condition, results of operations and prospects.

We plan to further expand our revenue from exports mostly to emerging markets and further expand our B2C network in Vietnam. However, our existing products, variants of our existing products or new products may not be accepted or successful in any particular market, due to local or global competition, product price, consumer preferences, regulations and enforcement or otherwise. We may experience difficulties during the initial and transitional states of our expansion into existing or new international markets, in particular in countries where we have not yet established a strong distribution network.

The following factors could reduce demand for our products and negatively affect our growth, and materially and adversely affect our business, financial condition, results of operations and prospects:

- unstable industry, economic, political or social conditions;
- increased competition from local or international companies that may have greater financial resources than we have;
- inability to realize economies of scale and expected synergies;
- inability to renew contracts or agreements with customers in overseas markets;
- inability to maintain effective cost controls;
- inability to export products from Thailand, Vietnam, or other countries where we carry on our business, or increase our manufacturing capacity in connection with increased sales in new markets;
- inability to source additional raw materials at commercially acceptable terms to meet increased volume requirements;
- inability to maintain consistency in quality and technical expertise;
- imposition of new or increased sanctions against countries in which our products are distributed and sold;
- foreign ownership restrictions;
- restrictions on the import or export of our products or substances used in our products;
- inability to transport products from our factories in Thailand, Vietnam, or other countries into the relevant country, or to deliver our products in different parts of such country due, for example, to poor infrastructure;
- lack of well-established or reliable legal systems in emerging markets;
- imposition of new or increased product or production requirements, increased taxes or tariffs applicable to foreign manufacturers in order to protect local competitors, or other restrictions; and
- increased costs of doing business due to compliance with complex foreign laws and regulations that may apply to our international operations and adverse consequences, such as the assessment of fines or penalties, for any failure to comply with these laws and regulations.

If we are unable to manage our expansion in markets we have already entered or new markets we seek to enter, or if we have trouble in managing our future growth generally, or fail to achieve the return on investments, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our operations could expose us to substantial environmental expenses and liabilities.

Our operations, which generate solid and liquid waste, including sludge, wastewater and gaseous emissions, are subject to extensive and increasingly stringent environmental laws and regulations and international standards. Such laws, regulations and standards impose limitations and prohibitions on the discharge, disposal and management of regulated materials and waste, and liability for costs of investigating and cleaning up, and damage resulting from present and past spills, disposals or other releases of hazardous substances or materials. Additionally, local environmental laws and regulations of the countries where we operate may require the

implementation of an environmental monitoring and management system and subject relevant subsidiaries to ongoing obligations to prepare environmental impact assessment reports ("**EIAR**") and to submit these EIARs to the competent authorities for approval from time to time as well as to complete the necessary construction works required for environmental protection. If we are not in compliance with requirements to submit EIARs and other environmental reports, or fail to obtain other environmental certificates, permits or renewals thereof, this could potentially result in the issuance of a warning or an order from the relevant government authority, and/or suspension of the relevant operations until the necessary reports, certificates or renewals are submitted or obtained.

As a manufacturer, we are exposed to an inherent risk of civil, administrative, and criminal liability under environmental laws, both with respect to ongoing operations and with respect to contamination that may have occurred in the past on our properties or because of our operations. We could incur material civil, administrative or criminal liability resulting from the costs of complying with environmental laws or any future claims concerning noncompliance, or liability from contamination.

It is difficult to anticipate if any additional environmental legislation or regulations will be enacted in the future, or how existing or future laws or regulation will be administered or interpreted, or what environmental conditions may be found to exist at our facilities or at third party sites for which we are liable. Enactment of new or stricter laws or regulations, binding guidelines, stricter interpretations of existing laws and regulations or the requirement to undertake the investigation or remediation of currently unknown environmental contamination at our or third-parties' sites may require us to make additional expenditures, some of which could be material.

We are dependent on our existing approbations, licenses, certificates and permits in relation to the manufacture and sale of our products and services.

We have obtained various industrial standards approbations in recognition of the high quality of products which we manufacture, and service which we provide. All of our wires and cables manufactured also comply with certain prescribed industry standards. We have to ensure that our operations and our products continually adhere to, or even exceed, such standards. Any changes in these prescribed standards may affect our sales if our products do not meet new applicable standards. Failure to meet the prescribed industry standards or market standards in markets we serve may adversely affect our financial performance and business. Please see "*Business — Quality Control*."

We are also required to obtain various licenses, certificates and permits issued by relevant government authorities for the manufacture and sale of our products and services in the industries and markets we serve. There can be no assurance that these licenses, certificates and permits will be renewed in future or that we are able to maintain these or any of these licenses, certificates and permits for the manufacture, sale and/or provision of our products and services. Should any of these licenses, certificates or permits not be renewed and thus result in the discontinuance of production of certain products and provision of certain services, our revenue and profitability would be adversely affected.

Failure of quality control measures and systems resulting in faulty products could have a material adverse effect on our business and reputation.

Certain of the products we manufacture are subject to prescribed technical industry standards. See "*Business — Quality Control*" for details. As our products are important components used by power supply companies, power generation plants, and contractors of infrastructure projects, any defect or malfunction in our products, or the failure of our products to meet our customers' specifications, could lead to damages or losses to our customers. Potential consequences of defective products of products that do not comply with prescribed standards could include widespread blackouts, or in cases of extreme overheating, fire breakouts which in turn could lead to damages in and/or loss of property, as well as personal injuries and/or death. If it is established that such consequences result from defects in our products, we may be required to compensate our customers and/or victims for such loss, damages, personal injuries and/or death. We could also be subject to other adverse effects such as litigation, loss of market share, reputational damage, financial costs and loss of revenues.

In addition, if our products fail to meet our usual quality control standards, we may be required to incur substantial costs in taking appropriate corrective action (including products recalls) and to reimburse/compensate customers and/or end-consumers for losses they suffer due to this failure. Customers may seek to recover these losses through

litigation and, under applicable legal rules, may succeed in any such claim despite there being no negligence or other fault on our part. We may also be subject to more litigation or have to comply with more stringent consumer protection laws and regulations in the countries where we export our products. Placing an unsafe product on the market, failing to notify the regulatory authorities of a safety issue, failing to take appropriate corrective action or failing to meet other regulatory requirements relating to product safety could lead to regulatory investigation, enforcement action and/or prosecution. Any product quality or safety issue may also result in adverse publicity, which may damage our reputation. This could in turn have a material adverse effect on our business, financial condition, results of our operations and prospects.

As at the date hereof, we have not taken up any product liability insurance for the products manufactured by us in Vietnam as it is neither an industry requirement nor common practice within our industry to do so. Any successful product liability claims against us in the future may have an adverse effect on our business, financial position, results of operations and prospects.

Substantial disruption to production at our facilities could occur.

As at the date hereof, we have four production facilities in Thailand and Vietnam. Our operations are subject to operating and other risks typically associated with the manufacturing and development of electric wires and cables. Many of these operating and other risks may cause personal injury, loss of life, severe damage to or destruction of property, plant and equipment, and environmental damage, and may result in the suspension, temporary or permanent, of our operations and the imposition of civil and criminal penalties. Other adverse environmental events, pandemics, civil unrest, large-scale terrorist acts, inclement weather or natural disasters whose frequency and severity have increased (such as flooding) could result in substantial costs and use of resources as well. If damages from the abovementioned events are not fully covered by our insurance policies, or are not insurable, this could adversely affect our productivity, profitability and operations as a whole. Any of the foregoing risks may disrupt the operation of our production facilities or cause significant unscheduled downtime lowering the capacity utilization of such facilities, which may lower our operating performance, increase per unit production costs and negatively affect our profitability. It could also disrupt delivery routes for our products, delay delivery schedules, present difficulties for our employees to report to work, disrupt our supply chains, and temporarily reduce our manufacturing capacity.

Our business and our expansion plans are capital intensive and subject to a number of risks and uncertainties, such plans may not be completed as anticipated, may exceed our original budget and may not achieve their intended economic or commercial results.

We expect to finance future expansions of our business, including mergers and acquisitions, improvements of our facilities or other capital expenditures through indebtedness, and internally generated cash flows. If we are unable to obtain additional debt financing when needed and on commercially acceptable terms, or if internal cash flows are not sufficient to finance our expansion plans, we may require additional equity financing, which could dilute the value of our Shares. In addition, if we are unable to secure financing for capital expenditures necessary to maintain, expand or improve our facilities, it could materially affect our business, financial condition, results of operations and prospects.

Completion of our expansion plans may require (a) the construction of new facilities or the expansion of existing facilities, which may subject us to environmental, engineering, construction, regulatory and commissioning risks, and (b) the selection of new strategic partners, such as new distributors or suppliers in new markets where we intend to manufacture and/or sell our products. This could result in cost overruns, delays, performance or quality of production or capacity utilization below expected levels which could cause a longer-than-expected period of time for recovering investment costs. Return on investment in any of our projects could also be lower than expected or any such project may not be commercially viable, which could materially affect our business, financial condition, results of operations and prospects.

Litigation, legal proceedings, government and regulatory inquiries and/or proceedings could expose us to significant liabilities and thus negatively affect our financial results.

From time to time, we are or may be a party to various litigation claims, legal or arbitral proceedings, government and regulatory inquiries and/or proceedings, including, but not limited to, intellectual property, fraud,

unfair business practices, product liability, employee-related claims, breach of contract claims and securities actions.

Defending these proceedings can result in significant expenditures and the diversion of our management's time and attention from the day-to-day operation of our business, which could have a negative effect on our business operations and results of operations. There is no guarantee that we will be successful in defending ourselves against such claims or proceedings, or that our management's assessment of the materiality of these matters, including accounting provisions made in connection therewith, will be consistent with the ultimate outcome of such claims or proceedings. We could be required to recall certain of our products or concerned authorities could require us to suspend the distribution and sale of certain of our products. Litigation proceedings and potential adverse publicity may negatively affect our reputation or sales.

Our failure to successfully defend or settle any litigation, legal or arbitral proceedings or to assess accurately the materiality of a claim could result in liabilities that, to the extent not covered or only partially covered by our insurance, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Changes in government regulations, or our inability to comply with existing regulations, could materially and adversely affect our business, financial condition, results of operations and prospects.

We are subject to various laws and regulations, including general consumer protection, product safety and trade competition laws and regulations in Thailand, Vietnam and other jurisdictions where we, sell or distribute our products. Government intervention and/or regulatory reform may result in new regulations and/or changes in the interpretation of existing laws and regulations, which may lead to additional compliance costs as well as the diversion of our management's time and attention. If we fail to comply with applicable laws and regulations, we could be subject to legal risks, such as litigation, that could disrupt our operations and increase our cost of doing business and adversely affect our business, financial condition, results of operations and prospects.

Finally, our integrated operations involve a significant amount of cross-border transactions, including exporting and importing raw materials and manufactured products. In case of political and/or trade disputes, or implementation of new protective legislations that may restrict access to certain markets or increase the cost of importing or exporting materials and products, in particular among ASEAN countries where we operate our business, our production, production costs, results of operations, profit margin and prospects could be negatively and materially affected.

Licenses and permits required in the operations of, or the construction of our manufacturing facilities or the operations of certain equipment are varied and may be difficult to obtain, and once obtained, may be amended, restricted or revoked and may not be renewed.

Various licenses, certifications, permits and approvals are required in order for us to operate our business, including the construction of our facilities and the operation of certain specialized equipment in Thailand and Vietnam. Once the licenses, certifications, permits and/or approvals are received, we are also subject to continuous review under applicable laws and regulations, the implementation of which is subject to change from time to time. Licenses, certifications, permits and approvals are generally given for a specified amount of time and we generally expect to renew them before expiry. However, these licenses, certifications, permits and approvals are often subject to conditions and there is no guarantee that we will be able to meet these conditions on an ongoing basis. Our inability to meet these conditions, renew applicable licenses, certifications, permits, or approvals, or delays in renewing certain licenses, certifications, permits and approvals necessary for conducting our business could have a material adverse effect on our business, financial condition, results of operations and prospects.

In some instances, we are not in compliance with all regulatory requirements, building permits, and corporate formalities in certain countries where we operate. For example, in Thailand we have not received the Building Construction Permits (Or 1), Change of Building Purpose Permit (Or 5) and the Certificates of Building Construction (Or 6) which are required for such construction and usage of a certain building. The local authorities may issue an order to cease the use of the building until the relevant permits are obtained, or even to demolish the building. If we are unable to obtain the relevant permits or find an alternative location in a timely manner or on

favorable terms, this may disrupt our business operations and have a material adverse effect on our business, financial condition, results of operations and prospects. Our Company may also be subject to criminal penalties in case of use of the building in violation of the Building Control Act of Thailand.

Increased regulatory requirements or any change in applicable regulations may also result in delays in, and additional costs incurred for obtaining or renewing appropriate licenses, certifications, permits and approvals, additional capital expenditures, and increased construction, compliance and operating costs. In particular, various health, safety and environmental laws and regulations we are subject to and which address, among others, the occupational safety and health of employees, air and water discharges, the storage, treatment, discharge and disposal of waste, the location of facilities, site clean-ups, use of groundwater, use of hazardous equipment and other aspects of the operations of our business require specific licenses, permits, certifications and approvals.

The operation of our facilities is also subject to our ability to enter into or renew lease agreements (on commercially satisfactory terms or at all). Proof of land ownership in the form of land titles may also be required to avoid potential challenges to ownership of land and related buildings.

If we are unable to obtain, renew or rectify non-compliance with any such permits, licenses, authorizations, certificates or titles, or provide proof, copies or originals of such permits, licenses, authorizations, certificates or titles if and when required by the relevant authorities, this may result in financial penalties or administrative sanctions or legal proceedings against us, including the termination or suspension of the operation of our facilities. This could, in turn, have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be subject to liability in connection with industrial accidents at our production sites.

Operating our facilities across Thailand and Vietnam involves the operation of heavy machinery, and industrial accidents at our production sites could result in employee injuries or deaths. Due to the nature of our operations, we are exposed to the risks of machine malfunctions, technical issues, use and storage of combustible materials, and human error. In addition to implementing safety measures and controls to comply with local laws and regulations, as well as guidelines generally accepted in our industry, we implement demanding and consistent health and safety training programs, policies and procedures in all our subsidiaries. Such policies, training programs, standards and safety measures and systems we have in place may nonetheless fail to prevent accidents efficiently. If accidents happen on our premises, we may be liable for the loss of life and property, medical expenses, medical leave payments, fines or penalties for potential violations of applicable laws and regulations; we could also experience business interruptions caused by equipment shutdowns required in connection with government investigations or the implementation or imposition of safety measures as a result of such accidents. Enhanced safety measures imposed by relevant authorities in the countries where we operate could have a material adverse effect on the manner in which we conduct our operations, thereby adversely affecting our business, reputation, financial condition, results of operations and prospects.

We may not have adequate insurance to cover all losses we may incur in our business operations or otherwise.

Our operations are subject to a number of risks generally associated with the manufacturing of electric wires and cables. These risks include explosions, fires, earthquakes and other natural disasters and calamities, breakdowns, failures or substandard performance of machinery and equipment, improper installation or operation of equipment, accidents, civil unrest, political uncertainty, acts of terrorism, operational problems, transportation interruptions and labor disturbances. These risks can cause personal injury and loss of life and damage to, or the destruction of, property and equipment and may result in the limitation or interruption of our business operations and the imposition of civil or criminal liabilities. Even if we regularly assess the appropriateness and adequacy of our insurance coverage, if we suffer material losses, our insurance arrangements may not be sufficient to cover those losses. If our losses significantly exceed our insurance coverage or cannot be recovered through insurance, our business, financial condition, results of operations and prospects could be materially and adversely affected. As at the date hereof, we have not taken up any product liability insurance for the products manufactured by us in Vietnam as it is neither an industry requirement nor practice within our industry to do so. Any successful product liability claims against us in the future may have an adverse effect on our business, financial position results of operations, and prospects.

In addition, we may not be able to maintain insurance of the types or with a coverage that we deem necessary or adequate, or at rates which we consider reasonable, in particular, should there be significant increases in premium levels at the time of renewing our insurance policies. If we are unable to adjust prices of our products, partly or in totality, to reflect increased insurance costs onto our customers, the costs of higher insurance premiums could have a material adverse effect on our costs and profitability. Furthermore, the occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that, individually or in aggregate, exceed available insurance coverage could have a material adverse effect on our business, financial condition, results of operations and prospects. Changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements) could also have a material adverse effect on our business, financial condition, results of operations and prospects.

We must maintain, protect and/or upgrade our information technology systems and we could be exposed to risk relating to the handling of personal data.

We rely on information technology to operate efficiently, implement our quality controls, interface with customers and maintain financial accuracy and efficiency. Our enterprise resource planning system and other related information technology systems that support the ordering, production, delivery and inventory management of our products are particularly important to our operations. If we do not allocate and effectively manage the resources necessary to build and sustain a proper technology infrastructure, or if there is any material interruption or malfunction of our information technology systems, we could be subject to transaction errors, processing inefficiencies, the loss of customers, business disruptions, or the loss of, or damage to intellectual property through security breaches, including cybersecurity attacks.

Cybersecurity attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and corruption of data. We believe that we have adopted appropriate measures to mitigate potential risks to our information technology systems and our operations systems from such disruptions. However, given the unpredictability of the timing, nature and scope of such disruptions, we could potentially be subject to operational interruptions, damage to our brand image and private data exposure. Moreover, if our data management systems do not effectively collect, store, process and report relevant data for the operation of our business, whether due to equipment malfunctions or constraints, software deficiencies, system failures, cybersecurity attacks, or human errors, our ability to effectively plan, forecast and execute our business plan and comply with applicable laws and regulations would be impaired. Any such impairment could materially and adversely affect our business, financial condition, results of operations and prospects.

We are also subject to laws, rules and regulations that require organizations to protect personal data. For instance, with respect to Thailand, the Personal Data Protection Act, B.E. 2562 (the "**PDPA Act**") requires that collecting, using, disclosing and/or transferring personal data must be in compliance with the provisions of the PDPA Act. On May 21, 2020, a Royal Decree was issued under the PDPA Act to postpone the application of the operating and grandfather provisions of the PDPA to various agencies and businesses from its original date of May 27, 2020. It is currently not possible to estimate the full impact the PDPA Act would have on our business operations. With respect to Vietnam, Law No. 24/2018/QH14 on Cybersecurity came into force on January 1, 2019, requiring, among others, domestic or foreign enterprises which provide services on telecom networks and on the internet, who collect, use, analyze or process personal data, data about service users' relationships, or data generated by service users in Vietnam, to store such data in Vietnam for a period of time specified by the Vietnamese government. These laws, rules and regulations are subject to change from time to time. Compliance with such laws, implementing rules and regulations, new interpretations of such laws, new privacy and cybersecurity laws, regulations and requirements may result in increased operating costs and may constrain or require us to alter our operations, which may in turn affect our business, financial condition, results of operations and prospects.

Fluctuations in foreign currency exchange rates may result in significant impact on our results of operation.

We are exposed to the exchange rate risk in respect of the appreciation and depreciation of the Thai Baht and the Vietnamese Dong, respective functional currencies of our subsidiaries in Thailand and Vietnam, and the

United States dollar, the currency in which our purchases of raw materials are generally denominated. To manage our exchange rate risks, we enter into forward exchange contracts to hedge our exchange rate exposure. While we enter into such hedging transactions, there is no guarantee that we will be fully protected from foreign currency exchange rates risks relating to such purchases. In addition, as the presentation currency of our Consolidated Financial Statements is the Thai Baht, there is a risk that fluctuations in the foreign currency exchange rates used to translate the financials statement of our consolidated subsidiaries whose presentation currency is not the Thai Baht (such as our Vietnamese subsidiaries), could adversely affect our Group's financial condition and results of operations.

Further, an appreciation of the local currency against the currencies of jurisdictions where we export our products could negatively affect the price competitiveness of our products. This could negatively affect our business, financial condition, results of operations and prospects, as well. See "*Management's Discussion and Analysis of Financial Conditions and Results of Operations — Key Factors Affecting Our Results of Operations — Exchange Rates Fluctuations.*"

Interest rate fluctuations may have an impact on our financial results and condition.

Our financial debt exposes us to fluctuations in interest rates. Unfavorable market movements in interest rates could have a negative effect on our results of operations and cash flows, as increasing interest rates would have a negative impact on the finance costs related to the portion of our indebtedness which is subject to floating rates. If such movements, or their impact on our cash flows and results of operations, were significant, our ability to invest in our businesses and execute our expansion strategy, in particular through mergers and acquisitions, could be impaired.

We may be adversely affected by work stoppages, slowdowns, increased labor costs and other labor issues.

Most of our employees are unionized. While we currently have good relationships with our employees, disputes may arise in the future or the portion of our unionized workforce could rise. Furthermore, some of our customers and suppliers may have unionized workforces. Work stoppages or slow-downs experienced by our customers or suppliers could result in lower demand for our products or a lack of supplies and lead to slow-downs or closures of our production facilities. If either we, or our customers or suppliers experience work stoppages or other disruptions due to employee action, such disruptions could have a material adverse effect on our business, financial condition, results of operations and prospects.

Moreover, we are subject to employment laws and regulations in the countries where we carry out our business. If new laws and regulations are implemented which impose employment terms more favorable to employees (such as an increase in minimum wages, or shorter employee termination periods), this might result in an increase in our production costs, which could affect our profitability. For example, in Vietnam, effective from January 1, 2021, the new Labor Code No. 45/2019/QH14 will come into force, covering both domestic and foreign employers and employees, whereby Vietnamese employment laws and regulations will be amended to further protect employees rather than employers. In each country where we operate, we are also subject to labor and immigration laws relating to outsourcing of employees and visa and work permit requirements for foreign employees. Changes in labor law, new interpretations of labor laws or heightened enforcement policies and/or actions by the relevant authorities, such as over-time work requirements may require us to further monitor compliance with applicable regulations. In some instances our subsidiaries are not in compliance with such regulations, and such monitoring may not ensure strict compliance with such regulations in the future. Alternatively, concerned subsidiaries could be required to make changes to their employment arrangements, for instance, through the use of equipment and automation or an increase in headcount, which could have a material effect on our business operations, financial condition, results of operations and prospects.

Finally, there have been instances of skilled labor shortages in our industry in Thailand. In the event of labor shortages, in Thailand or in other key markets where we intend to develop our business, we may have difficulties recruiting or retaining employees or may face increasing labor costs.

We are subject to risks relating to competition law and other economic and administrative regulations.

We have significant market shares in both the wires and cables market in Thailand and Vietnam, and the logistics market in Thailand. Therefore, we are exposed to risk that competition law authorities or courts could

restrict or entirely prohibit future mergers, acquisitions or disposals. Non-compliance with competition law could also arise in relation to future partnerships or associate companies. In such cases, there would be an examination by the competition law authorities of each country in which the arrangement would have an effect and the competition laws of such country would apply. In particular, Vietnam recently adopted Law No. 23/2018/QH14 on Competition on June 12, 2018 and implementing Decree No. 35/2020/ND-CP (collectively, "**Vietnam Competition Law**"), which may have a material impact on transactions which have elements in relation to the Vietnamese market. In comparison to the previous regulations on competition, the new Vietnam Competition Law appears to extend its scope of application. With the effectiveness of Decree 35/2020/ND-CP on May 15, 2020, with regard to onshore and offshore acquisition transactions (including assets and equity transactions), and merger transactions, the Vietnam National Competition Council will not only review the combined market shares of the enterprises participating in the transactions, but also review the value of total assets, total sales or purchase volumes arising in the Vietnamese market of the company or group of affiliated companies of which the company is an affiliate, and the value of the transactions, to identify whether or not the reviewed transaction is subject to notification of an economic concentration. Pending the establishment of the Vietnam National Competition Council, the Vietnam Competition and Consumer Authority is currently the relevant authority which handles the competition matters in Vietnam. Due to the relatively low thresholds imposed under Vietnam Competition Law, there is no assurance that we will not be subject to lengthy regulatory approvals in connection with our future mergers and acquisition activities in Vietnam (if any).

Examinations by authorities to determine potential violations of competition laws or other economic and administrative regulations, even based on unsubstantiated suspicions of such violations, could have negative effects on our business and the implementation of our business strategy. Actual violations of these regulations could lead to significant fines and/or claims for damages by injured parties. Any competition law decision rendered against us by an authority or court, including the prohibition of a cooperative arrangement or a merger or the imposition of penalties, large fines or burdensome conditions and obligations could have material adverse effects on our cash flows, financial condition, results of operations and prospects.

We may need to recognize impairment charges related to goodwill and other assets.

We have substantial balances of goodwill and intangible assets following the application of acquisition accounting principles in connection with the acquisitions we have made, including the acquisitions of Adisorn, Thipha Cables, Dovina, and TCI. As at June 30, 2020, our goodwill amounted to THB 6,061 million. We believe that future mergers and acquisitions envisaged under our expansion strategy may significantly increase current balances of goodwill. We are required to test goodwill and intangible assets with indefinite useful life for impairment on an annual basis. In addition, we are required to test intangible assets with finite useful lives and property, production facility and equipment for impairment if there are any indications of impairment.

There is significant judgment required in the analysis of a potential impairment. As a result of a general economic slowdown, deterioration in one or more of the markets in which we operate or deterioration of our financial performance and/or future outlook, the value of our assets may decrease, and as a result, we may have assets whose value is impaired. We recognize an impairment loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Any such impairment loss could have a material adverse effect on our business, financial condition, results of operations, and prospects.

We are subject to internal control, compliance, and ethical risks.

Certain subsidiaries and affiliated entities within our Group conduct business in countries which experience corruption, including government corruption. We are committed to doing business in accordance with all applicable laws and our code of business ethics. However, there is a risk that the aforementioned subsidiaries or affiliated entities or their respective officers, directors, employees and agents may take actions in violation of applicable laws or our code of business ethics. Any such violations could result in substantial civil and/or criminal penalties, loss of business licenses or permits, exclusion from public contracts or other sanctions for us, our employees, management or agents and might materially adversely affect our reputation, business, results of operations, financial condition and prospects.

Credit rating agencies could lower their ratings of or outlook for Thailand's and Vietnam's creditworthiness.

As at September 30, 2020, Thailand's sovereign credit ratings were BBB+ by Fitch, Baa1 by Moody's and BBB+ by Standard and Poor's, and Vietnam's sovereign credit ratings were BB by Fitch, Ba3- by Moody's and BB by Standard and Poor's. In the past, certain credit rating agencies have warned that the credit ratings of Thailand and Vietnam may be downgraded due to political uncertainties and the weakening of the fiscal economic condition. These credit ratings reflect an assessment of each of the Thai or Vietnamese government's overall financial capacity to meet their respective payment obligations, and their ability or willingness to meet their respective financial commitments as they become due. There can be no assurance that international credit rating agencies will not downgrade the credit ratings of Thailand, Vietnam, Thai or Vietnamese companies in the future. Any deterioration of the ratings of Thailand's or Vietnam's sovereign debt may make it more expensive for us to obtain financing for our capital expenditures and other financing requirements. Any such downgrade could have an adverse impact on the ability of companies such as ours to raise additional financing, interest rates applied to corporate debt, and other commercial terms at which such additional financing may be available.

Risks Relating to Vietnam

Uncertainties relating to the economic and legal system in Vietnam.

Vietnam has a mixed economy with a large public sector and an extensively regulated private sector. The Vietnamese government continues to exercise dominant influence over many aspects of the economy, and its economic policies have had and continue to have a significant effect on private-sector entities, including our Vietnamese subsidiaries. As a result, actions and policies that the Vietnamese government may take could be significant to our business, financial condition, results of operations and prospects in Vietnam.

The laws and regulatory apparatus affecting the Vietnamese economy are in a relatively early stage of development and not as well established as that of more developed markets. Vietnamese law is not well developed, consistent or clear, nor does it have a system of binding case law or other interpretative aids of binding precedential value. Further, while foreign judgments can be enforced in Vietnam, there has been, in the past, only a very limited number of cases where the Vietnamese courts have recognized and enforced foreign arbitral awards or court judgments, due to the discretion of the Vietnamese courts to deny the recognition and enforcement of foreign arbitral awards or court judgments in Vietnam due to public policy reasons.

As a matter of practice, often it is not the courts but the government ministry, department or agency being responsible for administering the relevant law or regulation that is the arbiter of legality and enforceability. It is difficult to predict when Vietnam's legal system will attain the level of certainty and predictability of jurisdictions with more developed legal systems.

Anti-bribery and corruption laws and regulations in Vietnam may not be as stringent as in other jurisdictions with more developed legal systems, and instances of bribery, fraud, accounting irregularities and other improper, illegal or corrupt practices can be difficult to detect. Potential corruption by third parties and a lack of transparency in judicial processes may interfere with our ability to protect our legal rights in Vietnam.

The elections for the 15th National Assembly and People's Councils at all levels for the term 2021 - 2026 are expected to be held in May 2021. Therefore, it is difficult to predict or anticipate future developments, as the Vietnamese legal structure is expected to undergo change in the future as the result of the election of National Assembly and People's Councils. To such extent, there might be changes to the legal systems in Vietnam which may have certain impacts to the operations of Thipha Cables and Dovina in Vietnam.

The Vietnamese government may take over our business in Vietnam in the event of war, insurrection, public calamity or national emergency.

The Vietnamese Constitution, passed by the National Assembly on November 28, 2013, and Law No. 15/2008/QH12 on Compulsory Purchase and Requisition of Property, passed by the National Assembly on June 3, 2008, provide that the Vietnamese government may purchase or expropriate assets where there is extreme necessity to use the assets (in the absence of other forms of mobilization) in the event of:

- war or national defense emergency;

- where national security is threatened;
- there is a threatened breach of a national security matter of great importance or where national security needs to be strengthened and protected in accordance with the laws on national defense and security;
- when dealing with the risk of or overcoming natural disasters or large-scale epidemic diseases; or
- where there is a serious threat to the life, health and assets of the people of Vietnam, if such risk is not prevented in time.

Based on applicable laws, the compulsory purchase price that the Vietnamese government would have to pay for the assets is determined based on the market value of the relevant assets or the price of comparable assets. The Vietnamese government shall pay the owner of the assets subject to such compulsory purchase the compulsory purchase price within 45 days from the date when the compulsory purchase decision was made. The compulsory purchase price, however, may or may not fully compensate the owner of the assets subject to the compulsory purchase for the full extent of present and future losses, including consequential losses arising from or related to the loss of ownership and control of such assets.

We cannot assure you that nationalization, administrative confiscation of property, or restrictions on foreign currency repatriation will not occur in the future, whether due to changes in economic or political agenda or out of national interests. In such an event, there is no assurance that Dovina and/or Thipha Cables will be able to obtain effective recognition and enforcement of their legal rights by way of legal proceedings or arbitration in Vietnam or elsewhere. In addition, although existing laws provide that foreign investors may be considered for compensation in the event that a change in Vietnamese law causes damage to the interests of investors, it is not clear how such damage would be assessed or how compensation would be determined or paid. We therefore expect that our investments will be uninsured against nationalization, expropriation and other sovereign acts that may affect the value of such investments in Vietnam.

We may face challenges to title to the land on which our facilities or future projects are or may be located.

Under Vietnamese laws, ownership of land belongs to the Vietnamese people as a whole and the State administers land rights on their behalf. However, ownership of a right to use land is allowed and Vietnam has adopted a system of land-use right registration. The ownership of a land-use right granted to any individual or organization is protected and binding against any third party, except where compulsorily revoked by the Vietnamese government under certain circumstances prescribed under the laws of Vietnam. Additionally, the transfer of land-use right and/or ownership of construction buildings in Vietnam involves a series of registrations and filings, which may take a substantial amount of time to complete. Therefore, in the future, we may in some instances occupy, operate or develop projects for which all formalities in respect of perfecting title have not yet been completed.

In addition, similar to the purchase or expropriation of assets by the government of Vietnam, in accordance with the Law No. 45/2013/QH13, passed by the National Assembly on November 29, 2013 the land-use rights are also subject to resumption by the government of Vietnam in the event of:

- for the purposes of national defense and security and socio-economic development for the national interest and the public interest;
- due to a breach of land law; or
- due to termination of the land-use rights in accordance with the laws, or voluntary return of land, or resumption due to a threat to human life.

The government of Vietnam also has the right to make decisions on the requisition of land where necessary to perform national defense and security duties or in case of war, emergency, or for the prevention or fighting against natural disasters.

We cannot assure you that third-party challenges to our land-use rights, even if they have been duly perfected, and/or any cases of land resumption or requisition will not arise in the future, which could have an adverse effect on our business, financial condition, results of operations and prospects in Vietnam.

Tax laws in Vietnam are subject to change.

All major tax laws and regulations in Vietnam (including, but not limited to, value added tax, corporate income tax, personal income tax and royalty fees) have undergone significant changes since January 1, 2015 and continue to be supplemented and clarified as issues arise over their interpretation or implementation. Any change in the tax status of Vietnamese subsidiaries, taxation legislation or different interpretations of applicable tax laws and policies in Vietnam generally could adversely affect our Vietnamese subsidiaries' results of operations and financial condition, and increase tax obligations imposed on them.

Our operations are subject to increased government scrutiny of environmental issues in Vietnam.

Given the rapid industrialization process, and severe challenges arising from climate change, the government of Vietnam has increased scrutiny of environmental issues in the past five years with a view to, among others, improve air quality, manage toxic and solid waste and prevent biodiversity deterioration in Vietnam. In particular, in late June 2016, a Vietnamese government report found an entity responsible for a fish poisoning incident due to the pollution from water from wet coke quenching, which was released into the sea after a power supply failure at the this entity's waste treatment facilities. The entity thereafter was required to pay a substantial amount as compensation for the discharge due to the significant damage caused to the environment.

As such, Thipha Cables and Dovina are subject to specific Vietnamese laws and regulations relating to pollution and the protection of the environment. They are also subject to laws and regulations governing health and safety matters, seeking to protect both the public and their employees. Any breach of these obligations, or even incidents relating to the environment or health and safety that do not amount to a breach of such obligations, could adversely affect the results of operations of our Vietnamese subsidiaries and their and our reputation. This, in turn, could have an adverse effect on our investments in Vietnam, our Vietnamese subsidiaries' business, financial condition, results of operations and prospects.

Our ability to invest in and control domestic enterprises in Vietnam may be affected in the future.

Being 100% foreign invested companies, Thipha Cables and Dovina are deemed to be foreign investors according to the laws of Vietnam. In accordance with Resolution No. 71/2006/QH11 dated November 29, 2006 issued by the National Assembly of Vietnam, which ratifies the protocol of accession to the World Trade Organization of Vietnam, and in consideration of the investment regulations of Vietnam, foreign investors are allowed to make unlimited capital contributions in most business sectors (including the wires and cables business). Certain conditional sectors will continue to contain limitations on foreign investments, including for instance, limitations on the percentage of ownership in certain business activities, and the conditions of capabilities, experience and sub-licenses. Therefore, subject to our expansion plans in other industries, if any, we may be affected by limitations on investment under the laws of Vietnam if such industries restrict or limit or impose conditions on foreign investors.

DEFINITIONS, GLOSSARY OF TECHNICAL TERMS AND ABBREVIATIONS

In this Information Memorandum, unless the context otherwise requires, the following terms shall have the meaning set out below.

Entities within our Group

Adisorn	Adisorn Songkhla Company Limited.
Company	Stark Corporation Public Company Limited.
Dovina	Dong Viet Non-Ferrous Metal and Plastic JSC.
Group	Stark Corporation Public Company Limited, together with our consolidated subsidiaries and associates, excluding the media business of SMM.
PDITL	Phelps Dodge International (Thailand) Limited.
NMN2	NMN Holding 2 Company Limited.
TCI	Thai Cable International Company Limited.
Thai Copper	Thai Copper Rod Company Limited.
Thipha Cables	Thinh Phat Cables JSC.

Other definitions

2019 Consolidated Financial Statements	Audited consolidated financial statements of the Group as of and for the year ended December 31, 2019.
2020 Interim Consolidated Financial statements	Unaudited interim consolidated financial statements of the Group as of and for the six months ended June 30, 2020.
Adjusted Core EBITDA	Core operating profit for the year/period adding back depreciation and amortization, and realized foreign exchange gain (but excluding the realized foreign exchange gain relating to the acquisitions of our Vietnamese subsidiaries for the six months ended June 30, 2020), and non-recurring expenses (professional fees and expenses incurred in connection with the reverse acquisition business combination and the acquisition of Thipha Cables, Dovina and TCI, and employee benefit expenses relating to adjusted severance pay as a result of an amendment to the Thai Labor Law). For the avoidance of doubt, the listing license fee is not included in the Adjusted Core EBITDA. Please refer to "*Management's Discussion and Analysis of Financial Condition and Results of Operation — Non-GAAP Financial Measures*" for further details.
AEC	ASEAN Economic Community.

B2B	Business to business. See "*Business— Marketing and Distribution — Distribution*" for further details.
B2C	Business to consumer. See "*Business— Marketing and Distribution — Distribution*" for further details.
B2G	Business to government. See "*Business— Marketing and Distribution — Distribution*" for further details.
BASEC	British Approvals Service for Cables.
BOT	Bank of Thailand.
Board of Directors	Refers to the board of directors of our Company, from time to time.
CAGR	Compound Annual Growth Rate.
Consolidated Financial Statements	Our financial condition and results of operations as of and for the years ended December 31, 2018 and 2019 and as of and for the six-month periods ended June 30, 2019 and 2020, as measured in accordance with TFRS.
core revenue	The sum of our revenue from sales, revenue from rendering services and rental income. Please refer to "*Management's Discussion and Analysis of Financial Condition and Results of Operation*" for further details.
COVID-19	An outbreak of the severe acute respiratory syndrome coronavirus 2 causing the coronavirus disease.
D/E Ratio	The sum of all interest bearing debt less cash on hand and fixed deposits divided by the total equity of our Company.
DQS	DQS Holding GmbH.
EGAT	Electricity Generating Authority of Thailand.
EVN	Vietnam Electricity Group.
Frost & Sullivan	Frost & Sullivan (S) Pte. Ltd.
Frost & Sullivan Report	An industry report commissioned from Frost & Sullivan on the wires and cables industry in Thailand and Vietnam, dated August 2020.
GDP	Gross Domestic Product.
General Cable License Agreement	Has the meaning ascribed to it in the section "*Business — Intellectual Property*."
IEC	International Electrotechnical Commission.
IFRS	International Financial Reporting Standards.

JSC	Joint Stock Company.
kV	Kilovolt.
MASCI	Management System Certification Institute (Thailand).
MT	Metric Tonnes.
NOIP	National Office of Intellectual Property of Vietnam.
OEE	Overall Equipment Effectiveness.
PE	Polyethylene.
PEA	Provincial Electricity Authority of Thailand.
PVC	Polyvinyl chloride.
Shares	The shares of the Company.
SMM	Siam Inter Multimedia Public Company Limited.
Sqm	Square meters.
TAS	Thai Accounting Standards.
TFAC	Federation of Accounting Professions in Thailand.
TFRS	Thai Financial Reporting Standards, a subset of the Thai GAAP, as adopted by the TFAP.
Thai Industrial Standards Institute	Established as a department under the Ministry of Industry of Thailand.
Thailand	The Kingdom of Thailand.
Thai Labor Law	Thai Labor Protection Act B.E. 2541 (1998), as amended.
Thai SEC	Office of the Securities and Exchange Commission of Thailand.
Thai SEC Act	Securities and Exchange Act B.E. 2535 of Thailand, as amended.
Thipha	The combined business of Thinh Phat Real Estate – Cables JSC and Thinh Phat Cables JSC.
Thipha's 2018 Audited Financial Statements	Audited financial statements of Thinh Phat Real Estate – Cables JSC for 2018.
Thipha's 2019 Audited Special-Purpose Combined Financial Statements	Audited special-purpose combined financial statements of Thinh Phat Real Estate – Cables JSC and Thinh Phat Cables JSC for 2019.

Throughput margin	The difference between revenue from sales and cost of raw materials and conversion costs, divided by revenue from sales.
Track Record Period	The period from January 1, 2018, to June 30, 2020.
UL	DQS Underwriters Laboratories.
Unaudited Pro Forma Consolidated Financial Information	The unaudited pro forma consolidated financial information for 2019, the six months ended June 30, 2019 and 2020, combining the historical consolidated results of operations of Stark Corporation Public Company Limited, Thipha Cables and Dovina, and gives effect to the acquisitions of Thipha Cables and Dovina on March 31, 2020, as if they had occurred on January 1, 2019.
VAS	Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements in Vietnam.
VCV	Vertical continuous vulcanization.
XLPE	Cross-linked polyethylene.