



บริษัท เอ็นอีที อสังหาริมทรัพย์และอุตสาหกรรม จำกัด (มหาชน)
NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED
Public Company Registration No. 0107537000831



Ref : NEP012/2020

March 9, 2020

Subject: Plan and Progress Report in Solving C Caution
To: The President
The Stock Exchange of Thailand

NEP Realty and Industry Public Company Limited (“the Company”) arranged a Public Presentation to provide information to investors and related parties as the company has been remarked as C (Caution) sign due to the company’s shareholder’s equity is less than 50% of paid-up capital for the financial statement for the fiscal year 2019 ended December 31, 2019. The Company arranged the meeting on March 9, 2020. The summary of the meeting as below:

Causes:

1. The Company had continued the loss in operating results. Until the Company canceled the operation line of sack and the real estate business unit, the Company had only the operation line of plastic woven bag that is not sufficient to get more revenue.
2. Production Cost efficiency
3. During 2014-2015, the Company had the loss recognition from investment in associated company (Navanakorn Public Company Limited) due to the flood. The accumulated deficit had been increased.

Solutions:

The Company recognized the situation of the Company and already set a recovery plan in order to improve our performance. The solutions are as the following:

Generating the sources of revenues:

1. In 2017, the Company had launched the new production line of Flexible Packaging to increase the revenue.

2. In 2018, the Company had expanded the production line of Flexible Packaging. As a result, the operating result has been improved. The revenue from sale increased and the loss of operation result decreased.

3. The Company has improved sales strategies and marketing plan to keep our customers and increase the new customers.

4. The Company has a business partner from the capital increase in the form of private placement. At the beginning of 2018, Vava Pack has been our business partner by supporting the production and introducing new customers to the Company.

5. The associated company (Navanakorn Public Company Limited) has better operating result from the power plant project and the utility revenue. So, the Company received more dividend and more profit recognition.

Reducing operating costs:

1. The Company has improved the potential of the production of plastic woven bags and Flexible Packaging for product quality, reducing the production costs and waste.

2. The Company has restructured the Company organization to reduce management cost and develop working process rapidly.

3. The Company has restructured the Board of Directors and directors' remuneration in accordance with the Company's operating result.

4. The Company has controlled all expenses and budget in order to reduce the operating costs.

From the implementation of the above solutions, sales revenue in 2019 increased 4.43% from 2018. The sales revenue is expected to be increased steadily.

Unit: Million Baht

	FY2018	FY2019
Sales revenue	389.38	406.64

The Company can increase revenue by expanding the Flexible Packaging market according to the specified strategy but still having problems in controlling the production cost of the new production line because of the complexity in production and lacking of expertise of employees which is in the process of improvement according to the approach described above.

Future Direction of the Company

The Company has followed the plans as mentioned causing the operating results for the year 2019 had more sales revenue and had better gross profit margin than year 2018. The Company expects to be able to increase sales revenue continuously to be higher than the previous year due to the positive feedback from customers. Also, the Company will focus on the potential development in production and employees' skill in order to control production costs for better efficiency. The Company will implement as planned but increase more concentration. Therefore, the Company will have good operating results and can make profit from the operations within the near future.

Please be informed accordingly.

Yours sincerely,

(Mr. Weerachart Lohsiri)

Managing Director