

No. PPS /PCL -028/2563

15 May 2020

Attention: The President
The Stock Exchange of Thailand

Subject: The epidemic COVID-19's impact on the Company

Project Planning Service Public Company Limited ("the Company" or "PPS") would like to communicate about the impact of the epidemic situation of COVID-19 on the Company, in order to keep the investors sufficiently informed to follow up and evaluate the impact on the Company's financial status as well as about the effect on the operations. Important information is detailed as follows:

1. Risks and impacts on business operations

- PPS is engaged as a consultant engineer to provide project management and supervision services for various construction and engineering projects, including construction works that requires expertise. PPS's income derives directly from construction activities which is charged on a monthly "time-and-materials" contract basis, and varies depending on the work quantities and hours of construction management and supervision. The economic situation following the spread of COVID-19 made several construction projects ceased operations due to the restricted access to the construction sites area and imposed time constraints on construction schedule due to several official restrictions: the city "lockdown" policy according to the governor's orders, the declaration of state of emergency enforcing a curfew to comply with the epidemic control law, and the guidelines of the Department of Epidemic Control (The Ministry of Public Health). Therefore, these restrictions lead to a decrease in PPS construction supervision works, resulting in a significant decreased of revenue recognition while most the expenses deemed as fixed expenses such as personnel salaries, administrative expenses, etc. remained actual.
- In addition, PPS affiliated company engaged in the business of real estate development projects is based in Phuket, which is an area quite affected by the COVID-19 situation. As a result, it lead the affiliated companies to being unable to operate as usual as well as being unable to anticipate the return of customers from both in Thailand and overseas. In consequence, the real estate development project timeline must be extended and inevitably result in significantly lower revenue recognition than projected, while having financial costs from the interests of debenture of 15 million baht per year, including the impossibility to sell and transfer the ownership of the land to those purchasers. Therefore, this company is not able to recognize the revenue until the ownership of the land has been transferred.

- Other PPS affiliated companies are also affected by the COVID-19 situation due to the inability to deliver various services to the customers as usual, resulting in a significant decrease in revenue recognition while most of the expenses are fixed expenses, especially personnel salary.
- PPS and its affiliated companies have implemented Business Continuity Plan (“BCP”) measures to prevent the further spread of COVID-19 by encouraging fieldwork employees to work from home, reducing travel, and promoting physical distancing within the community.

2. Impact on funding and financial liquidities used in operations

- Due to the COVID-19 situation causing delays in construction projects, some clients postponed their payments, resulting in PPS’ tightened financial liquidities. It is necessary to use the excess cash available as working capital in running the business and control expenditures more efficiently in order to go through the crisis safely together with maintaining the Company's staff.
- The Company closely monitors and evaluates financial liquidities and the management has prepared a commercial credit facility from a financial institution as a source of funds to run the business. The management is confident that it can manage to bring sufficient liquidities to cope with the consequences of COVID-19. In the event of drawing down the credit facilities, the Company will increase its financing costs.
- The company debenture obligation is Thai Baht 200 Million, which will be due in early 2022. It is expected that the situation of the COVID-19 will be resolved and we will be able to operate as usual. In this regard, the management of PPS Group will set up a plan in line with the prevailing economic situation in order to speed up the land ownership sale and transfer of the project in Phuket. This will allow the Company to recognize revenue and generate cash flow from the sale of land to repay the debenture according to the conditions above. The management considers that the conditions to maintain a satisfactory debt covenant will not be affected as PPS will monitor any new debt in excess of the above conditions.

3. Effect to the financial statements

The fair value measurement of the land asset the Phuket real estate development project will be affected and represents asset’s accounts for approximately 61 percent of the Group's total assets. The aforementioned reason will affect the value of the assets in that company and will have a significant impact on the consolidated financial statements.

Hereby, the Company would like to inform the above accordingly, especially about the issues affecting the financial statements. The Board of Directors, the Audit Committee members and also the External Auditor have agreed that the Company needs to request an extension for the preparation and

PROJECT PLANNING SERVICE PLC.

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PPS

submission of the financial statements for the first quarter of 2020 ended 31 March 2020 according to the announcement of the Securities and Exchange Commission (“SEC”) No. SorJor 31/2563. The Company will accelerate the process of gathering information to prepare financial statements for disclosure of financial statements with accuracy, completeness, and reliability by submitting financial statements Quarter 1/2020 before 31 July 2020 as a written request letter previously sent to the SEC.

Best regards,



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PROJECT PLANNING SERVICE PUBLIC COMPANY LIMITED

(Mr. Phongthorn Tharachai)

Chief Executive Officer

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