No. CHO 024/2025

March 24, 2025

Subject: Clarification on Non-Payment of Debt to Financial Institutions, Non-Payment of Debenture Interest as Specified in the Debenture Terms, Request for Postponement of Debenture Interest Payment, and Inability to Maintain Financial Ratios as Required by Financial Institutions and Debenture Terms

To: President
The Stock Exchange of Thailand

Reference: Letter No. CHO 022/2568 from the Company dated March 17, 2025, regarding Notification of Inability to Pay Debenture Interest as Specified in the Terms and Conditions and Request for Postponement of Interest Payment

Cho Thavee Public Company Limited or ("the Company") has submitted its consolidated and separate financial statements for the year ended December 31, 2024, which include information regarding non-payment of debts to financial institutions, the Company's inability to maintain financial ratios as required by financial institutions, and breaches of financial covenant terms as specified in the debenture terms and conditions. A summary is as follows:

According to Note 15 to the financial statements, as of December 31, 2024, the Company was unable to maintain the interest-bearing debt to equity ratio required under both the loan agreement with the first financial institution and the terms of its debentures. In addition, the Company failed to meet the repayment schedule under the debt restructuring agreement with the second financial institution. In September 2024, the first financial institution filed a civil lawsuit against the Company for defaulting on its loan agreement, demanding repayment of the loan principal together with default interest. This event also triggered a cross-default under the loan agreement with the third financial institution.

As a result, the total outstanding loans with the three financial institutions and all outstanding debentures, totaling THB 435 million and THB 746 million respectively, together with accrued interest of THB 47 million and THB 35 million respectively, became immediately due and payable. The Company has classified these liabilities as current liabilities. Furthermore, according to Note 28 to the financial statements, in September 2024, one financial institution filed a civil lawsuit against the Company for loan default, requesting full repayment of the loan together with interest. In the event that the Company fails to repay the debt in full, the creditor may enforce the mortgage on collateral assets for public auction sale. If the proceeds are insufficient to repay the debt, the creditor may seek to seize other Company assets for auction in order to settle the outstanding debt.

Additionally, on March 17, 2025, the Company disclosed its inability to pay debenture interest as stipulated in the terms and conditions, and requested a postponement of the interest payment totaling THB 9,193,377.88, as detailed in the referenced letter.

The Company hereby summarizes the relevant information and its proposed remedial actions as follows:

1. Loans with Financial Institutions

- As of December 31, 2024, the Company had total loans with financial institutions amounting to THB 825 million. The Company defaulted on repayments and breached loan agreements with three financial institutions, with a total of THB 482 million in defaulted obligations, comprising THB 435 million in principal and THB 47 million in interest (calculated based on default interest rates).
- A summary table detailing the covenant breaches with financial institutions is as follows:

Financial Institution	As of Dec 31, 2024 (Unit: THB million)			Collateral	Details of Covenant Breach	Company Actions and Impacts
	Principal	Accrued Interest	Total			
1	91	27 *(Interest calculated based on default interest rate)*	118	Two plots of factory land located in Mueang Kao Subdistrict, Mueang Khon Kaen District, Khon Kaen Province, currently used for vehicle parts assembly and production	- Promissory Note (PN) principal of THB 68 million due in February 2024 could not be repaid, resulting in the suspension of an overdraft facility of THB 20 million. - Breach of covenant requiring an interest-bearing debt to equity ratio not exceeding 3:1 since Q3/2024. As of FY2024, the ratio was 8.06:1. - On September 6, 2024, this financial institution filed a civil lawsuit against the Company for loan default, demanding	The Company has initiated negotiations with the financial institution, and internal discussions are ongoing. A decision on the proposal is expected by April 2025.

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Financial Institution	As of Dec 31, 2024 (Unit: THB million)			Collateral	Details of Covenant Breach	Company Actions and Impacts
	Principal	Accrued Interest	Total			
					repayment with default interest. If repayment is not made, the mortgage will be enforced for public auction. If proceeds are insufficient, other Company assets may be seized for auction to settle the debt.	
2	164	17	181	Land plot of 9 Rai 1 Ngan 8.5 Square Wah located in Phra Lap Subdistrict, Mueang District, Khon Kaen Province, including buildings and appurtenances, currently leased to a third party. (Additional mortgage registered in October 2024)	- The Company was required to repay THB 54 million principal by December 31, 2024, to receive a debt haircut of THB 110 million. However, repayment has not been made.	The Company has negotiated with the financial institution, which is in the process of approving an extension of the repayment period. Preliminary discussions indicate an extension of 8 months, with full repayment expected by August 2025.
3	180	3	183	Land of 11 Rai owned by Khon Kaen Cho Thavee (1993) Co., Ltd., located on	- The loan agreement contains a cross-default clause, which allows the financial institution to demand immediate repayment	In March 2025, the Company is obligated to repay THB 20 million in principal and THB 11 million in

Financial Institution	As of Dec 31, 2024 (Unit: THB million)			Collateral	Details of Covenant Breach	Company Actions and Impacts
	Principal	Accrued Interest	Total			
				Mittraphap Road, Nai Mueang Subdistrict, Mueang District, Khon Kaen Province. The land is currently unused and reserved for the Company's EV project.	of principal and accrued interest if the Company defaults on any loan with another creditor, regardless of amount. As the Company defaulted on loans with financial institutions 1 and 2, this triggered the cross-default clause.	advance interest. The Company is negotiating for installment repayment and a waiver of the cross-default clause. A decision is expected by March 2025.
Total	**435**	**47**	**482**			

2. Debentures

- The Company has a total of four series of debentures: CHO212A, CHO21OA, CHO229A, and CHO228A, with an aggregate value of THB 745 million. These debentures are scheduled to mature on June 15, 2025. The terms and conditions of the debentures stipulate that the Interest Bearing Debt to Equity Ratio (IBD/E Ratio), excluding debt from large special projects, must not exceed 5:1. The specified exclusion applies to debt from the special project involving the sale of 489 NGV buses with 10-year maintenance service to the Bangkok Mass Transit Authority (BMTA), valued at THB 213 million.
- However, as of December 31, 2024, the Company's IBD/E Ratio, excluding the debt from the aforementioned large special project, was 7.03 times, which constitutes a breach of the covenant as specified in the debenture terms and conditions. A summary of the covenant breach is as follows:

Debenture	Principal Outstanding	Debenture Representative	Notice from Bondholder Representative on Covenant Breach
CHO21OA	195.00	Asia Plus Securities Co., Ltd.	Key Provisions under the Debenture Terms: • Clause 6.7: The issuer shall maintain an Interest Bearing Debt to Equity Ratio (IBD/E Ratio) not
CHO212A	408.98	Globlex Securities Co., Ltd.	

Debenture	Principal Outstanding	Debenture Representative	Notice from Bondholder Representative on Covenant Breach
			exceeding 5:1 at the end of each quarter and fiscal year, calculated based on quarterly and annual financial statements. • Clause 11.1 (b): If the issuer fails to comply with any other provision (excluding payment default), and the breach remains unembodied for 30 days after receiving notice from the bondholder representative, it shall be deemed an event of default. • Clause 11.1 (c): If the issuer defaults on any indebtedness where the total amount exceeds THB 300 million, such shall constitute an event of default. Notice: • On March 6, 2025, the Company received a letter dated March 5, 2025, from Asia Plus Securities Co., Ltd., as the bondholder representative of CHO21OA, notifying the Company to remedy the breach of the IBD/E financial covenant and loan defaults within 30 days of receipt (i.e., by April 5, 2025). Failure to comply may result in enforcement measures under the debenture terms. • On March 7, 2025, the Company received a letter dated March 6, 2025, from Globlex Securities Co., Ltd., as the bondholder representative of CHO212A, notifying the Company to remedy the breach of the IBD/E financial covenant and loan defaults within 30 days of receipt (i.e., by April 6, 2025). Failure to comply may result in enforcement measures under the debenture terms.
CHO228A	81.36	Asia Plus Securities Co., Ltd.	**Key Provisions under the Debenture Terms:** • Clause 6.3 (a): The issuer shall maintain an IBD/E Ratio not exceeding 5:1 at the end of each quarter and fiscal year, based on quarterly and annual financial statements. • Clause 10.1 (b): Breach of Clause 6.3 (a) shall constitute an event of default. • Clause 10.1 (c): If the issuer fails to comply with
CHO229A	60.35		

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Debenture	Principal Outstanding	Debenture Representative	Notice from Bondholder Representative on Covenant Breach
			any other provision (excluding payment default) and fails to remedy such breach within 30 days after notification from the bondholder representative, it shall constitute an event of default. • Clause 10.1 (j): Failure to comply with financial obligations shall constitute an event of default. **Notice:** • On March 6, 2025, the Company received a letter dated March 5, 2025, from Asia Plus Securities Co., Ltd., as the bondholder representative of CHO228A and CHO229A, requesting the Company to remedy the breach of the financial covenant and loan defaults within 30 days of receipt (i.e., by April 5, 2025). Failure to comply may result in further enforcement actions under the debenture terms.
Total	**745.69**		

In addition, on March 18, 2025, the Company received letters from the bondholder representatives of all four debenture series mentioned above, requesting payment of net interest (after withholding tax) in the total amount of THB 7,821,965.20, which was due on March 17, 2025. Payment must be made by March 21, 2025. Failure to do so may result in the bondholder representatives exercising their discretion to declare an immediate repayment of the debentures (Call Default) or take any other actions as deemed appropriate.

To ensure the timely resolution of events relating to the Company's outstanding bonds, the Company will convene a bondholders' meeting for all four bond tranches on April 1, 2025, to seek approval for the following proposed amendments:

1. Waiver of Financial Covenant Breach and Related Defaults: To request a waiver for the breach of the Interest-Bearing Debt to Equity (IBD/E) ratio covenant, as stipulated in the bond terms, and to clarify that such breach, as well as any resulting inability to fulfill financial obligations that could otherwise trigger an event of default or cross-default, shall not be deemed an event of default under the bond terms.
2. Amendment to Financial Covenant: To request the removal of the IBD/E ratio covenant when the calculation includes debt incurred from large-scale special projects, thereby excluding such debt from covenant evaluation going forward.

3. Extension of Maturity Date and Interest Terms: To request an extension of the bond maturity date by two years, from June 15, 2025, to June 15, 2027, with a fixed annual interest rate of 5%. Accrued interest shall be payable in full on the new maturity date under the existing payment terms.
4. Waiver and Deferral of Interest Payment Due on March 17, 2025: To request a waiver for the missed interest payment due on March 17, 2025, so that it shall not be considered an event of default, and to seek approval to defer the payment to no later than April 30, 2025. The Company also requests the cancellation of any related consequences arising after March 21, 2025, including call of default and default interest charges.

The Company reaffirms its commitment to honor all bond-related obligations, including interest payments, subject to the approval of the aforementioned amendments by the bondholders' meeting. Further updates will be disclosed via the Stock Exchange of Thailand (SET) in accordance with related regulations.

Yours Sincerely,

Cho Thavee Public Company Limited

-Mr.Suradech Taweesaengsakulthai-

President and Chief Executive Officer

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