

27 February 2019

Re: Management Discussion & Analysis for the Period Ended 31 December 2018

To The President of the Stock Exchange of Thailand (SET)

CHAOPRAYAMAHANAKORN PUBLIC COMPANY LIMITED (“the Company”) would like to provide an explanation regarding our financial performance and position for the year ended 31 December 2018 as follows:

Financial Performance

| | For the year ended | | | | | |
|-----------------------------------|--------------------|---------------|------------------|---------------|-----------------|----------------|
| | 31 December 2017 | | 31 December 2018 | | Change | |
| | Millions of THB | % | Millions of THB | % | Millions of THB | % |
| Revenue from sale of real estate | 1,525.23 | 91.03% | 1,931.02 | 96.54% | 405.79 | 26.60% |
| Revenue from construction service | - | - | 14.96 | 0.75% | 14.96 | 100.00% |
| Cost of sales | (891.56) | (53.21%) | (1,107.98) | (55.39%) | 216.42 | 24.27% |
| Cost of construction service | - | - | (11.45) | (0.57%) | 11.45 | 100.00% |
| Gross Profit | 633.67 | 37.82% | 826.55 | 41.32% | 192.88 | 30.44% |
| Other Revenue | 150.38 | 8.97% | 54.21 | 2.71% | (96.17) | (63.95%) |
| Selling Expense | (224.59) | (13.40%) | (207.62) | (10.38%) | (16.97) | (7.56%) |
| Administrative Expense | (212.38) | (12.67%) | (196.57) | (9.83%) | (15.81) | (7.44%) |
| Other Expenses | (3.92) | (0.23%) | (27.59) | (1.38%) | 23.67 | 603.82% |
| EBIT | 343.16 | 20.48% | 448.98 | 22.45% | 105.82 | 30.84% |
| Financing cost | (198.39) | (11.84%) | (143.52) | (7.18%) | (54.87) | (27.66%) |
| EBT | 144.77 | 8.64% | 305.46 | 15.27% | 160.69 | 111.00% |
| Corporate Income Tax | (18.13) | (1.08%) | (91.63) | (4.58%) | 73.50 | 405.40% |
| Net Profit | 126.64 | 7.56% | 213.83 | 10.69% | 87.19 | 68.85% |

Revenue from Sale of real estate

Revenue from sale of real estate for the year ended 31 December 2017 and 2018 were THB 1,525.23 and 1,931.02 million consecutively. Revenue from sale of properties increased by THB 405.79 million or 26.60% due mainly to increase of sale revenue from completed projects in 2018 which was Chateau in Town Charansanitwong 96/2. Moreover, Chateau in Town Rama 8 which was completed around the end of 2017 had consistently generated revenue throughout the year.

Cost of sales and Gross Profit

Cost of sales for the year ended 31 December 2017 and 2018 were THB 891.56 and 1,107.98 million respectively. Cost of properties sale is those related to real estate project development which are recognized in accordance with Matching Principle. It will rise or fall commensurate with rise or fall in revenue from sale of properties.

Gross margins from sale of real estate project for the year periods ended 31 December 2017 and 2018 were 41.55% and 42.62% respectively. It could be seen that gross margin of the Group of Companies does not change significantly as it has policy to sustain appropriate gross margin for each real estate project development.

Other Income

The company's other income for the year ended 31 December 2017 and 2018 were THB 150.38 and 54.21 million respectively. Other income decreased by THB 96.17 million or 63.95%. This is because the company has gained from sale of land in 2017 which there were non such of those gain in 2018.

SG&A

The Company's selling expense for the year ended 31 December 2017 and 2018 were THB 224.59 and 207.62 million consecutively. Selling expense declined by THB 16.97 million or 7.56% due mainly to decrease of advertising and marketing spending during 2018.

The Company's administrative expense for the year ended 31 December 2017 and 2018 were THB 212.38 and 196.57 million consecutively. Administrative expense decreased by THB 15.81 million or 7.44%. This is because the Company did not recognize any impairment of assets during the year that was recognized in 2017.

The Company's other expenses for the year ended 31 December 2017 and 2018 were THB 3.92 and 27.59 million consecutively. Other expenses increased significantly by THB 23.67 million or 603.82%. This is because the company's revenue from goods sold and revenue from rental and service increased notably in 2018 which lead to presenting cost of those revenue separately in other expenses (previous year was presented net with other income).

Financing Cost

The Company's financing cost for the year ended 31 December 2017 and 2018 were THB 198.39 and 143.52 million respectively, a decline by THB 54.87 million or 27.66%. This is because the Company repaid some portion of short-term loan and debenture. As a result, the financing cost was reduced.

Corporate Income Tax

The Company's corporate income tax for the year ended 31 December 2018 totaled THB 91.63 million. This represents an effective tax rate of 30.00% which is higher than its statutory tax rate of 20.00% due mainly to loss arise from tax refund which was not fully refunded by the Revenue Department for fiscal year of 2008 – 2016.

Net Profit

The Company's net profit for the year ended 31 December 2017 and 2018 totaled THB 126.64 and 213.83 million consecutively, an increase by THB 87.19 million or 68.85%. Such increase is due mainly to increase in revenue from sale of properties. The Company's net profit margins for the year ended 31 December 2017 and 2018 are 7.56% and 10.69% respectively.

Financial Position

| | For the period ended | | | | | |
|-----------------------------------|----------------------|----------------------|--------------------|----------------------|--------------------|----------|
| | 31 December 2017 | | 31 December 2018 | | Change | |
| | Millions of THB | % of Total Assets | Millions of THB | % of Total Assets | Millions of THB | % |
| Total Assets | 5,955.79 | 100.00% | 5,269.65 | 100.00% | (686.14) | (11.52%) |
| Total Liabilities | 4,195.00 | 70.44% | 2,643.05 | 50.16% | (1,551.95) | (36.99%) |
| Total Shareholders' Equity | 1,760.79 | 29.56% | 2,626.60 | 49.84% | 865.81 | 49.17% |

The Company's total assets as of 31 December 2018 decreased by THB 686.14 million or 11.52% from that as of 31 December 2017 due mainly to decrease in real estate project under development which accordance to the increase in revenue from sale of real estate.

Total liabilities as of 31 December 2018 declined by THB 1,551.95 million or 36.99% from that as of 31 December 2017 due mainly to loan repayment of short-term loan and debenture during 2018.

Total shareholders' equity as of 31 December 2018 increased by THB 865.81 million or 49.17% from that as of 31 December 2017 due mainly to the Company's good financial performance during the year ended 31 December 2018. Moreover, the company made Initial Public Offering of 250 million ordinary shares, with a par value of Baht 1 each, at the price of Baht 3 per share, or for Baht 750 million.

Please be informed accordingly.

Yours truly,

-Mr. Vichien Paetthayanan-

Mr. Vichien Paetthayanan
Chief Executive Officer