

February 23, 2018

Subject: Report on the operating results of Country Group Development PCL.

To: The President

The Stock Exchange of Thailand

Country Group Development Public Company Limited (the "Company") would like to report the operating results of the Company and its subsidiaries for the year ended December 31, 2017 as follows:

Consolidated Financial Statements (the "Group")

- **Revenues** The Group reported total revenues for the year ended December 31, 2017 of Baht 1,107.64 million increased by 87.71 percent compared to Baht 590.07 million for the same period of 2016. This was mainly because of higher revenue from sale of condominium by Baht 557.02 million and increasing in rental income from investment property by Baht 25.51 million and increasing in gain on foreign exchange rate by Baht 72.74 million. The majority of revenues for the year ended December 31, 2017 are as follows:
 - The Group reported major revenue from the condominium unit transferred of Elements Srinakarin Project of Baht 908.59 million which increased by 158.44 percent compared to Baht 351.56 million for the same period of 2016.
 - Foreign subsidiary reported rental income from investment property of Baht 52.51 million which increased by 94.44 percent compared to Baht 27.00 million for the same period of 2016.
 - The Group reported gain on foreign exchange rate of Baht 124.86 million which increased by Baht 139.56 percent compared to Baht 52.12 million for the same period of 2016. This was due to strengthen of Thai Baht currency together with increased in USD loan of a local subsidiary according to construction progress of Chao Phraya Estate Project which has a lot of progress during 2017.

- **Expenses** The Group reported total expenses for the year ended December 31, 2017 of Baht 1,092.64 million increased by 47.92 percent compared to Baht 738.65 million for the same period of 2016. This mainly resulted from the increase in cost of condominium sale by Baht 325.97 million which correlated with higher condominium sale and the Group recorded loss on disposal of fixed assets amount Baht 30.73 million resulting from demolishing the sale gallery of Chao Phraya Estate Project slightly ahead its original schedule due to utilize the located areas of the sale gallery to construct Four Seasons Hotel Bangkok according to the construction plan. The majority of expenses for the year ended December 31, 2017 are as follows:

- Cost of condominium sale of Elements Srinakarin Project of Baht 544.43 million increased by 149.21 percent compared to Baht 218.46 million for the same period of 2016. The percentage of increasing in cost was less than the percentage of increasing in revenue from unit transferred of Elements Srinakarin Project. As a result, gross profit margin for the year ended December 31, 2017 of 40.08 percent increase when compared to the same period of 2016 which reported gross profit margin 37.86 percent. This was due to majority of unit transferred during 2017 were from phase 4, that launched in the 2017, in which average price per square meter is higher than other phases.
- Distribution costs (selling expenses) of Baht 286.52 million, increased by 4.62 percent compared to Baht 273.86 million for the same period of 2016. The majority of distribution costs for the year ended December 31, 2017 and 2016 came from marketing activities of Four Seasons Private Residences Bangkok at Chao Phraya River and promotion expenses of Elements Srinakarin Project.
- Administrative expenses of Baht 207.37 million, increased by 1.73 percent compared to Baht 203.85 million for the same period of 2016. This was mainly because of a subsidiary the Group recorded loss on disposal of fixed asset amount Baht 30.73 million. Because the subsidiary has to demolish the sale gallery of Chao Phraya Estate Project slightly ahead its original schedule due to the subsidiary has to utilize the located areas of the sale gallery to construct Four Seasons Hotel Bangkok according to the construction plan. Despite of the administrative expense of other companies in the Group were slightly decreased but it less than the

increasing of loss on disposal of fixed asset as above. As a result, the administrative expenses were slightly increased. The majority of administrative expenses consist of personnel expense, advisory fee, utilities expense, depreciation and miscellaneous expenses.

Consequently, the Group reported profit before finance costs and income tax expense for the year ended December 31, 2017 of Baht 15.00 million which increased by 110.10 percent compared to loss before finance costs and income tax expense of Baht 148.57 million for the same period of 2016.

- **Finance costs** The Group reported finance costs for the year ended December 31, 2017 of Baht 211.39 million, increased by 3.02 percent compared to Baht 205.20 million in the same period of 2016. The majority of finance costs for the year ended December 31, 2017 resulted from issuance of bills of exchange, issuance of long-term debentures and long-term borrowings for being working capital and expansion of the Group's business.
- **Income tax expense** The Group reported income tax income for the year ended December 31, 2017 of Baht 3.00 million, increased by Baht 5.04 million compared to the same period of 2016. This was due to foreign subsidiary utilized tax benefit from investment in investment property.
- **Net profit (loss) for the year ended December 31, 2017** The operating result mentioned above resulting the Group reported net loss of Baht 193.39 million, of which Baht 144.30 million attributed to the parent and the remaining of Baht 49.09 million attributed to non-controlling interests. Consequently, net loss which attributed to the parent decreased by Baht 131.63 million or decreased by 47.70 percent, compared with a net loss attributed to the parent of Baht 275.93 million for the same period of 2016.

Separate Financial Statements (the “Company”)

- **Revenues** The Company reported total revenues for the year ended December 31, 2017 of Baht 1,054.92 million, increased by 23.72 percent compared to Baht 852.65 million for the same period of 2016. This was mainly because for the year ended December 31, 2017 the Company reported higher revenue from sale of condominium by Baht 557.02 million when compared to the same period of 2016. The majority of the Company's revenues for the year ended December 31, 2017 are as follows;
 - The Company reported major revenue from the condominium unit transferred of Elements Srinakarin Project of Baht 908.59 million which increased by 158.44 percent compared to Baht 351.56 million for the same period of 2016.
 - The Company reported interest income of Baht 110.89 million which decreased by 4.42 percent compared to Baht 116.02 million for the same period of 2016. This was mainly because in 2016 the Company provided short-term loan to a foreign subsidiary and received loan repayment in the same year. In addition the Company received loan repayment from a local subsidiary in the 4th quarter of 2017 amount of Baht 400 million.
- **Expenses** The Company reported total expenses for the year ended December 31, 2017 of Baht 828.68 million which increased by 96.21 percent compared to Baht 422.35 million for the same period of 2016. This mainly resulted from increase in cost of condominium sale by Baht 325.97 million and increase in distribution costs by Baht 32.62 million which correlated with higher condominium sale. The majority of expenses for the year ended December 31, 2017 are as follows :
 - Cost of condominium sale of Elements Srinakarin Project of Baht 544.43 million increased by 149.21 percent compared to Baht 218.46 million for the same period of 2016. The percentage of increasing in cost was less than the percentage of increasing in revenue from unit transferred of Elements Srinakarin Project. As a result, gross profit margin for the year ended December 31, 2017 of 40.08 percent increase when compared to the same period of 2016 which reported gross profit margin 37.86 percent. This was due to majority of unit transferred during 2017 were from phase 4,

that launched in the 2017, in which average price per square meter is higher than other phases.

- Distribution costs (selling expenses) of Baht 66.06 million increased by 97.58 percent when compared to Baht 33.43 million for the same period of 2016. This was mainly caused from increasing in sale commission, advertising and promotes expenses for Elements Project which correlated with higher condominium sale including the Company has launched the 4th phase in February 2017.
- Administrative expenses of Baht 166.87 million increased by 29.17 percent compared to Baht 129.19 million for the same period of 2016. This was mainly caused from increasing of employees and directors compensation in accordance with company's performance and increasing in advisory fee in relation to investment in new project of the Company. The administrative expenses consist of personnel expense, advisory fee, utilities expense, depreciation and miscellaneous expenses.

Consequently, the Company reported profit before finance costs and income tax expense for the year ended December 31, 2017 of Baht 226.24 million which decreased by 47.42 percent compared to the profit before finance costs and income tax expense of Baht 430.31 million for the same period of 2016. The mainly result of decreasing in profit before finance costs and income tax expense amount of Baht 204.06 million was decreasing in dividend income of a foreign subsidiary of Baht 229.45 million which was related to investment in data center and there was no such transaction in the year 2017.

- **Finance Costs** The Company reported finance costs for the year ended December 31, 2017 of Baht 177.97 million which decreased by 10.02 percent compared to Baht 197.79 million in the same period of 2016. The majority of finance costs for the year ended December 31, 2017 resulted from issuance of bills of exchange, issuance of long-term debentures for being working capital and expansion of the Company's business.

- Net profit (loss) for the year ended December 31, 2017 The operating result mentioned above resulting in the Company reported net profit of Baht 48.80 million decreased by 79.05 percent, compared to the net profit of Baht 232.95 million in same period of 2016.

Please be informed accordingly.

Yours sincerely,

Ben Taechaubol

Chief Executive Officer