

Ref. CHEWA 63-05/01

14 May 2020

Subject: Management Discussion and Analysis for the three-month ending 31 March 2019

Dear: Directors and Managers

The Stock Exchange of Thailand

Summary on the Operating Performance Overview

For the year 2020, the Thai economy is facing challenges from the epidemic of the new strain of the coronary virus 2019, or Covid-19, resulting in economic recession. For the real estate sector, it was affected by the economic downturn due to customers or consumers being more cautious and financial planning resulting in the company being affected in the same direction as the industry, therefore focusing on accelerating the release of products to The most

For the quarter 1/2020, the company launched a total of 1 project, Chewa Home Krungthep-Pathum with a project value of 903 million baht. And the company has total revenue of 333.19 million baht, decreased 2.55% from the same period of the previous year. As a result, the company has a net loss of 25.86 million baht, a decrease of 480.80% from the same period of the previous year. The reason was due to the revenue from condominium ownership transfers decreased by 45.96% while the company has increased total expenses. However, income from housing projects has increased by 127.15% and revenue from renting prefabricated factories increased by 98.41% compared to the same period of the previous year.

New projects in the future that are expected to be transferred in the second half of 2020, total value of the project is 3,793 million baht, including the Chewa Home Rangsit-Pathum Project value of 1,093 million baht., Chewathai Residence Thonglor Project value of 1,000 million baht. And Chewathai Kaset-Nawamin Project value 1,700 million baht

Operating Performance and Financial Status for the three-month ending 31 March 2019

(Unit: million baht)

Statement of comprehensive income	For three-month period			
	Q1'2020	Q1'2019	Increase (Decrease)	%
Revenue				
Revenue from sale of real estate	319.31	332.82	(13.51)	(4.06)
Rental and service income from factory	9.24	4.66	4.58	98.41
Other income	4.64	4.44	0.20	4.50
Total Revenue	333.19	341.92	(8.73)	(2.55)
Expenses				
Cost of real estate sold	249.28	241.37	7.91	3.28
Cost of Rental and service from factory	3.25	3.22	0.03	0.84
Selling expenses	50.33	44.33	6.00	13.55
Administrative expenses	47.12	38.08	9.04	23.75
Total Expenses	349.98	327.00	22.98	7.03
Profit before share of profit (loss) from investments in joint venture and associate, finance costs and income tax	(16.79)	14.92	(31.71)	(212.53)
Share of profit (loss) from investment in joint venture	0.57	1.92	(1.35)	(70.31)
Share of loss from investments in associates	(3.24)	(0.43)	(2.81)	653.49
Profit before finance costs and income tax	(19.46)	16.41	(35.87)	(218.58)
Finance costs	(8.31)	(8.52)	0.21	(2.46)
Profit (loss) before income tax	(27.77)	7.89	(35.66)	(451.92)
Income tax expenses	1.91	(1.10)	3.01	(273.64)
Profit (loss) for the period	(25.86)	6.79	(32.65)	(480.80)
Gross profit %	23.14%	27.52%		
Gross Profit Margin from sales of real estate (%)	21.93%	27.48%		
Net profit %	(7.76%)	1.99%		

Revenue from Operating Performance

1. Revenue from sale of real estate

For the quarter 1/2020, the revenue from sale of real estate was 319.31 million baht representing 95.83 percent of the total revenue, decreased from the same period of the previous year by 13.51 million baht or decreased by 4.06 percent, divided into

- Revenue from condominiums projects in the amount of 136.32 million baht or 42.69 percent of revenue from sale of real estate which decreased from the same period of the previous year by 115.94 million baht or decrease by 45.96 percent. For the quarter 1/2020, the company has a new condo project that has been completed and started to transfer ownership, which is the Chewathai Hallmark Charan 13, which is the main

revenue of 68.01 million baht, with the remaining being recognized as revenue from past projects

- Revenue from housing projects in the amount of 182.99 million baht or 57.31 percent of revenue from sale of real estate which increased from the same period of the previous year by 102.43 million baht or increase 127.15 percent for the quarter 1/2020, the company has 2 new projects that started to recognizing revenue from housing projects, which are the Chewawan Pinklao-Sathorn which is the main revenue of 60 million baht and the Chewa Home Krungthep-Pathum, causing the company to have income from housing projects expanding more

2. Rental and service income form Factory was in the amount of 9.24 million baht, representing 2.77 percent of the total revenue. The company has 10 units factories for rent at Amata City Industrial Estate in Rayong, with full factory tenants in the quarter 4/2019. Resulting in the quarter 1/2020, the company has received full income from factory rental and service fees which increased from the same period of the previous year by 4.58 million baht or increased 98.41 percent

3. Other incomes

The company has other incomes of 4.64 million baht or 1.39 percent of total revenue, other incomes consist of management services for the related companies, interest income etc. In the quarter1/2020, the company has other incomes an increased of 0.20 million baht from the same period of the previous year or increased 4.50 percent.

Cost of Goods Sold and Gross Profit

For the quarter 1/2020, the company had cost of real estate sold in the amount of 249.28 million baht, representing 78.07 percent of the revenue from sale of real estate that increased from the same period of the previous year by 7.91 million baht or increased 3.28 percent. Resulting in gross profit margin from sales of real estate which increased from the same period of the previous year by 5.55 percent to 21.93 percent due to price competition in order to clear existing inventory

Cost of Rental and service from factory is the depreciation cost of investment properties including prefabricated factories for rent and shops units for rent. In the quarter1/2020, the company has cost of rental and service from factory of 3.25 million baht.

As a result, In the quarter1/2020, the company had the gross profit amount of 76.02 million baht that decreased the same period of the previous year by 16.86 million baht or decreased by 61.45 percent. And gross profit margin of 23.14 percent decreased from the same period of the previous year 4.38 percent.

Selling and Administrative Expenses

For the quarter1/2020, the company had the total selling and administrative expenses in the amount of 97.45 million baht, representing 29.25 percent of the total revenue, which increased from the same period of the previous year by 15.05 million baht or increased 18.26 percent. Mainly increased from marketing, advertisement, public relations and sales promotion to advertise for future projects which is not yet able to recognize revenue in this quarter. If compared the total selling and administrative expenses with the total revenue the company had an increased in the SG&A Ratio from the same period of the previous year by 24.10 percent to 29.25 percent.

Share of Profits (Loss) from Investments in Joint Ventures and associates

The profit sharing from the investment in the joint venture is the recognition of the profit sharing from the investment in Chewathai Hup Soon Company Limited (“CTHS”) in the proportion of 50 percent and Chewa Heart Company Limited (“CWH”) in the proportion of 70 percent. In this regard, the company recognized the share of profit from the investments in the joint ventures in the amount of 0.57 million baht.

The profit sharing from the investment in the associates is the recognition of the profit sharing from the investment in Kamala Senior Living Company Limited, which the company entered into a consortium contract with the proportion of shareholder at 25 percent. The company recognized the share of loss from the investment in the associates in the amount of 3.24 million baht.

Chewa Heart Company Limited is the developer of the Heart Sukhumvit 62/1 Project value 160 MB., which has started transferring ownership in the quarter 1/2020 and Heart Sukhumvit 36 Project value 270 MB. which have been under development. Kamala Senior Living Company Limited is the developer of the Otium Phuket Project value 4,408 MB. which has been also under development.

Net Profit

From the operating performance in the quarter 1/2020, the company and its subsidiaries had a Net loss of 25.86 million baht which decreased from the same period of the previous year in the amount of 32.65 million baht or decreased 480.80 percent and the net profit margin -7.76 percent

Financial position as at 31 March 2020 and 31 December 2019

(Unit: million baht)

Financial Position	31-Mar-20	31-Dec-19	Increase (Decrease)	%
Total asset	6,720.53	6,404.31	316.22	4.94
Total Liability	5,005.93	4,663.86	342.07	7.33
Shareholders'equity	1,714.59	1,740.45	(25.86)	(1.49)

Total Assets

As of 31 March 2020, the company had total assets of 6,720.53 million baht, an increase of 316.22 million baht or 4.94 percent from the previous year. Increased from project development in which the company has 12 projects under development

Total Liabilities

As of 31 March 2020, the company had the total liabilities of 5,005.93 million baht, an increased of 342.07 million baht or 7.33 percent from the previous year. Due to the company issued debentures and long-term loans from financial institutions to be used as investment funds for future project development

Shareholders' Equity

The shareholders' equity as of 31 March 2020 is 1,714.59 million baht, a decrease of 25.86 million baht or 1.49 percent from the previous year. Decrease due to the company has a cumulative loss from operations in the quarter 1/2020.

Please be informed accordingly

Sincerely Yours,

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(Mr. Boon Choon Kiat)

Managing director