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February 28, 2018

Subject: Clarification on Operating Result and Financial Position for the year ended December 31, 2017

Attention: President

The Stock Exchange of Thailand

CH. Karnchang Public Company Limited (“the Company”) and its subsidiaries would like to clarify the consolidated operating result and financial position for the year ended December 31, 2017 as follows:

Income Statement	For the year ended		Change	
	December 31, 2017		Amount	%
Unit: Million Baht	2017	2016		
Revenues from construction services and sales of construction materials	35,922.81	45,768.29	(9,845.48)	(21.51)
Other income	1,807.87	1,251.25	556.62	44.49
Total revenues	37,730.68	47,019.54	(9,288.86)	(19.76)
Cost of construction services and sales of construction materials	33,088.08	42,530.06	(9,441.98)	(22.20)
Administrative expenses	2,131.26	1,781.23	350.03	19.65
Total expenses	35,219.34	44,311.29	(9,091.95)	(20.52)
Profit before share of profit (loss) from investments in associated companies, finance cost and income tax expenses	2,511.34	2,708.25	(196.91)	(7.27)
Share of profit (loss) from investments in associated companies	822.93	577.61	245.32	42.47
Finance cost	(1,392.65)	(1,165.80)	(226.85)	19.46
Income tax expenses	(90.89)	(77.61)	(13.28)	17.11
Profit for the period	1,850.73	2,042.45	(191.72)	(9.39)
Profit attributable to equity holders of the Company	1,810.01	2,002.40	(192.39)	(9.61)
Profit attributable to non-controlling interests of the subsidiaries	40.72	40.05	0.67	1.67

Profit attributable to equity holders of the Company for 2017 was Baht 1,810.01 million, decreasing by Baht 192.39 million or 9.61% The Company and its subsidiaries had profit attributable to equity holders of the Company amounting to Baht 1,810.01 million, down by Baht 192.39 million or 9.61% from the previous year. The decrease was a result of the extra revenue from additional construction work of Xayaburi project recognized in 2016. However, in 2017, gross profit margin was at 7.89%, higher than 7.08% in 2016. This is because the additional construction work of Xayaburi project has lower gross profit margin than the main contract. In addition, in 2017 administrative expense rose by Baht 350.03 million from increased employee-related expenses, more depreciation expenses and additional allowance for doubtful accounts related to a joint venture.

In 2017, revenues from construction services and sales of construction materials dropped by Baht 9,845.48 million or 21.51% to Baht 35,922.81 million The Company and its subsidiaries had revenues from construction services and sales of construction materials of Baht 35,922.81 million, representing 95.21% of total revenues, a drop of 21.51% or Baht 9,845.48 million from the prior year as a result of the additional construction work of Xayaburi project recognized in 2016.

Cost of construction services and sales of construction materials in 2017 was Baht 33,088.08 million, a drop by Baht 9,441.98 million or 22.20% The Company and its subsidiaries had cost of construction services and sales of construction materials amounting to Baht 33,088.08 million, a reduction by Baht 9,441.98 million or 22.20% from the previous year. In 2017, gross profit was Baht 2,834.73 million, a decrease by Baht 403.50 million or 12.46% from last year, while gross profit margin was strengthened from 7.08% in 2016 to 7.89% in 2017.

Other income in 2017 amounted to Baht 1,807.87 million, a surge by Baht 556.62 million or 44.49% The Company and its subsidiaries had other income of Baht 1,807.87 million, a rise by Baht 556.62 million or 44.49% from last year. Most of the increase came from the interest income for loan to Xayaburi Power Company Limited and more management income.

Share of profit from investments in associated companies in 2017 was Baht 822.93 million, up by Baht 245.32 million or 42.47% The Company and its subsidiaries had profit sharing from investments in associated companies of Baht 822.93 million in 2017, up by Baht 245.32 million or 42.47% from 2016. The surge was due to associated companies' improved performance.

Administrative expense for 2017 amounted to Baht 2,131.26 million, a rise by Baht 350.03 million or 19.65% The Company and its subsidiaries had administrative expense of Baht 2,131.26 million, increasing by Baht 350.03 million or 19.65% from 2016 due to increased employee-related expenses, more depreciation expenses and additional allowance for doubtful accounts related to a joint venture.

Finance cost for 2017 amounted to Baht 1,392.65 million, a rise by Baht 226.85 million or 19.46% The Company and its subsidiaries had finance cost of Baht 1,392.65 million, increasing by Baht 226.85 million or 19.46% because in 2016, the Company's subsidiary deferred some finance cost expected to get compensation from its client.

Income tax expenses for 2017 amounted Baht 90.89 million, up by Baht 13.28 million or 17.11% The Company and its subsidiaries had income tax expenses of Baht 90.89 million, increasing from the prior year by Baht 13.28 million or 17.11% mainly from joint ventures and subsidiaries in Thailand.

Statement of Financial Position Unit: Million Baht	December 31, 2017	December 31, 2016	Change	
			Amount	%
Assets	79,274.46	94,928.37	(15,653.91)	(16.49)
Liabilities	55,401.38	73,074.05	(17,672.67)	(24.18)
Shareholders' equity	23,873.08	21,854.32	2,018.76	9.24

As of December 31, 2017, total asset amounted to Baht 79,274.46 million, a 16.49% decrease from the end of prior year while total liabilities amounted to Baht 55,401.38 million, a 24.18% decline from the end of 2016 As of December 31, 2017, the Company and its subsidiaries had total assets of Baht 79,274.46 million, a decrease of Baht 15,653.91 million or 16.49% from the end of prior year and total liabilities of Baht 55,401.38 million, a decrease of Baht 17,672.67 million or 24.18% from the end of prior year. The decreases in assets and liabilities mainly came from repayment of bank loan and entrance into the Agreement to Assign the Rights of Claim under the Concession Agreement for the M.R.T. Chalong Ratchadham Project, Phase 1, with the group of lenders and Bangkok Expressway and Metro plc on September 29, 2017; as a result, the group of lenders then become the creditors of Bangkok Expressway and Metro plc instead of the Company, and at the same time, the group of lenders released the Company from its obligations and duties under the Credit Facility Agreement, as well as releasing all collaterals. However, net debt to equity ratio was not significantly affected.

Shareholders' equity as of December 31, 2017 amounted to Baht 23,873.08 million, a 9.24% rise from the end of 2016 As of December 31, 2017, the Company and its subsidiaries had total shareholders' equity of Baht 23,873.08 million, an increase of Baht 2,018.76 million or 9.24% from the end of prior year as a result of the Company and its subsidiaries' financial result deducted by dividend paid out during the period and increased surplus on changes in value of available-for-sale investments.

In 2017, Cash Flow Statement showed net cash from operating activities of Baht In 2017, the Company and its subsidiaries had net cash from operating activities of Baht 2,218.77 million mainly due to the Company and its subsidiaries' financial result. Net cash used in investing activities was Baht 1,677.99 million, most of which came from

2,218.77 million, net cash used in investing activities of Baht 1,677.99 million and net cash used in financing activities of Baht 5,151.73 million additional current investment, loan to an associated company and purchase of fixed assets. Net cash used in financing activities was Baht 5,151.73 million, most of which came from repayment of bank loans. As a result, net cash decreased by Baht 4,717.08 million from the beginning balance.

Net-Debt-to-Equity ratio as of December 31, 2017 was 1.27 times Net-Debt-to-Equity ratio according to the Company's consolidated financial statement as of December 31, 2017 was 1.27 times, decreasing from 1.33 times at the end of prior year. Still, the ratio did not exceed 3.00 times, which is the covenant for bank loans and debentures.

Please be informed accordingly

Sincerely yours

(Mr. Prasert Marittanaporn) (Mr. Anukool Tuntimas)

Directors