

Our ref. KWG 4/2020

2 March 2020

The President

The Stock Exchange of Thailand

King Wai Group (Thailand) Public Company Limited
 Head Office : 30th Floor, Jewellery Centre Building, 138/108 Nares Road,
 Sipraya, Bangrak, Bangkok 10500, Thailand
 Branch Office : 47th Floor, Empire Tower, 1 South Sathorn Road, Yannawa,
 Sathorn, Bangkok 10120, Thailand
 Tel: (662) 129 5999 | Fax: (662) 129 5998

Re: Explanation of difference in operating results for the year ended 31 December 2019

Dear Sir,

The audited consolidated financial statements of King Wai Group (Thailand) Public Company Limited for the year ended 31 December 2019 recorded the loss of Baht 392.4m, which was Baht 461.4m increase from the profit of Baht 69.0m as compared to the same period of last year.

For the year ended 31 December (Unit: Million Baht)

Consolidated Financial Statement	Y2019	Y2018	Percentage changed
Profit (Loss) for the year	-392.4	69.0	-668.7%
Profit (Loss) for the year – without valuation gain on investment properties	-392.3	-502.1	21.9%
Revenue - Sale of Properties and Rental	60.0	247.0	-75.7%
Revenue - Gross Written Premium	544.1	219.1	148.3%

To be specific, our Financial Statement could be separated into two businesses segments

– Real Estate and Insurance.

Real Estate Business	Y2019	Y2018	Percentage changed
Profit (Loss) for the year	-211.6	221.0	-195.7%
Turnover (Sale of Properties and Rental)	60.0	247.0	-75.7%
Gross Profit from properties business	35.4	113.8	-68.9%

The movements for profit/loss for Real Estate Business are mainly due to the following reasons:

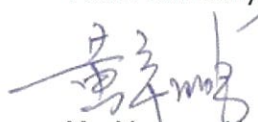
- (i) No unrealized valuation gain on investment properties for Year 2019;
- (ii) Lower gross profit from sales of properties of Baht 77.7m;
- (iii) Higher finance cost of Baht 2.1m;
- (iv) Lower gross profit from rental and services income of Baht 0.7m;
- (v) Lower administrative expenses of Baht 79.0m due to decrease in value of property development and consultancy fee;
- (vi) Lower selling expenses of Baht 16.8m as a result of decrease in special business tax and advertising expenses;
- (vii) Higher exchange gain of Baht 10.2m from the Singapore dollar currency loan;
- (viii) Lower income tax expense of Baht 114.2m.

Insurance Business	Y2019	Y2018	Percentage changed
Loss for the year	-181.1	-152.0	19.1%
Net premium earned	-71.7	-151.8	52.8%
Gross Profit from insurance business	108.0	109.1	-1.0%

The movements for profit/loss for Insurance Business which KWG acquired on May 16th, 2018 are mainly due to the following reasons:

- (i) Higher net claim paid of Baht 47.1m;
- (ii) Higher administrative expenses of Baht 33.3m due to staff expenses;
- (iii) Higher commission and brokerage expenses of Baht 26.0m;
- (iv) Higher other underwriting expenses of Baht 17.7m.
- (v) Higher net premium earned of Baht 80.1m;
- (vi) Higher fee and commission income of Baht 11.9m;
- (vii) Higher other income in investment and others of Baht 3.3m;

Yours faithfully,



Mr. Yupeng Huang
Director

