

No. L001/2022

22nd February 2022

Subject: The explanation of operating results for the year 2021

Attention: The President
The Stock Exchange of Thailand

Dear Sir,

Overview

- The impact of pandemic has continued to affect most business and industries in 2021. Amidst the uncertainties and risks of the re-emerging Covid-19 variant.
- The Group's hotels continued to drive occupancy through domestic business during the first half of the year. With the Phuket Sandbox programme, international business rebounded gradually in the third quarter of 2021. Global travel which resumed sharply in the last quarter.

Financial performance

The Company suffered a net loss of Baht 1,032 million compared to a Baht 947 million loss last year.

Total revenue for the year decreased by Baht 1,345 million compared to last year mainly due to the followings:

- The overall revenue from hotel operations which comprise hotel, golf, and retail operations decreased by Baht 519 million because the number of foreign and local customers have not yet been restored as the normal situation. Moreover, available daily revenue (ADR) and revenue per available room (REVPAR) were still lower than last year. However, currently, the Group is able to resume their operations and business activities due to relaxation of COVID-19 measures issued by Thai Government, especially the Phuket Sandbox project and "Test and Go" scheme.
- Revenue from property development operations which comprise property sales and the sale of holiday club memberships decreased by Baht 831 million. The difference is largely attributed to the lower revenue recognition of property sales projects namely Cassia and Angsana Beach Front projects. At the time of this report, there is a total of Baht 3,016 million in property sales revenue which will be recognized in the future barring any cancellations.
- Revenue from office rental operation which includes retail leasing contracts, fell by Baht 9 million, due to lower occupancy at Thai Wah Tower.
- Other income increased by Baht 13 million mainly due to gain on sales of warehouse in Singapore.

Total expenses decreased by Baht 1,163 million compared to the previous year, attributable to the following factors:

- The cost of hotel operations decreased by Baht 307 million due to the lower hotel revenue and cost-saving measures put in place after the start of COVID-19.
- The overall costs of property developments operations decreased by Baht 460 million as a result of lower property sales and timesharing operations during the year.

- The cost of office rental operations decreased by Baht 4 million mainly owing to a discount for Thai Wah Tower's CJP fee and a decrease in Thai Wah Tower's electricity expenses.
- Selling expenses decreased by Baht 88 million mainly due to the reduction of sales and marketing expenses of the hotels, Laguna Golf, Gallery, and office rental operations, along with lower revenue from property development operations.
- Administrative expenses declined by Baht 303 million mainly because the Group recognised an impairment loss on property, plant and equipment according to re-appraise the value of land and building in the year 2020 (2021: Nil). Moreover, the Group wrote-off the property under construction of suspended projects in 2020 (2021: Nil). Furthermore, the Group is continuing to implement cost-cutting initiatives implemented since the start of COVID-19.

Share of profit from investment in associates increased by Baht 29 million mainly relating to increase in profits from Thai Wah Plc.

Income tax expenses decreased Baht 94 million mainly because the Group reduced deferred tax assets during Q2'2020.

Profit attributable to the non-controlling interests of the subsidiaries increased by Baht 22 million which is primarily caused by lower loss from Laguna Service and gallery operation.

For the reasons stated above, the Group's loss is slightly higher compared to last year.

Sincerely Yours,

(Mr. Edmund Min Hai Tan)
Senior Assistant Vice President – Head of Finance & Accounting