

28 February 2017

SUBJECT : Submit the audited financial statements and clarify the 2017 fiscal year end result

ATTN : The President
Stock Exchange of Thailand

Attachment : The audited financial statements for the year ended 31 December 2017 of Asia Hotel Public Company Limited and its subsidiaries

Attached please find the audited financial statements for the year ended 31 December 2017 of Asia Hotel Public Company Limited (“ASIA”) and its subsidiaries which have been approved by the Board of Directors. ASIA would like to clarify the result of the year 2017 as follows:

Analysis and explanations by the management

Overall picture of the business operations

In the year 2017, the company and subsidiaries had total revenue of 1,320.41 million baht (in the year 2016 had total revenue of 1,281.70 million baht), an increase of 38.71 million baht, or 3.02% from last year, consist of revenue from hotel business increased 7.38% from last year and revenue from rental and service increased 1.62%

In the part of leasing space operated by Zeer Property PCL which is its subsidiary, had total revenue of 610.26 million baht in the year 2017 a decrease of 10.07 million baht or 1.62% from last year, caused by opening new apartment project “ AA-Town” 130 rooms in last quarter of year 2014 and new shopping center project “The Hub” which was opened in the mid year 2015.

In the last quarter of 2016, Zeer Property Public Company Limited established the new company holding 84% of the share with the local landlord in Chiang Mai under the name SPA Hotel Co., Ltd. The new company, SPA Hotel Co., Ltd invested 140 Million THB (Appraisal price is at 237 Million THB) in an asset located in Tumbon Changmoi, Amphoe Muang, Chiang Mai, Thailand.

In the quarter 1 of 2018, The project is under development plan, developing the retail space of 4,000 square meters and hotel space of 2,900 square meters and it will be open around mid year 2018.

Utilizing site potential, located near the famous Warorot market, the development aims to attract both Thai and international visitors who spend their vacation time in Chiang Mai, Thailand.

The company and its subsidiaries had total gross profit 396.93 million baht, increased from the previous year by 37.41 million baht or 10.41% higher, and had net profit (the net worth of the parent company) amount to 153.45 million baht, increased from last year 149.92 million baht.

Statements of Profit or Loss and other comprehensive income for year ended December 31,2017

Unit : Million Baht

	2017	2016	Change
	Amount	Amount	Amount
Revenue			
Income from hotel business	710.15	661.37	48.78
Rental and service income	610.26	620.33	(10.07)
Total Revenue	1,320.41	1,281.70	38.71
Cost of hotel business	453.29	466.34	(13.05)
Cost of rental and service	470.19	455.84	14.35
Total cost of sales and service	923.48	922.18	1.30
Gross Profit	396.93	359.52	37.41
Other Income	260.38	82.73	177.65
Profit before expenses	657.31	442.25	215.06
Selling expenses	64.52	67.85	(3.33)
Administrative expenses	232.80	218.02	14.78
Management benefit expenses	14.89	15.69	(0.80)
Director ' remuneration	3.43	3.30	0.13
Loss from fixed assets revaluation	50.75	-	50.75
Reversal of provision for doubtful debt	(1.88)	2.56	(4.44)
Profit before interest and tax	292.80	134.83	157.97
Financial cost	113.56	113.34	0.22
profit (loss) before income tax	179.24	21.49	157.75
Income tax (expense) revenue	(17.66)	(15.34)	(2.32)
Net profit (loss) for the period	161.58	6.15	155.43

The Operating Results and Profitability

In an analysis of the operation results for the year 2017 and profitability of the company and its subsidiaries classified according to the revenue structure, cost of sale and service, expense on the operations and financial cost as follows:

Revenue from the hotel business

The company and its subsidiaries had revenue from the total hotel business for 2017 in the amount of 710.15 million baht, an increase from the previous year by 48.78 million baht, up by 7.38%. The revenue

from the hotel business consisted of income from rooms and serviced apartments and income from the cost of food and beverages, which was the cause of increase or decrease of the revenue of each type as follows:

Details on Revenue from Hotel Business (Unit : Millon Baht)	Room		Food & Beverage		Total Hotel Business	
	2017	2016	2017	2016	2017	2016
Revenue						
Revenue from hotel business	439.01	400.08	271.14	261.29	710.15	661.37
Proportion of Room : F&B	61.8%	60.5%	38.2%	39.5%	100.0%	100.0%
Cost of Sale	234.74	242.87	218.55	223.47	453.29	466.34
Cost Ratio(Cost of Sale / Revenue)	53.5%	60.7%	80.6%	85.5%	63.8%	70.5%
Gross Profit	204.27	157.21	52.59	37.82	256.86	195.03
GP Margin(Gross profit / Revenue)	46.5%	39.3%	19.4%	14.5%	36.2%	29.5%

a) Income from the rooms

The company and its subsidiaries operated four hotels consisted of Asia Hotel, which situated in Ratcha Thewi district, Bangkok; Asia Pattaya Hotel at Pattaya city; Asia Airport Hotel in Rangsit, Pathum Thani province, and Asia Hotel Cha-um, at Cha-um Beach, Phetchaburi province. The company and its subsidiaries had revenue from rooms in the year 2017 totaled 439.01 million baht, increased from the previous year by 38.93 million baht, or 10.0% higher. It was resulted from all the hotels had increased occupancy rate with the average rate of the four hotels in 2017 equaled to 62.55%. While the previous year had the average rate of occupancy equaled to 56.5%. The hotel had the rate of occupancy in 2017 was highest was in Asia Hotel, Bangkok. While the hotel with the least occupancy in 2017 was in Asia Hotel Cha-um due to its last opening, so it takes some time to build up the customer base.

However, the average room rate of the four hotels in 2017 decreased from the previous year a little with the average room rate in 2017 equaled to 1,270 baht. While in the previous year had the average room rate equaled to 1,283 baht.

Other than the revenue from the guest rooms in the hotels as mentioned above Asia Airport Hotel, which is a subsidiary also had incomes from serviced apartments, a long-term rent of rooms with the same service as a hotel. This revenue is not much compared with the room income of the hotels. In 2017 it had the revenue from the serviced apartments was 5.54 million, or about 6.6% of the guest room income of Asia Airport Hotel Rangsit.

b) Income from food and beverages

The company and its subsidiaries had the income of food and beverages from restaurants and banquets in 2017 amounted to 271.14 million baht, in 2016 amounted to 261.29 million baht, increased from the previous year by 9.85 million baht or 3.77%. They had the ratio of the room to income from food and beverage in 2017 was 61.80 : 38.20 which is near the same thing in 2016, or 60.5 : 39.5

The income from food and beverages would consist of income from the restaurants in the hotel and from the banquets. In general the income from food and beverages from the restaurants would be in relation with the income from the guest rooms. That is, if there are the more hotel guests, the more income from food and beverages to follow. In the year 2017, the income from the restaurant increased, resulting from the response from customers and tour operators who brought more tourists to the restaurant.

Income from rent and services

Zeer Property and its subsidiaries have rental and services income from leasing space income. The income mention before is from 3 places including Zeer Rangsit Shopping Center, Asia Hotel Cha-um Building, and the commercial building “Glendale & Glenhurst” in California, the USA, operated by Zeer Overseas LLC, which is a subsidiary of Zeer Property, incorporated in the USA.

Details on Revenue from Rental and service Business						
(Unit : Million Baht)	Domestic		Overseas		Total	
	2017	2016	2017	2016	2017	2016
Revenue						
Revenue from rental service business	586.00	602.69	24.26	17.64	610.26	620.33
Cost of Sale	460.41	446.90	9.78	8.94	470.19	455.84
Cost Ratio(Cost of Sale / Revenue)	78.6%	74.2%	40.3%	50.7%	77.0%	73.5%
Gross Profit	125.59	155.79	14.48	8.70	140.07	164.49
GP Margin(Gross profit / Revenue)	21.4%	25.8%	59.7%	49.3%	23.0%	26.5%

The leasing business of the company had higher revenue in 2017. The company and its subsidiaries had income from rent and service amounted to 610.26 million baht, revenue in 2016 amounted to 620.33 million baht, decreased from the previous year by 10 million baht, or 1.6% lower.

Other Revenue

Other revenue consisted of rental, service and electricity, laundry, telephone, gain on exchange rate and other revenue collected from customers and miscellaneous things.

Cost of sale and service

Cost of sale and service consists of two main items according to the type of revenue from the operations are the cost of sale from hotel operations and cost from rentals and services

In 2017 the company and its subsidiaries has the cost of sale and service for 923.47 million baht, increased from the previous year by 1.3 million baht, or 0.14% higher. The company has gross profit margin in 2017 for 30% of revenue from the operations, while the previous year had the gross profit of 28%. The cost of sale and service can be classified as following:

a) Cost of room sale

In 2017 the company and its subsidiaries had the cost of room sale of 234.74 million baht, decreased from the previous year by 8.13 million baht, or 3.35% lower, with the cost ratio for room sale in 2017 and 2016 for 53.5% and 60.7%. The gross profit margin for 2017 and 2016 equaled to 46.5% and 39.3% respectively.

Cost of food sale and beverages

In 2017 the company and its subsidiaries had the cost of food and beverage sale of 218.55 million baht, or decreased by 4.92 million baht, or 2.2% from the previous year. They had the ratio of the cost of food and beverage sale for 2017 and 2016 equaled to 80.6% and 85.5% and the gross profit margin for 2017 and 2016 equaled to 19.4% and 14.5% respectively.

b) Cost of rental and service

In 2017, the company and its subsidiaries had the cost of rent and service of 470.19 million baht, in 2016 amounted to 455.84 million baht, increased by 14.35 million baht or 3.15% higher from the previous year due to depreciation cost and increased operations cost, resulting cost ratio for 2017 and 2016 equaled to 77% and 73.5% respectively. The gross profit margin for 2017 and 2016 equaled to 23% and 26.5% respectively.

Expenses on the sale, administration and others

In 2017, the company and its subsidiaries had the expense on sale and service and other expenses totaled 364.51 million baht, increased from the previous year by 57.09 million baht, or 18.57% which resulted from the loss from fixed assets revaluation. It has details on the expense of each type as follows:

- Selling Expense in 2017 amounted to 64.52 million baht, decreased from the previous year by 3.33 million baht, or 4.91% lower.
- Administrative Expense in 2017 amounted to 232.8 million baht, increased by 14.78 million baht, or 6.78% higher.
- Management benefit expense in 2017 amounted to 14.89 million baht, decreased from the previous year by 0.80 million baht, or 5.1% lower.
- Directors' Remuneration in 2017 amounted to 3.43 million baht, increased from the previous year by 0.13 million baht, or 3.94% higher.
- Loss from fixed assets revaluation amounted to 50.75 million baht.
- In 2017 The Company had the reversal of provision for doubtful debts of 1.88 million while in the previous year had the doubtful debts of 2.56 million baht due to the company has received the entire amount from the debtor.

Profit before the financial cost and the income tax

In 2017 the company and its subsidiaries had the earnings before interest and taxes (EBIT) amounted to 292.80 million baht, while in 2016 amounted to 134.83 million baht, increased from the previous year by 157.97 million baht, or 117.16% higher.

Financial cost

In 2017 the company and its subsidiaries had the financial cost amounted to 113.56 million baht, increased from the previous year by 0.22 million baht or 0.19% higher.

Net Profit and Tax Expense

In 2017 the company and its subsidiaries had the EBIT totaled 179.24 million baht, increased from the previous year of 157.75 million baht and the company incurred a tax expense in 2017 totaled 17.66 million baht, increased from the previous year by 2.32 million. The company and its subsidiaries had a net profit (net worth of the parent company) totaled 153.45 million baht, increased from the previous year by 149.92 million baht and the basic earning per share in 2017 equaled to 4.80 baht while in 2016 had the earning per share equaled to 0.11 baht.

This information is provided for notification to the SET and for disclosure to investors.

Best regards,

(Mrs. Pornpun Tanariyakul)

Deputy Managing Director