



14 November 2019

SUBJECT : Submit the reviewed financial statements and clarify the result of third quarter ended 30 September 2019

ATTN : The President
Stock Exchange of Thailand

Attachment : The reviewed financial statements for the third quarter ended 30 September 2019 of Asia Hotel Public Company Limited and its subsidiaries

Attached please find the reviewed financial statements for the third quarter period ended 30 September 2019 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 third quarter period of the year 2019 as follows:

Analysis and explanations by the management

Overall picture of the business operations

In the third quarter, the company and subsidiaries had total revenue of 338.08 million baht, an increase of 10.14 million baht, or 3.09%, the company and its subsidiaries had generated 193.95 million baht revenue from the hotel business (the room revenue of Q3/2018 = 180.40 million baht), consist of domestic hotel business had revenue of 177.03 million baht and oversea hotel business had revenue of 16.92 million baht, increased from the previous year by 13.55 million baht due to the oversea hotel business (Quality Inn Long Beach Airport) that start to operate in November 2018.

In the part of Rental Area Business operated by Zeer Property PCL which is its subsidiary, had rental and service revenue of 144.13 million baht, consist of domestic rental revenue of 137.91 million baht and oversea rental revenue of 6.22 million baht. The revenue from the Rental Area business in this quarter decreased from the previous year by 3.41 million baht or 2.3%.

In Q3/2019 the company and subsidiaries had gross profit of 78.63 million baht (For Q3/2018 had gross profit of 79.97 million baht) and net loss (Equity holders of the parent) amounted of 17.98 million baht, increased loss of 9.64 million baht from the previous year.

Statements of Profit or Loss and other comprehensive income for the three-month periods ended September 30, 2019

| Unit : Million Baht | Q3/2019 | Q3/2018 | Change |
|---|----------------|---------------|----------------|
| | | | Amount |
| Revenue | | | |
| Income from hotel business | 193.95 | 180.40 | 13.55 |
| Rental and service income | 144.13 | 147.54 | (3.41) |
| Total Revenue | 338.08 | 327.94 | 10.14 |
| Cost of hotel business | 136.88 | 119.42 | 17.46 |
| Cost of rental and service | 122.57 | 128.55 | (5.98) |
| Total cost of sales and service | 259.45 | 247.97 | 11.48 |
| Gross Profit | 78.63 | 79.97 | (1.34) |
| Other Income | 21.02 | 18.20 | 2.82 |
| Profit before expenses | 99.65 | 98.17 | 1.48 |
| Selling expenses | 18.65 | 17.50 | 1.15 |
| Administrative expenses | 65.03 | 57.80 | 7.23 |
| Management benefit expenses | 4.00 | 3.86 | 0.14 |
| Directors' remuneration | 1.02 | 0.90 | 0.12 |
| Reversal of provision for doubtful debt | 0.69 | 0.82 | (0.13) |
| Profit before interest and tax | 10.26 | 17.29 | (7.03) |
| Financial cost | 30.39 | 25.21 | 5.18 |
| profit (loss) before income tax | (20.13) | (7.92) | (12.21) |
| Income tax (expense) revenue | (2.02) | 0.79 | (2.81) |
| Net profit (loss) for the period | (18.11) | (8.71) | (9.40) |
| | | | |

In an analysis of the operation results for the third quarter of year 2019 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:

| Details on Revenue from Hotel Business | | | | | | |
|---|------------|------------|-----------------|------------|----------------------|------------|
| Unit : Millon Baht | Room | | Food & Beverage | | Total Hotel Business | |
| | Q 3 / 2019 | Q 3 / 2018 | Q 3 / 2019 | Q 3 / 2018 | Q 3 / 2019 | Q 3 / 2018 |
| Revenue | | | | | | |
| Revenue from hotel business | 124.42 | 112.90 | 69.53 | 67.50 | 193.95 | 180.40 |
| Proportion of Room : F&B | 64.2% | 62.6% | 35.8% | 37.4% | 100.0% | 100.0% |
| Cost of Sale | 79.44 | 63.90 | 57.44 | 55.52 | 136.88 | 119.42 |
| Cost Ratio(Cost of Sale / Revenue) | 63.8% | 56.6% | 82.6% | 82.3% | 70.6% | 66.2% |
| Gross Profit | 44.98 | 49.00 | 12.09 | 11.98 | 57.07 | 60.98 |
| GP Margin(Gross profit / Revenue) | 36.2% | 43.4% | 17.4% | 17.7% | 29.4% | 33.8% |

1) Income from the rooms

The company and its subsidiaries operated 7 hotels consisted of 1) Asia Hotel, which situated in Ratcha Thewi district, Bangkok, 2) Asia Pattaya Hotel at Pattaya city, 3) Asia Airport Hotel in Rangsit, Pathum Thani province, 4) Asia Hotel Cha-um, at Cha-um Beach, Phetchaburi province, 5) Ratchapruek Lanna Boutique at Nongkwai Sub-district, Hang Dong District, Chiang Mai, 6) Darley Hotel Chiang Mai at Chang Moi, Amphoe Mueang, Chiang Mai and 7) Quality Inn Long Beach Airport, located 3201 E. Pacific High Way, Signal Hill, California, U.S.A.. The company and its subsidiaries had revenue from rooms in the third quarter of year 2019 totaled 193.95 million baht, increased from the same quarter of previous year by 13.55 million baht or 7.51% higher.

Revenue from rooms in Q3/2019 totaled 124.42 million baht (Domestic room revenue was 107.50 million baht and oversea room revenue was 16.92 million baht, increased from Q3/2018 that revenue amount 112.9 million baht, by 11.52 million baht or 10.2% higher. The average rate of occupancy of the seven hotels in Q3/2019 equaled to 60.41% while the third quarter of previous year had the average rate of occupancy equaled to 61.93%.

However, the average room rate of the seven hotels in Q3/2019 equaled to 1,330.75 baht, is higher from the previous year while the first quarter of previous year had the average room rate equaled to 1,274.24 baht.

Income from food and beverages

The company and its subsidiaries had the income of food and beverages from restaurants and banquets in Q3/2019 amounted to 69.53 million baht, in Q3/2018 amounted to 67.50 million baht, this year was increased from the previous year by 2.03 million baht. In general, the income from food and beverages from the restaurants would be in relation to the income from the guest rooms. For food and beverage income in 2019, this has increased, but not related to the increased room income which is the result of the current travel behavior of tourists, often traveling with a family or being a group of friends and preferring to reserve a room

via the Internet, Online Travel Agent (OTA) system. Therefore, the business strategy of Asia Hotel Group will be this target group and it was a good response from mid-2560 to present.

This is due to the change of behavior of customers who booked only the room, excluding breakfast (ABF), thus causing room revenue and food costs, the rate of adjustment is not related.

2) Income from rent and services

Zeer Property and its subsidiaries have rental and services income from leasing space income such as 1) Zeer Rangsit Shopping Center, 2) The Hub Shopping Mall, 3) AA-Town Apartment, 4) Asia Airport Hotel, Rungsit 5) Asia Cha-um Hotel and the 3 subsidiaries that shareholding by Zeer Property consist of 1) Zeer Asset Co., Ltd. which invested and leasing in “Rachapruek Lanna Boutique” Chiang Mai, 2) Spa Hotel Co., Ltd. which operated “Laan Sook Plaza Project” and leasing in “Darley Hotel Chiang Mai” and 3) Zeer Overseas LLC, which is a subsidiary of Zeer Property, incorporated in the USA., which operated “Glendale Plaza” in California, USA. Zeer Overseas LLC has invested in “Quality Inn Long Beach Airport” in U.S.A.

| Details on Revenue from Rental and Service Business | | | | | | |
|---|------------|------------|------------|------------|------------|------------|
| Unit : Million Baht | Domestic | | Overseas | | Total | |
| | Q 3 / 2019 | Q 3 / 2018 | Q 3 / 2019 | Q 3 / 2018 | Q 3 / 2019 | Q 3 / 2018 |
| Revenue | | | | | | |
| Revenue from rental and service business | 137.91 | 141.70 | 6.22 | 5.84 | 144.13 | 147.54 |
| Cost of Sale | 121.15 | 126.52 | 1.42 | 2.03 | 122.57 | 128.55 |
| Cost Ratio (Cost of Sale / Revenue) | 87.8% | 89.3% | 22.8% | 34.8% | 85.0% | 87.1% |
| Gross Profit | 16.76 | 15.18 | 4.80 | 3.81 | 21.56 | 18.99 |
| GP Margin (Gross Profit / Revenue) | 12.2% | 10.7% | 77.2% | 65.2% | 15.0% | 12.9% |

Rental and service income in the third quarter of 2019 was 144.13 million baht (Domestic Rental Revenue 137.91 million baht and Overseas Rental Revenue 6.22 million baht), a decrease of Baht 3.41 million baht from the same quarter of last year due to in the process of changing the layout of rental area inside the Zeer Rangsit Shopping Center. There is an improvement in front of the building and the market around outside of the building that has been completed in late 2018.

3) 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. The Other revenue had increased by 2.82 million baht.

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 Q3 of 2019 the company and its subsidiaries have the cost of sale and service for 259.45 million baht, increased from the previous year by 11.48 million baht, or 4.63% higher due to the effect of the provision of staff liabilities that increase from 300 days to 400 days. The company has a gross profit margin decline in 2019 equal 23.36% of revenue from the operations, while the previous year had a gross profit of 24.39%. The cost of sale and service can be classified as follows:

a) Cost of room sale

In 3rd quarter of 2019 the company and its subsidiaries had the cost of room sale of 79.44 million baht, increased from the previous year by 15.54 million baht, or 24.3% higher, with the cost ratio for room sale in Q3 of 2019 and 2018 for 63.8% and 56.6%. The gross profit margin for Q3 of 2019 and 2018 equaled to 36.2% and 43.4% respectively.

Cost of food sale and beverages

In 3rd quarter of 2019 the company and its subsidiaries had the cost of food and beverage sale of 57.44 million baht, or increased by 1.92 million baht, or 3.5% was increased from the previous year. They had the ratio of the cost of food and beverage sale for 2019 and 2018 equaled to 82.6% and 82.3% and the gross profit margin for 2019 and 2018 equaled to 17.4% and 17.7% respectively.

b) Cost of rental and service

In 3rd quarter of 2019, the company and its subsidiaries had the cost of rent and service of 122.57 million baht (Cost of Rental and service from Domestic business equaled 121.15 million baht and Oversea business equaled 1.42 million baht), or 4.7% lower from the previous year. The gross profit margin for 2019 and 2018 equaled to 15.0% and 12.9% respectively.

Expenses on the sale, administration and others

In 3rd quarter 2019, the company and its subsidiaries had the expense on sale and service and other expenses totaled 89.39 million baht, increased from the previous year by 8.51 million baht. It has details on the increase or decrease from the previous year on the expense of each type as follows:

- Expense on sale in 2019 amounted to 18.65 million baht, increased from the previous year by 1.15 million baht, or 6.57% higher.
- Expense on administration cost in 2019 amounted to 65.03 million baht, increased by 7.23 million baht, or 12.51% higher.
- Compensation for the management in 2019 amounted to 4.0 million baht, increased from the previous year by 0.14 million baht, or 3.63% higher.

- Compensation for the directors in 2019 amounted to 1.02 million baht, increased from the previous year by 0.12 million baht, or 13.33% higher.
- In 2019 The Company had the provision for doubtful debts of 0.69 million baht while in the previous year had the provision for doubtful debts of 0.84 million baht, decreased by 0.13 million baht due to the company received payment of outstanding receivables overdue.

Profit before the financial cost and the income tax

In Q3/2019 the company and its subsidiaries had the loss before interest and taxes (EBIT) 10.26 million baht, the same quarter of the previous year had profit was 17.29 million baht.

Financial cost

In Q3/2019 the company and its subsidiaries had the financial cost amounted to 30.39 million baht, while in Q3/2018 amounted to 25.21 million baht, which was increased by 5.18 million baht.

Net Profit

In 2019 the company and its subsidiaries had a net loss (net worth of the parent company) totaled 17.98 million baht, increased loss from the previous year by 9.64 million baht and the basic loss per share in 2019 equaled to 0.06 baht while in Q3/2018 had the loss per share equaled to 0.03 baht.

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

Best regards,



(Mr Surapong Techaruvichit)

Managing Director