



24 February 2020

SUBJECT : Submit the audited financial statements and clarify the 2019 fiscal year end result

ATTN : The President
Stock Exchange of Thailand

Attachment : The audited financial statements for the year ended 31 December 2019 of Asia Hotel Public Company Limited and its subsidiaries

Attached please find the audited financial statements for the year ended 31 December 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 year 2019 as follows:

Analysis and explanations by the management

Overall picture of the business operations

In the year 2019, the company and subsidiaries had total revenue of 1,356.13 million baht (in the year 2018 had total revenue of 1,336.07 million baht), an increase of 20.06 million baht, or 1.5% from last year, consist of revenue from hotel business an increase of 30.27 million baht or 4.09% from last year and revenue from rental and service a decreased of 10.21 million baht or 1.71%. The total revenue of the hotel business group increased from the previous year due to the growth of the tourism industry in Thailand is still growing continuously. That is an increase in the hotel business overseas (Quality Inn Long Beach Signal Hill) which opened in November 2018.

In the part of leasing space operated by Zeer Property PCL which is its subsidiary, had total revenue of 585.56 million baht in the year 2019 consist of the domestic rental revenue of 556.13 million baht, a decreased of 15.19 million baht and the oversea rental revenue of 29.43 million baht, increased of 4.98 million baht from the previous year. The total revenue from the Rental Area business this year decreased from the previous year by 10.21 million baht or 1.71%.

The company has opened the apartment business "AA Town" at the end of 2014, 130 rooms and has opened a wholesale and retail shopping center as a building. The 3-storey shopping center in the middle of year 2015 “The Hub Shopping Center”.

And at the end of 2016, the company entered into a joint venture with the original business owner By establishing a new company "Spa Hotel Company Limited" conducting the hotel business "Darley Hotel Chiang Mai" located in Chang Moi Sub district, Mueang Chiang Mai District, Chiang Mai province, located near Warorot market by opening 76 rooms in October 2018 in the past year. Regarding the project, "Laan Sook Plaza" is currently under development as a shop for rent and apartments for rent.

In April 2018, the subsidiary, Zeer Asset Co., Ltd. entered into a purchase and sale of land and construction agreement with other party. The property is located at Nongkwai Sub-district, Hang Dong District, Chiang Mai (Ratchapruerk Lanna Boutique, formerly named: Prat Rajapruerk Resort & Spa). The subsidiary has paid the transferred ownership of land and building on April 30, 2018 and Ratchapruerk Lanna Boutique was opened in May 2018.

On November 1, 2018, a subsidiary, ZEER OVERSEA LLC, invested in the hotel business, accepting ownership transfer of land with buildings, Quality Inn Long Beach Airport located at 3201 E. Pacific High Way, Signal Hill, California from unrelated third parties. The said subsidiary company has purchased assets in the amount of USD 14.44 million (approximately 472.19 million baht) with 74 rooms.

The company and its subsidiaries had total gross profit 340.26 million baht, decreased from the previous year by 26.55 million baht or 7.24% lower, and had net loss (the net worth of the parent company) amount to 55.46 million baht, decreased from last year 58.52 million baht.

Statements of Profit or Loss and other comprehensive income for the Year ended December 31, 2019

Unit : Million Baht	2019	2018	Change
	Amount	Amount	Amount
Revenue			
Income from hotel business	770.57	740.30	30.27
Rental and service income	585.56	595.77	(10.21)
Total Revenue	1,356.13	1,336.07	20.06
Cost of Sale and Services			
Cost of hotel business	524.42	472.67	51.75
Cost of rental and service	491.45	496.59	(5.14)
Total cost of sales and service	1,015.87	969.26	46.61
Gross Profit	340.26	366.81	(26.55)
Other Income	83.66	85.27	(1.61)
Profit before expenses	423.92	452.08	(28.16)
Selling expenses	75.14	66.64	8.50
Administrative expenses	264.23	244.68	19.55
Loss on goodwill impairment	-	4.90	(4.90)
Management benefit expenses	16.03	15.80	0.23
Director ' remuneration	5.11	4.49	0.62
Reversal of provision for doubtful debt (Doubtful debt)	0.26	4.07	(3.81)
Profit before interest and tax	63.15	111.50	(48.35)
Financial cost	123.51	105.06	18.45
Profit (loss) before income tax	(60.36)	6.44	(66.80)
Income tax (expense) revenue	4.77	(3.77)	8.54
Net profit (loss) for the period	(55.59)	2.67	(58.26)

The Operating Results and Profitability

In an analysis of the operation results for the 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:

Revenue from the hotel business

The company and its subsidiaries had revenue from the total hotel business for 2019 in the amount of 770.57 million baht, an increase from the previous year by 30.27 million baht, up by 4.1%. The revenue from the hotel business consisted of income from rooms and serviced apartments and income from 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 Million Baht	Room		Food & Beverage		Total Hotel Business	
	2019	2018	2019	2018	2019	2018
Revenue						
Revenue from hotel business	516.86	480.35	253.71	259.95	770.57	740.30
Proportion of Room : F&B	67.1%	64.9%	32.9%	35.1%	100.0%	100.0%
Cost of Sale	301.03	254.93	223.39	217.74	524.42	472.67
Cost Ratio(Cost of Sale / Revenue)	58.2%	53.1%	88.0%	83.8%	68.1%	63.8%
Gross Profit	215.83	225.42	30.32	42.21	246.15	267.63
GP Margin(Gross profit / Revenue)	41.8%	46.9%	12.0%	16.2%	31.9%	36.2%

a) 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) Ratchapruerk 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 year 2019 totaled 516.86 million baht, increased from the previous year by 36.51 million baht, or 7.5% higher. It was resulted from all the hotels had decreased occupancy rate with the average rate of the seven hotels in 2019 equaled to 63.13%. While the previous year had the average rate of occupancy equaled to 65.21%.

However, the average room rate of the hotel group in 2019 increased from the previous year with the average room rate in 2019 equaled to 1,336 baht, while in the previous year had the average room rate equaled to 1,289 baht.

In addition to the hotel room revenue as mentioned above, Asia Airport Hotel Co., Ltd., a subsidiary, still has revenue from serviced apartments, which is a long-term rental of rooms with similar services. Like the hotel, this portion of revenue is not much compared to hotel room revenue. In 2019, revenue from serviced apartments was 5.58 million baht, representing approximately 6.55% of room revenue of Asia Airport Hotel at Rangsit.

b) Income from food and beverages

The company and its subsidiaries had the income of food and beverages from restaurants and banquets in 2019 amounted to 253.71 million baht, in 2018 amounted to 259.95 million baht, decreased from the previous year by 6.24 million baht or 2.4%. They had the ratio of the room to income from food and

beverage in 2019 was 67.1:32.9 while the ratio of the room to income from food and beverage in 2018 was 64.9:35.1

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 2019, the income from the restaurant decreased, resulting from the response from customers are changing their behavior through online booking and they booked room only. As a result, the increase in room revenue and food and beverage income is not as significant as in the past.

Income from rent and services

Zeer Property and its subsidiaries have rental and services income from leasing space income such as Zeer Rangsit Shopping Center, The Hub Shopping Mall, AA-Town Apartment, Asia Airport Hotel, Rungsit and Asia Cha-um Hotel. 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 in 2018, 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. In 2018, 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	
	2019	2018	2019	2018	2019	2018
Revenue						
Revenue from rental and service business	556.13	571.32	29.43	24.45	585.56	595.77
Cost of Sale	483.81	484.99	7.64	11.60	491.45	496.59
Cost Ratio(Cost of Sale / Revenue)	87.0%	84.9%	26.0%	47.4%	83.9%	83.4%
Gross Profit	72.32	86.33	21.79	12.85	94.11	99.18
GP Margin (Gross Profit / Revenue)	13.0%	15.1%	74.0%	52.6%	16.1%	16.6%

The leasing business of the company has revenue decline in 2019. The company and its subsidiaries had income from rent and service amounted to 585.56 million baht, revenue in 2018 amounted to 595.77 million baht, decreased from the previous year by 10.21 million baht, or 1.7% lower which due to Zeer Rangsit Shopping Center had adjusted rental space and improved the front of building.

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 2019 the company and its subsidiaries has the cost of sale and service for 1,015.87 million baht, increased from the previous year by 46.61 million baht, or 4.8% higher, The company has gross profit margin decline in 2019 for 25.1% of revenue from the operations, while the previous year had the gross profit of 27.5%. The cost of sale and service can be classified as following:

a) Cost of room sale

In 2019 the company and its subsidiaries had the cost of room sale of 301.03 million baht, increased from the previous year by 46.10 million baht, or 18.1% higher, with the cost ratio for room sale in 2019 and 2018 for 58.2% and 53.1%. The gross profit margin for 2019 and 2018 equaled to 41.8% and 46.9% respectively.

Cost of food sale and beverages

In 2019 the company and its subsidiaries had the cost of food and beverage sale of 223.39 million baht, or increased by 5.65 million baht, or 2.6% from the previous year. They had the ratio of the cost of food and beverage sale for 2019 and 2018 equaled to 88% and 83.8% and the gross profit margin for 2019 and 2018 equaled to 12% and 16.2% respectively.

The cost of hotel operations has increased due to the impact of the employee benefits liability increase from 300 days to 400 days and from the depreciation of "Darley Hotel" "Rachapruek Lanna Boutique Hotel" and "Quality Inn Long Beach Airport" with depreciation for the year 2019, full year

b) Cost of rental and service

In 2019, the company and its subsidiaries had the cost of rent and service of 491.45 million baht, in 2018 amounted to 496.59 million baht, decreased by 5.14 million baht or 1% lower from the previous year resulting cost ratio for 2019 and 2018 equaled to 83.9% and 83.4% respectively. The gross profit margin for 2019 and 2018 equaled to 16.1% and 16.6% respectively.

Expenses on the sale, administration and others

In 2019, the company and its subsidiaries had the expense on sale and service and other expenses totaled 360.77 million baht, increased from the previous year by 20.19 million baht, or 5.93%. It has details on the expense of each type as follows:

- Selling Expense in 2019 amounted to 75.14 million baht, increased from the previous year by 8.5 million baht, or 12.7% higher.
- Administrative Expense in 2019 amounted to 264.23 million baht, increased by 19.55 million baht, or 7.9% higher. The effect of the employee benefit obligation increased from 300 days to 400 days.
- Loss on goodwill impairment decreased by 4.9 million baht due to the allowance for goodwill impairment at Rachapruek Lanna Boutique Hotel.

- Management benefit expense in 2019 amounted to 16.03 million baht, increased from the previous year by 0.23 million baht, or 1.4% higher.
- Directors' Remuneration in 2019 amounted to 5.11 million baht, increased from the previous year by 0.62 million baht, or 13.8% higher.
- Doubtful debts in 2019 amounted to 0.26 million baht, decreased from the previous year by 3.81 million baht.

Profit before the financial cost and the income tax

In 2019 the company and its subsidiaries had the earnings before interest and taxes (EBIT) amounted to 63.15 million baht, while in 2018 amounted to 111.50 million baht, decreased from the previous year by 48.35 million baht.

Financial cost

In 2019 the company and its subsidiaries had the financial cost amounted to 123.51 million baht, increased from the previous year by 18.45 million baht due to the company group borrowing loan for improvement.

Net Profit and Tax Expense

In 2019 the company and its subsidiaries had a loss before income tax totaled 60.36 million baht, increased loss from the previous year of 66.8 million baht and the company and its subsidiaries has income tax revenue totaled 4.77 million baht, while in 2018 has tax expense totaled 3.77 million baht. The company and its subsidiaries had a net loss (net worth of the parent company) totaled 55.46 million baht while in 2018 has net profit totaled 3.06 million baht and the basic loss per share in 2019 equaled to 0.17 baht while in 2018 had the earning per share equaled to 0.01 baht.

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

Best regards,

(Mr. Surapong Techaruvichit)
Managing Director