

27 February 2017

SUBJECT : Submit the audited financial statements and clarify the 2016 fiscal year end result

ATTN : The President
Stock Exchange of Thailand

Attachment : The audited financial statements for the year ended 31 December 2016 of Asia Hotel Public Company Limited and its subsidiaries

Attached please find the audited financial statements for the year ended 31 December 2016 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 2016 as follows:

Analysis and explanations by the management

Overall picture of the business operations

In the year 2016, the company and subsidiaries had total revenue of 1,281.70 million baht (in the year 2015 had total revenue of 1,364.72 million baht), a decrease of 83.02 million baht, or 6.08% from last year, consist of revenue from hotel business decreased 12.17% from last year and revenue from rental and service increased 1.41%

In the part of leasing space operated by Zeer Property PCL which is its subsidiary, had total revenue of 620.33 million baht in the year 2016, an increase of 8.64 million baht or 1.41% 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.

The project is under development plan, developing the retail space of 4,000 square meters and hotel space of 2,900 square meters.

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 359.52 million baht, decrease from the previous year by 85.46 million baht or 19.21% lower, and had net profit (the net worth of the parent company) amount to 3.5 million baht, decreased from last year 287.16 million baht, lower 98.79%.

Statements of Profit or Loss and other comprehensive income for the Year Ended December 31, 2016

Unit : Millon Baht	Year 2016	Year 2015	Change
			Amount
Revenue			
Income from hotel business	661.37	753.03	(91.66)
Rental and service income	620.33	611.69	8.64
Total Revenue	1,281.70	1,364.72	(83.02)
Cost of hotel business	466.34	491.61	(25.27)
Cost of rental and service	455.84	428.13	27.71
Total cost of sales and service	922.18	919.74	2.44
Gross Profit	359.52	444.98	(85.46)
Other Income	82.74	88.69	(5.95)
Profit before expenses	442.26	533.67	(91.41)
Selling expenses	67.85	84.80	(16.95)
Administrative expenses	218.02	199.58	18.44
Management benefit expenses	15.70	14.52	1.18
Director ' remuneration	3.30	3.25	0.05
Reversal of provision for doubtful debt	2.56	(209.36)	211.92
Profit befor interest and tax	134.83	440.88	(306.05)
Financial cost	113.33	113.26	0.07
profit (loss) before income tax	21.50	327.62	(306.12)
Income tax (expense) revenue	15.34	32.35	(17.01)
Net profit (loss) for the period	6.16	295.27	(289.11)

In an analysis of the operation results for the year 2016 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 2016 in the amount of 661.37 million baht, a decrease from the previous year by 91.66 million baht, down by 12.17%. 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 Million Baht	Room		Food & Beverage		Total Hotel Business	
	year 2016	Year 2015	year 2016	Year 2015	year 2016	Year 2015
Revenue						
Revenue from hotel business	400.08	433.07	261.29	319.96	661.37	753.03
Proportion of Room : F&B	60.5%	57.5%	39.5%	42.5%	100.0%	100.0%
Cost of Sale	242.87	260.29	223.47	231.32	466.34	491.61
Cost Ratio(Cost of Sale / Revenue)	60.7%	60.1%	85.5%	72.3%	70.5%	65.3%
Gross Profit	157.21	172.78	37.82	88.64	195.03	261.42
GP Margin(Gross profit / Revenue)	39.3%	39.9%	14.5%	27.7%	29.5%	34.7%

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 2016 totaled 400.08 million baht, decreased from the previous year by 32.99 million baht, or 7.62% lower. It was resulted from all the hotels had decreased occupancy rate with the average rate of the four hotels in 2016 equaled to 55.57%. While the previous year had the average rate of occupancy equaled to 66.22%. The hotel had the rate of occupancy in 2016 was highest was in Asia Hotel, Bangkok. While the hotel with the least occupancy in 2016 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 2016 increased from the previous year a little with the average room rate in 2016 equaled to 1,201.46 baht. While in the previous year had the average room rate equaled to 1,171.43 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 2016 it had the revenue from the serviced apartments was 5.11 million, or about 6.04% 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 2016 amounted to 261.29 million baht, in 2015 amounted to 319.96 million baht, decreased 58.67 million baht from the previous year or 18.34%. They had the ratio of the room to income from food and beverage in 2016 was 60.5 : 39.5 which is near the same thing in 2015, or 57.5 : 42.5

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 2016 the income from restaurants decreased from last year due to room revenue decreasing.

In the 3rd quarter of 2016, the consequences from “Zero-Dollar Tour” from Chinese tourists and the passing away of H.M. King Bhumibol Adulyadej significantly stroke the hotel business throughout the country. The government announced an official one-year mourning period, including an initial 30-days of civic acknowledgement. The hotel business of Asia Hotel Group was inevitably affected from the unexpected situations.

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 Millon Baht	Domestic		Overseas		Total	
	year 2016	Year 2015	year 2016	Year 2015	year 2016	Year 2015
Revenue						
Revenue from rental and service business	602.69	592.32	17.64	19.37	620.33	611.69
Cost of Sale	446.89	419.36	8.95	8.77	455.84	428.13
Cost Ratio(Cost of Sale / Revenue)	74.1%	70.8%	50.7%	45.3%	73.5%	70.0%
Gross Profit	155.80	172.96	8.69	10.60	164.49	183.56
GP Margin(Gross profit / Revenue)	25.9%	29.2%	49.3%	54.7%	26.5%	30.0%

The leasing business of the company had higher revenue in 2016. The company and its subsidiaries had income from rent and service amounted to 620.33 million baht, revenue in 2015 amounted to 611.69 million baht, increased above the previous year by 8.64 million baht, or 1.41% higher.

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 2016 the company and its subsidiaries has the cost of sale and service for 922.18 million baht, increased from the previous year by 2.44 million baht, or 0.27% higher. The company has gross profit margin in 2016 for 28.1% of revenue from the operations, while the previous year had the gross profit of 32.6%. The cost of sale and service can be classified as following:

a) Cost of room sale

In 2016 the company and its subsidiaries had the cost of room sale of 242.87 million baht, decreased from the previous year by 17.42 million baht, or 6.69% lower, with the cost ratio for room sale in 2016 and 2015 for 60.7% and 60.01%. The gross profit margin for 2016 and 2015 equaled to 39.3% and 39.9% respectively.

Cost of food sale and beverages

In 2016 the company and its subsidiaries had the cost of food and beverage sale of 223.47 million baht, or decreased by 7.85 million baht, or 3.39% from the previous year. They had the ratio of the cost of food and beverage sale for 2016 and 2015 equaled to 85.5% and 72.3% and the gross profit margin for 2016 and 2015 equaled to 14.5% and 27.7% respectively.

b) Cost of rental and service

In 2016, the company and its subsidiaries had the cost of rent and service of 455.84 million baht, in 2015 amounted to 428.13 million baht, increased by 27.71 million baht or 6.47% higher from the previous year due to depreciation cost and increased operations cost, resulting cost

ratio for 2016 and 2015 equaled to 73.5% and 70% respectively. The gross profit margin for 2016 and 2015 equaled to 26.5% and 30% respectively.

Expenses on the sale, administration and others

In 2016, the company and its subsidiaries had the expense on sale and service and other expenses totaled 307.43 million baht, increased from the previous year by 214.64 million baht, or 231.32% which resulted from the revenue from the operations increased and the business expansion of the space rent. It has details on the increase or decrease from the previous year on the expense of each type as follows:

- Expense on sale in 2016 amounted to 67.85 million baht, decreased from the previous year by 16.95 million baht, or 19.99% lower.
- Expense on administration cost in 2016 amounted to 218.02 million baht, increased by 18.44 million baht, or 9.24% higher.
- Compensation for the management in 2016 amounted to 15.7 million baht, increased from the previous year by 1.18 million baht, or 8.13% higher.
- Compensation for the directors in 2016 amounted to 3.3 million baht, increased from the previous year by 0.05 million baht, or 1.54% higher.
- In 2016 The Company had the doubtful debts of 2.56 million baht while in the previous year had the reversal of provision for doubtful debts of 209.36 million baht due to the company has received the entire amount from the debtor.

Profit before the financial cost and the income tax

In 2016 the company and its subsidiaries had the earnings before interest and taxes (EBIT) 134.83 million baht, while in 2015 amounted to 440.88 million baht, decreased from the previous year by 306.05 million baht, or 69.42% lower due to the reversal of provision for doubtful debts.

Financial cost

In 2016 the company and its subsidiaries had the financial cost amounted to 113.26 million baht, increased from the previous year by 0.07 million baht or 0.06% higher. The result is from a subsidiary company making loan agreement from the financial institute to investing in new Project, “The Hub” Shopping Center and repayment in 2016.

Net Profit and Tax Expense

In 2016 the company and its subsidiaries had the EBIT totaled 21.5 million baht, or decreased from the previous year of 306.12 million baht, or 93.44% lower, and the company incurred a tax expense in 2016 totaled 15.34 million baht, decreased from the previous year by

17.01 million, or 52.58% lower. The company and its subsidiaries had a net profit (net worth of the parent company) totaled 3.5 million baht, decreased from the previous year by 287.15 million baht or 98.79% lower and the basic earning per share in 2016 equaled to 0.11 baht while in 2015 had the earning per share equaled to 9.08 baht.

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

Best regards,

(Mrs. Pornpun Tanariyakul)
Deputy Managing Director