



23 February 2021

SUBJECT : Submit the audited financial statements and clarify the 2020 fiscal year end result

ATTN : The President
Stock Exchange of Thailand

Attachment : The audited financial statements for the year ended 31 December 2020 of Asia Hotel Public Company Limited and its subsidiaries

Attached please find the audited financial statements for the year ended 31 December 2020 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 2020 as follows:

Analysis and explanations by the management

Overall picture of the business operations

Overview of business operations in the year 2020, the Thai economy, including the global economy, were affected by the Coronavirus 2019 (COVID 19) epidemic that occurred since the first quarter of 2020, resulting in a severe economic slowdown and many countries continue to have a growing number of infected and the restrict international travel, resulting in a slowdown in tourism impact, government spending Consumption and the consumption also contracted. Both household purchasing power weakened in both income Employment and confidence.

According to the Government order that the department store closed temporarily from March 22, 2020, in order to control the spread of the Coronavirus 2019 (COVID 19), Zeer Property Plc Co. Ltd., the subsidiary company, fully cooperates with the government, and resumed the shopping center on May 17, 2020, with the increasing number of users continuously.

In the hotel business, the company has resumed its hotel service from July 1, 2020, after the temporary closure on April 1, 2020.

Hotel Business In Thailand (The Asia Pattaya Hotel, Cholburi)

Thailand still restricts the travel of foreign tourists, causing the tourism business to be severely affected. Asia Pattaya Hotel serves as an State Quarantine.

Hotel Business in U.S.A. (Quality Inn Long Beach Signal Hill)

In March 2020, in an effort to contain the impact of COVID-19 in U.S.A., the governments decided to control the Coronavirus 2019 (COVID 19) epidemic. This event will significantly affect the hotel business and since mid-April 2020, the hotel has been contacted by the government of the County of Los Angeles to request to rent rooms of the hotel in order to be a place to stay for the elderly that the government provides.

In the second half of the year, the Thai government has taken measures to ease the lockdown, causing the economy to recover, including the government released economic stimulus measures such as a trip together project, to help with shopping, stimulate domestic travel, allowed to sit and dine in the restaurant.

At the beginning of 2021, the economy slowed again due to a new outbreak and the government took some lockdown measures, affecting domestic tourism and worries from the situation.

In the year 2020, the company and subsidiaries had total revenue of 810.54 million baht (in the year 2019 had total revenue of 1,356.12 million baht), a decrease of 545.58 million baht, or 40.23% from last year, consist of revenue from hotel business a decrease of 405.85 million baht or 52.67% from last year and revenue from rental and service a decreased of 139.73 million baht or 23.86%. The total revenue of the hotel business group decreased from the previous year due to the Coronavirus 2019 (COVID 19) epidemic.

In the part of Rental Area business operated by Zeer Property PCL which is its subsidiary, had total revenue of 445.82 million baht in the year 2020 consist of the domestic rental revenue of 419.58 million baht, a decreased of 136.55 million baht and the oversea rental revenue of 26.24 million baht, decreased of 3.18 million baht from the previous year. The total revenue from the Rental Area business this year decreased from the previous year by 139.73 million baht or 23.9%.

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 108.36 million baht, decreased from the previous year by 215.5 million baht or 66.54% lower, and had net loss (the net worth of the parent company) amount to 120.7 million baht, increased from last year 65.24 million baht.

Statements of Profit or Loss and other comprehensive income for the Year ended December 31, 2020			
Unit : Million Baht	2020	2019	Change
			Amount
Revenue			
Income from hotel business	364.72	770.57	(405.85)
Rental and service income	445.82	585.55	(139.73)
Total Revenue	810.54	1,356.12	(545.58)
Cost of hotel business	308.32	540.82	(232.50)
Cost of rental and service	393.86	491.44	(97.58)
Total cost of sales and service	702.18	1,032.26	(330.08)
Gross Profit	108.36	323.86	(215.50)
Other Income	82.59	83.66	(1.07)
Profit before expenses	190.95	407.52	(216.57)
Distribution costs	36.90	78.32	(41.42)
Administrative expenses	132.48	244.64	(112.16)
Management benefit expenses	5.80	16.03	(10.23)
Director ' remuneration	0.69	5.11	(4.42)
Profit (loss) from operating activities	15.08	63.42	(48.34)
Financial cost	124.32	123.51	0.81
Impairment loss determined in accordance with TFRS9	13.45	0.27	13.18
Profit (loss) before income tax	(122.69)	(60.36)	(62.33)
Income tax (expense) revenue	0.39	4.77	(4.38)
Net profit (loss) for the period	(122.30)	(55.59)	(66.71)

The Operating Results and Profitability

In an analysis of the operation results for the year 2020 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 2020 in the amount of 364.72 million baht, a decrease from the previous year by 405.85 million baht, down by 52.67%. 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	
	2020	2019	2020	2019	2020	2019
Revenue						
Revenue from hotel business	240.03	516.86	124.69	253.71	364.72	770.57
Proportion of Room : F&B	65.8%	67.1%	34.2%	32.9%	100.0%	100.0%
Cost of Sale	193.24	317.43	115.08	223.39	308.32	540.82
Cost Ratio (Cost of Sale/Revenue)	80.5%	61.4%	92.3%	88.0%	84.5%	70.2%
Gross Profit	46.79	199.43	9.61	30.32	56.40	229.75
GP Margin (Gross profit /Revenue)	19.5%	38.6%	7.7%	12.0%	15.5%	29.8%

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) 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 year 2020 totaled 240.03 million baht, decreased from the previous year by 276.83 million baht, or 53.6% lower. It was resulted from the Coronavirus 2019 (COVID 19) epidemic.

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 2020, revenue from serviced apartments was 3.97 million baht, representing approximately 11.53% 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 2020 amounted to 124.69 million baht, in 2019 amounted to 253.71 million baht, decreased from the previous year by 129.02 million baht or 50.9%. They had the ratio of the room to income from food and beverage in 2020 was 65.8 : 34.2 while the ratio of the room to income from food and beverage in 2019 was 67.1 : 32.9

Food and beverage revenues consist of hotel restaurant income and banquet income. The relationship between room income and restaurant income is not correlated because the customer group has modified their online booking behavior. Most customers will book the room only.

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	
	2020	2019	2020	2019	2020	2019
Revenue						
Revenue from rental and service business	419.58	556.13	26.24	29.42	445.82	585.55
Cost of Sale	384.07	483.81	9.79	7.63	393.86	491.44
Cost Ratio (Cost of Sale / Revenue)	91.5%	87.0%	37.3%	25.9%	88.3%	83.9%
Gross Profit	35.51	72.32	16.45	21.79	51.96	94.11
GP Margin (Gross profit / Revenue)	8.5%	13.0%	62.7%	74.1%	11.7%	16.1%

The leasing business of the company has revenue decline in 2020. The company and its subsidiaries had income from rent and service amounted to 445.82 million baht, revenue in 2019 amounted to 585.55 million baht, decreased from the previous year by 139.73 million baht, or 23.9% 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 2020 the company and its subsidiaries has the cost of sale and service for 393.86 million baht, decreased from the previous year by 97.58 million baht, or 19.9% lower, The company has gross profit margin decline in 2020 for 11.71% of revenue from the operations, while the previous year had the gross profit of 16.1%. The cost of sale and service can be classified as following:

a) Cost of room sale

In 2020 the company and its subsidiaries had the cost of room sale of 193.24 million baht, decreased from the previous year by 124.19 million baht, or 39.1% lower, with the cost ratio for room sale in 2020 and 2019 for 80.5% and 61.4%. The gross profit margin for 2020 and 2019 equaled to 19.5% and 38.6% respectively.

Cost of food sale and beverages

In 2020 the company and its subsidiaries had the cost of food and beverage sale of 115.08 million baht, or decreased by 108.31 million baht, or 48.5% from the previous year. They had the ratio of the cost of food and beverage sale for 2020 and 2019 equaled to 92.3% and 88% and the gross profit margin for 2020 and 2019 equaled to 7.7% and 12% respectively.

b) Cost of rental and service

In 2020, the company and its subsidiaries had the cost of rent and service of 393.86 million baht, in 2019 amounted to 491.44 million baht, decreased by 97.58 million baht or 19.86% lower from the previous year resulting cost ratio for 2020 and 2019 equaled to 88.3% and 83.9% respectively. The gross profit margin for 2020 and 2019 equaled to 11.7% and 16.1% respectively.

Expenses on the sale, administration and others

In 2020, the company and its subsidiaries had the expense on sale and service and other expenses totaled 175.87 million baht, decreased from the previous year by 168.23 million baht. It has details on the expense of each type as follows:

- Selling Expense in 2020 amounted to 36.9 million baht, decreased from the previous year by 41.42 million baht, or 52.89% lower.
- Administrative Expense in 2020 amounted to 132.48 million baht, decreased by 112.16 million baht, or 45.85% lower.
- Management benefit expense in 2020 amounted to 5.8 million baht, decreased from the previous year by 10.23 million baht, or 63.82% lower.
- Directors' Remuneration in 2020 amounted to 0.69 million baht, decreased from the previous year by 4.42 million baht, or 86.5% lower.

Profit before the financial cost and the income tax

In 2020 the company and its subsidiaries had the earnings before interest and taxes (EBIT) amounted to 15.08 million baht, while in 2019 amounted to 63.42 million baht, decreased from the previous year by 48.34 million baht.

Financial cost

In 2020 the company and its subsidiaries had the financial cost amounted to 124.32 million baht, increased from the previous year by 0.81 million baht.

Net Profit and Tax Expense

In 2020 the company and its subsidiaries had a loss before income tax totaled 122.69 million baht, increased loss from the previous year of 62.33 million baht and the company and its subsidiaries has income tax revenue totaled 0.39 million baht, while in 2019 has tax expense totaled 4.77 million baht. The company and its subsidiaries had a net loss (net worth of the parent company) totaled 120.70 million baht while in 2019 has net profit totaled 55.46 million baht and the basic loss per share in 2020 equaled to 0.38 baht while in 2019 had the earning per share equaled to 0.17 baht.

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

Best regards,

(Mr. Surapong Techaruvichit)
Managing Director