

GRANDE ASSET

HOTELS & PROPERTY

25 February 2020

Subject: Clarification of the change in the operating performance of the year 2019 from the previous year by more than 20%

Attention: President
Stock Exchange of Thailand

Grande Asset Hotels and Property Public Company Limited and its subsidiaries (“the Group”) would like to clarify the result of operating performance of 2019 that caused the decrement of operating profit from the previous year by more than 20% as follows:

1. The revenues from hotel operations of the Group increased from the previous year by Baht 783 million, due to the increase by Baht 428 million of the revenues from Hyatt Regency Bangkok Sukhumvit Hotel which has opened since the fourth quarter of 2018. In addition, that the Company acquired Royal Orchid Hotel (Thailand) Public Company Limited since April 2018 in which added the revenue by Baht 383 million.

Cost of hotel operations also increased from the previous year by Baht 374 million in accordance with the increase in revenues from hotel operations. However, the average gross profit margin increased according to the profit margin of the additional hotels.

2. The revenues from sales of real estate of the Company at the amount of Baht 413 million, in which declined from the previous year by Baht 1,173 million mainly as a consequence of the decrease in unit transfer of Hyde Sukhumvit 11 Condominium.

Cost of sales of real estate business also decreased in accordance with the decrease in revenues from sales of real estate.

3. The revenues and cost of rental income of the Company increased from the previous year in accordance with the additional in rental area, named “the Allez” which located next to Hyatt Regency Bangkok Sukhumvit Hotel.
4. The Company had recognized gain on bargain purchase of Baht 235 million in previous year after business acquisition of Royal Orchid Hotel (Thailand) Public Company Limited since April 2018.
5. The selling expenses of the Group increased from the previous year by Baht 30 million mainly from the increment of selling expenses of hotel business, especially the selling expenses of the additional hotels. However, the ownership transfer expenses such as special business tax and transfer fee etc., decreased in accordance with the decrease in revenues from sales of real estate.
6. The administrative expenses of the Group increased from the previous year by Baht 131 million mainly from the increase in administrative expenses of the additional hotels.

7. Finance costs of the Group increased from the previous year by Baht 230 million in accordance with the increase in borrowings. In addition, interest rate of loans was also higher. Moreover, due to the completion of the project construction of Hyatt Regency Bangkok Sukhumvit Hotel that opened in the fourth quarter of 2018, the interest paid in the period of 2019 were recorded as finance cost in statement of comprehensive income, whereas the most interest paid in the period 2018 were recorded as the cost of project.
8. The tax income of the Group increased from the previous year by Baht 51 million due to the additional recognition of deferred income tax assets for tax loss during the year.

Please be kindly informed accordingly.

Yours Sincerely,



Mr. Sathit Kiatkrajai
Executive Vice President - Accounting & Control