

22 February 2022

Subject: Clarification of the change in the operating performance of the year 2021 from the previous year by more than 20%

Attention: President  
Stock Exchange of Thailand

Grande Asset Hotels and Property Public Company Limited (“the Company”) and its subsidiaries (collectively as “the Group”) would like to clarify the result of operating performance of 2021 that caused the increment of operating performance from the previous year by more than 20% as follows:

1. The Group’s revenue from hotel operations in the year 2021 was Baht 437 million, which decreased from the previous year by Baht 356 million, as a consequence of the decreased revenues from accommodation and food and beverages due to the ongoing preventive measures against the pandemic Coronavirus Disease 2019 (“COVID-19”). Moreover, a subsidiary’s hotel temporarily closed for pipe system renovation during June till October 2021.

The decrease in costs of hotel operations were lower than the decrease in revenues from hotel operations as the certain costs of hotels have been fixed such as salary, depreciation and rental expenses.

In addition, the revenues from hotel operations were less than fixed costs; as a result, the hotel operations were presented in gross loss.

2. The revenues from sales of real estate of the Company in the amount of Baht 60 million, decreased from the previous year by Baht 110 million due mainly to corresponding decrease in transferred amount from sale of real estate units.

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

3. The revenues from rental income of the Company of Baht 17 million, decreasing from the previous year by Baht 19 million following the decrease in rental area and rental rate due to the impact of the precautionary measures against the pandemic COVID-19.
4. The selling expenses of the Group decreased from the previous year by Baht 77 million mainly due to decrease in expenses of ownership transfer, commission and promotion following the decrease in revenues from sales of real estate units. In addition, the Group has continuously controlled selling expenses both in hotel business and real estate business such as employee expense and the related selling expense.

5. The Group recognised expected credit losses on financial asset during the year 2020 at the amount of Baht 64 million for long outstanding trade receivable.
6. The pandemic COVID-19 has impacted the hotels operating result of subsidiaries thereby causing the projected hotels' performance being significantly dropped. As a result, the Company recognised impairment loss on investments in subsidiaries of Baht 159 million in the 2020 separate financial statements. Consequence year 2021, the Company reversed allowance of losses on impairment of these investment amounting to Baht 34 million due to the projected hotels' performance better than last year.
7. Due to the pandemic COVID-19, the hotel's performance has been continuously and significantly declining. Management therefore considered impairment of property, plant and equipment by calculating the recoverable amount of each hotel. As the above result, the Group recognised impairment losses Baht 560 million of such hotel during the current year.
8. Finance costs of the Group increased from the previous year by Baht 141 million mainly from a subsidiary entering into the sales and lease back agreements with buy - back obligations from GROREIT during this year.
9. Share of loss from investments in joint ventures increased from the previous year by Baht 17 million due to the rubber glove business in which the Company has invested since the fourth quarter of 2020. Currently, the plant construction is almost finished and under machinery testing.
10. The income tax of the Group in the year 2021 was Baht 375 million, from the recognition of deferred tax income by Baht 1,023 million mainly from gain on sales and buy-back of GROREIT, tax losses and allowance for impairment of assets during the year. Meanwhile, the Group recognised current tax expenses on profits for the year to Baht 648 million.
11. Other comprehensive expense of the Group increased from the previous year by Baht 2,962 million derived from the gains from land revaluation (net of tax) of Baht 2,945 million following adoption of change in accounting policy for measurement of the lands which classified as property, plant and equipment from the cost method to the revaluation method during the year, and the increase in fair value of equity investments (net of tax) by Baht 29 million.

Please be kindly informed accordingly.

Yours Sincerely,



Mr. Sathit Kiatkrajai  
Executive Vice President - Accounting & Control