**ASIA HOTEL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024**

**(UNAUDITED BUT REVIEWED)**

1. **GENERAL INFORMATION**
   1. The Company and its seven subsidiaries,

* The Company and two of its subsidiaries, Asia Pattaya Hotel Co., Ltd. and Asia Airport Hotel Co., Ltd. are involved in the hotel business, with their principal activities consisting of room service and operating restaurants. Hotels operated by Asia Airport Hotel Co., Ltd. include:

Asia Cha Am Hotel

Ratchapruek Lanna Boutique

Darley Hotel

* A Subsidiary, Zeer Property Plc., is involved in rental shopping complex business.
* A Subsidiary, ZEER OVERSEA LLC, is involved in rental of shopping complex business.
* A subsidiary, ZEER LONG BEACH LLC, is involved in the hotel business consisting of room service (Quality Inn Long Beach Signal Hill).
* A subsidiary, Zeer Asset Co., Ltd., is involved in the rental of hotel business.
* A Subsidiary, Spa Hotel Co., Ltd., is involved in rental of shopping complex business and the rental of hotel business.
  1. The Company was incorporated on March 24, 1964, and has been listed on the Stock Exchange of Thailand since 1989. Its office is located at 296 Phayathai Road, Rajathevee, Bangkok.
  2. A.B.K. Enterprise Co., Ltd., the Company’s major shareholder, held about 46% of the Company’s share capital.

1. **BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS**

The interim financial statements have been prepared in accordance with Thai Accounting Standard No. 34, Interim Financial Reporting.

The interim financial statements consist of primary financial information (i.e. statement of financial position, statement of comprehensive income, statement of changes in shareholders’ equity, and statement of cash flows).  
The Company has chosen to present the interim financial statements in a format consistent with the annual financial statements, in compliance with Thai Accounting Standard No. 1, Presentation of Financial Statements. The notes to the interim financial statements are prepared in a condensed format. Additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act.

The interim financial statements have been prepared in the Thai language and expressed in Thai Baht. Such interim financial statements have been prepared for domestic reporting purposes. For convenience only, for the readers not conversant with the Thai language, an English version of the interim financial statements has been provided by translating from the Thai version of the interim financial statements.

The interim financial statements have been prepared to provide information in addition to that included in the financial statements for the year ended December 31, 2023. They focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2023.

The preparation of the interim financial statements in conformity with Thai Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

**Basis for preparation of the consolidated interim financial statements**

The consolidated interim financial statements, related to the Company and its subsidiaries (together referred to as the “Group”) are prepared using the same basis as were used for the consolidated financial statements for the year ended December 31, 2023.

1. **SIGNIFICANT ACCOUNTING POLICIES**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended December 31, 2023.

The revised financial reporting standards which are effective for fiscal years beginning on or after January 1, 2024, do not have any significant impact on the Group financial statements.

1. **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as at September 30, 2024 and December 31, 2023 are as follows:



1. **TRADE AND OTHER CURRENT RECEIVABLES - NET**

Trade and other current receivables - net as at September 30, 2024 and December 31, 2023 are as follows:





1. **RELATED PARTIES TRANSACTIONS**

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control the Company or are being controlled by the Company or have transactions with the Group were as follows:



Balances with related parties as at September 30, 2024 and December 31, 2023 are summarized below: 

**Short-term loan and accrued interest income to related company**

Shot-term loan and accrued interest income to related company in the consolidated and separate financial statements as at September 30, 2024 and December 31, 2023 are as follows:



Movements of the short-term loans and accrued interest expense - related parties consisted of:





**Short-term loans and accrued interest expenses from related parties**

Shot-term loans and accrued interest expenses from related parties in the consolidated and separate financial statements as at September 30, 2024 and December 31, 2023 as follows:



The Company has loans from 2 subsidiaries, Asia Pattaya Hotel Co., Ltd., in form of promissory notes, which are due at call and without collateral and Zeer Property Plc. in form of promissory notes, and are due on November to December 2024 and without collateral.

The subsidiary, Zeer Property Plc., has loan from directors, the repayment will be made within December 28, 2024, with no interest.

Movements of the short-term loans and accrued interest expense - related parties consisted of:





**Long-term loan from related party**

Movements of the long-term loan from related party are as follows:



**Sales and purchases of goods and services**

Transactions between the Company and related parties for the three-month and nine-month periods ended September 30, 2024 and 2023 are summarized below:









1. **INVENTORIES - NET**

Inventories - net as at September 30, 2024 and December 31, 2023 are as follows:



1. **OTHER CURRENT FINANCIAL ASSETS**

Other current financial assets as at September 30, 2024 and December 31, 2023 are as follows:



1. **INVESTMENTS IN OTHER COMPANY - NET**



1. **RESTRICTED DEPOSITS WITH FINANCIAL INSTITUTION**

Fixed deposit of a subsidiary, Zeer Property Plc. in amount of Baht 4 million was pledged to guarantee for overdraft as stated in Note 18.

1. **INVESTMENTS IN SUBSIDIARY COMPANIES**

Investments in subsidiary companies as at September 30, 2024 and December 31, 2023, and dividend income for the nine-month periods ended September 30, 2024 and 2023 are as follows:



1. **INVESTMENT PROPERTIES - NET**

Investment properties - net as at September 30, 2024 and December 31, 2023 are as follows:



The subsidiary uses land with its construction as collateral for loan from banks as stated in Notes 18 and 20**.**

1. **PROPERTY, PLANT AND EQUIPMENT – NET**

For the nine-month periods ended September 30, 2024, the Group have following movements in the property, plant and equipment - net:





Depreciation in the statements of profit or loss for the three-month periods ended September 30, 2024 and 2023 are as follow:



Depreciation in the statements of profit or loss for the nine-month periods ended September 30, 2024 and 2023 are as follow:



The Group uses land with its construction as collateral for loan from a bank as stated in Notes 18 and 22

As at September 30, 2024 and December 31, 2023 the subsidiary, ZEER OVERSEA LLC., has goodwill from the invested in a hotel business (Quality Inn Long Beach Signal Hill) in amount of Baht 43.12 million and Baht 45.70 million, respectively, the management has considered and believed that no impairment was required for goodwill.

On February 28, 2023, a subsidiary, ZEER OVERSEA LLC, transferred the assets of hotel business (Quality Inn) to its subsidiary, ZEER LONG BEACH LLC, to mortgased as collateral for its loan from an overseas financial institution in the amount of USD 6,500,000. (Note 20)

1. **REAPPRAISAL**

The Group recorded excess over cost of the appraised value in “revaluation surplus of assets” under “other components of shareholders’ equity” in the statements of change in shareholders equity

The revaluation resulted in a surplus of the assets are as follows:





1. **RIGHT-OF-USE ASSETS - NET**

Right-of-use assets - net as at September 30, 2024 and December 31, 2023 are as follows:

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Depreciation in the statements of profit or loss for the three-month and nine-month periods ended September 30, 2024 and 2023 are as follow:



Right-of-use assets - net are classified by asset type as follows:



1. **INTANGIBLE ASSETS - NET**

Intangible assets - net as at September 30, 2024 are as follows:



 Amortization in the statements of profit or loss for the three-month and nine-month periods ended September 30, 2024 and 2023 are as follow:



1. **DEFERRED TAX**

Deferred tax as at September 30, 2024 and December 31, 2023 are as follows: 



Income tax for the three-month periods ended September 30, 2024 and 2023 are as follows:



Income tax for the nine-month periods ended September 30, 2024 and 2023 are as follows:



The Group have tax losses carried forward. Due to the uncertainty of the utilization, the Management, therefore, considers not to recognize part of tax loss as deferred tax. Unrecognized tax loss are as follow:



The Company and its subsidiaries in domestics used income tax rate of 20% for the calculation of corporate income tax for the nine-month periods ended September 30, 2024 and 2023.

The oversea subsidiary calculates income tax using the flat rate at 29.84% on net profit.

1. **BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS**

Bank overdrafts and short-term loans from financial institutions as at September 30, 2024 and December 31, 2023 are as follows:



As at September 30, 2024 and December 31, 2023 the Group has short-term loans credit facilities from financial institutions as follows:



The Group’s bank overdrafts and short-term loans from financial institutions are guaranteed by:

* Fixed deposits at financial institutions (Note 10).
* Mortgage of certain land with building of the Cha-am Project, and other of the Group’s land with building (Note 13).
* Certain leasehold rights over land from a related company along with Apartment Project and building of Zeer Rangsit (Note 12, 13 and 15).
* Certain directors of the Group and those of a related company.
* Joint guaranties among certain companies within the Group.

1. **OTHER CURRENT PAYABLES**

Other current payables as at September 30, 2024 and December 31, 2023 are as follows:



1. **LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS - NET**

Long-term loans from financial institutions - net as at September 30, 2024 and December 31, 2023 are as follows:



At as September 30, 2024 and December 31, 2023, the Group has long-term loans credit facilities from two domestic financial institutions and from one overseas financial institution as follows:



On March 7, 2024, the Company entered into the addendum agreements with a domestic financial institutions of a long-term loan of Baht 120 million to extend the drawdown period by no later than December 31, 2024 and agreed to pay an extension fee at the rate of 0.25% of the principal that extend the period for drawdown.

On March 20, 2024, the subsidiary, Asia Pattaya Hotel Co., Ltd., entered into the 2nd addendum agreement with the financial institution to extend the drawdown period and to amend the repayment terms of the loan agreement facilities of Baht 20 million. The principal will be repaid on quarterly basis (20 periods) and interest will be paid on monthly basis, commencing from March 2025 and will be completed in December 2029.

On March 25, 2024, the Company entered into a long-term loan agreement with a domestic financial institution for the facility of Baht 100 million to renovate Asia Hotel. This loan agreement requires the Company to pay monthly interest at the rate of MLR-2.125% per annum for the 1st - 3rd year, at MLR-1.625% per annum for the 4th - 5th year, at MLR-1.125% per annum for the 6th - 7th year and at MLR per annum for the 8th year onwards. The principal will be repaid on quarterly basis (28 periods). The first principal repayment is started from 12 months after the first loan drawdown date.

Long-term loans from the domestic financial institution are guaranteed by:

* Mortgage of land with building of the Cha-am Project, and other of the Group’s land with building (Note 13).
* Certain leasehold rights over land from a related company along with Apartment Project and building of Zeer Rangsit and Zeer 2 Project (Note 12, 13 and 15).
* Certain directors of the Group and those of a related company.
* Joint guaranties among certain companies within the Group.

Long-term loans from the oversea financial institution are guaranteed by:

* Mortgage of land with building of the Glendale & Glenhurst Project and certain directors of the subsidiary.
* Mortgage of land with building of the Quality Inn hotel and guaranteed by the subsidiary, ZEER OVERSEA LLC

The Group must comply with significant material terms of the long-term loan agreement, including maintain a Debt to Equity ratio and Debt Service Coverage ratio.

1. **LEASES LIABILITIES - NET**

Leases liabilities – net as at September 30, 2024 and December 31, 2023 consisted of:



***Information about leases***

The Company entered into rental agreement with the Bureau of Crown Property; term of agreement is 20 years end on March 2032.

The subsidiary - Zeer Property Plc. entered into rental agreement with Don Muang Grand Plaza Co., Ltd.; term of agreement is 55 years end on March 2048.

The subsidiary - Spa Hotel Co., Ltd. entered into a land rental agreement with third parties; term of agreement is   
15 years end on December 2034.

The subsidiary, Zeer Property Public Company Limited, operated as a shopping center. It has entered into a sublease agreement for land and structures thereon with Don Muang Grand Plaza Co., Ltd., (“Lessee”) (The Lessee has already leased this land from the landowner and has registered the lease with the Land Office). The first term of the agreement had a duration of 30 years (April 1993-March 2023). Later, there was a renewal of the agreement for a second term with a duration of 25 years (April 2023-March 2048). In the second agreement, the subsidiary facilitated leasehold right payment by conveying the land area of 8 Rai and the servitude area of approximately 10 Rai to the landlord. Both sublease agreements have been registered with the Department of Land, and the subsidiary has consistently met its lease payments obligations to the lessee up to the present.

For the shopping center business, the subsidiary has obtained a loan from the bank, securing it with the subleasehold rights from both agreements as collateral. The landlord then issued a letter of consent to transfer the leasehold rights to the bank. The parties have agreed that where any rental arrears or incidents that constitute a breach of the lease agreement, leading to the termination of the lease, the landlord will not exercise forthwith the right to terminate the lease. Instead, the landlord will promptly inform the bank in writing about the incident or circumstance, and the bank will have the right to rectify the situation and/or assume the lease rights within 90 days from the date of receiving said written notice from the landowner. The bank and/or the party receiving the transfer of lease rights are responsible for fulfilling rental payments throughout this period.

In May 2023, the landlord issued a notice to the lessee to terminate the lease agreement and then filed a lawsuit to evict the lessee and the subsidiary (sub-tenant). Later, in December 2023, the landlord informed the bank of such notice.

In February 2024, the bank issued a letter to the landlord demanding that it rectify the breach of conditions; namely, the landlord failed to inform the bank of the aforementioned issue and/or did not transfer the lease rights according to the prior consent letter for such a transfer. The court subsequently allowed the bank to join as a party to the case. The bank submitted an additional statement that the landlord both unlawfully exercised the right to terminate the contract and lacked grounds to commence legal action. The court then also permitted the subsidiary to join as a party to the case. The subsidiary submitted a statement asserting that the landlord unlawfully exercised the right to terminate the contract and lacked the authority to commence legal action, as well as counterclaiming for damages against the landlord.

In July 2024, the court issued an order prohibiting the subsidiary from filing a counterclaim for damages in the case. The subsidiary has already filed an appeal against this order with the court, resulting in a temporary suspension of the case proceedings until a ruling is made by the appellate court.

In any circumstance, irrespective of how termination will evolve, the subsidiary, as sub-tenant, is obligated to pay rent to either the landlord or the bank as per the original agreement.

1. **DEBENTURE**

Debenture as at September 30, 2024 and December 31, 2023 are as follows:



The outstanding balance of the debenture as at September 30, 2024 and December 31, 2023 are as follows:



As at September 30, 2024, the Company’s debentures, amounting to Baht 480 million, are name-registered and unregistered, unsubordinated, and secured. The debentures were sold at the price of Baht 1,000 per unit, with a face value of Baht 1,000 each. Among other things, the Company has deferred expenses for issuing debentures at issue date amounting to Baht 5.95 million. The debentures have 2 years term with effective interest rate at 7% per annum, and will reach maturity on May 30, 2026.

As at September 30, 2024, the above secured debenture, required collateral at the value of Baht 720 million by the mortgage of the related company’s land (Note 13) as security in case of default on repayment of principal and interest.

Under rights and responsibilities of debenture issuer, the Company is required to maintain a ratio of the value of collateral to the total face value of the unredeemed shares throughout the tenor of the debenture term of not less than 1.5:1, include maintain a certain Debt to Equity ratio per the consolidated financial statements as specified in the terms and conditions of the debenture.

1. **NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFIT**

Movements of the present value of non-current provisions for employee benefit for the nine-month periods ended September 30, 2024 and for the year ended December 31, 2023 are as follows:

Employee benefit expenses in profit or loss for the three-month and nine-month periods ended September 30, 2024 and 2023 are as follows:





1. **GUARANTEE FOR RENTAL**

Guarantee for rental as at September 30, 2024 and December 31, 2023 are as follows:



Guarantee for rent of the Group will be returned to the lessees when the lease agreements are terminated.

1. **DEFERRED REVENUE FROM GOVERNMENT GRANTS - NET**

Deferred revenue from government grants – net as at September 30, 2024 and December 31, 2023 are as follows:

1. **DIVIDEND PAYMENTS**

According to the Board of Director Meeting No. 7/2024 held on July 12, 2024 approved to pay an interim dividend for the operating result from January 1, 2024 to March 31, 2024 and net profit for the year ended December 31, 2023 at the rate of Baht 0.13 per share totaling Baht 41.60 million to its shareholders listed on July 30, 2024. The dividend was paid on August 8, 2024.

1. **COMMITMENTS AND CONTINGENT LIABILITIES**

As at September 30, 2024, the Group had the commitments and contingent liabilities, as follows:

1. Letters of guarantee issued by banks are as follows:

27.1.1 The Company: in the amount of Baht 5.87 million.

27.1.2 Subsidiary - Asia Pattaya Hotel Co., Ltd.: in the amount of Baht 1.35 million.

27.1.3 Subsidiary - Zeer Property Plc. and subsidiary: in the amount of Baht 18.71 million.

27.1.4 Subsidiary - Asia Airport Hotel Co., Ltd.: in the amount of Baht 0.69 million.

1. The Company guarantees liabilities of its two subsidiaries in the amount of Baht 1,251.50 million.
2. The subsidiary - Asia Pattaya Hotel Co., Ltd. guarantees liabilities of the Company and two subsidiaries in the amount of Baht 2,269 million.
3. The subsidiary - Asia Airport Hotel Co., Ltd. guaranteed liabilities of the Company and two subsidiaries in the amount of Baht 2,786 million.
4. The subsidiary - ZEER OVERSEA LLC guarantees liabilities of the subsidiary, Zeer Property Plc. in the amount of Baht 960 million.
5. The subsidiary - Zeer Property Plc. has credit line for foreign exchange of Baht 480 million from a bank which has not been withdrawn yet.
6. As at September 30, 2024, the Group has future commitment are as follows:



1. **INFORMATION BY SEGMENT**

The Group segmental information is divided into the room service, food and beverage and rental of shopping complex and real estate and are mainly carried on both in Thailand and overseas which is operated by a subsidiary.

The financial information of the Group by segment, for three-month period ended September 30, 2024 and 2023 are as follows:



The financial information of the Group by segment, for nine-month period ended September 30, 2024 and 2023 are as follows:



Segment information on geographic of the Group as at September 30, 2024 and December 31, 2023 were as follows:



1. **FINANCIAL INSTRUMENT**

***Fair values of financial instruments***

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

* For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, trade and other current receivables, other current financial assets, other non-current financial assets, bank overdrafts and short-term loans from financial institutions, trade payables, other current payables, assets payable, lease liabilities, guarantee for rental and other non-current financial liabilities, their carrying amounts in the statements of financial position approximate their fair values.
* For loans to and loans from carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair values.
* Fair value of interest rate swap contract has been calculated using rate quoted by the financial institution as if the contract was terminated at the statements of financial position date.

***Derivative used for cash flow hedges reserve***

As at September 30, 2024 and 31 December 2023, the fair value of derivative liabilities the Group for interest rate swap contract, which are presented as financial instruments in the financial statement position as follow:



1. **RECLASSIFICATION**

During the period, the subsidiary, Zeer Property Plc, reclassified certain items in the consolidated statement of financial position as at December 31, 2023, the consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2023, to conform to the presentation of the financial statement of current period. There is no effect to net profit or shareholders' equity as follows:



1. **APPROVAL OF INTERIM FINANCIAL STATEMENTS**

These interim financial statements have been approved by the Company’s board of directors on November 13, 2024.