

# 2018

ANNUAL REPORT  
FOOD CAPITALS  
PUBLIC COMPANY  
LIMITED



FOOD  
CAPITALS



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## MESSAGE FROM CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

2018 was a challenging year for the Company and indeed the nation's economy. A strong start to the year saw the economy expand in the first half of the year before moderating in the third quarter with a muted performance in the fourth. Despite accelerating private consumption, a decline in tourism saw growth in the restaurant sector overall fall by almost 50% in the second half of the year against the first half. A contraction in visitors from China saw a deceleration of growth from almost 14% in the second quarter to 0.5% in the third quarter.

The restaurant sector in Thailand continues to be highly competitive, with low barriers to entry leading to new additions to the market as well as new ideas and concepts. The QSR (Quick Service Restaurants) are particularly challenging given the intense competition in the sector, changing perceptions of consumers, and consumers focusing increasingly on health foods.

Despite this difficult environment, the performance of the Company improved considerably over 2017, while weathered the tough conditions in the second half of 2018. Food and Beverage revenues increased by 1.2% YoY, with the QSR restaurants showing an increase of Bt15.9m as the outlets were restructured and underperforming stores were closed. Revenue was further bolstered by Domino's Pizza in Cambodia where 3 new stores were opened in 2018. Across all outlets, the Company continues to focus on product development as well as strong and consistent quality. Cost of Sales increased by 11% YoY on the back of higher raw material prices and promotional activities. However, selling expenses decreased by 5% YoY.

Revenue of Life Style Restaurants fell by Bt10m YoY on the back of non-renewal of the lease contract by the landlord, forcing the closure of Seen Space Thonglor.

Given the economic headwinds and fierce competition, the management team focused its efforts on addressing these conditions through extensive restructuring of operations, including; implementation and optimization of cash flow controls, comprehensive Standard Operation Procedures, improvement of revenue and cost controls and centralization of key functions to increase efficiency and take advantage of economies of scale. In addition, management continues to work on finalizing and completing the Entire Business Transfer. The Company believes the transaction presents an excellent opportunity to add considerable value for shareholders both in the short-term and going forward. The transaction was approved at the Extraordinary General Shareholder Meeting in December of 2018 and is expected to be completed in the first half of 2019.

The Company would like to thank all our shareholders for their continued support. 2019 will be an exciting year, and management is committed to delivering both value and growth to all stakeholders.



Akraej Srichawla  
Chairman of the Board of Directors



A Sachdev  
Chief Executive Officer

## AUDIT COMMITTEE REPORT

The Audit Committee of Food Capitals Public Company Limited consists of 3 people including Mr. Witit Sujjapong (Chairman of the Audit Committee), Mr. Krish Detter (Audit Committee) and Mr. Viroj Tangjetanaporn (Audit Committee). The Audit Committee of the Company works independently in accordance with the standards established by the Board of Directors of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission. Mr. Witit Sujjapong, the Chairman of the Audit Committee, is a knowledgeable person, with adequate experience of reviewing accounting and financial transactions. Additionally, he also has knowledge and understanding with regard to preparing publicly disclosed financial statements. The Audit Committee acts as a representative and mitigates the duties and responsibilities of the Board of Directors in relation to the transparency of financial reports and disclosure of financial information, the adequacy and effectiveness of internal control, performance, characteristics, and independence of the Internal Audit Department. Moreover, it helps to review the laws and regulations in compliance with the Securities and Exchange Commission and prevent conflicts of interest, including advising the Board of Directors on the selection and appointment of the Company's auditors.

There were 14 audit committee meetings held in 2018. The obligations were as follows;

- Consider the Company's quarterly and annually financial reports. The meetings were held, and included the company's auditors, to review the report of the auditor, validate the financial statements, disclosure and related accounting policies and to ensure that the Company's financial statements are accurate, complete, reliable and prepared in accordance with Generally Accepted Accounting Principles (GAAP)
- Consider the report from the Financial Advisor pursuant to the Entire Business Transfer to ensure its reasonableness and accuracy before proposing to the Board of Directors.
- Consider the Proforma Financial Statement which was prepared by KPMG Phoomchai Audit Company Limited and reviewed by PricewaterhouseCoopers ABAS Company Limited before proposing to the Board of Directors as a component of the Entire Business Transfer (EBT).
- Consider the connected transactions in order to ensure that the Company has managed any transaction that may have conflicts of interest appropriately and for the benefit of the Company and minority shareholders.
- The company did not appoint an internal auditor since we expected to complete the Entire Business Transfer (EBT) transaction with PRG Development Company Limited within the 2nd quarter of the year. However, the transaction has not completed as expected due to the fact that the Stock Exchange of Thailand, ("SET") has a different view on the issue of the business repurchase guarantee by the major shareholders. As a result, the company had to adjust the business integration plan by holding an Extraordinary General Meeting of shareholders on 21st December 2018 to seek shareholders' approval of the EBT transaction again. We expect that the EBT will be completed soon.
- The Audit Committee has reviewed the internal audit report of the Prime Road Group, prepared by P&L Internal Audit Company Limited, to ensure the adequacy and effectiveness of the internal control systems within the Prime Road Group which is a party to the EBT transaction, and found that the Prime Road Group has adequate and effective internal control systems.

At the Audit Committee Meeting No. 3/2018 on 20 March 2018, the Audit Committee proposed to the Board of Directors that Karin Audit Company Limited be appointed as the Company's auditor to conduct a review of the financial statements for the first quarter of 2018 and review the financial statements for the second quarter of 2018 (in case that the Entire Business Transfer (EBT) transaction is not completed within the second quarter of 2018) and proposed the appointment PriceWaterhouseCoopers ABAS Company Limited to be the statutory auditor of the Company and subsidiaries for the review of financial statements of the second quarter of 2018, the review of financial statements for the third quarter of 2018, and the statutory audit of the financial statements for the year 2018 pursuant to the resolution of the Annual General Meeting on 23rd April 2018.

On behalf of the Audit Committee of Food Capitals Public Company Limited



Mr. Witit Sujjapong  
Independent Director / Chairman of  
Audit Committee



## BOARD OF DIRECTORS



Mr. Akradej Srichawla  
Chairman of the Board of Directors



Mr. Krit Srichawla  
Director



Mr. A Sachdev  
Director and CEO



Mr. Witit Sujjapong  
Independent Director / Chairman of  
Audit Committee



Mr. Viroj Tangjetanaporn  
Independent director / Member of  
Audit Committee



Mr. Krish Dettter  
Independent Director/ Member of  
Audit Committee



Mr. Nuttawut Phaoborom  
Independent Director/ Member of  
Audit Committee

## GEOGRAPHIC BUSINESS PORTFOLIO



## BUSINESS OVERVIEW

### Business Overview of the Group Company

Food Capitals Public Company Limited (the “Company”) was incorporated on 22 December, 2003. Current registered and paid-up capital is Baht 2,136,460,276. The Company focuses on quick-service restaurants, casual dining restaurants, lifestyle restaurants and bars, and has invested in the hospitality sector in Thailand and across Asia.

The Group Company is a franchisee of several leading brands:

- (1) Domino’s Pizza (“Domino’s”) in Thailand and Cambodia;
- (2) The Coffee Bean & Tea Leaf (“CBTL”) in Thailand; and
- (3) Kyochon (“Kyochon”) in Thailand, Myanmar, Laos, and Cambodia.

The Company owns and operates 4 lifestyle restaurants and bars under in-house brands namely:

- (1) The Iron Fairies, Sukhumvit 55 (Soi Thonglor)
- (2) The Iron Fairies, Central Festival Eastville, 1st Floor;
- (3) Maggie Choo’s, Novotel Fenix Silom; and
- (4) Fat Gut’Z Saloon, Central East Ville.

The Company also owns a group of lifestyle restaurants operated under “G Enterprise & CO Co., Ltd.” namely:

- (1) Moom Mum Park
- (2) Umami-Fallabella
- (3) Chingchar Charlie – (branches in The Emporium and Paragon)
- (4) Pirate Chambre

The Company is also engaged in the hospitality sector via its investment in Red Planet Hotels Limited (“RPHL”). RPHL operates budget hotels under the Red Planet brand in Thailand, The Philippines, Indonesia, and Japan.

### 1. Vision, Mission and Goals of the Company

The Company’s vision is to be a leader in the restaurant business by combining its experience of restaurant management and international brands to create sustained value and growth for the Company and to ensure sustainable returns for shareholders.

The Company’s mission is to continue building a professional team that specializes in the food business. The company focus is on investment in new food businesses and expansion of our current brands, both in-house and franchise. The Company intends to create a “Food Culture” in order to serve nutritious food while offering international standards of service to its customers.

The Company believes in the long-term growth of food businesses around the world. Therefore, the Company’s goal is to utilize its expertise in the food business in order to expand in both the domestic and international markets. In particular, countries with high potential for economic growth and/or high purchasing power will create further value for the Company’s shareholders.

### 2. Key Milestones and Major Developments of the Company over the past 5 years

#### 2014

: The Company held an equity interest of 28.5% in Sweetstar K.K. Sweetstar K.K. is a franchisee of Magnolia Bakery and Mr. Jones’ Orphanage in Japan.

In addition it also made a partial acquisition of Q’s Dining Inc., an owner of 17 restaurants in Japan.

- : The first Magnolia Bakery store in Asia was opened in Tokyo, Japan.
- : The first Mr. Jones’ Orphanage store in Japan was opened in Sapporo, Hokkaido.
- : The first Kyochon store of the Company was opened at MBK Center.
- : The Company entered into a joint-venture agreement with CBM Corporation Company Limited (“CBM”) to operate Domino’s Pizza in Cambodia.



## 2015

: The first Domino's Pizza store in Cambodia was opened in Phnom Penh in January 2015.

: The Company restructured its internal group structure by incorporating a subsidiary, Evolution Foods (Thailand) Company Limited, to hold all equity interest in:

- Domino's (Thailand) Company Limited, D. Pizza Public Company Limited (the master franchisees of Domino's Thailand and Cambodia respectively);

- CBTL (Thailand) Company Limited (the master franchisee of The Coffee Bean & Tea Leaf); and

- Kyochon Company Limited (the master franchisee of Kyochon).

: The second Magnolia Bakery store was opened in Pangyo-Hyundai department store in Gyeonggi-do Korea in August 2015.

: The Company granted the franchise right to operate Mr. Jones' Orphanage in Myanmar to Alpha Plus Company Limited in August 2015.

: The Company entered into a joint-venture with CBM to operate Kyochon in Cambodia. The first Kyochon store in Cambodia was opened in Phnom Penh.

: The first Mr. Jones' Orphanage store in Myanmar was opened in HAGL Center in Yangon.

## 2016

: In 2016, the Company disposed of its investment in Sweetstar K.K. by selling 222,250 ordinary shares, representing 11.1% shareholding, 3,000 ordinary shares in Sweetstar Asia Limited, representing 12.2% shareholding, and 213 ordinary shares in Q's Dining Inc., representing 29.3% shareholding.

: The Company changed its company name from former name of "Evolution Capital Public Company Limited" to "Food Capitals Public Company Limited" and its symbol from "E" to "FC" according to the resolutions of the Extraordinary General Meeting of Shareholders No. 1/2016 held on 14 June 2016.

: In September 2016, the Company disposed of 100% of its shares in Mr. Jones International Company Limited ("MJO"), a subsidiary of the Company, at the sale price of Baht 27 million, and sold MJO's trademark for USD 40,000 according to the resolutions of the Board of Directors' Meeting No. 3/2015 held on 13 May 2016.

: In December 2016, the Company acquired 12,000 ordinary shares of Maggie Choos' Company Limited for Baht 3 million. Consequently, the shareholding in Maggie Choos' Company Limited was increased from 80% to 100%.

## 2017

: In February 2017, the Company acquired 100% of G Enterprise & CO Co., Ltd. from unrelated previous shareholders. As a result, the number of restaurants in the increased by 6 outlets operating under the trademarks "Chingchar Charlie", "Umami-Fallabella", "Pirate Chambre" and "Pirate Bazaar".

## 2018

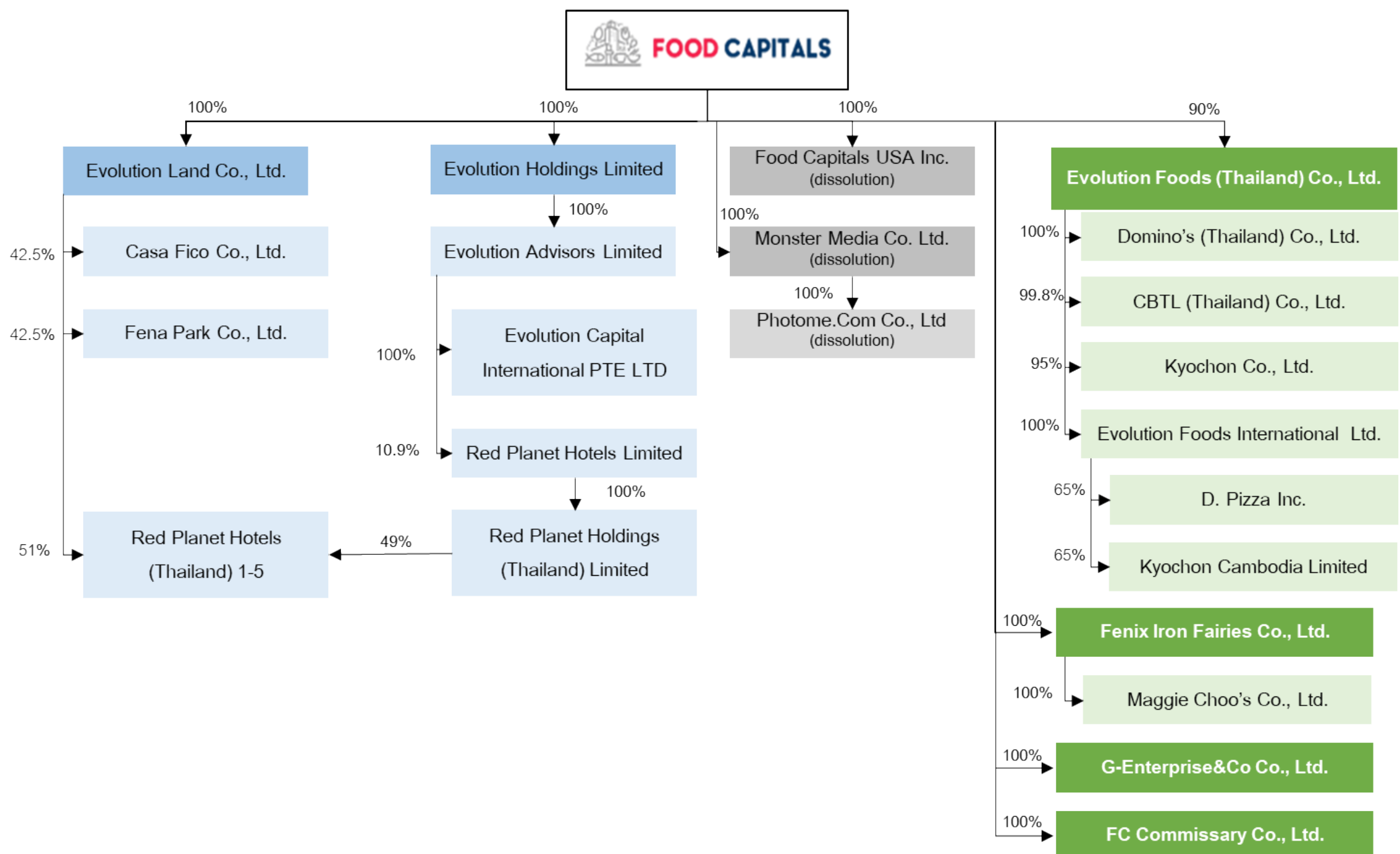
: The Extraordinary General Meeting of Shareholders No. 1/2018 held on 21 December 2018 ("The EGM") resolved to approve the business integration plan between the Company and PRGD by transferring total assets and liabilities of PRGD including the whole shares in Prime Road Alternative Company Limited ("PRA") which PRGD currently holds to the Company by way of Entire Business Transfer ("EBT"). The advantages of this transaction are that the Company will be able to constantly generate income and increase its growth potential in profit in the future. This also diversifies the Company from its current business. Moreover, it allows the company to acquire solar energy businesses without having to organically build it up. The Company will obtain the solar energy plants together with the permit to sell electricity to the public sector. The Company will not have to waste time otherwise needed to spend building these businesses from ground up and will obtain the cash flow from selling the electricity to the public sector immediately and it is a cashless transaction, which will not affect the company's liquidity. The EGM also approved the disposal of investments in 4 affiliated companies as condition precedent and condition subsequent for Entire Business Transaction and Securities Allocation (Covenants). The transaction is considered as the disposal of assets. The advantage of the transaction is reducing the loss that could potentially incur in the future which encouraged the Company to gain more working capital to fulfil merged business. The EGM also approved the disposition of land and leasehold right as condition subsequent in EBT transaction and allocation securities (Covenants). This transaction is considered as the disposition of assets stated in the notification of acquisition and disposition. The advantage of this transaction is the Company will gain working capital for paying its debentures and fulfill merged business. To engage in these transactions are considered as connected transactions. However, the disposition of assets is a part of condition precedents and condition subsequent of Entire Business Transfer Transaction (EBT) and Allocation Securities stated in SSA. If the company cannot provide any external buyer to purchase these assets, these



assets will be sold to Mr. Krit Srichawla as the major shareholder at 8.69 % of total registered and paid capital. Also, being as the director of the Company or the related person of Mr. Krit Srichawla regarded as connected person of the Company. The offering price from connected person is equal to the fair value from IFA valuation.

### 3. The Company's Group Structure

Food Capitals Public Company Limited operates businesses by holding shares in other companies ("Holding Company"), that have a major investment in restaurant businesses under the franchise/ trademark owned by the company. The Company also invests in real estate development companies. The shareholding structure in subsidiaries and associates in the Group as at 31 December 2018 is as follows:



## Details of Subsidiaries and Associated Companies

No.	Company Name (Registration Number)	Address	Type of Business	Registered Capital (Baht unless stated otherwise)	Paid-up Capital (Baht unless stated otherwise)	Ownership Percentage
<b>Subsidiaries</b>						
1	Evolution Land Co., Ltd. (0105550103680)	Fico Place Building, 12th Floor, 18/8, Sukhumvit 21 Rd., Klongtoey Nua, Wattana, Bangkok 10110	Investment in Real Estate	229,107,500	229,107,500	100.00%
2	Monster Media Co., Ltd. (0105550089946)	Fico Place Building, 12th Floor, 18/8 Sukhumvit 21 Rd., Klongtoey Nua, Wattana, Bangkok 10110	Multimedia Provider (dormant)	10,000,000	10,000,000	100.00%
3	Evolution Advisors Limited (205720)	89 Nexus Way Camana Bay, Grand Cayman KY1-9007, Cayman Islands	Investment Advisory	USD 50,000	USD 46,160	100.00%
4	Evolution Holdings Limited (081787)	113, 2nd Floor, Medine Mews, Chaussee Street, Port Louis, Mauritius	Holding Company	USD 4,675,000	USD 4,675,000	100.00%
5	FC Commissary Co., Ltd (0105551131555)	18/8 Fico Place Building, 2nd Floor, Sukhumvit 21 Road (Asoke), Klongtoey Nua, Wattana, Bangkok 10110	Central Kitchen	10,000,000	10,000,000	100.00%
6	Evolution Capital International Pte.Ltd. (201129170N)	100 Beach Road # 25-06, Shaw Towers, Singapore	Investment Holding Company	SGD 5,000	SGD 5,000	100.00%
7	Domino's (Thailand) Co., Ltd. (0105555060342)	18/8 Fico Place Building, 2nd Floor, Sukhumvit 21 Road , Klongtoey Nua, Wattana, Bangkok 10110	QSR business	213,000,000	213,000,000	100.00%
8	CBTL (Thailand) Co., Ltd. (0105554072967)	18/8 Fico Place Building, 2nd Floor, Sukhumvit 21 Road, Klongtoey Nua, Wattana, Bangkok 10110	Coffee Shop / Bakery	279,000,000	279,000,000	99.86%
9	Fenix Iron Fairies Co., Ltd. (0105553125897)	18/8 Fico Place Building, 2nd Floor, Sukhumvit 21 Road, Klongtoey Nua, Wattana, Bangkok 10110	Restaurants	4,000,000	4,000,000	100.00%

No.	Company Name (Registration Number)	Address	Type of Business	Registered Capital (Baht unless stated otherwise)	Paid-up Capital (Baht unless stated otherwise)	Ownership Percentage
<b>Subsidiaries</b>						
10	Maggie Choos' Co., Ltd. (0105555053257)	18/8 Fico Place Building, 2nd Floor, Sukhumvit 21 Road, Klongtoey Nua, Wattana, Bangkok 10110	Restaurant	6,000,000	6,000,000	100.00%
11	Casa Fico Co., Ltd. (0105550050799)	Fico Place Building, 10th Floor, 18/8 Sukhumvit 21 Rd., Klongtoey, Wattana, Bangkok 10110	Residential Property Development	285,000,000	285,000,000	92.50%
12	Fena Park Co., Ltd. (0105549116277)	Fico Place Building, 10th Floor, 18/8 Sukhumvit 21 Rd., Klongtoey, Wattana, Bangkok 10110	Residential Property Development	100,000,000	100,000,000	92.50%
13	Kyochon Co., Ltd (0105556158605)	18/8 Fico Place Building, 2nd Floor, Sukhumvit 21 Road (Asoke), Klongtoey Nua, Wattana, Bangkok 10110	Fried chicken restaurant	90,000,000	90,000,000	94.67%
14	PhotoME.com Co., Ltd.	Unit 1707, 17th Floor, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Digital Media Provider (dormant)	10,000,000	10,000,000	99.97%
15	D Pizza Public Limited Company (9926 PN.ChBP)	35-37, St. Samdach Panh, Sangkat Boeung Raing, Khan Daun Penh, Phnom Penh	Restaurant	Riels 9,000,000	Riels 9,000,000	65.00%
16	Evolution Foods (Thailand) Company Limited (0105558050933)	18/8 Fico Place Building, 2nd Floor, Sukhumvit 21 Road, Klongtoey Nua, Wattana, Bangkok 10110	Restaurant	661,130,000	661,130,000	90.00%
17	Evolution Foods International Limited	c/o CCS Trustees Limited, No. 263 Main Street, P.O. Box 2196, Road Town, Tortula, British Virgin Island	Restaurant	USD 1,500,030	USD 1,500,030	100.00%

No.	Company Name (Registration Number)	Address	Type of Business	Registered Capital (Baht unless stated otherwise)	Paid-up Capital (Baht unless stated otherwise)	Ownership Percentage
<b>Subsidiaries</b>						
18	Kyochon (Cambodia) Company Limited	35-37, St. Samdach Panh, Sangkat Boeung Raing, Khan Daun Penh, Phnom Penh	Restaurant	Riels 2,000,000	Riels 2,000,000	65.00%
19	G Enterprise & CO Co., Ltd. (0105542075419)	518/3 Maneeya Center North, 8 <sup>th</sup> Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330	Restaurant	125,000,000	125,000,000	100.00%



## NATURE OF BUSINESS AND INDUSTRY OVERVIEW

### NATURE OF BUSINESS

#### 1. FRANCHISED RESTAURANT BUSINESS

The Company has the right to operate Domino's Pizza in Thailand and Cambodia, The Coffee Bean & Tea Leaf in Thailand, Kyochon Company Limited in Thailand and Cambodia and owns the master franchise rights for Kyochon in Myanmar and Laos.

##### Domino's Pizza in Thailand and Cambodia

Domino's Pizza ("Domino's") was initially founded in 1960 in Michigan, the United States. Domino's Pizza is one of the most popular pizzerias in the US with more than 12,000 stores spread out over more than 80 countries across the world, and with more than one million pizzas sold daily. Domino's Pizza is the world's second largest pizza brand. High-quality ingredients, specially-made dough and fresh oven-baked pizzas are highlights of Domino's Pizza. The Company emphasizes new technology as a means to respond to change in customer lifestyles, for example, introducing online ordering in 2013 and launching a voice-over mobile application in iOS, Android, and Windows Phone 8 in 2014. Domino's (Thailand) Co., Ltd. (Domino's) (formerly known as "Fenix Pizza Co., Ltd."), the Company's subsidiary, has the exclusive franchise rights to operate Domino's Pizza stores in Thailand. Domino's Pizza offers a variety of dishes including pizza, bread, pasta, side dishes and desserts. Customers can either dine in, take away or have their orders delivered through 3 channels: (1) Call center 1612, (2) website [www.dominospizza.co.th](http://www.dominospizza.co.th), and (3) Mobile application in both iOS and Android, starting from October 2015. In November 2014, the Company entered into a joint venture agreement with CBM to incorporate D. Pizza Public Company Limited ("D. Pizza") to operate Domino's Pizza in Cambodia. D Pizza opened the first Domino's Pizza store in Phnom Penh on 21 January 2015.

##### Kyochon in Thailand and Cambodia

Kyochon F&B Company Limited, the franchisor of Kyochon chicken, was founded in 1991. Kyochon offers unique fried chicken reflecting the original Korean food culture and emphasize high-quality products and health consciousness at the same time. Additionally, These healthy ingredients have made Kyochon very popular with over 1,000 outlets across Korea.

Kyochon also franchises its outlets internationally; namely the US, China, Indonesia, Malaysia, The Philippines, Japan, Thailand and Cambodia. In 2011, Kyochon was praised as "New York's best chicken wing" by NBC and received Brand of the Year award for 12 consecutive years, assuring the public of its quality and taste. There are 5 branches of Kyochon store in 2018.




Kyochon Company Limited ("KCL") is a subsidiary of the Company and is partially owned by Korean F&B Company Limited, the franchisor. KCL owns the exclusive rights to operate Kyochon stores in Thailand, Cambodia, Myanmar and Laos PDR.

As for Cambodia, KCL granted a franchise right to Kyochon (Cambodia) Company Limited ("KCC"), a joint-venture between the Company and CBM, the same joint-venture partner as Domino's Pizza in Cambodia. The first store was opened in the heart of Phnom Penh at the corner of 288 and 51 Street (Pasteur) in October 2015.

##### The Coffee Bean & Tea Leaf Thailand

Founded in 1963, in southern California, USA., International Coffee & Tea, LLC the franchisor of The Coffee Bean & Tea Leaf ("CBTL") is also the oldest and largest privately-held specialty coffee and tea retailer in the United States. At present, there are over 1,000 CBTL outlets, spreading across 32 countries, offering traditional tea and coffee hand brewed by baristas. Consistency of flavor is key to CBTL, and therefore sourcing key ingredients is done to high standards. In addition to hot and iced coffee and tea, CBTL also serves a wide variety of ice-blended coffee and non-coffee drinks that are the brand's signature. CBTL was among the first to introduce ice-blended drinks. CBTL (Thailand) Co., Ltd. (formerly known as "Fico Coffee Company Limited"), the Company's subsidiary, has been granted the franchise rights to operate CBTL stores.

Store details of the Company's franchised restaurant business are as follows:

			
Thailand	Cambodia	Thailand	Thailand
30 Stores	Domino's Pizza 10 stores	5 stores	8 stores
1. Sukhumvit 1 2. Holiday Inn Sukhumvit 22 3. Sukhumvit 103 4. I'M Park, Samyan 5. Saint Louis 6. Sena Fest 7. The Sense Pinklao 8. Victoria Garden 9. The Season Phaholyothin 10. Sutthisarn 11. The Nine, Rama IX 12. Plearnary Mall 13. Jas Ramintra 14. Amorini 15. Muang Thong Thani 16. South Pattaya 17. The Bright Rama II 18. Food Villa 19. Metropole Thonglor 20. Seacon Bangkai 21. Silom 22. Jazz Srinakarin 23. Kaset Intersection 24. China Town 25. Bangkok 26. Bangkok 27. Rattanakosin 200 yr 28. Nonthaburi (River Plaza) 29. Ladkrabang 30. Major Pakkret	1. BKK 1, St. 51 (Pasteur), Corner St. 288, Phnom Penh 2. City Mall, Charles de Gaulle Blvd, Phnom Penh 3. IFL, Confederation de la Russie, Phnom Penh 4. AEON Mall, Samdach Sothearos Blvd, Phnom Penh 5. PPT, Sangkat Phnom Penh Thmey, Phnom Penh 6. Toul Kork, Phnom Penh 7. Phsar Doeum Thkov, Phnom Penh 8. PCT, Phnom Penh 9. AEON Mall 2, Phnom Penh 10. Siem Reap, Phnom Penh	1. Digital Gateway Siam 2. Market Village Suvannabhumi 3. Mega Bangna 4. Fashion Island 5. Central Westgate	<u>Equity Store</u> 1. Central World, 2 Fl 2. Siam Center 3. Central Embassy 4. MBK Center 5. Mike Pattaya 6. Mega Bangna 7. Zpell Rangsit  <u>Sub-Franchisee Store</u> 1. The Bright Rama II

## 2. OWN-BRAND GROUP

The Company operates casual restaurants and bars under its subsidiaries. There are 8 restaurants in Fenix Iron Fairies group. Details of the restaurants are as follows:

### MAGGIE CHOO'S(1 OUTLET)

Maggie Choo's is a bar operated by Fenix Silom Co., Ltd., the Company's subsidiary. The interior decoration is inspired by Shanghai in 1930's. Besides serving food and drinks, there is a wide variety of live performances in the bar as well.

### THE IRON FAIRIES (2 OUTLETS)

The Iron Fairies is a jazz bar with a magical fairytale-inspired theme.

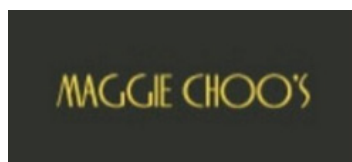
### FAT GUT'Z SALOON (1 OUTLET)

Pub style restaurant with the concept of east meets west featuring live bands.

### G ENTERPRISE & CO GROUP (5 OUTLETS)

G Enterprise is a leader in a famous 18-year-old restaurant business operating under four trade names, "Moommum Park", "Umami Fallabella", "Chingcha Charlee" "Pirate Chambre", All are well known and established brands. Experienced cooks skillfully provide quality with efficiency. The central kitchen provides supply chain management capabilities to other affiliates in the group.

Details of own brand stores are as follows



Maggie Choo's



Chingcha Charlee



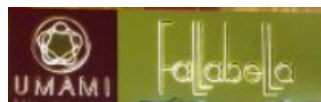
The Iron Fairies



Pirate Chambre



Moommum Park



Umami Fallabella

## 3. OTHER INVESTMENTS OF THE COMPANY

The Company has invested in Red Planet Hotels Limited, an operator of budget hotels under its own brand. The concept of Red Planet Hotels is redefining the value of hotel experiences to its guests. Red Planet Hotels provide a high-quality, hygienic, comfortable and convenient stay with professional service in desirable locations at attractive prices. Red Planet Hotel operates over 4,200 keys in Thailand, The Philippines, Indonesia and Japan. Red Planet has 38 operating hotels as at end 2018.

## INDUSTRY OVERVIEW AND COMPETITION

### 1. RESTAURANT INDUSTRY

The Office of the National Economic and Social Development Board has forecast that gross domestic product (GDP) in 2018 will grow at the rate of 4.1 percent, an increase over 4.0 percent in 2017, and the highest growth in 6 years. Export values increased by 7.7 percent, while private consumption and investment expanded by 4.6 and 3.8 percent respectively.

For the restaurant business in 2018, there was a sharp increase in the number of operators resulting from the expansion of department stores and big retailers. The increase of new restaurant operators led to fierce competition. Therefore, the market value of the restaurant business in 2018 expanded over 2017. The existing operators also expanded and invested more in the development of own-brand restaurants to create their own identity and customer recognition as well as buying franchises both domestic and international.

Despite this difficult environment, the performance of the Company improved considerably over 2017, while weathering the tough conditions in the second half of 2018. Food and Beverage revenues increased by 1.2% YoY, with the QSR restaurants showing an increase of Bt15.9m as the outlets were restructured and underperforming stores were closed. Revenue was further bolstered by Domino's Pizza in Cambodia where 3 new stores were opened in 2018. Across all outlets, the Company continues to focus on product development as well as strong and consistent quality. Given the economic headwinds and fierce competition, the management team focused its efforts on addressing these conditions through extensive restructuring of operations, including; implementation and optimization of cash flow controls, comprehensive Standard Operation Procedures, improvement of revenue and cost controls and centralization of key functions to increase efficiency and take advantage of economies of scale.

### 2. BUDGET HOTEL INDUSTRY

The International Monetary Fund (IMF) has downgraded its global economic outlook, forecasting that the world economy will grow by 3.7 percent in 2018 and 2019 from the previous forecast of 3.9 percent. due to many Negative factors, especially the increase of import duties on imported goods between the US and China, the economic slowdown in the Euro Zone, Japan, and UK, and higher interest rates which resulted in emerging economies facing capital outflows, are reasons for the downgrade. For Thailand, the IMF has predicted that the Thai economy will grow at a rate of 4.6 percent

which is better than the previous year and in line with the Thai economic growth forecast by the Economic Intelligence Centre (EIC). Thailand is the only country in the ASEAN-5 that the IMF has adjusted its forecast upward, both this year and next. Even though the Thai GDP forecast improved over last year, the tourism industry did not grow at the same rate. However, there was an expectation that revenue from the hospitality business in 2018 will grow at a rate of 5-7%, in line with the increase in tourists annually, and supported by the government's tax exemption and tourism stimulus measures.

### 3. PROCUREMENT OF PRODUCTS AND SERVICES

Most of the raw material providers are domestic suppliers, with the exception of certain raw materials that are imported from overseas according to requirements set by the franchisor. Main ingredients include meat, dairy products, flour, eggs, breads and sauces. Each brand will order local and imported raw materials. Some of the ingredients will be shipped from the suppliers to the central kitchen, FC Commissary Co., Ltd., a subsidiary of the company which serves as both a warehouse and preparer of raw materials for cooking. Raw materials are fresh and have a short shelf life. Each store will receive direct sales from the supplier. Each branch and FC Commissary Co., Ltd. will have an arrangement ensuring the quantity and quality of raw materials delivered according to the internal control system. FC Commissary are focused on supporting only Group operations currently.

### 4. ENVIRONMENTAL IMPACT

Maintaining a focus on quality of operation, the company has also focused on environmental management across various areas, including continuous supervision and improvement of operations in order to prevent any impact on the environment. At present, the company does not have any disputes or environmental lawsuits.



## FINANCIAL POSITION AND PERFORMANCE SUMMARY OF FINANCIAL POSITION AND RESULTS OF THE COMPANY AND ITS SUBSIDIARIES

Statement of Financial Position and Statements of Income as of Dec 31, 2018, and the Company's and its subsidiaries' operating results for the past 2 years

Item	Consolidated Financial Statements					
	Annual Statement (Audited) 31 Dec. 2016		Annual Statement (Audited) 31 Dec. 2017		Annual Statement (Audited) 31 Dec. 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	300.23	13.42	31.64	2.16	26.71	2.18
Trade and other current receivables	27.59	1.23	54.26	3.70	40.95	3.34
Other current receivables from sale of investment	-	-	-	-	44.30	3.61
Short-term loans to unrelated party	5.35	0.24	5.14	0.35	5.14	0.42
Inventories	35.70	1.60	28.76	1.96	24.28	1.98
Other current assets	15.90	0.71	25.13	1.71	24.52	2.00
<b>Total Current Assets</b>	<b>384.77</b>	<b>17.20</b>	<b>144.93</b>	<b>9.88</b>	<b>165.90</b>	<b>13.51</b>
<b>Other non-current assets</b>						
Receivables from sales of investment	36.11	1.61	-	-	-	-
Investments in associates	-	-	-	-	-	-
Other investments	594.34	26.57	246.34	16.79	246.34	20.06
Project development cost in progress	327.01	14.62	297.00	20.25	297.00	24.19
Investment properties	59.40	2.66	54.70	3.73	54.70	4.46
Leasehold improvements and equipment	341.60	15.27	315.21	21.49	210.01	17.11
Goodwill	213.31	9.54	84.63	5.77	-	-
Intangible assets	56.29	2.52	102.07	6.96	61.11	4.98
Land leasehold right of land	139.46	6.23	132.68	9.05	127.50	10.38
Deferred tax assets	22.35	1.00	23.33	1.59	1.15	0.09
Other non-current assets	62.36	2.79	65.92	4.49	64.03	5.22
<b>Total Non-Current Assets</b>	<b>1,852.24</b>	<b>82.80</b>	<b>1,321.89</b>	<b>90.12</b>	<b>1,061.84</b>	<b>86.49</b>
<b>Total Assets</b>	<b>2,237.01</b>	<b>100.00</b>	<b>1,466.82</b>	<b>100.00</b>	<b>1,227.74</b>	<b>100.00</b>

Item	Consolidated Financial Statements					
	Annual Statement (Audited) 31 Dec. 2016		Annual Statement (Audited) 31 Dec. 2017		Annual Statement (Audited) 31 Dec. 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
<b><u>Liabilities and Shareholders' Equity</u></b>						
<b>Current Liabilities</b>						
Bank overdrafts	1.88	0.08	26.91	1.83	29.65	2.42
Trade and other payables	129.91	5.81	164.07	11.19	219.73	17.90
Current portion of long-term bank loans	-	-	11.15	0.76	18.96	1.54
Current portion of long-term loans from unrelated parties	-	-	596.88	40.69	197.36	16.08
Short-term loans from unrelated parties						
Current portion of financial lease payable	-	-	138.24	9.42	-	-
Short-term loans	-	-			433.09	35.28
Assumed liabilities	3.92	0.18	8.86	0.60	7.44	0.61
Contingent consideration	-	-	-	-	70.21	5.72
Current portion of long-term bank loans	1.17	0.05	1.02	0.07	0.87	0.07
Current portion of long-term loans from unrelated parties	14.80	0.66	19.82	1.35	25.62	2.09
<b>Total Current Liabilities</b>	<b>151.68</b>	<b>6.78</b>	<b>966.94</b>	<b>65.92</b>	<b>1,002.93</b>	<b>81.69</b>
<b>Non-Current Liabilities</b>						
Debentures	588.18	26.29	-	-	-	-
Finance lease payable -net of current portion	-	-	-	-	7.82	0.53
Long-term bank loans -net of current portion	0.44	0.02	4.47	0.20	3.51	0.24
Long-term loans from related parties	159.08	7.11	28.61	1.95	67.03	5.46
Deferred tax liabilities	19.00	0.85	20.71	1.41	14.20	1.16
Provision for long-term employee benefits	1.95	0.09	7.73	0.53	9.76	0.79
Debentures	15.68	0.70	16.03	1.09	16.09	1.31
<b>Total non-current liabilities</b>	<b>788.35</b>	<b>35.24</b>	<b>84.40</b>	<b>5.75</b>	<b>109.63</b>	<b>8.93</b>
<b>Total liabilities</b>	<b>940.03</b>	<b>42.02</b>	<b>1,051.34</b>	<b>71.68</b>	<b>1,112.56</b>	<b>90.62</b>

Item	Consolidated Financial Statements					
	Annual Statement (Audited) 31 Dec. 2016		Annual Statement (Audited) 31 Dec. 2017		Annual Statement (Audited) 31 Dec. 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Shareholders' equity</b>						
Share Capital Registered	2,887.15	129.06	3,178.40	216.69	25,508.35	2,077.67
Issued and paid up	1,959.31	87.59	2,136.46	145.65	2,136.46	174.02
Share premium	519.53	23.22	467.71	31.89	-	-
Share discount on business acquisition	(120.02)	(5.37)	(144.82)	(9.87)	-	-
Warrants	37.96	1.70	37.96	2.59	37.96	3.09
Appropriated - Statutory reserve	2.66	0.12	2.66	0.18	-	-
Unappropriated	(1,256.90)	(56.19)	(2,200.23)	(150.00)	(2,379.09)	(193.78)
Other components of shareholders' equity	125.62	5.62	124.86	8.51	282.90	23.04
<b>Equity attributable to owners of the Company</b>	<b>1,268.16</b>	<b>56.69</b>	<b>424.60</b>	<b>28.95</b>	<b>78.23</b>	<b>6.37</b>
Non-controlling interests of subsidiaries	28.81	1.29	(9.13)	(0.62)	36.95	3.01
<b>Total shareholders' equity</b>	<b>1,296.97</b>	<b>57.98</b>	<b>415.48</b>	<b>28.32</b>	<b>115.18</b>	<b>9.38</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,237.01</b>	<b>100.00</b>	<b>1,466.82</b>	<b>100.00</b>	<b>1,227.74</b>	<b>100.00</b>

## Statements of comprehensive income

Item	Consolidated Financial Statements					
	Annual Statement (Audited) 31 Dec. 2016		Annual Statement (Audited) 31 Dec. 2017		Annual Statement (Audited) 31 Dec. 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Continuing operations	683.59	100.00	703.00	100.00	708.99	100.00
Sales	671.42	98.22	695.84	98.98	704.41	99.35
Advisory income	11.28	1.65	7.06	0.01	4.55	0.64
Sub-franchise income	0.89	0.13	0.10	0.01	0.03	0.00
Cost of sales	(252.86)	(36.99)	(254.32)	(36.18)	(282.66)	(39.87)
Gross profit	430.72	63.01	448.68	63.82	426.33	60.13
Selling expenses	(524.47)	(76.72)	(553.24)	(78.70)	(525.03)	(74.05)
Administrative expenses	(373.48)	(54.63)	(857.71)	(122.01)	(412.96)	(58.25)
Total costs	(897.95)	(131.36)	(1,410.95)	(200.70)	(937.99)	(132.30)
Operating Income	(467.22)	(68.35)	(962.27)	(136.88)	(511.66)	(72.17)
Management income	1.99	0.29	1.81	0.26	1.03	0.15
Interest income	1.69	0.25	1.07	0.15	0.05	0.01
Profit from change in investment classification	-	-	-	-	10.20	1.44
Other income	25.92	3.79	15.28	2.17	26.94	3.80
Financial costs	(31.13)	(4.55)	(46.30)	(6.59)	(57.86)	(8.16)
Share of profit from investments in associates	0.76	0.11	-	-	-	-
Loss before income tax revenue	(467.99)	(68.46)	(990.40)	(140.88)	(531.30)	(74.94)
Income tax revenue	13.32	1.95	11.57	1.65	(15.68)	(2.21)
Loss for the years from discontinued operations	-	-	(1.96)	(0.28)	(0.56)	(0.08)
Loss for the years	(454.68)	(66.51)	(980.80)	(139.52)	(547.54)	(77.23)
Profit (loss) attributable to:						
Equity holders of the Company	(423.36)	(61.93)	(941.36)	(133.91)	(503.86)	(71.07)
Non-controlling interest of the subsidiaries	(31.31)	(4.58)	(37.47)	(5.33)	(43.13)	(6.08)
Earnings per share						
Loss attributable to equity holders of the Company	(0.22)		(0.45)		(0.24)	



## Cash flows statement

Item	Consolidated Financial Statements		
	Audited	Audited	Audited
	31 Dec. 2016	31 Dec. 2017	31 Dec. 2018
	Million Baht	Million Baht	Million Baht
Cash flows statement			
Loss before tax from continuing operations	(467.99)	(990.40)	(531.31)
Loss before tax from discontinued operations	-	(1.96)	(0.56)
Loss before tax	(467.99)	(992.37)	(531.87)
Adjustments to reconcile profit (loss) before tax to net cash			
Provided by (paid from) operating activities:			
Bad debts and allowance for doubtful accounts	0.04	0.21	-
Allowance for impairment of loans to subsidiaries	54.15	36.11	-
Reduction of inventories to net realisable value	0.07	0.31	0.69
Share of loss (profit) on investment in associates and joint ventures	(0.76)	-	-
Gain on sale of investment in associates	-	-	(10.20)
Loss on assignment of Claims in liabilities	-	-	38.15
Depreciation and Amortization	110.94	124.88	109.64
Allowance for impairment of project			
development cost in progress	11.66	30.01	-
Loss from sale of investment in subsidiary	2.29	-	-
Loss on impairment of investments in subsidiary	-	348.00	-
Allowance for impairment of leasehold improvement and equipment (reverse)	14.48	4.03	8.75
Allowance for impairment of intangible assets	1.55	4.33	23.20
Allowance for impairment of Investment property	-	4.70	-
Allowance for impairment of goodwill	43.74	137.06	84.63
Allowance for impairment of leasehold right (reversal)	-	-	(1.60)
Debt forgiveness	-	-	(1.51)
Loss on disposal of equipment and intangible assets	39.06	33.10	29.57
Withholding tax written-off	-	-	2.62
Loss on written-off deposits	1.72	-	-
Provisions for liabilities	0.10	0.66	2.09
Interest income	(1.69)	(1.07)	(0.05)

Item	Consolidated Financial Statements		
	Audited	Audited	Audited
	31 Dec. 2016	31 Dec. 2017	31 Dec. 2018
	Million Baht	Million Baht	Million Baht
Interest expense	31.13	46.30	57.86
Loss from operating activities before change in assets and debt in operating activities	(159.51)	(223.74)	(188.03)
(Increase) Decrease in Operating Assets			
Trade and other receivables	20.51	(2.11)	13.80
Accrued income	9.11	-	-
Inventories	12.89	7.85	3.79
Other current assets	(1.36)	3.06	2.32
Other non-current assets	(5.11)	3.26	-
(Increase) Decrease in Operating Liabilities			
Trade and other payables	(12.96)	8.24	60.12
Other current liabilities	(0.62)	4.08	0.80
Cash flows used in operating activities	(137.05)	(199.36)	(107.20)
Cash paid for interest expenses	(18.48)	(38.03)	(29.37)
Cash received from income tax refund	3.19	-	-
Cash paid for corporate income tax	(1.25)	(0.58)	(1.65)
Net Cash Flows Received from (Used in) Operating Activities	(153.60)	(237.97)	(138.22)
<b>Cash Flows from Investing Activities</b>			
Interest income	1.69	1.07	0.05
Proceeds from sale of investment in associates	-	-	10.20
Cash Increase from purchase subsidiaries	-	9.30	-
Increase in collateralized bank deposits	2.75	-	-
Cash paid for additional investment in a subsidiary	(3.00)	(39.81)	-
Deposit on sale of investments agreement	-	-	5.00
Net cash received from sale of investment in associates/subsidiaries	25.81	-	-
Cash paid for purchase of leasehold improvements and equipment	(119.21)	(86.61)	(20.94)
Cash paid for purchase of intangible assets	(11.46)	(10.08)	(0.40)
Proceeds from disposal of leasehold improvements and equipment	5.26	5.04	0.60
Net Cash Flows Received from (Used in) Investing Activities	(98.16)	(121.09)	(5.49)

Item	Consolidated Financial Statements		
	Audited	Audited	Audited
	31 Dec. 2016	31 Dec. 2017	31 Dec. 2018
	Million Baht	Million Baht	Million Baht
<b>Cash Flows from Financing Activities</b>			
Increase in bank overdrafts	1.88	25.03	2.74
Proceeds from the issuance of the share capital	-	63.33	-
Proceeds from the issuance of debentures	600.00	-	200.00
Proceeds from the issuance of bills of exchange	-	-	408.07
Repayment of the debentures	-	-	(600.00)
Deferred debenture issuance costs	(15.23)	-	-
Repayment of long-term bank loans	(96.16)	-	-
Repayment of short-term loans from unrelated parties	(57.50)	-	(1.24)
Repayment of financial liabilities	(0.71)	(1.34)	(1.30)
Cash receipt from short-term loans from related parties	1.99	-	-
Cash receipt from long-term loans from related parties	-	-	130.61
Cash receipt from short-term loans from non - related parties	-	4.67	1.15
Non-controlling interests invested in subsidiaries	9.25	-	-
Proceeds from increase in share capital	0.06	-	-
Net cash received (used in) financing activities	443.58	91.69	140.03
Increase (decrease) in translation adjustments	2.32	(1.23)	(1.25)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>194.14</b>	<b>(268.59)</b>	<b>(4.93)</b>
Cash and cash equivalents at beginning of year	106.09	300.23	31.64
Cash and cash equivalents at end of year	300.23	31.64	26.71

Financial Ratio	Unit	Fort the Year End	Fort the Year End	Fort the Year End
		31 Dec. 2016	31 Dec. 2017	31 Dec. 2018
Liquidity Ratios				
Current Ratio	Times	2.54	0.15	0.17
Quick Ratio	Times	2.16	0.09	0.09
Cash Ratio	Times	(0.68)	(0.43)	(0.14)
Receivable Turnover	Times	58.42	56.35	40.70
Cash Collection Period	Days	6.16	6.39	8.85
Inventory Turnover	Times	5.86	7.89	10.66
Inventory Trade Period	Days	61.43	45.63	33.78
Trade Payable Turnover	Times	1.71	1.73	1.47
Cash Payment Period	Days	210.35	208.07	244.40
Cash Cycle	Days	(142.75)	(156.05)	(201.78)
Profitability Ratios				
Gross Profit Margin	%	63.01	63.82	60.13
Operating Profit Margin	%	(68.35)	(136.88)	(72.64)
Cash to Net Profit Ratio	%	(0.33)	(0.25)	27.01
Net Profit Margin	%	(66.51)	(139.52)	(72.64)
Return on Equity	%	(0.07)	(114.55)	(206.36)
Efficiency Ratios				
Return on Assets	%	(20.14)	(52.96)	(40.64)
Return on Fixed Assets	%	(1.33)	(434.59)	(171.04)
Asset Turnover	Times	30.28	37.96	52.62
Financial Policy Analysis Ratios				
Debt to Equity Ratio	Times	0.72	2.53	9.66
Net Debt to EBITDA Ratio	Times	(0.51)	(0.05)	(2.90)
Current interest bearing debt to total interest bearing debt ratio	Times	0.00	0.95	0.89
Loans from financial institutions to total debt ratio	Times	0.00	0.00	0.03
Interest Coverage Ratio	Times	(7.24)	(5.24)	(8.84)
Debt service coverage ratio Cash Basis	Times	(0.50)	(1.35)	(1.55)



## MANAGEMENT DISCUSSION AND ANALYSIS DESCRIPTION AND ANALYSIS OF FINANCIAL POSITION AND OPERATING RESULTS

### OPERATING PERFORMANCE OVERVIEW

As of year ended 2018, there were 30 stores of Domino's Pizza, 8 stores of The Coffee Bean & Tea Leaf, 5 stores of Kyochon Chicken, and 8 stores of stand-alone restaurants, included 5 well-known restaurants namely, "Pirate Chambre", "Chingchar Charlie", "Umami-Fallabella", "Moommum Park" which are operated under G Enterprise & CO Co., Ltd. Also including of "The Iron Fairies" "Fat Gut'z Saloon" and "Maggie Choo's". The Company also signed up for exclusive franchise rights in Cambodia for Domino's Pizza which are operated through the subsidiaries in Cambodia, total 10 stores.

### ANALYSIS OF OPERATING RESULTS

#### TOTAL REVENUE STRUCTURE

Description	Fiscal Year 2017		Fiscal Year 2018		Increase (decrease)	
	Amount (Million Baht)	% of Total	Amount (Million Baht)	% of Total	Amount (Million Baht)	Change (%)
Revenue from sales	695.84	96.49	704.41	94.27	8.57	1.23
Other income	25.32	3.51	32.60	4.36	7.28	28.75
Gain on sale of investment in associates	-	-	10.20	1.37	10.20	100.00
<b>Total revenues *</b>	<b>721.16</b>	<b>100.00</b>	<b>747.21</b>	<b>100.00</b>	<b>15.85</b>	<b>3.61</b>

\* Total Revenue comprises of revenue from sales and services, management income, interest income and other income according to the presentation of Statement of Comprehensive income.

Total Revenues for the year ended December 31, 2018 was Baht 747.21 million, increased by Baht 15.85 million or 3.61%, compared to 2017 which revenue was Baht 721.16 million, due arised to the following reasons:

- Revenues from food and beverage increased of Baht 8.57 million or 1.23% from the year ended 2017 came from:
  - The increasing of Revenues from Quick Service Restaurants by Baht 15.9 million, most reason came from (1) Domestic revenue increase by Baht 4.3 million due to many sales promotion and advertising to push up sales volumn. The Company also maintain the quality continuously together with opening one store in new area (Trade Zone) and consider to close of 7 underperforming stores from slowdown in private consumption and intense competition in the quick service restaurant market. However, the Company continue focusing on product development and (2) Revenue generated in Cambodia in 2018, increased by Baht 11.6 million since company opened 3 stores of Domino's pizza which famous among the market.
  - Revenues from Life Style Restaurants decreased by Baht 10 million compare to the prior year as resulted from the termination of lease agreement at Seen Space in Thong Lor area since June 2017.
- In 2018, the Company recognized gain on sales of investment in associates of Baht 10.20 million in the consolidated statement of comprehensive income. On June 27, 2018, Evolution Land Co., Ltd. (a subsidiary) had entered into Share Sell and Purchase Agreement to dispose investment in 2 associate companies comprised 1) preference shares in Andaman Beach Residences Co., Ltd. of 51,000 shares and 2) preference shares in Phang Nga Hotels Co., Ltd. of 51,000 shares, total consideration in the amount Baht 10.20 million to the buyer - Fico Corporation Co., Ltd. which considered as transaction with a related company. The Company already received fully settlement from such disposition of investment transaction on June 29,2018. The Company reversed allowance for devaluation of investment of Baht 10.40 million and recognized gain on sales of investment of Baht 10.20 million.

## REVENUE BREAKDOWN BY SEGMENT

The Company's two main continuing operating businesses comprise: 1) Food & Beverage retail and 2) Business advisory services, investment and property development consulting services as follows:

Description	Year 2017		Year 2018		Increase (decrease)	
	Amount (Million Baht)	% of Total	Amount (Million Baht)	% of Total	Amount (Million Baht)	Change (%)
Food and beverage sales	703.28	97.52	718.99	96.22	15.71	2.23
Business advisory, investment and property development consulting services	17.88	2.48	28.22	3.78	10.34	57.83
<b>Total revenue from sales and services</b>	<b>721.16</b>	<b>100.00</b>	<b>747.21</b>	<b>100.00</b>	<b>26.05</b>	<b>3.61</b>

### A) FOOD & BEVERAGE RETAIL

The Company consolidated revenue from sales comprising revenue from Quick Service Restaurants ("QSR") generated from various international famous brands such as Domino's Pizza, Coffee Bean & Tea Leaf, and Kyochon fried chicken. Revenue from QSR group increased from last year by Baht 15.71 million or 2.23%, result came from mentioned above. The Company launched many campaign and many promotion, especially Domino's Pizza to maintain existing customer group and find more new customers.

Moreover, the Consolidated financial statement for the year ended December 31, 2018, also included the operation of G Enterprise & Co Co., Ltd. ("G Enterprise") for the whole year which the Company completed the acquisition transaction in 1st quarter 2017. The Company commenced consolidation of revenue from such new subsidiary from March 2017, onwards. Even it effected from the termination of lease agreement at Seen Space in Thong Lor area since June 2017.

### NUMBER OF EXISTING STORES AS OF 2018 AND 2017

Description	As of 31 December 2017	As of 31 December 2018	Change in No. of stores
Domino's Pizza Thailand	36	30	(6)
Domino's Pizza Cambodia	7	10	3
The Coffee Bean & Tea Leaf	8	8	-
Fenix Iron Fairies	3	3	-
Maggie Choo's	1	1	-
G Enterprise & CO	5	5	-
Kyochon Thailand	5	5	-
<b>Total</b>	<b>65</b>	<b>62</b>	<b>(3)</b>

### B) BUSINESS ADVISORY, INVESTMENT AND PROPERTY DEVELOPMENT SERVICES

In 2018, revenue from business advisory was Baht 28.22 million, an increase of Baht 10.34 million or 2.23% compared to 2017. The revenue increase from sales of investment in associates as mentioned above.

### COST OF SALES BREAKDOWN BY SEGMENT

Description	Year 2017		Year 2018		Increase (decrease)	
	Amount (Million Baht)	% of Sales	Amount (Million Baht)	% of Total Sales	Amount (Million Baht)	Change (%)
Cost of food and beverage	254.32	36.55	282.66	40.20	28.34	11.14
Total Cost of sales and services	254.32	36.55	282.66	40.20	28.34	11.14

Cost of sales for the current year was Baht 2.3 million, or 36.5% of sales which increased by Baht 28.3 million or 11.1% compared with Baht 254.3 million of 2017, gross margin increased from 36.5% in 2017 to 40.1% in 2018 or increased by 3.6% due to higher price of raw material and promotion activities through the year of 2018, especially in pizza segment.

### SELLING AND ADMINISTRATIVE EXPENSES

Description	Year 2017		Year 2018		Increase (decrease)	
	Amount (Million Baht)	% of Total revenue	Amount (Million Baht)	% of Total revenue	Amount (Million Baht)	Change (%)
Selling expenses	553.24	76.72	525.03	74.05	(28.21)	(5.09)
Administrative expenses	857.71	118.93	412.96	58.24	(444.75)	(52.20)
Total selling and administrative expenses	1,410.95	195.65	937.99	132.29	(472.96)	(33.52)

■ Selling expenses in 2018, total Baht 525 million decreased by Baht 28 million or 5.1% compared with Baht 553.2 million in 2017 due to the closing down 7 branches of quick service restaurant during the year 2018. Most of the selling expenses derived from food and beverage retails operation which mainly representing rental expenses from the operation of Domino's Pizza, the Coffee Bean & Tea Leaf, and Kyochon restaurants and the rental in community mall from the stand alone restaurants operated under its own brands name.

■ Administrative expenses in 2018, total Baht 412.9 million decrease by Baht 444.7 million or 51.9% compared with Baht 857.7 million in 2017 mainly from the decrease of non-cash items and one time expenditure such as allowance for impairment of investment properties in subsidiaries(Red Planet Hotels Ltd.) by Baht 348 million , allowance for impairment of goodwill by Baht 137.1 million , allowance for trade receivable by Baht 37 million offsetting with the increase of allowance for impairment of goodwill Baht 84.6 million in 2018.

### FINANCIAL COSTS

Description	Year 2017		Year 2018		Increase (decrease)	
	Amount (Million Baht)	% of Sales	Amount (Million Baht)	% of Sales	Amount (Million Baht)	Change (%)
Financial costs	46.29	6.65	57.86	8.21	11.57	25.00
Total financial costs	46.29	6.65	57.86	8.21	11.57	25.00

■ Financial cost in the current year was totaling of Baht 57.8 million, increased by Baht 11.57 million or 25% compared with Baht 46.3 million in prior year. During the year 2018, the Company issued the Bill of Exchange allot to the Private Placement investors of Baht 298 million and Baht 141 million with interest rate at 8.75% and 10% per annum respectively, for Bond repayment of Baht 600 million, bear interest at 6.00% per annum which was due in August 2018.

#### INCOME TAX REVENUE (EXPENSE)

Description	Year 2017		Year 2018		Increase (decrease)	
	Amount (Million Baht)	% of Sales	Amount (Million Baht)	% of Sales	Amount (Million Baht)	Change (%)
Income tax revenue (expense)	11.56	1.66	(15.67)	(2.22)	(27.23)	235.55
Total Income tax revenue (expense)	11.56	1.66	(15.67)	(2.22)	(27.23)	235.55

■ For the year ended December 31, 2018, the Group have not recognized deferred tax assets as they believe that the future taxable profits may not be sufficient to allow utilization of the temporary differences and unused tax losses, therefore, deferred tax assets have been recognized as an income tax expense in the current year

#### NET LOSS

In the year 2018, the Company posted a net loss from continuing operations of Baht 546.54 million, a decrease in net loss of Baht 431.85 million or -44.12% compared to 2017, which were came from non-recurring loss and not arise from the Company's normal operating results. Mainly due to impairment loss from investment in Red Planet Hotels recognized in 2017 of Baht 348 million, as well as recognizing loss from goodwill impairment in the amount Baht 137.1 million whereas loss from goodwill impairment in 2018 was recognized by Baht 84.6 million. However, the Company attempt to control cost and expense and continuing to increase more revenues for all stakeholders' benefits.

## ANALYSIS OF FINANCIAL POSITIONS

#### ASSETS

Assets	As of 31 December 2017		As of 31 December 2018		Increase (decrease)	
	Amount (Million Baht)	% of total assets	Amount (Million Baht)	% of total assets	Amount (Million Baht)	Change (%)
Current Assets	144.93	9.88	165.89	13.51	20.96	14.46
Non-Current Assets	1,321.89	90.12	1,016.84	86.49	(260.05)	(19.67)
Total Assets	1,466.82	100.00	1,227.73	100.00	(239.09)	(16.29)

As of 31 December 2017, the Company had total assets of Baht 1,227.73 million, a decrease of Baht 239.09 million from the end of 2017, was primary due to the following reasons.

- Non-current assets decreased by Baht 260.04 million from the end of the last year.
  - Decreasing in Leasehold improvements and equipment of Baht 105.2 million and Intangible assets of Baht 40.96 million because of current year depreciation and amortization expense in totaling of Baht 109.64 million. In addition, there was loss on disposal and written off of equipment and intangible assets and loss on impairment of of leasehold improvement of Baht 29.57 million and Baht 8.74 million, respectively.
  - Decreasing in Goodwill of Baht 84.63 million, due to the Company recognized a loss on impairment of goodwill of Fenix Iron Fairies and G Enterprise & CO of Baht 76.25 million and Baht 8.39 million, respectively.



- Decreasing in Deferred tax assets of Baht 22.18 million due to it was written off and recorded as an income tax expense. As they believe that the future taxable profits may not be sufficient to allow utilization of the temporary differences and unused tax losses, therefore, deferred tax assets have been recognized as an income tax expense in the current year.

• Total current assets increased by Baht 20.96 million from last year that arising from Receivable from sales of investment consist of Receivable from disposed the investments in its subsidiaries directly held by the Company through exercising the put option, comprise of 2 subsidiaries Casa Fico Co., Ltd. and Fena Park Co., Ltd. in the proportion of 50% of its authorized and issued shares each subsidiary. The consideration paid for this investment disposition is agreed at Baht 248.5 million. The buyer prepared in investment paid-off by offset against the outstanding debts that the Company due to the buyer which comprised the outstanding short-term revolving loan and accrued interest of Baht 62.26 million and outstanding loan amount in form of promissory note due to the buyer of Baht 141.94 million, total the outstanding debts of Baht 204.2 million. The Company presented such receivable from sale of investment of Baht 44.3 million under other current assets in the financial statements due within 1 year.

## LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities and shareholders' equity	As of 31 December 2017		As of 31 December 2018		Increase (decrease)	
	Amount (Million Baht)	% of total	Amount (Million Baht)	% of total	Amount (Million Baht)	Change (%)
Total liabilities	1,051.34	71.68	1,112.55	98.65	61.21	5.82
Total shareholders' equity	415.48	28.32	115.18	10.21	(300.30)	(72.28)
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,466.82</b>	<b>100.00</b>	<b>1,227.73</b>	<b>100.00</b>	<b>(239.09)</b>	<b>(16.29)</b>

As of 31 December 2018, the Company had total liabilities of Baht 1,112.55 million, an increase of Baht 61.21 million from the end of 2017, mainly due to;

- Increasing in Trade and other current payable of Baht 55.66 million which mainly came from payable from purchase of material and accrued rental and services fee expense.
- Increasing in Short-term loan of Baht 433.09 million from prior year ended because the Company issued the Bill of Exchange allot to the Private Placement investors of Baht 298 million and Baht 141 million with interest rate at 8.75% and 10% per annum, respectively, and due on January 28, 2019 and May 3, 2019, respectively.
- Increasing in Short-term loan from related party of Baht 70.21 million was unsecured short-term loan from Mr. Krit Srichawla for the purpose to use in the Company's working capital, bear interest at 6.80 per annum.
- Current portion of debentures decreased of Baht 399.52 million, due to the unsecured debentures of Baht 600 million at a fixed interest rate of 6% per annum was due on May 11, 2019. However, the Company issued new debenture no. 1/2019 of Baht 200 million at a fixed interest rate of 7.5% per annum on May 4, 2019 and will be due August 4, 2019.
- Long-term loan from related parties decreased of Baht 138.24 million as a resulted from the Company exercised the put option to dispose investment of Casa Fico Co., Ltd. and Fena Park Co., Ltd. which directly hold 50% of those investment and set-off such loan.

As of 31 December 2018, shareholders' equity decreased by Baht 300.29 million or -72.28% from Baht 415.48 million at the prior year ended 2017 to Baht 115.18 million, as resulted from net loss for the year of Baht 547.54 million. However, statutory reserve of Baht 2.6 million and the net of premium on the ordinary shares and discount on issued of shares of Baht 322.89 million to set-off to retained loss brought forward in the consolidated financial statement.

**LIQUIDITY RATIO**

As of 31 December 2018 and as of 31 December 2017, liquidity ratio were 0.17 times and 0.15 times, respectively. Due to there was financial liabilities totaling of Baht 700.66 million which was dued within 1 year, such as debentures, short-term loan and short-term loan from related parties.

In addition, the highlight ratio such as trade payable turnover decreased from 1.73 times to be 1.47 times at at the year ended 2018 and days in payable increased from 208 days to be 244 days that should be improved urgently. The Company intend to improve working capital for all parties.

**THE COMPANY'S CAPITAL STRUCTURE**

Capital structure of the Company as of 31 December 2018 and 31 December 2017, the debt-to-equity ratio were 9.66 times and 2.53 times, respectively. In 2018, the Company's debt-to-equity ratio increase due to an increasing in trade and other current payables and short-term loans for working capitals. In additional, decrease in shareholders' equity of Baht 300.29 million, mainly came from net loss for the current year.

## CONNECTED TRANSACTIONS

A policy regarding possible future connected transactions was specified as follows:

1. In the case where the Company has connected transactions, the Company policy is to proceed in the same manner as all other businesses which refer to market prices and conditions, in that the Company shall allow the Audit Committee to consider or give its opinions on the necessity and suitability of engaging in the connected transaction. This includes those cases where it is necessary for the Company to have independent values, experts or financial advisers, express their views on aforementioned connected transactions, in order to be able to use this as information on which to base the decisions of the Board or Shareholders, depending on the case. This is to ensure that the connected transactions are aligned with market prices, are suitable and are compatible with normal business activity. Thus, the Company shall disclose information pertaining to connected transactions in the budget report, as compiled by the Company's auditor and the annual report.
2. In the case where the Company has connected transactions, the Board shall act in accordance with the law related to securities and the Stock Exchange, including decrees, announcements, orders and the regulations of the Stock Exchange of Thailand, i.e. act in accordance with regulations regarding the transparency of information concerning connected transactions and the valuation of assets, where they have been received or sold, where they are assets crucial to the Company and its subsidiaries.

The significant related party transactions have followed the commercial conditions and standards mutually agreed upon by the Company and the persons or those related businesses, which are normal business transactions. Details are as in table below:

### RELATED PARTY TRANSACTIONS:

Significant related party transactions between the Company and its subsidiaries and related person or juristic person for the year ended December 31, 2016, 2017 and 2018, respectively and balance as at December 31, 2016, 2017 and 2018, respectively.

Related Person/ Juristic Person	Transaction	Value (Million Baht)			Conditions of Transactions	Necessity and Reasonableness
		2016	2017	2018		
Red Planet Hotels (Thailand) Limited Other investment which held 50.9% by Evolution Land Co., Ltd.	Debt guarantee services incomes	0.92	0.52	0.1	Fee calculated at the rate of 3% per annum from outstanding loan balance. It is reasonable compared to the market.	The Company provided debt services guarantee to Red Planet which was the normal business transaction to entered into credit facility between an related and the financial institution.  The Company has been released from such obligation and guarantee during the year 2018.
	Accrued incomes	0.19	-	-	It was recognized as incomes but has not billed yet as at the reporting period	
	Other current receivables	0.49	0.38	-	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
	Other current payables	0.64	-	-	It was represented undue amount as at the reporting period.	
Red Planet Hotels Two (Thailand) Limited Other investment which held 51% by Evolution Land Co., Ltd.	Debt guarantee services incomes	1.47	1.22	0.56	Fee calculated at the rate of 3% per annum from outstanding loan balance. It is reasonable compared to the market.	The Company provided debt services guarantee to Red Planet which was the normal business transaction to entered into credit facility between an



Related Person/ Juristic Person	Transaction	Value (Million Baht)			Conditions of Transactions	Necessity and Reasonableness
		2016	2017	2018		
						related and the financial institution.  The Company has been released from such obligation and guarantee during the year 2018.
	Accrued incomes	0.35	-	-	It was recognized as incomes but has not billed yet as at the reporting period	
	Other current receivables	0.79	0.96	0.06	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
Red Planet Hotels Three (Thailand) Limited  Other investment which held 51% by Evolution Land Co., Ltd.	Debt guarantee services incomes	0.76	0.48	0.15	Fee calculated at the rate of 3% per annum from outstanding loan balance. It is reasonable compared to the market.	The Company provided debt services guarantee to Red Planet which was the normal business transaction to entered into credit facility between an related and the financial institution.  The Company has been released from such obligation and guarantee during the year 2018.
	Accrued incomes	0.17	-	-	It was recognized as incomes but has not billed yet as at the reporting period	

Related Person/ Juristic Person	Transaction	Value (Million Baht)			Conditions of Transactions	Necessity and Reasonableness
		2016	2017	2018		
	Other current receivables	0.41	0.52	0.01	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
Red Planet Hotels Four (Thailand) Limited Other investment which held 51% by Evolution Land Co., Ltd.	Debt guarantee services incomes	2.22	1.88	0.93	Fee calculated at the rate of 3% per annum from outstanding loan balance. It is reasonable compared to the market.	The Company provided debt services guarantee to Red Planet which was the normal business transaction to entered into credit facility between an related and the financial institution.  The Company has been released from such obligation and guarantee during the year 2018.
	Accrued incomes	0.53	-	-	It was recognized as incomes but has not billed yet as at the reporting period	
	Other receivables and amount due from related companies	1.19	2.01	0.15	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
Red Planet Hotels Five (Thailand) Limited Other investment which held 51% by	Debt guarantee services incomes	2.08	2.40	1.2	Fee calculated at the rate of 2% per annum from outstanding loan balance. It is reasonable compared	The Company provided debt services guarantee to Red Planet which was the normal business transaction to entered

Related Person/ Juristic Person	Transaction	Value (Million Baht)			Conditions of Transactions	Necessity and Reasonableness
		2016	2017	2018		
Evolution Land Co., Ltd.					to the market.	into credit facility between an related and the financial institution.  The Company has been released from such obligation and guarantee during the year 2018.
	Accrued incomes	0.60	-	-	It was recognized as incomes but has not billed yet as at the reporting period	
	Other receivables and amount due from related companies	1.28	2.57	0.02	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
Red Planet Hotels Limited Other investment which held 10.9% by Evolution Advisor Limited, (2017 : 11.3%)	Financial costs	0.27	0.27	0.25	The Company has loan credit facility of Baht 30 million and interest rate at 1% per annum for use in working capital.	
	Loan and accrued interest	28.34	28.61	28.88	The Company has loan credit facility of Baht 30 million and interest rate at 1% per annum for use in working capital.	
Andaman Beach Residences Co., Ltd. Associate company which held 51%	Management incomes	0.47	0.47	0.23	Representing accounting and tax services which charged reasonable fee and comparable to the market	The Company had capable personnel and able to provide service at the comparable rate to the external service



Related Person/ Juristic Person	Transaction	Value (Million Baht)			Conditions of Transactions	Necessity and Reasonableness
		2016	2017	2018		
by Evolution Land Co., Ltd.					price.	provider.
(The Company sold an investment of Andaman Beach Residences during the year 2018)	Accrued incomes	-	0.02	-	It was recognized as incomes but has not billed yet as at the reporting period	
	Other receivables	0.24	0.15	0.08	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
Phang Nga Hotel Co., Ltd.	Management incomes	0.47	0.47	0.23	Representing accounting and tax services which charged reasonable fee and comparable to the market price.	The Company had capable personnel and able to provide service at the comparable rate to the external service provider.
Associate company which held 51% by Evolution Land Co., Ltd.  (The Company sold an investment of Andaman Beach Residences during the year 2018)	Accrued incomes	-	0.02	-	It was recognized as incomes but has not billed yet as at the reporting period	
	Other receivables	0.24	0.15	0.08	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	



Related Person/ Juristic Person	Transaction	Value (Million Baht)			Conditions of Transactions	Necessity and Reasonableness
		2016	2017	2018		
Fena Property Co., Ltd. Related company with common directors	Expenses relating to the rental of restaurant operation	8.44	2.90	3.74	The rental fee and relating expenses was reasonable and comparable to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
	Deposit for rental	2.35	2.35	2.35	The deposit for rental was due by Landlord which in line with the normal course of business	
	Other current payables	0.04	0.62	2.88	Representing payable for purchase of services was not due at the end of accounting period.	
Fico Corporation Co., Ltd. Related company with common directors	Revenue from sales	0.04	0.06	0.03	Selling prices was reasonable with normal course of business.	
	Rental fee and expenses relating to the rental of restaurant operation	2.60	0.29	0.92	The rental fee and relating expenses was reasonable compared to the market price.	The lease payment for restaurant operation and office which was normal business transaction and was reasonable.
	Management fee	-	-	0.80	Fee was reasonable with normal course of business.	Fico Corporation had capable personnel / resource and able to provide service to the Company.
	Deposit for rental	1.08	1.08	1.08	The deposit for rental was due by Landlord which in line with the normal course of business	
	Other current receivables	-	0.03	-	Representing receivable at the end of accounting period.	

Related Person/ Juristic Person	Transaction	Value (Million Baht)			Conditions of Transactions	Necessity and Reasonableness
		2016	2017	2018		
	Other current payables	-	0.01	1.08	Representing payable for purchase of services was not due at the end of accounting period	
B&G Park Co., Ltd. Related company with common directors	Rental fee and expenses relating to the rental of restaurant operation	0.81	-	-	The rental fee and relating expenses was reasonable and comparable to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
Fenix Thonglor Co., Ltd. Related company with common directors	Rental fee and expenses relating to the rental of restaurant operation	1.17	1.02	0.98	The rental fee and relating expenses was reasonable and comparable to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
	Other current payables	-	-	1.05	Represent payable at the end of accounting period.	
Fenacon Co., Ltd. Related company with common directors	Other current payables	0.30	0.30	0.30	Representing payable for purchase of leasehold improvement and equipment which unpaid as at the reporting period.	
Fena Assets Co., Ltd. Related company with common directors	Revenue from sales	0.05	-	-	Selling prices was reasonable with normal course of business.	
	Management fee	0.74	-		Management fee was reasonable and comparable to the market price.	Fena Assets had capable personnel and able to provide service at the comparable rate to the external service provider.
	Rental fee and expenses relating to	0.41	-	-	The rental fee and relating expenses	The lease payment for restaurant



Related Person/ Juristic Person	Transaction	Value (Million Baht)			Conditions of Transactions	Necessity and Reasonableness
		2016	2017	2018		
	the rental of restaurant operation.				was reasonable and comparable to the market price.	operation was normal business transaction and was reasonable.
Fena Estate Co., Ltd. Related company with common directors	Revenue from sales	0.23	0.23	0.24	Selling prices was reasonable with normal course of business. Selling prices was reasonable	
	Purchase of inventory	0.33	-	-	The transfer price was reasonable and comparable to the market price.	
	Rental fees and expenses relating to the rental of restaurant operation	-	0.11	0.54	The rental fee and relating expenses was reasonable and comparable to the market price	The lease payment for restaurant operation was normal business transaction and was reasonable.
	Other current receivables	0.10	0.08	0.09	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
	Other current payables	-	0.01	0.53	Representing payable for purchase of services was not due at the end of accounting period which was followed the normal business	
Fico Development Co., Ltd. Related company with common directors	Revenue from sales	0.31	0.28	0.26	Selling prices was reasonable with normal course of business.	
	Purchase of inventory	0.73	0.12	-	The transfer price was reasonable and comparable to the market price.	
	Other receivables	0.11	0.90	1.15	It was represented receivable which unpaid as at the reporting period.	

Related Person/ Juristic Person	Transaction	Value (Million Baht)			Conditions of Transactions	Necessity and Reasonableness
		2016	2017	2018		
	Other payables	0.11	-	0.11	Representing payable for Purchase of service was not due at the end of accounting period	
Fico Plus Co., Ltd. Related company with common directors	Other payables	-	0.08	0.02	Representing payable for purchase of services was not due at the end of accounting period which was followed the normal business.	
Fena Holding Co., Ltd. Related company with common directors	Rental fee and expense relating to the rental of restaurant operation	3.59	3.67	3.53	The rental fee and relating expenses was reasonable when compared to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
	Other current receivables	0.05	-	-	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
	Other current payables	-	0.05	1.5	It was represented payables as at the reporting period	
Fena Land Co., Ltd. Related company with common directors	Rental fee and expense relating to the rental of restaurant operation	0.41	0.46	0.46	Selling prices was reasonable with normal course of business.	
	Other current payables	0.04	0.05	0.22	Representing payable for purchase of services was not due at the end of accounting period which was followed the normal business	



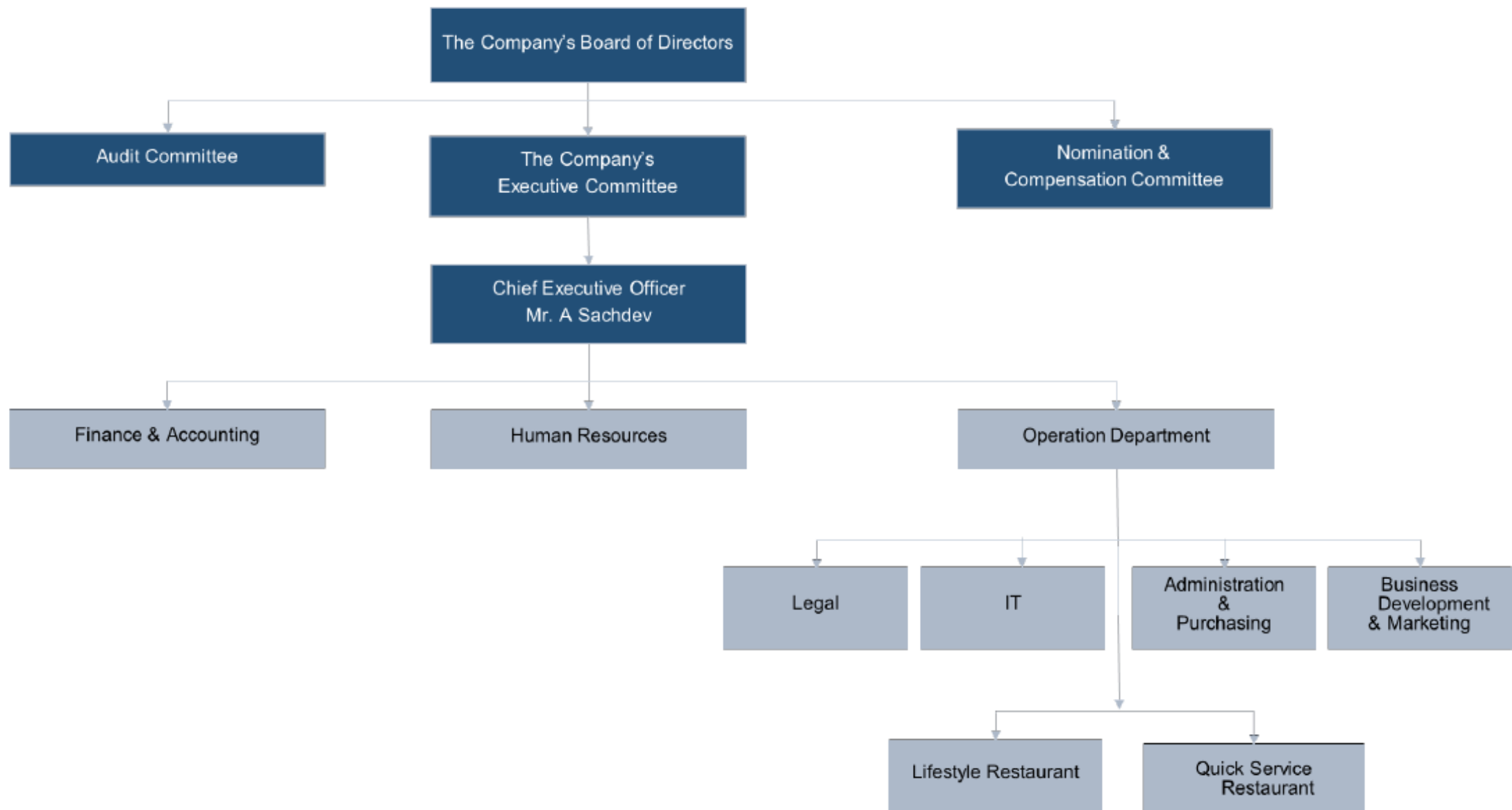
Related Person/ Juristic Person	Transaction	Value (Million Baht)			Conditions of Transactions	Necessity and Reasonableness
		2016	2017	2018		
Fenix Power Co., Ltd. Related company with common directors	Revenue from sales improvements of building and equipment	-	4.82	-	Selling prices was reasonable with normal course of business Selling prices was reasonable	
	Rental fee and expense relating expenses	4.53	15.89	-	The rental fee and relating expenses was reasonable when compared to the market price.	
	Other receivables	-	0.11	0.10	It was represented receivable which unpaid as at the reporting period.	
Pirate F&B Co., Ltd. Related company with common directors	Other receivables	-	3.49	3.49	Representing payable for purchase of services was not due at the end of accounting period which was followed the normal business	
Fenix Foods World Co., Ltd. Related company with common directors	Receivable from sales of investments	-	-	44.03	Receivable from disposed the investments in its subsidiaries directly held by the Company through exercising the put option, comprise of 2 subsidiaries Casa Fico Co., Ltd. and Fena Park Co., Ltd. in the proportion of 50% of its authorized and issued shares each subsidiary and set-off with short-term loans from related parties. The remaining present as receivable from sales of investment.	
Mr. Krit Srichawla Directors	Interest expense	0.60	-	1.00	Interest expense from short-term loan. It is reasonable compared to the market rate.	It was used in working capital which was flexible.
		-	-	70.21		The Company need to use for working capital within the group.



Related Person/ Juristic Person	Transaction	Value (Million Baht)			Conditions of Transactions	Necessity and Reasonableness
		2016	2017	2018		
Srichawla Group  Related parties	Interest expense	7.50	7.50	3.70	The Group has issued a promissory note as a conditional corporate guarantee in the amount of Baht 100 million to the Srichawla Group as protection against loss of value of the consideration of subsidiaries, such obligation if the Group's share price is at least equal to Baht 2.00 per share where in the next 3 years from the closing date of the transaction through 26 November 2015.	
	Loan from related parties	130.00	138.00	-		
Mr. Na-chanok Rattanatarot Chief Operating Officer	Other receivables	-	10.13	8.67	Other receivables form investment in G Enterprise & Co Co., Ltd.	

## MANAGEMENT STRUCTURE

Management Structure as of 31st December 2018



### 1. BOARD OF DIRECTORS AND SUB-COMMITTEE

Management structure of the company consist of the Board of Directors and three Sub-Committees which are the Audit Committee, Executive Committee and the Nomination and Remuneration Committee. The details are as follows;

#### Board of Directors

As of December 31, 2018, the Company's Board of Directors consists of 7 members with the following members:

Name	Position
1 Mr. Akradej Srichawla	Chairman of the Board of Directors
2 Mr. Krit Srichawla	Director
3 Mr. A Sachdev	Chief Executive Officer / Director
4 Mr. Witit Sujjapong	Chairman of Audit Committee / Independent Director
5 Mr. Krish Detter	Audit Committee / Independent Director
6 Mr. Viroj Tangjetanaporn	Audit Committee / Independent Director
7 Mr. Nuttawut Phaoborom	Independent Director

#### Audit Committee

The Company has appointed the Audit Committee who has the duty and authority to supervise the business of the Company in accordance with the management structure. The Audit Committee consists of 3 members, all of them are Independent Directors as follows;

- 1) Mr. Witit Sujjapong Chairman of Audit Committee
- 2) Mr. Krish Detter Audit Committee
- 3) Mr. Viroj Tangjetanaporn Audit Committee

Mr. Witit Sujjapong is a director who has knowledge and experience in accounting and finance to review the reliability of the Company's financial statement. He has Bachelor Degree in Economics from Hitosubashi University (Japan), Master Degree in Economics from Hitosubashi University (Japan) and recently he is one of the Audit Committee member for Easy Buy Public Company Limited.

#### Executive Committee

The Executive Committee determines the direction and goals of the Company. Including advice on decisions in areas such as Business Strategy, Investment Policy, and Risk Management for the Board of Directors. The Executive Committee is as follows.

- 1) Mr. Akraej Srichawla Executive Chairman / Director
- 2) Ms. A Sachdev Chief Executive Officer / Director
- 3) Mr. Na Chanok Rattanatarot Chief Operation Officer
- 4) Mr. Pauramin Srichawla Managing Director

#### Nomination and Remuneration Committee

Nomination and Remuneration Committee consists of three Audit Committees to promote the principles of good corporate governance. They are responsible for setting the criteria and policy for nomination of directors. And sub-committees, as well as recruiting, selecting and nominating appropriate persons to be the Company's directors. It also reviews and determines the remuneration of top executives and the Board of Directors, including stock compensation plan to motivate. The Nomination and Remuneration Committee members are shown as follows;

- 1) Mr. Witit Sujjapong Chairman of Nomination and Remuneration Committee
- 2) Mr. Krish Detter Nomination and Remuneration Committee
- 3) Mr. Viroj Tangjetanaporn Nomination and Remuneration Committee

Details of attendance of the Board of Directors in 2018 are as follows

Name	Number of attendance / total number of meetings		
	Board of Directors	Audit Committee	Nomination and Remuneration Committee
1 Mr. Akarat Na Ranong	4/6	-	-
2 Mr. Krit Srichawla	1/20	-	-
3 Mr. Akraej Srichawla	17/20	-	-
4 Mr. Thosaphol Pengsom	6/7	-	-
5. Mr. Witit Sujjapong	14/20	11/14	1/1
6. Mr. Krish Detter	17/20	12/14	1/1
7. Mr. Viroj Tangjetanaporn	11/20	8/14	-
8. Mr. Nuttawut Phaaborom	8/20	-	-
9. Ms. Naravadee Waravanitcha	9/10	-	-
10. Mr. A Sachdev	9/9	-	-

Remark

1. Mr. A Sachdev is appointed as Chief Executive Officer in place of Ms. Naravadee Waravanitcha who has resigned, effective from June 1, 2018.
2. Mr. Akarat Na Ranong has resigned from the Board of Directors, effective since April 24, 2018.
3. Mr. Thosaphol Pengsom has resigned from the Board of Directors, effective since May 7, 2018

## 2. EXECUTIVES

The list of executives as of December 31, 2018 is as follows.

	Name	Position
1	Mr. A Sachdev	Chief Executive Officer
2	Mr. Na chanok Rattanatarot	Chief Operating Officer
3	Mr. Pauramin Srichawla	Managing Director – Domino's Pizza
4	Mrs. Saisunee Panichsongkraw**	Financial Controller (Acting CFO)
5	Mr. Dilip Atmaramani	Head of Operation

Remark: Mrs. Saisunee Panichsongkraw is financial Controller (Acting CFO) without receiving compensation.

## 3. CORPORATE SECRETARY

The Board of Directors has resolution to appoint Mr. A Sachdev as the Corporate Secretary since December 1, 2018 to act as a consultant to advise the directors on the compliance with the law on directors' duties and responsibilities. His duty includes the minutes of the Board of Directors and always attend the Board of Directors' meetings. The qualification of the Company Secretary is shown in Attachment 1.

## 4. REMUNERATION PACKAGE

### 4.1 REMUNERATION OF DIRECTORS IN 2018

Remuneration of Directors in 2018 is the amount of Baht 3,659,500 consisting of monthly compensation and meeting remuneration. The details are as follows;

Number	Name	Remuneration of Director		
		Director	Audit Committee	Nomination and Remuneration Committee
1	Mr. Akarat Na Ranong	690,000	-	-
2	Mr. Krit Srichawla	132,500	-	-
3	Mr. Akraej Srichawla	512,500	-	-
4	Mr. Thosaphol Pengsom	117,000	-	-
5.	Mr. Witit Sujjapong	625,000	137,500	12,500
6.	Mr. Krish Detter	512,500	150,000	12,500
7.	Mr. Viroj Tangjetanaporn	437,500	100,000	-
8.	Mr. Nuttawut Phaoborom	220,000	-	-
9.	Ms. Naravadee Waravanitcha	-	-	-
10.	Mr. A Sachdev	-	-	-
	Total	3,247,000	387,500	25,000

### 4.2 DETAILS OF EXECUTIVE REMUNERATION

In 2018, the Company paid management remuneration as follows;

Unit: Million Baht

Type of Remuneration	Headcount	Amount
Salary	8	13,123,700
Other benefits such as social security and provident fund, Health insurance, house rental, travel expenses		769,128
Total	8	13,892,828

#### 4.3 EMPLOYEE

As of December 31, 2018, the Company and its subsidiaries employed a total of 868 persons, excluding management executives 8 persons. The details are as follows

Department	Headcount
Operations	756
Commissary and warehouse	33
Finance and Accounting	21
Legal	1
Human Resource	14
Purchasing	7
Marketing	13
Information Technology	7
Business Development	4
General and Administrates	12
<b>Total</b>	<b>868</b>

Details of the Company's employee remuneration in 2018 are as follows:

Unit: Million Baht

Type of Remuneration	Headcount	Amount
Salary	868	188,963,842
Other benefits such as social security and provident fund, Health insurance, house rental, travel expenses		30,829,135
<b>Total</b>	<b>868</b>	<b>219,792,977</b>

#### 5.HUMAN RESOURCES DEVELOPMENT POLICY

Promoting Learning and Self-Development: Employees are encouraged to grow with the Company. The Company seeks to encourage employees to continually develop their skills in order to grow their jobs which is extremely important. The company provides in-house training for executive level employees at the merchant level to develop leadership skills, such as interviews to get the most out of your position. In addition, the Company encourages the development of staff at the operational level in accordance with the standards of the franchise brand.



## MANAGEMENT AND CORPORATE GOVERNANCE

### SECURITIES AND SHAREHOLDERS

#### 1. REGISTERED AND PAID UP CAPITAL

As of December 31, 2018, the Company's registered capital is Baht consisting of ordinary shares with a par value of Baht 1 per share and the Company's paid up capital is Baht 25,508,354,215.00 consisting of 2,136,460,276 ordinary shares with a par value of Baht 1 per share.

#### 2. SHAREHOLDERS

The top ten majority shareholder as of November 28, 2018 were as follows:

	Name	Number of Share	The proportion of
1	Srichawla Group	790,338,646	36.98%
1.1	Mr. Krit Srichawla	170,602,000	7.99%
1.2	Fico Corporation Co.,Ltd.	152,183,533	7.12%
1.3	Fenix Thonglor Co.,Ltd.	15,000,000	0.70%
1.4	Mr. Akradej Srichawla	214,601,200	10.04%
1.5	Mr. Theprit Srichawla	108,814,533	5.09%
1.6	Mr. Amorn Srichawla	106,481,200	4.98%
1.7	Ms. Vinita Srichawla	9,500,000	0.44%
1.8	Mr. Sanjay Kumar Singh	13,155,580	0.62%
2	CIMB SECURITIES (SINGAPORE) PTE.LTD.	212,829,263	9.96%
3	Thai NVDR Co.,Ltd.	120,627,054	5.65%
4	Mr. Win Santipongchai	39,188,833	1.83%
5	Mr. Khajorn Panarat	32,100,000	1.50%
6	Mr. Pong Nivatepathomwat	20,797,000	0.97%
7	Mr. Vichan Kedia	19,080,391	0.89%
8	Ms. Panyapa deevongkit	18,000,000	0.84%
9	Mr. Chaipong Wechmonthei	14,627,966	0.68%
10	Mr. Wichai Aronsiritakul	14,054,700	0.66%
	Total	1,281,643,253	59.96%

Source: Thailand Securities Depository Co., Ltd

Remark:

1. Mr. Krit Srichawla, Mr. Theprit Srichawla, Mr. Akradej Srichawla, Mr. Amorn Srichawla, Ms. Vinita Srichawla, Mr. Sanjay Kumar Singh, Fico Corporation Co., Ltd. and Fenix Thonglor Co.,Ltd. are acting in concert under the Notification "the nature of a relationship or behavior and requirements under section 246 and section 247".

2. Fico Corporation Co., Ltd operates the lease of the office building, utilities and service of the office building and parking service. Fico's major shareholders are Mr. Krit Srichawla, Mr. Theprit Srichawla, Mr. Akradej Srichawla and Mr. Amorn Srichawla holding 340,000 share in total or equivalent to 85% of registered and paid-up capital.

#### 3. DIVIDEND PAYMENT POLICY

The Company has not made dividend payments in the past 3 years as it has accumulated losses.

Pursuant to the Company's Articles of Association dividends shall be paid at a rate of not less than 50 percent of the net profit after deduction of tax and statutory reserves required by applicable laws and regulations, provided that the Company would still have adequate cash for on-going operations and working capital purposes. The Company's dividend policy is subject to change from time to time as approved by the Shareholders at a General Shareholders Meeting.

#### 4. OTHER SECURITIES

##### 4.1 WARRANTS ON ORDINARY SHARES OF THE COMPANY

- Warrants on the ordinary shares to the existing shareholders No.1 (FC-W1)

Term of Warrants (year)	10 years
Issue Date	December 23, 2010
Expiration Date	December 22, 2020
Conversion Ratio	1 unit of warrant per 1.065 ordinary share
Exercise Price	Baht 1.408 per share
Offering Unit	347,000,000 units
Number of new ordinary share reserved	347,000,000 shares
Number of exercised warrants as of December 31, 2018	-0- units
Number of unexercised warrants as of December 31, 2018	347,000,000 units
Number of remaining shares reserved as of December 31, 2018	369,555,000 shares

- Warrants on the ordinary shares to the existing shareholders No.2 (FC-W2)

Term of Warrants (year)	10 years
Issue Date	December 23, 2010
Expiration Date	December 22, 2020
Conversion Ratio	1 unit of warrant per 1 ordinary share
Exercise Price	Baht 2 per share
Offering Unit	261,750,000 units
Number of new ordinary share reserved	261,750,000 shares
Number of exercised warrants as of December 31, 2018	-0- units
Number of unexercised warrants as of December 31, 2018	261,750,000 units
Number of remaining shares reserved as of December 31, 2018	261,750,000 shares

##### 4.2 DEBT SECURITIES - PROMISSORY NOTES, DEBENTURES

- Promissory Notes

The Group has issued a promissory note as a conditional corporate guarantee in the amount of Baht 100 million to the Srichawla Group as protection against loss of value of the consideration that results from the acquisition of investment in Casa Fico Co., Ltd. and Fena Park Co., Ltd., on 26 November 2012. The guarantee shall be valid for a period of 3 years ending 26 November 2015. The final amount payable under the guarantee shall be adjusted based on the share price of the Company at the end of the guarantee period. However, the principle of this condition is to grant an opportunity for the Group to be free from paying such obligation if the Group's share price is at least equal to Baht 2.00 per share where (a) in the 3 years from the closing date of the transaction or (b) at the time the Group decides to sell all shares in Casa Fico Co., Ltd. and Fena Park Co., Ltd. and/or the land/leasehold right owned by these two companies before the end of guarantee period. In that event such guarantee will be revoked and the Group will not be bound to pay that amount to the Srichawla Group. On the contrary, if the Group's share price is less than Baht 2.00 per share within the specified time, in both (a) and (b) described above, the Group must pay the determined amount in accordance with the calculation method, which is limited to Baht 100 million

- Debentures

On May 4, 2018, the Company issued the debentures no. 1/2018 of Baht 200 million in the following

Type	The Secure Debenture of Food Capitals PCL. No. 1/2018 and has the Debenture's representative.
Issued amount	Baht 200 million
Maturity period	Within 15 months (Maturity August 4, 2019)
Interest rate	7.25% per annum
Collaterals	-Vacant land owned by the Company

The Company has registered with the mortgage of land owned by the Company and the subsidiary - Casa Fico Co., Ltd. used as collaterals for the issuance of the Company's debenture at secure amount of Baht 200 million on May 6, 2018.

Type : Bill of Exchange (B/E)  
Issued Amount : Principal amount not exceeding Bhat 298 million  
Interest rate : Depending on the market conditions at the time of issuance and offering 8.75 % per annum  
Maturity period : 270 Days  
objective : To be used as a working capital.  
Placement : To offer to the high net worth investors with face value not less than THB 10 million. B/E placement to investors up to 10 and not exceeding 10 B/E at any point in time (PP10)

• Issuance and offering of short-term Bill of Exchange (BE) amount 141 Million

Type : Bill of Exchange (B/E)  
Issued Amount : Principal amount not exceeding Baht 141million  
Interest rate : Depending on the market conditions at the time of issuance and offering 10% per annum  
Maturity period : 365 Days  
objective : To be used as a working capital.  
Placement : To offer to the high net worth investors with face value not less than THB 10 million. B/E placement to investors up to 10 and not exceeding 10 B/E at any point in time (PP10)

## CORPORATE GOVERNANCE

### 1. CORPORATE GOVERNANCE POLICY

The company recognizes the importance of efficient management. Fairness and can be monitored. Good corporate governance is one of the company's policies. be used as a guideline for business management to demonstrate good management standards and to build confidence with all parties involved. Such as Shareholding Joint Venture Customer in addition to It enhances the competitiveness of the company and creates confidence to the shareholders Investor and all parties involved. However, to realize such importance Board of Directors. Therefore, appoint and assign the Audit Committee to act independently of its audit. Determining risk control policies Business Administration and ethics, as well as the accuracy of publicly disclosed information is based on the equality of all stakeholders. It complies with the good corporate governance principles to contribute to the company's growth, stability, and sustainability.

In addition to the above guidelines. The Company has complied with the principles of good corporate governance for listed companies, as follows:

#### 1.1 RIGHTS OF SHAREHOLDERS

The company focuses on and includes respect to the fundamental rights of shareholders and has a policy to treat all shareholders with equality and as well as to encourage shareholders to exercise the right to stock trading rights and the rights to the dividend acquisition. In addition, the company respects the following related rights include:

- Secure method of ownership registration
- Convey and transfer shares
- Obtain relevant and material information on a timely and regular basis
- Participate and vote in general shareholder meetings
- Assign a proxy to vote on their behalf in meetings
- Be informed of the rules that govern shareholder meetings
- Give opinions and ask questions in shareholder meetings
- Vote to elect or remove Directors
- Vote to appoint independent auditors and set annual audit fees
- Share the profits of the Company
- Participate in and be informed regarding major decisions concerning fundamental corporate changes

#### 1.2 EQUITABLE TREATMENT OF SHAREHOLDERS

The company has set guidelines on how to treat all shareholders with equality. The major shareholder of the company. Shareholders or subsidiaries, executives, or non-executive shareholders. Thai nationality or other contract non-Thai nationality. However, in addition, the company has placed an important approach. as follows:

- The Board of Directors values the importance of shareholders' meetings and shall facilitate all shareholders to attend the meetings, gain access to information, and exercise voting rights at these meetings in an equitable manner.
- The Board of Directors shall present important matters to shareholders so that they can participate in the decision-making while ensuring that shareholders receive full, adequate and timely information for decision-making purposes. In addition, it shall support and facilitate appropriate voting procedures, including voting by proxy. The Company has adopted measures to prevent misuse of inside information by the Board and management, abusive self-dealing, insider trading or disclosure of inside information to those related to the Board and management, that might cause damages to shareholders as a whole.

#### 1.3 ROLE OF STAKEHOLDERS

The Company recognises the importance of the rights of all stakeholders, including shareholders, management, employees, customers, suppliers, the community, society, and relevant government and private agencies. Recognising the need for stakeholders' support, which strengthens competitiveness and business operations in the long term, the Company operates in accordance with relevant rules and regulations, to ensure that the rights of all stakeholders are upheld.



- **Shareholders:** The Company aims to represent the best interests of its shareholders in all its business operations and accurately disclose information to them.
- **Management and Employees:** The Company shall treat all managers and employees equally and fairly. Management and employees have the right to receive remuneration and benefits in accordance with their position, duties and performance.
- **Customers:** The Company shall devote itself to its customers, be responsible to them, offer quality service, respect their confidentiality and assign personnel to deal with their complaints and inquiries as effectively as possible.
- **Suppliers and Creditors:** The Company shall buy products and services from suppliers in accordance with trade regulations, including agreeing to act in accordance with supply contracts. With respect to borrowing of money, the Company will act in accordance with the terms of the contract or agreement.
- **Competitors:** The Company will act in accordance with a good regulatory framework, avoiding unethical or underhanded means to eliminate competition.
- **Community and Society:** The Company shall act responsibly with respect to the community and society, in that the Company's products shall not have negative effects on society and shall create a good image for the Company.

#### 1.4 DISCLOSURE AND TRANSPARENCY

The Company gives a high priority to the disclosure of the Company's financial reports, and operational information and is committed to their accuracy, completeness, transparency, quality and the timely release of these reports to investors and the public through the Stock Exchange of Thailand and the Company's website [www.foodcapitals.com](http://www.foodcapitals.com). In addition, the Legal Department is responsible for information disclosure to the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission ("SEC") to ensure the Company's compliance with the laws and regulations.

#### 1.5 RESPONSIBILITIES OF THE BOARD OF DIRECTORS

##### (1) Leadership and Vision

Based on the values of integrity, morality, and business ethics; the Board of Directors shall determine the Company's vision, policy and business direction, annually review and approve strategies, policies, financial and operating objectives, follow up on the management's implementation of the operating plan, provide appropriate internal controls, internal audit, and risk management. They shall also ensure that the management team performs its duties according to the objectives and guidelines, thereby delivering maximum benefits to shareholders.

##### (2) The Board of Directors' Responsibilities

- To perform its duties in compliance with the law, the Company's objectives and Articles of Association, including resolutions of the shareholders' meetings, with honesty, integrity and prudence while protecting the Company's interests.
- To set up vision, policies and the direction of the Company's business operations and monitor the implementation of the Company policies by management to ensure efficiency, effectiveness and maximum value to the Company and its shareholders.
- To evaluate performance and determine remuneration for the Company's management.
- To consider and approve material issues as stipulated by law.
- To establish reliable systems of accounting, financial reporting and auditing. This includes evaluating procedures in internal control assessment and follow-up processes, and ensuring the efficiency and effectiveness of internal audits, risk management, and financial reports.
- To ensure that no conflicts of interest occur among stakeholders.
- To monitor business operations with the aim of ensuring ethical work standards

## 2. SHAREHOLDERS' MEETING

### 2.1 DISTRIBUTION OF MEETING NOTICES

Ahead of each Shareholder meeting, the Company sends out invitation letters that state the agenda of the meeting and information relating to each agenda item, both in Thai and English. The letter reaches shareholders seven working days prior to the meeting. The Company advertises the date of the meeting in the press for at least three consecutive days, at least three days prior to the meeting.

### 2.2 ASSIGNING A PROXY TO VOTE ON THEIR BEHALF IN THE MEETING

Shareholders can exercise their rights to vote either in person or in absentia with equal rights. By completing a proxy form and including the notice of the meeting, Independent Directors grant permission to a shareholder to use him as their proxy.

### 2.3 MEETING ATTENDANCE AND REGISTRATION

To attend the shareholders' meeting, shareholders must present documents to verify their identity, such as an identification card or passport. A proxy must provide evidence such as the completed proxy form along with a copy of an identification card or the passport of the shareholder. Where a proxy is assigned by a juristic person, he/she must bring proxy evidence, such as the proxy form, along with a certified copy of business registration certificate. Shareholders presenting an identification card can pre-register two hours prior to the AGM. The Company organises a systematic and effective registration process to facilitate shareholders attending the meeting.

### 2.4 BOARD OF DIRECTORS ATTENDANCE AT SHAREHOLDER MEETINGS

The Company recognises the importance of shareholders' meetings, and therefore the meeting is attended by the Board of Directors. Moreover, the Chief Executive Officer, Chairman of each Board Committee and the external auditor or a representative also attend the meetings to listen to opinions and answer questions raised by shareholders.

### 2.5 SHAREHOLDERS' OPPORTUNITIES TO ASK QUESTIONS AND EXPRESS OPINIONS, RESOLUTION AND RECORDS OF MEETINGS

The Company facilitates equitable rights among shareholders at meetings by declaring clear voting procedures and counting methods to all shareholders present before the meeting begins. During the meeting, shareholders have equal opportunities and are allowed sufficient time to address issues relevant to every agenda with the Board. The Chairman of the meeting gives shareholders the opportunity to fully examine the operations of the business, ask questions and make inquiries, express their views, and make various recommendations. The Company has a policy to encourage all committee members to attend the shareholders meeting, particularly the Chairman of the Board and the Chairman of the Audit Committee, so that they may respond to inquiries and express their own views at the Shareholders' Meeting, with respect to important questions and opinions. These are recorded as a part of a report of the meeting, which is then made available for the scrutiny of shareholders unable to attend the meeting. The Company will facilitate voting by proxy. The voting and counting of votes will be carried out in an efficient and transparent manner. One vote is counted per share and a resolution is carried by the majority vote. Voting tickets will be used where shareholders wish to make objection votes or abstention votes and will be kept for later inspection. The Company will record the resolutions of the meeting by classifying votes into approval votes, objection votes, and abstention votes for each agenda in writing and will also record in detail the questions, answers, and opinions made during the meeting. Resolution with voting results will be recorded in the minutes of shareholders' meeting.

### 2.6 DISCLOSURE

The results of the meeting are released by the Stock Exchange of Thailand on the following working day. Within 14 days, the Company then sends to the Stock Exchange of Thailand the complete minutes of the meeting containing names of Board Members/Executives in attendance, numbers/proportions of shareholders who attended, resolutions, important issues, questions and their answers.

## 3. CONFLICTS OF INTEREST

To prevent issues regarding conflicts of interest, the Company appoints the Audit Committee to participate in reviewing the disclosure of connected transactions. In any Board of Directors' meeting, if there is any connected transaction in which conflict of interest is observed, individual Directors who may be involved in such conflict refrain from voting. Only Directors not involved with a connected transaction and Audit Committee members are eligible to carefully review such connected transactions with the best interests of the Company at the forefront. However, in a case where such connected transactions need be handled in compliance with regulations, announcements or any rules of the Stock Exchange of Thailand, enforcement shall be strictly applied.

#### 4. BUSINESS ETHICS

The Board of Directors of the Company acknowledge their roles, duties and accountability to ensure efficient, clear and transparent operations in accordance with the relevant laws and the regulations of the Company, as well as resolutions of any Shareholders' Meeting. The principles, policies, morals and ethics of good corporate governance are issued to the Board of Directors as guidelines for carrying out their duties with honesty, morality, accountability, loyalty and integrity and with the best interest of the Company and shareholders in mind.

The Company establishes principles regarding business ethics for the Board of Directors and the Audit Committee.

#### 5. BALANCE OF POWER FOR NON-EXECUTIVE DIRECTORS

The Board of Directors of the Company currently comprises 7 Directors; two Executive Directors and Five Non-Executive Directors. The Audit Committee comprises three Independent Directors who account for one-third of the entire Board. The balance between Executive and Non-Executive Directors is appropriate and ensures that the Directors represent the best interests of shareholders given that Non-Executive Directors make up two-thirds of the entire Board. The Audit Committee shall be considered as representatives of minority shareholders and have the duty to ensure the accuracy and transparency of the Company's operations.

#### 6. AGGREGATION OR SEGREGATION OF POSITIONS

The Chairman of the Board of Directors shall not be the same person as the Chief Executive Officer. The authority of the Chairman of the Board of Directors shall be separated from that of the Chief Executive Officer to ensure a clear distinction between supervisory, policy-making duties and day-to-day business administration. The Company clearly defines the responsibility and authorisation of the Board of Directors and the Audit Committee to ensure transparent operations, a balance of power, and appropriate performance reviews. However, significant agenda items must be approved by a Board of Directors' meeting or Shareholders' Meeting. Authorisation granted to the Board of Directors, the Audit Committee and the Chief Executive Director, does not give power for any of them to approve connected transactions involving themselves or their representatives that may cause a conflict of interest with the Company.

In addition, during Board meetings, each member is free to express his views. Members' views are documented in detailed meeting reports.

#### 7. REMUNERATION OF THE BOARD OF DIRECTORS AND MANAGEMENT

The Company clearly and transparently specifies the remuneration of Directors to be comparable to the rest of the industry and appropriate for their duties. Remuneration is approved at the Shareholders' Meeting and is in compliance with pre-defined policies and principles set by the Directors and therefore ties the Company's operating results to the Directors' performance.

The Company specifies the remuneration of Directors and management in accordance with regulations set by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

#### 8. MEETINGS OF THE BOARD OF DIRECTORS

Board of Directors' meetings for the Company are held no less than once every quarter. Additional meetings may be called to discuss special agenda items. Directors must attend, except in case of an emergency. An invitation, along with the meeting agenda and relevant documents, are sent out to each Director at least seven days before the meeting to allow adequate time to study the information. In each meeting Directors can openly and freely express their opinions. The minutes of each meeting are properly documented, and after approval by the Board, filed for audit purposes.

#### 9. SUB-COMMITTEES

##### 9.1 AUDIT COMMITTEE

The Audit Committee was appointed to supervise the Company's business, including its composition, scope of authority, management structure and the responsibilities of each committee member. The Audit Committee comprises three non-executive Independent Directors as follows:

- 1) Mr. Witit Sujjapong Chairman of Audit Committee
- 2) Mr. Krish Detter Audit Committee
- 3) Mr. Viroj Tangjetanaporn Audit Committee

The Committee is required to call meetings no less than once every quarter. A special meeting may be requested to discuss urgent agenda items. It is the duty of the Audit Committee to independently review the Company's financial reports, internal controls and audit, operations, selection and appointment of the Company's external auditor, disclose connected transactions or items concerning conflicts of interest. Such an auditing process is aimed at strengthening the efficiency of control and supervision and is in compliance with the policies of the Market for Alternative Investment ("MAI").

The Audit Committee Members/Independent Directors must possess the following qualifications as set out by the Capital Market Supervisory:

- 1) Hold shares not exceeding 1 percent of the total shares with voting rights of the Company, its parent company, subsidiaries, associates, major shareholders, and controlling parties of the Company, provided that the shares held by the related parties of such Independent Director shall be included.
- 2) Is not or has never been an Executive Director, employee, staff, advisor who receives salary, nor controlling parties of the Company, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders or controlling parties of the Company unless the foregoing status ended at least 2 years prior.
- 3) Is not a person who has relationships by means of descent or legal registration under the status of father, mother, spouse, brothers and sisters and children, of Management, major shareholders, controlling parties or a person who is in the process of being nominated as Management or controlling party of the Company or its subsidiary
- 4) Has none an has never had business relationships with the Company, its parent company, subsidiaries, associates, major shareholders or controlling parties of the Company with respect to holding power which may prove to be an obstacle to independent decision-making, including not being or never having been a significant shareholder or controlling party of any person having a business relationship with the Company, its parent company, subsidiaries, associates, major shareholders or controlling parties of the Company unless the foregoing status ended at least 2 years prior.

The business relationship mentioned in the first paragraph shall include business transactions during the course of ordinary business, such as rental or lease of immovable property, transactions related to assets or services or financial support regardless of being lent or borrowed, guaranteed, secured by assets, debt and any otherwise similar performance which causes liability or obligation to the Company or counter party, under the proviso that such liability is equal to or exceeds 3 percent of the net tangible assets of the Company or equal to or above 20 million baht, whichever is lower. In this regard, the calculation of such liability shall be in accordance with the calculation method of the value of connected transactions under the Notification of Capital Market Supervisory Board governing the conditions of connected transaction mutatis mutandis. The liabilities incurred during a period of 1 year prior to the date of having a business relationship with the above party shall be included in calculation of such liabilities.

- 5) Is not or has never been an auditor of the Company, its parent company, subsidiaries, associates, major shareholders or controlling parties of the Company and is not the significant shareholder, controlling party, or partner of an auditing firm that employs such an auditor of the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the Company unless the preceeding status ended at least 2 years prior.
- 6) Is not or has never been a professional service provider, including but not limited to legal services or financial advisor who received service fees of more than 2 million baht per year from the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties and is not a significant shareholder, controlling party or partner of the above mentioned service firms unless the foregoing status ended at least 2 years prior.
- 7) Is not a director who is nominated to be a representative of directors of the Company, major shareholders or any other shareholder related to major shareholders.
- 8) Does not operate a similar or business in competition with the business of the Company or its subsidiaries, is neither a significant partner of the partnership, nor is an executive director, employee, staff or advisor who receives salary, does not hold more than 1 percent of the total shares with voting right of any other company which operates a similar or business in competition with the business of the Company or its subsidiaries.
- 9) Is not otherwise unable to have an independent opinion regarding the business operations of the Company.



## 9.2 EXECUTIVE COMMITTEE

The Executive Committee was appointed to provide organizational direction and advise the Board of Directors on decisions and business matters ranging from strategy planning, policy, investment and risk. The Executive Committee comprises 4 members as follows

- |    |                            |                                    |
|----|----------------------------|------------------------------------|
| 1) | Mr. Akraej Srichawla       | Chairman of the Board of Directors |
| 2) | Mr. A Sachdev              | Chief Executive Officer / Director |
| 3) | Mr. Na chanok Rattanatarot | Chief Operation Officer            |
| 4) | Mr. Pauramin Srichawla     | Managing Director                  |

## 9.3 NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is comprised of the three Audit Committee Members appointed to consider and determine the criterias and policies governing the nomination of senior Management, and the Board of Directors' compensation, including the consideration of any share incentive programmes. The Nomination and Remuneration Committee comprises 3 members as follows:

- |    |                          |   |
|----|--------------------------|---|
| 1) | Mr. Witit Sujjapong      | Chairman of Nomination and Remuneration Committee |
| 2) | Mr. Krish Detter         | Nomination and Remuneration Committee Member      |
| 3) | Mr. Viroj Tangjetanaporn | Nomination and Remuneration Committee Member      |

## 10. REPORTS OF THE AUDIT COMMITTEE

The Audit Committee supervises significant business transactions, good governance, financial statements and financial information contained in the annual report. Such financial statements and reports must be prepared in accordance with generally accepted accounting policies and standards. In addition, proper discretion, optimum evaluation and sufficient disclosure of important information must also be incorporated in the financial notes.

The Audit Committee establishes efficient and effective internal control to ensure financial information is recorded accurately, completely, sufficiently and in a timely manner, while facilitating fault-finding and preventing corruption.

## 11. INVESTOR RELATIONS

The Company recognises the importance of accurate, complete, transparent and thorough disclosure of information. Operating results and organisational information must be regularly released to investors, shareholders, and stakeholders to ensure that they can make informed decisions. Financial reports, operational guidelines and other information are released to investors and the public through the Stock Exchange of Thailand and the Company's website at [www.foodcapitals.com](http://www.foodcapitals.com) email [ir@foodcapitals.com](mailto:ir@foodcapitals.com)

## 12. INSIDE INFORMATION HANDLING

The Company enforces strict policies regarding the use of inside information as follows:

- 1) Inside information shall be disclosed only to relevant persons, who shall in turn handle it properly. Disclosure of such information shall be made by authorised persons only.
- 2) Directors and Management must be aware of the scope of responsibility and accountability with regard to handling inside information, without using such information for personal benefit or gain.
- 3) The Company's Directors and management must prepare a report on the securities holdings of the Directors and/or Management, spouses and minor children and persons related to the Directors and/or Management, in accordance with the Securities and Exchange Act.
- 4) The Company establishes degrees of punishment for different levels and intentions concerning the mishandling of information, ranging from written warnings, salary deductions, unpaid employment, suspension, and termination of employment.

### 13. HUMAN RESOURCES DEVELOPMENT POLICY

The Company's human resource development policy emphasises the enhancement of staff performance through continual in-house training in a number of areas appropriate to the work functions of staff from each division. This is to ensure that the Company's staff continually enhances their knowledge and understanding of techniques, technology and work-related skills. In addition, the Company sends personnel with suitable potential to attend external training seminars run by field experts to enhance and deepen their knowledge of various specialist areas, such as technology, thus helping them to work more effectively.

## CORPORATE SOCIAL RESPONSIBILITY POLICY

Business expansion, while giving back to society, the environment and all stakeholders has been increasingly important for the sustainable growth of the Company. In 2018, the Company and its subsidiaries conducted the following Corporate Social Responsibilities as below.

### CORPORATE GOOD GOVERNANCE

The company is committed to conducting business fairly and ethically with a policy to ensure fair and equitable treatment with business partners. The company requires that remunerations and benefits involved be on the basis of equality and fairness to suppliers as well as all parties involved in the whole supply chain. In case that the company find out the dishonesty between employee and business partner, the company will disclose the information and solve the problem fairly and quickly together with the business partner. The company also has a policy to proceed in line with fair competition framework. The company shall neither violate nor acquire through unscrupulous means trade secrets of its competitors and never seek its competitors' confidential information via dishonest or improper methods. Strictly, the company shall not damage its competitors' reputation with false and malicious accusations.

### RESPONSIBILITY FOR THE CONSUMER

Operating in the consumer service sector, the responsibility towards consumers has been of utmost importance to the Company. Attaining and even exceeding superior standards in terms of the quality of products, service, hygiene, and safety as required by the Company's franchisors has been an emphasis of the Company from the policy level to the daily operational level. For example, the Company strictly controls the temperature of its freezers to maintain the freshness of raw materials while monitoring the temperature in the hall and kitchen areas for energy saving purposes as well. Hygiene is of paramount importance with very carefully selected healthy and safe products for consumers and the environment. The Company has also welcomed all comments and addressed all complaints with regard to the quality of products and services via its website, mobile application, Facebook, call center, and feedback book, for example,

### RESPONSIBILITY FOR EMPLOYEES

The key asset of the Company is its employees. The Company has continuously helped employees enhance their operational skills, maintain a balance between corporate and social responsibility goals, while also maintaining a work-life balance. The Company has set suitable working hours to allow its staff to spend time after work with their families.

### ENVIRONMENTAL CONSERVATION

The Company promotes an environmentally friendly business conduct through the reduction of waste and energy-saving programs, both at the store level of all of its brands as well as the corporate level. The Company uses LED light bulbs at its stores. It also advocates the avoidance of plastic bags and the use of environmentally friendly packaging in its Kyochon stores and The Coffee Bean & Tea leaf. In addition, it also promotes the use of on-line applications which helps reduce the use of paper.

### ANTI-CORRUPTION POLICY

Anti-corruption has been an increasing focus of the business environment around the world. Operating as a franchisee of globally and regionally renowned restaurant brands, the Company has adopted best practices in promoting awareness of corruption within the group of Companies. The Company has also set internal policies corresponding to Thai and international anti-corruption policies and practices.

### RESPONSIBILITY TO STAKEHOLDERS

The Company strives to grow and enhance its business relationship with its franchisors, joint-venture partners, shareholders, landlords, suppliers, third-party service providers, as well as the various regulators with which it interacts daily. As such, the Company seeks to not only comply with all guidelines, policies, agreements, bylaws, and laws governing its operations, but also to develop an enriched business association with its various stakeholders through the fostering of mutual trust and respect.

## INTERNAL CONTROL AND RISK MANAGEMENT

### INTERNAL CONTROL AND INTERNAL AUDIT

The Company is importance of internal control, both at the managerial and operational levels, in order to ensure the efficiency and effectiveness of the operation, by clearly defining the scope of responsibility and authority of Management and employees via written documentation. In addition, policies to optimise the usage of the Company's assets, segregate responsibilities among operating staff, supervising staff, and performance appraisals, are also implemented to ensure a proper balance of power, prevention and reduction of errors, losses, and fraud, trustworthiness of financial statements and business operations including compliance within the laws, regulations, and relevant procedures, and encourage to implement the internal controls appropriately and effectively.

#### 1. INTERNAL CONTROL

It is the responsibility of the Board and the Audit Committee to ensure an internal control system that is effective and facilitates the management of risk at acceptable levels. Furthermore, the Audit Committee shall regularly monitor and assess the efficiency of internal control system across the following core components: the control environment, risk assessment, control activities, information and communication systems, and monitoring and evaluation processes. The internal control system is an important mechanism that assists management in the reduction of business risks, the efficiency of business operations through proper procurement of resources and attainment of goals, the protection of Company assets from losses and corruption, the accountability of financial reporting, the compliance of all personnel with laws and regulations and the protection of shareholders' capital, including the prevention of conflicts of interest, related party transactions and safeguarding the usage of assets of the Company in order to prevent fraud or misconduct.

#### 2. INTERNAL AUDIT

The company did not appoint an internal auditor in 2018 since we expected to complete the Entire Business Transfer (EBT) transaction with PRG Development Company Limited within the 2nd quarter of the year. However, the transaction did not complete as expected due to the fact that the Stock Exchange of Thailand, ("SET") had a different view on the issue of the business repurchase guarantee by the major shareholders. As a result, the company had to adjust the business integration plan by holding an Extraordinary General Meeting of shareholders on 21st December 2018 to seek shareholders' approval of the EBT transaction again. We expected that the EBT will be completed in due course, but if the transaction is not complete within the expected time frame, the company will recruit personnel to perform the internal audit function promptly.

The duty of the Internal Audit Department is to independently perform audit work, evaluate performance and adequacy of internal control systems, Risk Management systems and Corporate Governance systems across all units of the company and its affiliates. They adopt the framework of COSO (The Committee of Sponsoring Organizations of the Treadway Commission) and Enterprise Risk Management, as well as monitoring regulations in compliance with the Stock Exchange of Thailand (SET), and the Thai Institute of Directors (IOD) to be used to fulfil internal control, and follow the action plan approved by the Audit Committee using a risk-based approach that includes consultation to ensure that the Company's objectives are achieved as targeted. The Internal Audit Department also regularly monitors and adjusts these systems to be in line with changes in the environment and to ensure that errors can be corrected in a timely manner. By assessing the effectiveness of Risk Management, the Internal Audit Department reviews event identification and risk factors that affect the Company's objectives and then reviews the Risk Management approach. This ensures the accuracy of both event identification and risk factors and ensures that a systematic Risk Management approach exists. It also ensures that risk is managed at the appropriate level, reported in a timely manner to all relevant personnel and reviewed continuously. In assessing the effectiveness of Internal Control, the Internal Audit Department has developed a questionnaire for each process and reviews the outcome of each operation to ensure that the Company's objectives are achieved effectively and efficiently, that rules and regulations are strictly followed, and that the financial reports are reliable. In assessing the effectiveness of corporate governance, the Internal Audit Department performs audits following the good corporate governance criteria of the Securities Exchange Commission ("SEC"). This ensures that the Company has the necessary infrastructure and supporting processes to achieve good corporate governance and maintain fairness for all stakeholders.



The Internal Auditor acts as a secretary to the Audit Committee to enhance the effectiveness of its responsibility and accountability for all functions of the Audit Committee, as assigned by the Board of Directors, and to arrange Audit Committee meetings regularly. The Internal Auditor has the additional role of advising management in the area of information security and supporting employees to realise the importance of information security.

The Internal Audit Department adheres to the Standards for Professional Practice of Internal Auditing and the Company continuously encourages its Internal Audit staff to work independently and objectively, comply with relevant standards and emphasize quality and continuous development through training programs.

### **3.RISK MANAGEMENT**

The Company has established a risk management system, whereby the Company has designated that managers at all levels must assess various risks that may arise in the business operations of the Company. Both external and internal factors covering all aspect of the risks must be taken into account and included in a regular report to the Chief Executive Officer who will analyse, summarise and report the monthly operating results to the Board. Furthermore, there are regular revisions of the risk factors due to changes in external and internal factors that may impact the organization from time to time.

## ASSETS AND MATERIAL AGREEMENTS

### 1. ASSETS

As of 31 December 2018, the Company and its subsidiaries Fixed Assets are as follows:

No.	Description	Location	The significant of agreement	Net Book Value	Owner	Loan Facility	Remaining Loan	Property Right
1	Land (Including cost of Construction in Progress)	Samui District, Surat Thani	-	274.09	Casa Fico Co.,Ltd (Subsidiary Company)	-	-	Owner
2	Land (Property for Investment)	Samui District, Surat Thani	-	54.70	the Company	-	-	Owner
3	Leasehold	Samui District, Surat Thani	30-year leasehold agreement with remaining 19 years 7 months	82.18	Fena Park Co.,Ltd (Subsidiary Company)	-	-	Owner under leasehold agreement
4	Leasehold	Samui District, Surat Thani	30-year leasehold agreement with remaining 12 years 6 months	50.92	the Company	-	-	Owner under leasehold agreement
5	Office Equipment	Head Office	-	46.73	the Company and its subsidiaries	-	-	Owner
6	Vehicle	-	Leasing Agreement with remaining 44 months	8.08	the Company and Domino's (Thailand) Co.,Ltd (Subsidiary Company)	6.11	3.47	Vehicle under Leasing Agreement
7	Leasehold Improvement	Head Office at Metropolis Building on Sukhumvit Road and restaurant in Bangkok in total of 49 branches and 1 branch in Chonburi	3 – 10 year Lease Agreement with the extension right of 3 – 10 years	210.00	the Company and its subsidiaries	-	-	Owner

No.	Description	Location	The significant of agreement	Net Book Value	Owner	Loan Facility	Remaining Loan	Property Right
8	Furniture and Fixtures	Head Office at Metropolis Building on Sukhumvit Road and restaurant in Bangkok in total of 49 branches and 1 branch in Chonburi and 7 branches in Cambodia	-	172.16	the Company and its subsidiaries	-	-	Owner
Total				898.85				

## 2. MATERIAL AGREEMENT OF THE COMPANY

### 2.1 MATERIAL AGREEMENTS OF THE COMPANY

- 1) Shareholders Agreement for investment in Red Planet Hotels Limited.

Through its subsidiary, Evolution Advisors Limited, the Company entered into a shareholder agreement to invest in Red Planet Hotels Limited in May 2010. Currently, the Company has a 10.9 percent equity interest in Red Planet Hotels Limited. Red Planet Hotels is incorporated and registered under the laws of Cayman Islands.

### 2.2 MATERIAL AGREEMENTS OF THE COMPANY'S SUBSIDIARIES

- 1) Casa Fico Company Limited and Fena Park Company Limited

Casa Fico and Fena Park have entered into various agreements in relation to design development as well as hotel and residential management for a project in Koh Samui, Suratthani Province, with the Marriott group in August 2009. All agreements remain valid, in full force and effect.

- 2) Domino's (Thailand) Company Limited (Change from "Fenix Pizza Company Limited")

Domino's (Thailand) Company Limited (Change from "Fenix Pizza Company Limited") entered into a Master Franchise Agreement with Domino's Pizza International Franchise Inc. (franchisor) in May 2012, to obtain the exclusive rights to operate and develop a pizza restaurant chain under the brand "Domino's Pizza" in Thailand. The Agreement remains valid, in full force and effect.

- 3) CBTL (Thailand) Company Limited (Change from "Fico Coffee Company Limited")

CBTL (Thailand) Company Limited (Change from "Fico Coffee Company Limited") has entered into an Area Development Agreement with CBTL Franchising LLC (franchisor) in July 2011, to obtain the exclusive rights to operate and develop a coffee shop chain under the brand "The Coffee Bean & Tea Leaf" in Thailand. The Agreement remains valid, in full force and effect.

- 4) Kyochon Company Limited

Kyochon Company Limited, is a joint-venture company between the Company (with a 95 percent equity interest), and Kyochon F&B Company Limited (with a 5 percent equity interest) have entered into a Master Franchise Agreement with Kyochon F&B Company Limited (franchisor) in October 2013, to obtain the exclusive rights to operate and develop a fried chicken restaurant chain under the brand "Kyochon" in Thailand, Myanmar, Laos, and Cambodia. The Agreement remains valid, in full force and effect.

5) D. Pizza Public Company Limited

D. Pizza Public Company Limited, is a joint-venture company registered under Cambodian law between the Company (with a 65 percent equity interest) and CBM Corporation Company Limited (with a 35 percent equity interest) have entered into a Master Franchise Agreement with Domino's Pizza International Franchise Inc. (franchisor) in December 2014, to obtain the exclusive rights to operate and develop a pizza restaurant chain under the brand "Domino's Pizza" in Cambodia. The Agreement remains valid, in full force and effect.

6) Kyochon (Cambodia) Company Limited

Kyochon (Cambodia) Company Limited, is a joint-venture company registered under Cambodian law between the Company (with a 65 percent equity interest) and CBM Corporation Company Limited (with a 35 percent equity interest) have entered into a Sub-franchise Agreement with Kyochon Co., Ltd. in October 2015, to obtain the exclusive rights to operate and develop a restaurant chain under the brand "Kyochon Chicken" in Cambodia. The Agreement remains valid, in full force and effect.



## AUDITOR REMUNERATION

Section 120 of the Public Companies Act B.E. 2535 requires that every year the Annual General Meeting of Shareholders appoints the Company's auditors and determines their remuneration. The existing auditors may be reappointed.

In addition, the Notification of the Securities and Exchange Commission No. Kor Jor. 39/2548 Re: Rules, Criteria and Procedures for Disclosure of Financial Status and Operating Results of Securities Issuing Companies (Item No. 20) and the Notification of the Capital Market Supervisory Board No. Tor Jor. 11/2552 Re: Rules, Criteria and Procedures for Disclosure of Financial Status and Operating Results of Securities Issuing Companies, requires that a company ensures the rotation of their auditors if such auditors have performed their duties for 5 consecutive accounting years. However, the Company is not required to engage a new audit firm, which means the Company may appoint any auditors within the existing audit firm to replace the existing auditors.

The resolution of the 2018 Annual General Meeting of Shareholders on 23 April 2018 considered and approved to appoint Mr. Jadesada Hungsapluek, Certified Public Accountant (Thailand) No. 3759 and/or Mr. Jirote Siriroraj, Certified Public Accountant (Thailand) No. 5113 and/or, Ms. Kannika Wiphanurat Certified Public Accountant (Thailand) No. 7305 of Karin Audit Company Limited as the auditors of the Company and anyone of them is authorized to conduct the audit and render an opinion on the financial statements of the Company.

No relationships or interests exist between the nominated auditors and the Company and its subsidiaries or any of its executives, major shareholders or their affiliates.

The remuneration of auditor for the year 2018 is as follows:

Name	Audit Fee 2018 (Baht)
Food Capitals Public Co., Ltd.	1,995,000
Subsidiaries company	3,885,000
<b>Total</b>	<b>5,880,000</b>

## LEGAL DISPUTE

The Company conduct business with honesty, transparency and to ensure equality in the Shareholders of the company and The management is based on good governance practices. In the year 2018, the company does not have any significant legal disputes affecting the operation.

## RISK FACTORS

The Company is aware that there are always risk factors associated with business operations. Therefore, the Company always cautiously assesses any potential risks that may adversely affect the businesses performance, and seeks to implement proper protocols to avoid and mitigate risk to acceptable levels. The business risk factors are as follows:

### 1. BUSINESS RISK FACTORS

#### EXTERNAL RISK FACTORS

##### 1.1 SLUGGISH WORLD ECONOMY

The global economy slowed down in Q3/2018 on the back of a slowdown in the Chinese economy, whose growth rate decelerated to 6.5 percent from Q2/2018. The slowdown of industrial production, service sector, and the slow-moving Euro Zone economy caused by domestic consumption, has had an impact on regional economic growth. However the US economy as well as European economies continued to expand at a higher pace supported by an increase in spending and overall investment. Even as the US economy grows, the Thai economy slowed in 2H18 given the slow demand of international markets and from domestic uncertainty and instability that affects the business operations in different ways. Declining consumer confidence, increasing labour costs and increasing cost of materials have harmed business sentiment. Higher costs of production will, to some extent, be passed on to consumers resulting in higher cost of living. It will also cause lower purchasing power for the consumer. Ultimately, this may affect the business operation of the Company. However, management are well aware of the situation, have addressed these issues, and the Company is not expected to be effected significantly from these risks. The Company managed the risk by diversifying its investments to other countries with potential in the region.

##### 1.2 FOREIGN EXCHANGE RATE FLUCTUATION

A proportion of revenue of the Company was generated from investment in foreign countries and thus fluctuated along with foreign exchange rates which could affect the Company's performance. However, the proportion of revenue was not significant, while the expense and investment amount made in the overseas business were also denominated in foreign currencies as well which provided a natural hedge.

##### 1.3 INTENSE COMPETITION

The competition in Casual Restaurants and the Quick Service Restaurant business was intense from continuous new entrants. Food and Beverage businesses have fierce competition in terms of pricing, food quality, hygiene, ingredients, variety and value of menus, quality and effectiveness of services and point of sales. These are all significant factors that may effect the business operations of the Company. Within this highly competitive environment, the Company needs to have all the aforementioned standards, active marketing strategies, efficient operations, and good branding in order to create competitive advantages. The Company believes that intense competition will benefit customers and the industry overall as it will make entrepreneurs motivate themselves to improve their businesses be competitive. As the industry improves, the Company business will also grow alongside.

In addition, the Company has increased its operational efficiencies, provided staff training to maintain the service quality, and created flexible and varied marketing strategies to quickly respond to a fast-changing environment.

##### 1.4 CHANGES IN CONSUMER BEHAVIOR

Changes in consumer behavior is caused by various factors i.e. a sluggish economy changes spending behavior. At the same time, some types of consumers are concerned more with their health. Nonetheless, the prosepct of elderly society is increasing. Information and news are now easily and quickly accessed, new trends are more quickly adopted and changes to products and services can be made faster and leads to new innovations To retain our customer base, the Company has to respond fast and promptly. These factors are risks that may cause a loss of business opportunities if the Company cannot change or adapt to changing consumer behavior. Therefore, business operations must adapt promptly to the change by continually adjusting their business strategies as well as researching consumer behavior to maintain their customer base and competitive advantages.

The food and beverage operators who have the capability to study consumer behavior are in an advantageous position when compared to the competition as they can foresee the changes. The ability to predict changes will enable those operators to deploy concurrently strategies and tactics to reflect changes in consumer tastes as they occur rather than constantly rushing to keep up. The Company receives know-how and experience from global franchisors that have a long experience in the industry. These franchisors will ensure that the Company will be able to handle the changes when they occur to reduce or eliminate adverse impact in a rapidly changing landscape.

## INTERNAL RISK FACTORS

### 1.5 RISK OF RAW MATERIAL PRICE FLUCTUATION

The higher cost of gasoline price and variable weather conditions caused higher cost of materials and may have a direct effect on the operations of the Company. Cost of materials is considered a significant expense; however, the Company cannot adjust its selling prices to compensate for the higher cost of materials since consumer purchasing power is reducing due to the slowdown of the economy. It is necessary that the Company maintains its selling price in order to be competitive in this industry and for the consumers to have good quality of products and services. However, the Company has set in place measures to reduce risks from raw material price fluctuations as follows;

1. Accurately determining quantity requirements of raw materials in order to ascertain cash flow needs and avoid wastage.
2. Where possible order raw material that can be stored for longer without degradation of quality.
3. Accurate forecasting of raw material requirements and ability to purchase in bulk will give the company negotiating power with suppliers and resellers.

However, if the raw material price is likely to increase continuously, the Company will have to consider adjusting its selling prices to address the changes in costs without majorly effecting business operations. At the same time, the Company has to consider and compare with the market price and competitors so we do not lose our existing customer base. These methods can help the Company to reduce the impact of such changes. Aside from the aforementioned techniques to alleviate risk, supply chain management, which is a know-how of the QSR franchisors, provide various benefits to the Company. The Company further capitalises this know how in its own-brand venues.

### 1.6 RISK OF RAW MATERIALS MANAGEMENT

Raw materials used in restaurants consist of meats, vegetables, fruits, as well as other seasonings such as herbs. All these are agricultural products and, therefore subject to the weather, which may cause fluctuations in output quantities of product. Lower production can lead to higher prices and vice versa. In order to address this, the Company uses multiple vendors and accesses international markets where necessary.. At the same time, raw materials can degenerate and go rotten without proper shelf-life management. Therefore, the Company has risks on lost sales opportunities due to wastage and can lead to higher raw materials expenses. The Company is focusing on control and risk management by applying technology to collect data on raw material management information. In addition, the Company is using the Central System Program from late 2014 whereby the system helps improve performance in raw materials management and efficiency.

### 1.7 RISK OF PERFORMANCE OF ASSOCIATED COMPANIES

Though the performance of associated firms and joint-ventures directly affects the Company's performance; therefore, the Company has studied all possible outcomes before making any investment decisions. The investment has diversified the nature of the business, geographical and otherwise, in order to balance risk profile and returns. The Company regularly monitors the performance of its investments in other companies to assess its overall investment performance.

### 1.8 RISK OF DEBT SERVICE CAPABILITY

In 2018 the Company has Current Liabilities of 630.45 million Baht in total which consists of short term loan in the form of a Bill of Exchange. The Company issued as a Private Placement with a tenure of no longer than 12 months in the amount of 433.09 million Baht and Securities Loans amounting to 197.36 million Baht. These debts will be due in 2019. However, the Company has hedged such risk. The Board of Directors' Meeting No. 3/2018 held on February 27, 2018 resolved to approve the transaction of disposal of investment in two subsidiaries.

## 2. INVESTMENT RISK OF SECURITIES HOLDERS

### 2.1 RISK FROM MAJOR SHAREHOLDERS HOLDING SHARES IN THE COMPANY OVER 25%

The Company has a number of large shareholders - Srichawla Group ("Major shareholders"), the Srichawla Family and Fico Corporation Co., Ltd. holding shares in the Company as of 22 November 2017. The major shareholders are able to control the resolutions of shareholders' meetings that require more than 75% of the total voting rights through voting against the proposal. To manage such risks the Company's management structure is designed to balance the power and review the management. The scope of duties and responsibilities of the Chairman and Chief Executive Officer are clearly separated. Further, the Audit Committee oversees the management of the Company.

Of note, the shareholders are major shareholders of the Company and thus are motivated to make decisions for the benefit of the Company. This is a common interest of all shareholders.

### 2.2 RISKS FROM GOODWILL

Recently, there are many new entrants in the Food and Beverage industry, and competition in the market is intensifying. When the Company cannot find new locations or cannot continue renewing current locations with conditions favourable to the Company's, the consideration of the impairment of goodwill is, therefore, a significant accounting estimate requiring the management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate.



## GENERAL INFORMATION

### General Information of the company

Company Name	Food Capitals Public Company Limited
Symbol	FC
Registration Number	0107546000415
Business Type	Invest in hospitality and food & beverage sectors
Head Office	18/8 Fico Place Building, 2 <sup>nd</sup> Floor Sukhumvit 21 Road (Asoke), Klongtoey Nua, Wattana, Bangkok 10110
Telephone	0-2259-9522
Facsimile	0-2259-9590
Website	<a href="http://www.foodcapitals.com">www.foodcapitals.com</a>

### Investor Relations Contact Information

Telephone	0-2259-9522
E-mail	ir@foodcapitals.com

### Company Secretary

Contact person	Mr. A Sachdev (1 <sup>st</sup> December 2018)
Telephone	0-2259-9522

### Registered Capital (as of 31 December 2018)

Registered Capital	THB 25,508,354,215.00 divided into 25,508,354,215.00 ordinary shares with a par value of THB 1
Issued and Paid-up Capital	THB 2,136,460,276 divided into 2,136,460,276 ordinary shares with a par value of THB 1
Security and Warrant Registrar	<b>Thailand Securities Depository Co., Ltd.</b> 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400 Telephone 0-2009-9000 Facsimile 0-2009-9991 E-mail SETContactCenter@set.or.th Website <a href="http://www.set.or.th/tsd">http://www.set.or.th/tsd</a>

### Auditor

**Karin Audit Limited**  
Boonyamit Building, 6<sup>th</sup> Floor, Unit B1, No.138, Silom Road.,  
Suriyawong, Bangrak, Bangkok  
Mr. Jadesada Hungsapruet (CPA register No. 3759)  
Ms. Kannika Wipanut (CPA register No. 7305)  
Mr. Jirote Sirirorj (CPA register No. 5113)

## INDEPENDENT AUDITOR'S REPORT

To The Shareholder of Food Capitals Public Company Limited and its subsidiaries

### Opinion

I have audited the financial statements of Food Capitals Public Company Limited and its subsidiaries, which comprise the consolidated and separate statements of financial position and as at December 31, 2018, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of Food Capitals Public Company Limited and its subsidiaries as at December 31, 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the consolidated financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Material Uncertainty Related to Going Concern

Without modify my opinion, I draw attention to the Note 2 to financial statements, which states that for the year ended December 31, 2018, the Group posted total comprehensive loss of Baht 503.86 million and resulted negative of net cash flows from operation amount of Baht 138.22 million. As at December 31, 2018 the Group had deficit of Baht 2,379.09 million. For the year ended December 31, 2018, The Company posted total comprehensive loss of Baht 945.67 million and resulted net negative cash flows from operation amount of Baht 80.04 million. As at December 31, 2018 the Company had deficit of Baht 2,142.40 million. As discussed in Note 23 to the financial statements, the Company had short-term loans in form of bills of exchange of Baht 141 million, due for repayment on May 3, 2019. In addition, as discussed in Note 24, the Company had debenture of Baht 200 million due for repayment on August 4, 2019. As discussed in Note 40.3, the Company had short-term loans in form of bills of exchange of Baht 311.10 million, due for repayment on July 30, 2019. The Company is currently in the process of restructuring to meets the qualifications of the Regulation of the Stock Exchange of Thailand and shall proceed for re-submitting of the Relisting application with the Stock Exchange of Thailand as disclosed in Note 39. This circumstances indicate the existence of a material uncertainties which cause significant doubt about the Group's and the Company's abilities to continue as going concern.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matters described in the Material Uncertainty Related to Going Concern section, I have determined the matters described below to be the key audit matters to be communicated in my report.

Key Audit Matters included Audited Procedures are as follows:

## REVENUE RECOGNITION

### RISK

Revenues from sales are the Group's significant item in the statement of comprehensive income and it is a key performance indicator on which the financial statements' users focus. The Group has numerous sales made by cash and credit cards through a large number of branches. In addition, because of the intensified competition of the food and beverage industry, the Group has to continually adapt its promotional activities in order to boost sales. Therefore, there are thus risks with respect to revenue recognition.

## RISK RESPONSES OF AUDITOR

My audit procedures responded to the risk referred to above are as follows:

- I examined the Group's revenue recognition by assessing and testing the Group's internal controls with respect to the revenue cycle by making enquires of responsible executives, gaining an understanding of controls and selecting representative samples to test the operation of the designed controls.
- I applied a sampling method to select sales and service transactions occurring near the end of the accounting period to examine the supporting documents. I also performed analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

## IMPAIRMENT OF GOODWILL

### RISK

As discussed in Note 18 to the financial statements. During the year 2018, the Company impairment loss on goodwill of Baht 84.63 million was recognized in the consolidated statement of comprehensive income. Those amounts are thus significant to the consolidated financial statements. The consideration of the impairment of goodwill is, therefore, the significant accounting estimate requiring the management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

## RISK RESPONSES OF AUDITOR

My audit procedures responded to the risk referred to above are as follows:

- I assessed the identification of cash generating units and the financial models selected by Independent Financial Advisor by gaining an understanding of the Independent Financial Advisor's decision-making process and assessing whether the decisions made were consistent with how assets are utilized.
- In addition, I tested the significant assumptions applied by Independent Financial Advisor in preparing estimates of the cash flows expected to be realized from the assets, by comparison those assumptions and comparing past cash flow projections to actual operating results in order to evaluate the exercise of Independent Financial Advisor judgement in estimating the cash flow projections. I also evaluated the discount rate applied by the Independent Financial Advisor and tested the calculation of the realizable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realizable values.
- I have considered the recoverable amount assessment from the terms of the repurchase agreement, the major shareholder group of the Company and considered impairment from Goodwill is appropriate.

## DEFERRED TAX

### RISK

As discussed in Note 31, The Group has disclosed its accounting policy and details relating to deferred tax. A deferred tax asset is recognized when it is highly probable that the Group's taxable profit will be sufficient to allow utilization of the deferred tax in the future. Determining whether there will be sufficient future taxable profit to utilize temporary differences or taxable losses requires significant management judgement with respect to preparation of business plans and projections of future taxable profit based on approved business plans. Therefore, there is a risk with respect to the amount of deferred tax assets.

## RISK RESPONSES OF AUDITOR

My audit procedures responded to the risk referred to above are as follows:

- I gained an understanding of and tested the key related controls over the preparation and approval of the estimates of future taxable profit for the purposes of deferred tax asset recognition. I assessed the estimates of future taxable profit by checking the required information and key economic assumptions used in the projections against information from both internal and external sources, with consideration of information and assumptions that directly affect revenue growth and gross profit margin, such as interest rates, consumer spending and gross domestic product.
- I compared the past projections with actual taxable profits to assess the exercise of management judgment in estimating taxable profits. I also tested the calculation of future taxable profit based on the above information and assumptions, and considered the effects of changes to key assumptions on the projected future taxable profits.
- In addition, I reviewed the disclosure of information regarding temporary differences and unused tax losses for which deferred tax assets were not recognized by the Group.

### OTHER INFORMATION

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation, whether.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control if I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Jadesada Hungsapruerk

Mr. Jadesada Hungsapruerk

Certified Public Accountant (Thailand)

Registration No. 3759

Karin Audit Company Limited

Bangkok, Thailand.

February 27, 2019

## STATEMENTS OF FINANCIAL POSITION

Food Capitals Public Company Limited and its subsidiaries

Statements of financial position

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
Notes		2018	2017	2018	2017
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	26,711,831	31,635,778	524,888	1,202,408
Trade and other current receivables	6,8	40,945,544	54,261,400	24,949,252	108,171,817
Other current receivables from sale of investment	10	44,301,241	-	44,301,241	-
Short-term loan to unrelated party	9	5,143,125	5,143,125	-	-
Short-term loans to related parties	6	-	-	279,232,761	624,159,839
Inventories	11	24,276,173	28,759,463	-	-
Other current assets		24,516,056	25,133,460	3,105,103	4,053,704
<b>Total current assets</b>		<b>165,893,970</b>	<b>144,933,226</b>	<b>352,113,245</b>	<b>737,587,768</b>
<b>Non-current assets</b>					
Receivable from sale of investment	10	-	-	-	-
Investments in associates	12	-	-	-	-
Investments in subsidiaries	13	-	-	311,061,375	875,188,822
Other investments	14	246,340,001	246,340,001	-	-
Long-term loans to a related party	6	-	-	105,524,956	108,122,840
Project development cost in progress	15	297,000,000	297,000,000	-	-
Investment properties	16	54,699,268	54,699,268	54,699,268	54,699,268
Leasehold improvements and equipment	17	210,009,317	315,212,585	17,652,164	24,347,742
Goodwill	18	-	84,632,954	-	-
Intangible assets	19	61,110,807	102,070,338	6,404,848	8,552,821
Leasehold right of land	20	127,500,375	132,681,908	51,468,308	52,616,611
Deferred tax assets	31	1,149,044	23,330,328	-	-
Other non-current assets		64,033,866	65,918,960	4,351,331	4,447,207
<b>Total non-current assets</b>		<b>1,061,842,678</b>	<b>1,321,886,342</b>	<b>551,162,250</b>	<b>1,127,975,311</b>
<b>Total assets</b>		<b>1,227,736,648</b>	<b>1,466,819,568</b>	<b>903,275,495</b>	<b>1,865,563,079</b>

## Food Capitals Public Company Limited and its subsidiaries

## Statements of financial position (continued)

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Notes	2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Bank overdraft	21	29,650,157	26,911,818	29,650,157	26,911,818
Trade and other current payables	22	219,726,372	164,065,965	32,377,482	19,525,580
Current portion of share payable		18,964,659	11,145,762	18,964,659	11,145,762
Short-term loans	23	433,090,799	-	433,090,799	-
Current portion of debentures	24	197,357,061	596,877,422	197,357,061	596,877,422
Current portion of long-term loans from related parties	6	-	138,239,726	-	138,239,726
Short-term loans from a related party	6	70,213,251	-	70,213,251	-
Short-term loans from unrelated parties		7,437,864	8,859,773	-	-
Other current financial liabilities		872,715	1,023,103	872,715	883,152
Other current liabilities		25,616,270	19,818,798	18,316,668	16,648,644
Total current liabilities		1,002,929,148	966,942,367	800,842,792	810,232,104
Non-current liabilities					
Non-current portion of share payable		-	7,818,896	-	7,818,896
Long-term loans from related parties	6	67,034,017	28,609,977	60,880,080	59,601,391
Deferred tax liabilities	31	14,201,185	20,707,044	-	-
Provision for long-term employee benefits	25	9,758,048	7,733,334	1,853,690	1,572,522
Other non-current financial liabilities		2,545,054	3,507,153	2,545,054	3,507,154
Other non current liabilities		16,085,997	16,025,298	5,130,073	5,135,000
Total non-current liabilities		109,624,301	84,401,702	70,408,897	77,634,963
Total liabilities		1,112,553,449	1,051,344,069	871,251,689	887,867,067

## Food Capitals Public Company Limited and its subsidiaries

## Statements of financial position (continued)

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Notes	2018	2017	2018	2017
Shareholders' equity					
Share capital					
Registered	26				
25,508,354,215 ordinary shares of Baht 1 each		25,508,354,215	3,178,403,680	25,508,354,215	3,178,403,680
Issued and paid up	26				
2,136,460,276 ordinary shares of Baht 1 each		2,136,460,276	2,136,460,276	2,136,460,276	2,136,460,276
Share premium	27	-	467,709,525	-	467,709,525
Share discount on business acquisition	27	-	(144,820,000)	-	(144,820,000)
Warrants	28	37,963,921	37,963,921	37,963,921	37,963,921
Retained earnings (deficit)					
Appropriated - Statutory reserve		-	2,661,312	-	2,661,312
Unappropriated	27	(2,379,092,789)	(2,200,228,930)	(2,142,400,391)	(1,522,279,022)
Other components of shareholders' equity		282,900,586	124,857,721	-	-
Equity attributable to owners of the Company		78,231,994	424,603,825	32,023,806	977,696,012
Non-controlling interests of subsidiaries		36,951,205	(9,128,326)	-	-
Total shareholders' equity		115,183,199	415,475,499	32,023,806	977,696,012
Total liabilities and shareholders' equity		1,227,736,648	1,466,819,568	903,275,495	1,865,563,079



Food Capitals Public Company Limited and its subsidiaries  
Statements of comprehensive income  
For the year ended December 31, 2018

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
Notes		2018	2017	2018	2017
Continuing operations					
Sales	6	704,413,846	695,837,797	-	-
Advisory income		4,551,726	7,063,455	-	-
Sub-franchise income		27,694	98,184	-	-
Total revenues from sales and services		708,993,266	702,999,436	-	-
Cost of sales	6	(282,662,532)	(254,321,545)	-	-
Total costs of sales and services		(282,662,532)	(254,321,545)	-	-
Gross profit		426,330,734	448,677,891	-	-
Management income	6	1,032,199	1,813,954	17,822,830	63,640,000
Interest income	6	53,072	1,069,341	55,704,685	49,474,302
Other income	6	26,935,466	15,280,872	14,602,125	13,620,407
Gain on sale of investment in subsidiaries	13	-	-	68,289,478	-
Gain on sale of investment in associates	12	10,200,000	-	-	-
Selling expenses		(525,033,012)	(553,242,865)	-	-
Administrative expenses		(412,963,294)	(857,707,385)	(1,045,338,937)	(667,201,831)
Financial costs	6	(57,863,898)	(46,295,168)	(56,752,387)	(45,702,722)
Loss before income tax revenue		(531,308,733)	(990,403,360)	(945,672,206)	(586,169,844)
Income tax revenue		(15,675,426)	11,565,530	-	-
Loss for the years from continuing operations		(546,984,159)	(978,837,830)	(945,672,206)	(586,169,844)
Discontinued operations					
Loss for the years from discontinued operations		(559,370)	(1,964,348)	-	-
Loss for the years		(547,543,529)	(980,802,178)	(945,672,206)	(586,169,844)
Other comprehensive income:					
Exchange differences on translation of					
financial statements in foreign currency		(1,248,771)	299,936	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(1,248,771)	299,936	-	-
Other comprehensive income for the years		(1,248,771)	299,936	-	-
Total comprehensive income for the years		(548,792,300)	(980,502,242)	(945,672,206)	(586,169,844)

Food Capitals Public Company Limited and its subsidiaries  
Statements of comprehensive income  
For the year ended December 31, 2018

		(Unit: Baht)			
Notes	Consolidated financial statements		Separate financial statements		
	2018	2017	2018	2017	
Profit (loss) attributable to:					
Equity holders of the Company					
Loss for the years from continuing operations	(503,855,326)	(941,364,436)	(945,672,206)	(586,169,844)	
Loss for the years from discontinued operations	(559,370)	(1,964,348)	-	-	
Loss for the years attributable to equity holders of the Company	<u>(504,414,696)</u>	<u>(943,328,784)</u>	<u>(945,672,206)</u>	<u>(586,169,844)</u>	
Non-controlling interest of the subsidiaries					
Loss for the years from continuing operations	(43,128,833)	(37,473,394)			
Loss for the years from discontinued operations	-	-			
Loss for the years attributable to non-controlling interests of the subsidiaries	<u>(43,128,833)</u>	<u>(37,473,394)</u>			
	<u>(547,543,529)</u>	<u>(980,802,178)</u>			
Total comprehensive income attributable to:					
Equity holders of the Company	(508,209,348)	(980,036,834)	<u>(945,672,206)</u>	<u>(586,169,844)</u>	
Non-controlling interest of the subsidiaries	<u>(40,582,952)</u>	<u>(465,408)</u>			
	<u>(548,792,300)</u>	<u>(980,502,242)</u>			
Earnings per share	32				
Basic earnings per share					
Loss attributable to equity holders of the Company	<u>(0.236)</u>	<u>(0.450)</u>	<u>(0.443)</u>	<u>(0.280)</u>	
Basic earnings per share for continuing operations					
Loss from continuing operations attributable to equity holders of the Company	<u>(0.236)</u>	<u>(0.450)</u>			
Diluted earnings per share					
Loss attributable to equity holders of the Company	<u>(0.236)</u>	<u>(0.450)</u>	<u>(0.443)</u>	<u>(0.280)</u>	
Diluted earnings per share for continuing operations					
Loss from continuing operations attributable to equity holders of the Company	<u>(0.236)</u>	<u>(0.450)</u>			

Food Capitals Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended December 31, 2018

(Unit: Baht)

Consolidated financial statements															
Equity attributable to owners of the Company															
	Notes	Issued and paid-up capital	Share premium	Share discount on business acquisition	Warrants	Retained earnings (deficit)		Other components of equity							
								Other comprehensive		Other changes		Total other components of shareholders' equity	Total equity attributable to the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
								income		by the owners					
								Exchange differences on translation of financial statements		Surplus on change in percentage of shareholding in a subsidiary					
						Appropriated - statutory reserve	Unappropriated								
Balance as at January 1, 2017		1,959,306,678	519,528,644	(120,020,000)	37,963,921	2,661,312	(1,256,900,146)	16,594,108	109,028,957	125,623,065	1,268,163,474	28,810,476	1,296,973,950		
Ordinary shares issued		177,153,598	(51,819,119)	(24,800,000)	-	-	-	-	-	-	100,534,479	-	100,534,479		
Total other comprehensive income for the year		-	-	-	-	-	(943,328,784)	-	-	-	(943,328,784)	(37,473,394)	(980,802,178)		
Total comprehensive income for the year		-	-	-	-	-	-	(765,344)	-	(765,344)	(765,344)	(465,408)	(1,230,752)		
Balance as at December 31, 2017		2,136,460,276	467,709,525	(144,820,000)	37,963,921	2,661,312	(2,200,228,930)	15,828,764	109,028,957	124,857,721	424,603,825	(9,128,326)	415,475,499		
Balance as at January 1, 2018		2,136,460,276	467,709,525	(144,820,000)	37,963,921	2,661,312	(2,200,228,930)	15,828,764	109,028,957	124,857,721	424,603,825	(9,128,326)	415,475,499		
Accumulated loss compensation	27	-	(467,709,525)	144,820,000	-	(2,661,312)	325,550,837	-	-	-	-	-	-		
As at January 1, 2018															
- After accumulated loss compensation		2,136,460,276	-	-	37,963,921	-	(1,874,678,093)	15,828,764	109,028,957	124,857,721	424,603,825	(9,128,326)	415,475,499		
Total comprehensive income for the year		-	-	-	-	-	(504,414,696)	(3,794,652)	-	(3,794,652)	(508,209,348)	(40,582,952)	(548,792,300)		
Other - Changes in ownership interests in subsidiaries of controlling interests without a change in control															
- from sale of investment		-	-	-	-	-	-	-	161,837,517	161,837,517	161,837,517	86,662,483	248,500,000		
Balance as at December 31, 2018		2,136,460,276	-	-	37,963,921	-	(2,379,092,789)	12,034,112	270,866,474	282,900,586	78,231,994	36,951,205	115,183,199		

Food Capitals Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended December 31, 2018

(Unit: Baht)							
Notes	Separate financial statements						
	Issued and paid-up capital	Share premium	Share discount on business acquisition	Warrants	Retained earnings (deficit)		Total shareholders' equity
					Appropriated - statutory reserve	Unappropriated	
Balance as at January 1, 2017	1,959,306,678	519,528,644	(120,020,000)	37,963,921	2,661,312	(936,109,178)	1,463,331,377
Ordinary shares issued	177,153,598	(51,819,119)	(24,800,000)	-	-	-	100,534,479
Total comprehensive income for the year	-	-	-	-	-	(586,169,844)	(586,169,844)
Balance as at December 31, 2017	2,136,460,276	467,709,525	(144,820,000)	37,963,921	2,661,312	(1,522,279,022)	977,696,012
Balance as at January 1, 2018	2,136,460,276	467,709,525	(144,820,000)	37,963,921	2,661,312	(1,522,279,022)	977,696,012
Accumulated loss compensation	27	(467,709,525)	144,820,000	-	(2,661,312)	325,550,837	-
As at January 1, 2018							
- After accumulated loss compensation	2,136,460,276	-	-	37,963,921	-	(1,196,728,185)	977,696,012
Total comprehensive income for the year	-	-	-	-	-	(945,672,206)	(945,672,206)
Balance as at December 31, 2018	2,136,460,276	-	-	37,963,921	-	(2,142,400,391)	32,023,806



Food Capitals Public Company Limited and its subsidiaries

Cash flow statement

For the year ended December 31, 2018

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Loss before tax from continuing operations	(531,308,733)	(990,403,360)	(945,672,206)	(586,169,844)
Loss before tax from discontinued operations	(559,370)	(1,964,348)	-	-
Loss before tax	(531,868,103)	(992,367,708)	(945,672,206)	(586,169,844)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Trade accounts receivable and other current receivables (increase) decrease	13,795,495	(2,112,811)	181,522	(59,853,518)
Inventories decrease	3,794,188	7,853,636	-	-
Other current assets decrease	2,321,044	3,062,355	757,501	3,409,601
Other - non current assets (increase) decrease	-	3,255,135	(95,221)	232,245
Trade and other current payables increase (decrease)	60,118,281	8,238,093	15,577,929	(5,822,738)
Other current liabilities increase (decrease)	797,471	4,076,112	(3,331,976)	8,032,955
Other non-current liabilities increase (decrease)	-	-	(4,925)	5,122,861
Depreciation and amortisation	109,636,699	124,883,281	10,684,822	12,842,769
Allowance for impairment of project development cost in progress	-	30,011,544	-	-
Allowance for impairment of leasehold improvement and equipment (reversal)	8,745,635	4,025,938	-	(514,082)
Allowance for impairment of goodwill	84,632,954	137,063,908	-	-
Allowance for impairment of intangible assets	23,200,000	4,328,321	-	-
Allowance for impairment of leasehold right (reversal)	(1,600,000)	-	(1,600,000)	-
Allowance for impairment of investment properties	-	4,704,600	-	4,704,600
Debt forgiveness	(1,507,000)	-	-	-
Provisions for liabilities increase (decrease)	2,085,412	659,937	281,168	(263,929)
Unrealised (gain) loss on exchange	-	205,695	(215,403)	-
Loss on impairment of other investments	-	347,998,520	-	-
Gain on sale of investment in associates	(10,200,000)	-	(10,200,000)	-
Gain on sale of investment in subsidiaries	-	-	(68,289,747)	-
Loss on assignment of Claims in liabilities	38,152,397	-	38,152,397	-
Loss on impairment of investment in subsidiaries	-	-	383,917,195	397,455,522
Bad debts and allowance for doubtful accounts	-	36,113,779	84,874,022	25,713,787
Allowance for short-term loan to subsidiaries	-	-	440,422,837	87,394,729
Reduction of inventories to net realisable value	689,102	306,406	-	-
Loss on disposal of equipment and intangible assets	29,571,334	33,099,399	302,328	3,944,272
Loss on written-off of withholding tax assets	2,624,896	-	1,227,846	-
Interest income	(53,071)	(1,069,341)	(55,704,685)	(49,474,302)
Interest expenses	57,863,898	46,295,168	56,752,387	45,702,722

Food Capitals Public Company Limited and its subsidiaries

Cash flow statement

For the year ended December 31, 2018

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash used in Operating Activities	(107,199,368)	(199,368,033)	(51,982,209)	(107,542,350)
Cash paid for interest expenses	(29,373,654)	(38,025,252)	(27,212,358)	(37,803,895)
Cash paid for corporate income tax	(1,649,995)	(575,815)	(845,649)	(482,963)
Net Cash used in Operating Activities	(138,223,017)	(237,969,100)	(80,040,216)	(145,829,208)
Cash flows from investing activities				
Interest income	53,071	1,069,341	2,212	1,011,466
Proceeds from sale of investment in associates	10,200,000	-	10,200,000	-
Cash increase from purchase subsidiaries	-	9,296,542	-	-
Cash paid for purchase subsidiaries	-	(39,809,001)	-	(73,720,549)
Deposit on sale of investments agreement	5,000,000	-	5,000,000	-
Cash paid for purchase of leasehold improvement and equipment	(20,942,922)	(86,609,660)	-	(1,419,192)
Proceeds from disposal of equipment	604,702	5,043,271	604,702	5,043,271
Cash paid for purchase of intangible assets	(397,039)	(10,077,576)	-	(1,455,099)
Increase in short-term loans to related parties	-	-	(86,826,140)	(155,425,000)
Cash receipt from short-term loans from related parties	-	-	1,350,000	-
Cash receipt from long-term loans from related parties	-	-	8,775,000	-
Net cash flows used in investing activities	(5,482,188)	(121,087,083)	(60,894,226)	(225,965,103)
Cash flows from financing activities				
Increase in bank overdrafts	2,738,339	25,028,786	2,738,339	26,911,818
Proceeds from the issuance of the share capital	-	63,334,479	-	63,334,479
Proceeds from the issuance of bills of exchange	408,066,025	-	408,066,025	-
Repayment of the debentures	(600,000,000)	-	(600,000,000)	-
Proceeds from the issuance of the debentures	200,000,000	-	200,000,000	-
Repayment of financial liabilities	(1,298,986)	(1,339,225)	(1,157,442)	(785,501)
Repayment of short-term loan from unrelated parties	(1,235,000)	-	-	-
Cash receipt from short-term loans from related party	130,610,000	-	130,610,000	30,876,368
Cash receipt from short-term loans from unrelated parties	1,149,652	4,670,554	-	-
Net cash flows provided from financing activities	140,030,030	91,694,594	140,256,922	120,337,164

Food Capitals Public Company Limited and its subsidiaries

# Cash flow statement

For the year ended December 31, 2018

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Exchange rate differences from translation of financial statements	(1,248,772)	(1,230,752)	-	-
Net decrease in cash and cash equivalents	(4,923,947)	(268,592,341)	(677,520)	(251,457,147)
Cash and cash equivalents at beginning of year	31,635,778	300,228,119	1,202,408	252,659,555
Cash and cash equivalents at end of year	26,711,831	31,635,778	524,888	1,202,408

## Additional information for cash flows

- For the purpose of preparing the statement of cash flows, cash and cash equivalents items include cash in hand and cash at banks and short-term investment in promissory notes which are due within 3 months.
- The Company issued newly ordinary shares of 62 million, with a par value of Baht 1 per share, at the offered price each of Baht 1, as part of its consideration paid for an investment in G Enterprise & Co Company Limited in according to the Share Purchase Agreement. The Company recorded new ordinary shares at Baht 0.60 per share, equivalent to fair value at the date of shares issued. (Notes 13 and 26 )

# FOOD CAPITALS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS

**DECEMBER 31, 2018**

## 1. GENERAL INFORMATION

Food Capitals Public Company Limited (“the Company”) is listed on the Market for Alternative Investment (MAI) and is incorporated and domiciled in Thailand. Its major shareholder is the Srichawla Group. The Company is principally engaged in mass market consumption businesses, with its main focus on the food and beverage industry. The registered office of the Company is at 18/8 Fico Place Building, 2nd Floor, Sukhumvit 21 (Asoke) Road, Klongtoey Nua, Wattana, Bangkok 10110.

## 2. GOING CONCERN

For the year ended December 31, 2018, the Group posted total comprehensive loss of Baht 503.86 million and resulted negative of net cash flows from operation in the amount of Baht 138.22 million. As at December 31, 2018 the Group had deficit of Baht 2,379.09 million. For the year ended December 31, 2018, The Company posted total comprehensive loss of Baht 945.67 million and resulted net negative cash flows from operation in the amount of Baht 80.04 million. As at December 31, 2018 the Company had deficit of Baht 2,142.40 million. As discussed in Note 23 to the financial statements, the Company had short-term loans in form of bills of exchange of Baht 141 million, due for repayment on May 3, 2019. In addition, as discussed in Note 24, the Company had debenture of Baht 200 million due for repayment on August 4, 2019. As discussed in Note 40.3, the Company had short-term loans in form of bills of exchange of Baht 311.10 million, due for repayment on July 30, 2019. The Company is currently in the process of restructuring to meet the qualifications required by the regulation of the Stock Exchange of Thailand and shall proceed with the re-submission of the Relisting application with the Stock Exchange of Thailand as disclosed in Note 39. These circumstances indicate the existence of a material uncertainties that cause significant doubt about the Group’s and the Company’s abilities to continue as a going concern.

These consolidated and separate financial statements do not include reclassification or adjustment of assets and liabilities which may be necessary if the Group and the Company are not able to continue operating as a going concern. The value of the Group’s assets may be lower than its book value. Assume liabilities may be occurred in case if the Group could not able to continue to operate on a going concern basis

## 3. BASIS FOR FINANCIAL STATEMENT PREPARATION AND PRINCIPLES OF CONSOLIDATION

3.1 The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

An English version of the financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

### 3.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Food Capitals Public Company

Limited and its subsidiary companies. Controlling or holding more than 50% of the voting rights of the Company are as follow:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding (%)	
			2018	2017
<u>Held by the Company</u>				
Monster Media Co., Ltd.	Dormant	Thailand	100	100
Casa Fico Co., Ltd.	Residential real estate development	Thailand	42.5*	92.5*
Fena Park Co., Ltd.	Hotel real estate development	Thailand	42.5*	92.5*
Fenix Iron Fairies Co., Ltd.	Sales of food and beverage	Thailand	100	100
Evolution Land Co., Ltd.	Investment in real estate	Thailand	100	100
Evolution Holdings Limited	Holding company	Mauritius	100	100
FC Commissary Co., Ltd.	Sales of food and beverage	Thailand	100	100
Evolution Foods (Thailand) Co., Ltd.	Holding company	Thailand	90	90
G Enterprise & Co Company Limited	Sales of food and beverage	Thailand	100	100
Food Capitals (USA), Inc.	Holding company	United States of America	100	100

\* Indirectly held by the subsidiary, Evolution Land Co., Ltd whereby the Company has control through such subsidiary.



### Held by subsidiaries

Maggie Choo's Co., Ltd.	Sales of food and beverage	Thailand	100	100
Evolution Advisors Limited	Investment advisory	Cayman Islands	100	100
Evolution Capital International Pte. Ltd.	In during liquidation	Singapore	100	100
PhotoMe.com Co., Ltd.	In during liquidation	Thailand	100	100
D. Pizza Plc.	Sales of food and beverage	Cambodia	58.5	58.5
Domino's (Thailand) Co., Ltd.	Sales of food and beverage	Thailand	90	90
CBTL (Thailand) Co., Ltd.	Sales of food and beverage	Thailand	89.8	89.8
Kyochon Co., Ltd.	Sales of food and beverage	Thailand	85.2	85.2
Evolution Foods International Limited	Holding company	British Virgin Islands	100	100
Kyochon Cambodia Limited	In during liquidation	Cambodia	58.5	58.5
Osha Thai Geary Inc.**	Holding company	United States of America	-	-

\*\* Osha Thai Geary Inc., had incorporated under the law of the state of California, United States of America on April 24, 2017. As at December 31, 2018, such subsidiary has not yet called for its share capital.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- h) The separate financial statements present investments in subsidiaries and associates under the cost method.

Significant transactions with subsidiaries have been eliminated in the consolidated financial statements.

The consolidated financial statements have been prepared with the same accounting policies for the separate financial statements for the same accounting transactions or accounting events.

The total assets of subsidiaries as at December 31, 2018 and December 31, 2017 and total revenues for the year ended December 31, 2018 and 2017, as included in the consolidated

financial statements presented in term of percentages are as follow

	Percentage of subsidiaries's total assets		Percentage of subsidiaries's total revenues	
	to consolidated total assets		to consolidated total revenues	
	December 31,	December 31,	For the year ended December 31,	
	2018	2017	2018	2017
<u>Subsidiaries</u> <u>company</u>	93.6	89.4	96.7	97.9

### 3.3 REVISED ACCOUNTING STANDARDS AND FINANCIAL REPORTING STANDARDS

#### 3.3.1 FINANCIAL REPORTING STANDARDS THAT BECAME EFFECTIVE IN THE CURRENT YEAR

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which are effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements. The above revised accounting standards and revised financial reporting standards have no significant impact to the Company.

### 3.3.2 FINANCIAL REPORTING STANDARDS THAT WILL BECOME EFFECTIVE FOR FISCAL YEARS BEGINNING ON OR AFTER JANUARY 1, 2019

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarized below:

- TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related

Interpretations:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

### 3.3.3 FINANCIAL REPORTING STANDARDS THAT WILL BECOME EFFECTIVE FOR FISCAL YEARS BEGINNING ON OR AFTER JANUARY 1, 2020

During the current year, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 ESTIMATION

When preparing the financial statements, management undertake judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

### 4.2 REVENUE RECOGNITION

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

### 4.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### 4.4 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

### 4.5 INVENTORIES

Inventories are valued at the lower of cost (under the first in - first out method) and net realisable value.

### 4.6 INVESTMENTS

a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

b) Investments in associates are accounted for in the consolidated financial statements using the equity method.

c) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

### 4.7 PROJECT DEVELOPMENT COST IN PROGRESS

Project development cost in progress is stated at cost less allowance for impairment loss in value of projects (if any). Project development cost consists of land and construction in progress.

Construction in progress consists of the cost of design, cost of advisor, cost of construction and public utility costs. The Group records cost of design, advisor, construction and public utilities based on the actual cost incurred.

### 4.8 INVESTMENT PROPERTIES

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### 4.9 LEASEHOLD IMPROVEMENTS AND EQUIPMENT/DEPRECIATION

Leasehold improvements and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of leasehold improvements and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Leasehold improvement	3, 5, 10 and 12 years
Office equipment	2, 3, 4 and 5 years
Furniture and fixtures	3 and 5 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on construction in progress.

An item of leasehold improvements and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### 4.10 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 4.11 INTANGIBLE ASSETS

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	Useful lives
Franchises	5 and 10 years
Customer loyalty	10 years
Computer software	3, 5 and 10 years

No depreciation is provided on intangible assets under development.

#### 4.12 GOODWILL

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### 4.13 LEASEHOLD RIGHT OF LAND AND AMORTISATION

Leasehold rights of land are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any).

Amortisation of leasehold rights of land is calculated by reference to their costs on the straight-line basis over the lease period of 30 years and included in determining income.



#### **4.14 RELATED PARTY TRANSACTIONS**

Related parties comprise individuals or enterprises that control, or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### **4.15 LONG-TERM LEASES**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.16 FOREIGN CURRENCIES**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **4.17 IMPAIRMENT OF ASSETS**

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### **4.18 EMPLOYEE BENEFITS**

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### **Post-employment benefits**

##### **Defined contribution plans**

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

##### **Defined benefit plans**

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

#### 4.19 PROVISIONS

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### 4.20 INCOME TAX

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### 4.21 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

### 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

#### GOODWILL

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

**DEFERRED TAX ASSETS**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

**6. RELATED PARTY TRANSACTIONS**

During the year, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2018	2017	2018	2017	
<b>Transactions with subsidiaries</b>					
(eliminated from the consolidated financial statements)					
Management income	-	-	73,525	61,751	Contract price based on cost plus margin
Interest income	-	-	55,702	48,463	At interest rate of 4.5% to 12.625% per annum
Other income	-	-	6,269	6,609	Contract price based on agreement
Purchase of goods and services	-	-	1,237	205	Cost plus margin
Financial costs	1,222	-	1,222	115	At interest rate of 7.5 per annum
<b>Transactions with associates</b>					
Management income	965	936	965	936	Contract price based on cost plus margin
<b>Transactions with related companies</b>					
Sales	533	700	-	-	Cost plus margin
Other income	2,960	6,506	2,960	6,506	Contract price based on cost plus margin
Disposal of leasehold improvement and equipment	-	4,815	-	4,815	Contract price based on normal price charged to third party
Purchase of goods and services	4,603	24,446	4,603	16,370	Cost plus margin
Financial cost	3,950	7,772	3,950	7,772	At interest rate of 1.0% and 7.5% per annum
<b>Transactions with directors</b>					
Sales	-	38	-	-	Market price
Financial cost	997	-	997	-	At interest rate of 6.8% per annum

The balances of the accounts as at December 31, 2018 and December 31, 2017, between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial		Separate financial statements	
	Statements			
	2018	2017	2018	2017
Trade and other receivables (Note 8)				
<u>Trade receivables - related parties</u>				
Related companies	228	177	-	-
	228	177	-	-
<u>Other current receivables - related parties</u>				
Subsidiaries	-	-	102,274	96,057
Associates	-	294	-	294
Related companies	2,915	10,073	525	6,536
Management	8,673	10,129	-	-
Less: Allowance for doubtful debts	-	-	(84,221)	-
	11,588	20,496	18,578	102,887
Accrued income - related parties				
Associates	-	-	-	50
	-	-	-	50
Receivable from sale of investment - related party				
Subsidiaries	-	-	75,400	75,400
Less: Allowance for doubtful debts	-	-	(75,400)	(75,400)
	-	-	-	-
Other current receivables from sale of investment - related companies				
Related companies	44,301	-	44,301	-
Deposit - related parties				



(Unit: Thousand Baht)

	Consolidated financial		Separate financial statements	
	Statements			
	2018	2017	2018	2017
Related companies	4,335	4,335	-	-
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	817,167	721,672
Less: Allowance for doubtful debts	-	-	(537,935)	(97,512)
	-	-	279,232	624,160
<b>Long-term loans to related party</b>				
Subsidiary	-	-	105,525	108,123
<b>Deposit on sales of investment agreement</b>				
Related party	5,000	-	5,000	-
<b>Other payable - related parties</b>				
Subsidiaries	-	-	151	-
Related companies	8,943	844	1,845	12
Management	897	-	-	-
	9,840	844	2,005	12
<b>Short-term loans from related party</b>				
Related party	70,213	-	70,213	-
Total	70,213	-	70,213	-
<b>Long-term loans from related parties</b>				
Subsidiary	-	-	31,998	30,991

(Unit: Thousand Baht)

	Consolidated financial Statements		Separate financial statements	
	2018	2017	2018	2017
Related companies	67,034	28,610	28,882	28,610
Related parties				
- Current portion	-	138,240	-	138,240
	67,034	166,850	60,880	197,841

# LOANS TO RELATED PARTIES/LOANS FROM RELATED PARTIES

Loans to/loans from related parties are clean loans. As at December 31, 2018 and December 31, 2017, the balance of loans between the Company and those related parties and the movement are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at January 1, 2018	Increase during the year	Decrease during the year	Balance as at December 31, 2018
<b>Short-term loans from related party</b>				
Related party	-	132,973	(62,760)	70,213
Total	-	132,973	(62,760)	70,213
<b>Long-term loans from related parties</b>				
Related companies	28,610	38,424	-	67,034
Related parties				
- Due within 1 year	138,240	3,699	(141,939)	-
Total	166,850	42,123	(141,939)	67,034

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at January 1, 2018	Increase during the year	Decrease during the year	Balance as at December 31, 2018
<b>Short-term loans to related parties</b>				
Subsidiaries	721,672	96,846	(1,350)	817,168
Less: Allowance for doubtful debts	(97,512)	(440,423)	-	(537,935)
Total	624,160	(343,577)	(1,350)	279,233

## Long-term loans to related party

Subsidiary	<u>108,123</u>	<u>11,373</u>	<u>(8,775)</u>	<u>105,525</u>
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## Short-term loans from related party

Related parties	<u>-</u>	<u>132,973</u>	<u>(62,760)</u>	<u>70,213</u>
Total	<u>-</u>	<u>132,973</u>	<u>(62,760)</u>	<u>70,213</u>

(Unit: Thousand Baht)

## Separate financial statements

	Balance as at January 1, 2018	Increase during the year	Decrease during the year	Balance as at December 31, 2018
Long-term loans to related parties				
Subsidiary	30,991	1,007	-	31,998
Related companies	28,610	272	-	28,882
Related parties				
- Due within 1 year	<u>138,240</u>	<u>3,699</u>	<u>(141,939)</u>	<u>-</u>
Total	<u>197,841</u>	<u>4,978</u>	<u>(141,939)</u>	<u>60,880</u>

### SHORT-TERM LOANS TO RELATED PARTIES

During the year ended December 31, 2018, the Company recorded allowance from doubtful account on loans provided to the subsidiaries in the amount Baht 289.92 million and interest receivable of Baht 150.50 million based on the net recoverable amount shall be received from the subsidiaries as resulted from the disposition of investment in subsidiaries under Share Purchase Agreement, it is agreed by the parties that the Company has to transfer all rights and obligations of the loans due receivable from those subsidiaries to the buyer.

### LONG-TERM LOANS FROM RELATED COMPANY

The Group has a loan facility from a related company through a line of credit of Baht 30 million. As at December 31, 2018, the Group's outstanding loan and interest payable was Baht 29 million (December 31, 2017: Baht 28 million). The loan is unsecured, bears interest at 1% per annum and is due for repayment on call. The Company changed in classification borrowing from related company as non current liabilities. Pursuant to the lender confirms that the loan will not be repayment within 12 months from the company.

### SHORT-TERM LOANS FROM RELATED PARTIES

The Board of Directors Meeting No. 8/2018 on May 14, 2018 has resolved the extension of short-term revolving credit granted from Mr. Krit Srichawla from Baht 30 million to Baht 60 million. This financial support transaction is considered as connected transaction.

Subsequently, the Board of Directors Meeting No. 11/2018 on June 25, 2018 resolved the extension of unsecured short-term revolving credit granted from Mr. Krit Srichawla from Baht 60 million to Baht 100 million for the purpose to use in the Company's working capital under the same condition i.e. bearing interest at 6.80% per annum and repayment shall be made within 12 months for each tranche.

On June 29, 2018, the Company disposed the investments in its subsidiaries directly held by the Company through exercising the put option, comprise of 2 subsidiaries Casa Fico Co., Ltd. and Fena Park Co., Ltd. in the proportion of 50% of its authorized and issued shares each subsidiary. The consideration paid for this investment disposition is agreed at Baht 248.5 million. The buyer prepared in investment paid-off by offset against the outstanding debts that the Company due to the buyer which comprised the outstanding short-term revolving loan and accrued interest of Baht 62.26 million and outstanding loan amount in form of promissory note due to the buyer of Baht 141.94 million, total the outstanding debts of Baht 204.2 million. The initial payment is prepared in accordance with the terms and conditions of the share purchase agreement.

### Directors and management's remunerations

During the year ended December 31, 2018 and 2017, the Group had employee benefit expenses payable to their directors and management as below:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term employee benefits	13,893	22,891	8,982	22,891
Post-employment benefits	2	2	2	2
Total	13,895	22,893	8,984	22,893



## 7. CASH AND CASH EQUIVALENTS

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cash	2,312	3,764	43	53
Bank deposits	24,400	27,872	482	1,149
Total	26,712	31,636	525	1,202

As at December 31, 2018, bank deposits in saving accounts carried interest at 0.5 - 0.9 per annum (2017: 0.1 - 0.9 per annum).

## 8. TRADE AND OTHER CURRENT RECEIVABLES

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	53	86	-	-
Past due				
Up to 3 months	175	86	-	-
3 - 6 months	-	5	-	-
6 - 12 months	-	-	-	-
Over 12 months	-	-	-	-
Total	228	177	-	-
Less: Allowance for doubtful debts	-	-	-	-
Total trade receivables - related parties, net	228	177	-	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	13,518	13,783	-	-
Past due				
Up to 3 months	720	203	-	-
3 - 6 months	625	195	-	-
6 - 12 months	-	27	-	-
Over 12 months	3,180	2,365	-	-
Total	18,043	16,573	-	-
Less: Allowance for doubtful debts	(3,119)	(2,286)	-	-
Total trade receivables - unrelated parties, net	14,924	14,287	-	-
Total trade receivables - net	15,152	14,464	-	-
<u>Other current receivables</u>				
Other current receivables - related parties	11,588	20,496	102,799	102,887
Other current receivables - unrelated parties	9,383	9,980	661	442
Accrued income	503	67	-	50
Advances	1,893	343	4,529	3,428
Revenue Department receivable	6,729	12,002	3,898	3,162
Total	30,096	42,888	111,887	109,969
Less: Allowance for doubtful debts	(4,302)	(3,091)	(86,938)	(1,797)
Total other current receivables - net	25,794	39,797	24,949	108,172
Total Trade and other current receivables - net	40,946	54,261	24,949	108,172

## 9. SHORT-TERM LOAN TO UNRELATED PARTY

As at December 31, 2018 and December 31, 2017, the Group has an outstanding short-term loan to an unrelated party amounting to USD 150,000. The loan is unsecured, with no interest.

## 10. RECEIVABLE FROM SALE OF INVESTMENT

As at December 31, 2018, Receivable from sales of investment consist of Receivable from disposed the investments in its subsidiaries directly held by the Company through exercising the put option, comprise of 2 subsidiaries Casa Fico Co., Ltd. and Fena Park Co., Ltd. in the proportion of 50% of its authorized and issued shares each subsidiary. The consideration paid for this investment disposition is agreed at Baht 248.5 million. The buyer prepared in investment paid-off by offset against the outstanding debts that the Company due to the buyer which comprised the outstanding short-term revolving loan and accrued interest of Baht 62.26 million and outstanding loan amount in form of promissory note due to the buyer of Baht 141.94 million, total the outstanding debts of Baht 204.2 million (see Note 13).

The Company presented such receivable from sale of investment of Baht 44.3 million under other current assets in the financial statements due within 1 year.

and receivable from sale of investment due from Food Planet Inc. which the Company's management assessed recoverability of due to the uncertainty in the amounts and in term of duration expected to be received.

## 11. INVENTORIES

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Food and beverages	9,140	7,752	-	-
Food materials	6,633	10,721	-	-
Restaurant operating supplies and others	8,546	9,894	-	-
Goods intransit	1,079	1,698	-	-
Total	25,398	30,065	-	-
Reduce cost to net realisable value	(1,122)	(1,306)	-	-
Inventories-net	24,276	28,759	-	-

## 12. INVESTMENTS IN ASSOCIATES

(Unit: Thousand Baht)

			Consolidated financial statements					
Company's name	Nature of business	Country of incorporation	Percentage of		Cost		Carrying amounts	
			Shareholding (%)				based on equity method	
			2018	2017	2018	2017	2018	2017
<u>Associates under Evolution Land Co., Ltd.:</u>								
Andaman Beach Residences Co., Ltd.	Residential real estate Development	Thailand	-	51.0	-	5,218	-	-
Phang Nga Hotel Co., Ltd.	Hotel real estate development	Thailand	-	51.0	-	5,218	-	-
Total					-	10,436	-	-
Less: Allowance for devaluation of investment					-	(10,436)	-	-
Investment in associates - net					-	-	-	-

On June 27, 2018, the Company and a subsidiary, Evolution Land Co., Ltd. had entered into Share Sell and Purchase Agreement to dispose investment in 2 associate companies comprised 1) preference shares in Andaman Beach Residences Co., Ltd. of 51,000 shares and 2) preference shares in Phang Nga Hotels Co., Ltd. of 51,000 shares, total consideration in the amount Baht 10.20 million to the buyer - Fico Corporation Co., Ltd. which considered as transaction with a related company. The Company already received fully settlement from such disposition of investment transaction on June 29, 2018.

During the year ended December 31, 2018, the Company recorded reversal on devaluation from investment using equity method of Baht 10.40 million and recognized profit from disposal of investment in associate of Baht 10.20 million.

### 13. INVESTMENTS IN SUBSIDIARIES

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Percentage of shareholding (%)		Cost	
	2018	2017	2018	2017	2018	2017
Monster Media Co., Ltd.	10,000	10,000	100	100	10,000	10,000
Casa Fico Co., Ltd.	285,000	285,000	42.5*	92.5*	-	146,377
Fena Park Co., Ltd.	100,000	100,000	42.5*	92.5*	-	33,833
Fenix Iron Fairies Co., Ltd.	4,000	4,000	100	100	141,198	141,198
Evolution Land Co., Ltd.	229,108	229,108	100	100	229,108	229,108
Evolution Holdings Limited	USD 4,675**	USD 4,675**	100	100	146,198	146,198
FC Commissary Co., Ltd.	10,000	10,000	100	100	5,639	5,639
Evolution Foods (Thailand) Co., Ltd.	661,130	661,130	90	90	698,435	698,435
Food Capitals (USA), Inc.	USD 1,000**	USD 1,000**	100	100	35,131	35,131
G Enterprise & Co Company Limited	125,000	125,000	100	100	94,754	94,754
Total					1,360,463	1,540,673
<u>Less</u> Allowance for impairment loss on investment					(1,049,402)	(665,484)
Investment in subsidiaries - net					311,061	875,189

\* Included 42.5% indirect stake held through the subsidiary, Evolution Land Co., Ltd.

\*\* USD expressed in thousand

#### INVESTMENT IN G ENTERPRISE & CO COMPANY LIMITED

On February 24, 2017, the Company entered into a Share Sale and Purchase Agreement to acquire the entire shares of G Enterprise & Co Company Limited (G Enterprise), comprised of 25,000,000 ordinary shares at the par value of Baht 5 per share, equal to 100% of registered and paid-up capital of G Enterprise from the unrelated existing shareholders with a consideration price of not exceeding Baht 121.81 million. G Enterprise is engaged in restaurant business under tradenames “Chingcha Chalee”, “Moommum Park”, “Umami Fallabella” and “Pirate Chambre”.

As of February 25, 2017, the Company paid the first installment of consideration paid in cash of Baht 29.81 million. On March 6, 2017, the Company issued newly ordinary shares of 62 million, with a par value of Baht 1 per share, at the offered price each of Baht 1 per share, as part of its consideration paid for an investment in G Enterprise, according to the resolution of the Extraordinary Shareholder’s meeting no. 1/2017 held on February 28, 2017. Pursuant to the Share Purchase Agreement, the Company has commitment on share payable of Baht 30 million by way of instalment payment in cash into 30 instalment on a monthly basis of Baht 1 million each, starting in March 2017. The instalment will be made based upon the operation results of G Enterprise in accordance with the agreeable condition as stipulated in the Share Purchase Agreement.



In relation to the Share Purchase Agreement, there is an operational EBITDA (Earnings before Interest, Tax, Depreciation, and Amortisation) guarantee of Baht 28 million in aggregate for the 4 years period after completion of the share transfer. However, the actual operational EBITDA of G Enterprise & CO for the year ended 2017 resulted some shortfall from such guaranteed amount.

The Board of Directors' Meeting No. 16/2018 held on November 9, 2018, approve the entering into the transaction of divestment of G Enterprise & Co Company Limited. The disposition of the investment in this subsidiary must take place prior to the business transfer and the allotment of the completed shares. The Company is appointed a financial advisor "S 14 Advisory Co., Ltd." as the independent financial adviser to give an opinion on the acquisition of assets and the entering into the connected transaction of the EBT Transaction and the Allocation of Securities, including the divestments in subsidiaries including the divestments in subsidiaries companies according to the Covenants in Share Subscription Agreement. The Company has assessed the valuation of G Enterprise & Co by using income approach based on Discounted Cash Flow Method. The Company recognized loss on impairment of investments amount of Baht 57.5 million which was presented in administrative expenses in the separate statements of comprehensive income for the year ended December 31, 2018.

Moreover, the Company has consent to negotiate with the former share holder of G Enterprise & CO Company Limited in detail and condition of an indemnity claim under EBITDA guarantee and the outstanding liabilities balance due to the former shareholder of G Enterprise & CO Company Limited.

As at December 31, 2018, the Company has commitment on share payable of Baht 20 million (December 31, 2017: Baht 20 million).

#### **INVESTMENT IN FENIX IRON FAIRIES CO., LTD.**

During the year ended December 31, 2018, the Company considered to recognize allowance for impairment loss on Fenix Iron Fairies Co., Ltd. of Baht 141 million, due to the recoverable amount is less than the carrying amount. Pursuant to term and condition in the Share Purchase Agreement made with the buyer who is a major shareholder of the Company, the consideration paid for the purchase of investment included the assignment of loans due receivable from the subsidiaries to the buyer. The Company considered to record impairment loss on investment in subsidiary - Fenix Iron Fairies Co., Ltd. based on net recoverable amount shall be received from such investment disposition.

#### **INVESTMENT IN EVOLUTION FOODS (THAILAND) CO., LTD.**

During the year ended December 31, 2017, the Company considered to recognize allowance for impairment loss on Evolution Foods (Thailand) Co., Ltd., of Baht 299 million, due to the recoverable amount is less than the carrying amount.

During the year ended December 31, 2018, the Company considered to recognize the additional allowance for impairment loss on Evolution Foods (Thailand) Co., Ltd., of Baht 220 million. Pursuant to term and condition in the Share Purchase Agreement made with the buyer who is a major shareholder of the Company, the consideration paid for the purchase of investment included the assignment of loans due receivable from the subsidiaries to the buyer. The Company considered to record impairment loss on investment in subsidiary - Evolution Foods (Thailand) Co., Ltd. based on net recoverable amount shall be received from such investment disposition.

#### **INVESTMENT IN EVOLUTION LAND CO., LTD.**

During the year 2017, the Company considered to recognize allowance for impairment loss on Evolution Land Co., Ltd. of Baht 131 million, due to the recoverable amount is less than the carrying amount.

During the year 2018, the Company considered to reverse allowance for impairment loss of Baht 35.1 million.

#### **INVESTMENT IN FOOD CAPITALS (USA), INC.**

On January 18, 2017, the Company registered the establishment of the subsidiary - Food Capitals (USA), Inc., a limited company, incorporated in the State of Delaware, United States of America, with the registered capital amount of USD 1. Subsequently, on March 13, 2017, Food Capitals (USA), Inc., increased its registered capital to be USD 1,000,000.

The Company paid for an investment in such subsidiary on April 28, 2017.

The Board of Directors' Meeting No. 6/2018 on April 19, 2018, resolved to liquidate of a subsidiary, Food Capitals (USA) Inc. The Company is in processing to register for dissolution of such subsidiary.

# INVESTMENT IN CASA FICO CO., LTD. AND FENA PARK CO., LTD.

The investment in Casa Fico Co., Ltd. and Fena Park Co., Ltd. has a key condition which is agreed between the Company and the seller in accordance with the sale and purchase agreement dated November 14, 2012, as follows:

1) The Group has issued a promissory note as a conditional corporate guarantee in the amount of Baht 100 million to the Srichawla Group as protection against loss of value of the consideration which results from the acquisition of investment in Casa Fico Co., Ltd. and Fena Park Co., Ltd., on November 26, 2012. The guarantee shall be valid for a period of 3 years ending November 26, 2015. The final amount payable under the guarantee shall be adjusted based on the share price of the Company at the end of the guarantee period. However, the principle of this condition is to grant an opportunity for the Group to be free from paying such obligation if the Group's share price is at least equal to Baht 2.00 per share where (a) in the next 3 years from the closing date of the transaction or (b) on the time that the Group decides to sell all shares in Casa Fico Co., Ltd. and Fena Park Co., Ltd. and/or the land/leasehold right owned by these two companies before the end of guarantee period. In that event, such guarantee will be revoked and the Group will not be bound to pay that amount to the Srichawla Group.

On the contrary, if the Group's share price is less than Baht 2.00 per share within the specified time, in both (a) and (b) described above, the Group must pay the determined amount in accordance with the calculation method, which is limited to Baht 100 million. The Group estimated that there was no likelihood that the Group would incur such liability at acquisition date.

As of December 31, 2016, the Company has contractual obligation to pay a guarantee payment in full amount of Baht 100 million plus accrued interest in an amount of Baht 31 million under such corporate guarantee and promissory note issued to Srichawla group due to the fact that the Company's share price was failed below Baht 2.00 per share at the end of guarantee period. The Company received a grant from Srichawla group accepted the waiver on a default of the promissory note and agreed to provide the extension of the maturity date of such promissory note for a period of 18 months from the original maturity date as from on November 26, 2015 to May 26, 2017 ("the second maturity date").

On February 27, 2017, the Company received a grant from Srichawla group accepted the extension of the maturity date of the promissory note for a period of 12 months from the second maturity date or within 30 days from the date Fena Park Co., Ltd. and Casa Fico Co., Ltd. ("the subsidiaries"), can sell its the land/leasehold right and receive the payment(s) from the buyer in full. As such the maturity date of the promissory note is extended to no longer than May 26, 2018 ("the third maturity date"). The Board of Directors Meeting No. 8/2018 held on May 14, 2018, resolved the request for postponement maturity date of promissory note due payable to Srichawla Group for another 6 months i.e. the new maturity date shall be made on November 26, 2018.

The Company, therefore, presented an amount due for payment under promissory note issued to Srichawla group plus accrued interest as current portion of long-term loans from related parties in the statement of financial position as of December 31, 2017.

2) If Casa Fico Co., Ltd. and Fena Park Co., Ltd. have not developed or sold the land or leasehold rights owned by each respective company on November 26, 2017, the Company shall have the right within the exercise period of 60 days (the Exercise Period) to sell all of those shares to Srichawla Group (the Put Option), and Srichawla Group agrees to buy all those shares for a total consideration of Baht 184 million for all shares in Casa Fico Co., Ltd., and Baht 65 million for all shares in Fena Park Co., Ltd. On December 12, 2017, the Company accepted request made by Srichawla Group to extend the Exercise period of Put Option for another 6 months from the original exercise date which shall be made within January 25, 2018, extended the new exercise period can be made until July 25, 2018. Subsequently, the Board of Directors No. 3/2018 held on February 27, 2018, resolved the Company to exercise its Put Option right and to sell back the shares in those subsidiaries to Srichawla Group.

The Annual General Meeting of Shareholders held on April 23, 2018, Approve to extend the exercise of Put Option from 60 days to be 6 months in which the last exercise date from January 26, 2018 to May 26, 2018, as well as the entering into the transaction of divestment of subsidiaries, Casa Fico Company Limited and Fena Park Company Limited, to Mr. Krit Srichawla, Mr. Amorn Srichawla, Mr. Theparit Srichawla and Mr. Akaradej Srichawla ("Srichawla Group") which is the connected person by exercising the put option to sell back 14,250,000 shares of Casa Fico Company Limited which is equal to the proportion of 50% of its authorized and issued shares and 5,000,000 shares of Fina Park Company Limited which is equal to the proportion of 50% of its authorized and issued shares at totaling value of Baht 183.95 million and Baht 64.55 million respective. According to the conditions on Sale Purchase Agreement between Srichawla Group and the Company dated November 14, 2012.

On June 29, 2018, the Company exercised its Put Option right to dispose the investment in subsidiaries to the buyer - Fenix Foods World Co., Ltd. which is a juristic company designated by Mr. Krit Srichawla, Mr. Amorn Srichawla, Mr. Theparit Srichawla and Mr. Akaradej Srichawla ("Srichawla Group"), which are the major shareholders of the Company. The parties agreed to accept the transfer of the shares held by the Company in 2 subsidiaries through exercising Put Option, consisted of 50% of its authorized and issued shares in Casa Fico Co., Ltd. and 50% of its authorized and issued shares in Fena Park Co., Ltd. at the consideration price of Baht 183,954,551 and Baht 64,545,449, respectively (total consideration value of Baht 248,500,000) along with the assignment of the Company's rights through the shareholders loan due receivable from Casa Fico Co., Ltd. and Fena Park Co., Ltd. of Baht 13,965,446 and Baht 24,186,950, respectively to the buyer (total loan assignment to the buyer - Fenix Foods World Co., Ltd. is Baht 38,152,396). Under the Share Purchase Agreement, the buyer agreed to settle the purchase price Baht 248,500,000 by two separate payments, details as follow;

- The 1st payment of Baht 204,198,759 made by setting off against the outstanding debts that the Company due to Srichawla Group and Mr. Krit Srichawla (the outstanding debts due payable to Srichawla Group as of June 29, 2018 comprised of 1) Promissory Note of Baht 100,000,000, 2) Accrued interest payable of the promissory note mentioned in 1) of Baht 41,938,356 and the outstanding debts due to Mr. Krit Srichawla as of June 30, 2018 comprised of 3) Short-term loan of Baht 61,370,000 and 4) Accrued interest payable of the short-term loan mentioned in 3) of Baht 890,403.
- The 2nd payment of Baht 44,301,241 shall be within 3 months after the date those 2 subsidiaries' shares transfer or the date before the entire business transfer acceptance date, whichever comes earlier.

However, the exercise Put Option to dispose investment in Casa Fico Co., Ltd. and Fena Park Co., Ltd. does not affect ceased in control over such subsidiaries due to existing indirect shares of 42.5% still govern by the Group through Evolution Land Co., Ltd. As resulted of such disposition transaction, the Company recorded profit from sales of investment Baht 68.29 million in the separate statement of comprehensive income and recorded surplus on change in ownership interests in subsidiaries, presented under other component of shareholders' equity of Baht 161.84 million in the consolidate financial statements. The change of ownership interests in these subsidiaries from such investment disposition through exercise of the Put Option does not change in control over such subsidiaries.

#### **THE DISPOSITION OF INVESTMENT IN SUBSIDIARIES AS RESULTED FROM THE APPROVAL THROUGH THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS FOR THE YEAR 2018**

At the Annual General Meeting of Shareholders for the year 2018 held on April 23, 2018, resolved the disposition of investment in subsidiaries as summarized below:

Approve the transaction of the disposal of investment in the Company. The disposition of the investment in this subsidiary must take place prior to the business transfer and the allotment of the completed shares, which will be completed by April 30, 2018 in accordance with the conditions precedent of The Memorandum of Understanding (MOU) between the Company, Mr. Krit Srichawla, other shareholders (including Fico Corporation company limited, Mr. Akaradej Srichawla, Mr. Theprit Srichawla, Mr. Amorn Srichawla and Mr. Sanjay Kumar Singh) of the Company and Mr. Somprasong, Mr. Surachet dated September 28, 2017 and the Shares Subscription Agreement with conditions of precedents.

a) Disposition of investment in subsidiaries to the third party as follows:

- |  |                         |
|--|-------------------------|
| a1) Evolution Foods (Thailand) Company Limited | As disposal transaction |
| a2) Fenix Iron Fairies Company Limited         | As disposal transaction |
| a3) FC Commissary Company Limited              | As disposal transaction |

b) Disposition of investment in subsidiaries to the major shareholders or the person assigned by the major shareholder, this is a connected transaction. In the case that it can not be sold to a third party within 30 April 2018. The term of payment shall be made within 15 months from the date of the entire business transfer and the allotment is completed by the term. The payment term of 15 months period is a result of the negotiation and the major shareholders are obliged to purchase the investment in this subsidiaries, if the company can not find the interested buyers within the period, the major shareholders expect to use in the process of disposal of investment in ordinary shares of the subsidiaries. The process of acquiring those who are interested in acquiring outside shares of the subsidiary, the process of verifying the accuracy of information and valuation of interested buyers as well as, the major shareholders to provide the source of funds to purchase the subsidiary's investment.



- |     |  |   |
|-----|--|---|
| b1) | Evolution Foods (Thailand) Company Limited | As disposal transaction and connected transaction |
| b2) | Fenix Iron Fairies Company Limited         | As connected transaction connected transaction    |
| b3) | FC Commissary Company Limited              | As connected transaction connected transaction    |

On June 29, 2018, the Company entered into Share Sell and Purchase Agreement to dispose investment in 3 subsidiaries comprised Evolution Foods (Thailand) Co., Ltd., Fenix Iron Fairies Co., Ltd. and FC Commissary Co., Ltd. to the buyer - Fenix Foods Worlds Co., Ltd. which is a juristic company designated by Mr. Krit Srichawala. The detail under such agreement can be summarised below :

- 595,014 ordinary shares at par value of Baht 1,000 of Evolution Foods (Thailand) Co., Ltd. held by the Company, which is in proportion of 90% of its authorized and issued shares, at Baht 220,290,000.
- 39,998 ordinary shares at par value of Baht 100 of Fenix Iron Fairies Company Limited held by the Company, which is in proportion of 100% of its authorized and issued shares, at Baht 32,860,000.
- 99,997 ordinary shares at par value of Baht 100 of FC Commissary Company Limited held by the Company, which is in proportion of 100% of its authorized and issued shares, at Baht 22,580,000.
- Under Share Sale and Purchase Agreement, the Company has to assign loans due receivable from the subsidiaries to the buyer. The Company recorded impairment from loan to subsidiaries of Baht 440.42 million in the separate financial statements for the year ended December 31, 2018 as discussed in Note 6 to the financial statements.

The initial payment of Baht 5 million was fully received by cash on June 29, 2018. The second payment of Baht 235 million will be made within 3 months after the date the 3 subsidiaries' shares transfer or one day prior to the completion of Entire Business Transfer, whichever comes earlier. The final payment of Baht 35.73 million, shall be paid within 15 months after the acceptance date of the entire business transfer and the completion of allotment of the newly issued shares.

Under the Share Purchase Agreement's condition, stated that the condition precedent under the Shares Subscription Agreement cannot be fulfilled, resulting in the EBT and allocation of newly issued shares cannot be completed, the Company has rights to cancel the disposal transactions of the shares of the 3 subsidiaries. The cancellation of such transaction shall result in returning all the payments back to the Buyer, and there shall be no penalty that result from the cancellation of such transaction. In which, a core condition precedent mentioned that the Company must be obtained approval from the Stock Exchange of Thailand ("SET") for Relisting of the Company's securities on the Stock Exchange of Thailand.

On July 20, 2018, the Company and Fenix Foods World Co., Ltd., a buyer under Share Purchase Agreement, had entered into a Mutually Termination Agreement as due to the notification made by the Stock Exchange of Thailand regarding the results of the Relisting application informed that the Company does not meet such qualification for Relisting in accordance with Regulation of the Stock Exchange of Thailand Re: Listing of Securities, Disclosure of Information and Delisting of Securities in the "Market for Alternative Investment (mai)" B.E. 2560. However, the parties under the Share Subscription Agreement have agreed to continue proceed the transaction in relation to acceptance of the Entire Business Transfer and the allotment of newly issued securities. The Company is currently in the process of restructuring to meets the qualifications of the Regulation of the Stock Exchange of Thailand and shall proceed for re-submitting of the Relisting application with the Stock Exchange of Thailand.

However, the Company and the buyer under Share Purchase Agreement - Fenix Foods World Co., Ltd. had entered into the new Share Purchase Agreement agreed to accept the transfer of 3 subsidiaries investment at the consideration price of Bath 275.73 million which is same to the previous cancelled Share Purchase Agreement date June 29, 2018. The first settlement of share price shall be made within one business date prior to the completion of the Entire Business Transfer and the allotment of the newly securities being issued. The final settlement will be Baht 35.73 million due payable within 15 months after such completion of EBT and new shares allotment.

As resulted from the disposition of investment under the Share Purchase Agreement, the Company recorded impairment loss of assets Baht 926.09 million (comprise from loss on investment in subsidiaries of Baht 361.49 million, loss from loan provided to the subsidiaries of Baht 356.38 million and interest receivable Baht 123 million and doubtful debts on other receivable - related parties of Baht 85.22 million) in the financial statements for the year ended December 31, 2018 . However, such disposition of investment will be made upon the completion of the Entire Business Transfer and the allotment of newly issued shares in according to the business integration plan.

#### 14. OTHER INVESTMENT

(Unit: Thousand Baht)

Company's name	Percentage of Shareholding (%)		Consolidated financial statements	
			Cost	
	2018	2017	2018	2017
Red Planet Hotels (Thailand) Limited	50.9	50.9	3,562	3,562
Red Planet Hotels Two (Thailand) Limited	51.0	51.0	7,140	7,140
Red Planet Hotels Three (Thailand) Limited	51.0	51.0	6,120	6,120
Red Planet Hotels Four (Thailand) Limited	51.0	51.0	4,080	4,080
Red Planet Hotels Five (Thailand) Limited	51.0	51.0	6,120	6,120
Red Planet Hotels Limited	10.95	10.95	567,317	567,317
Total			594,339	594,339
Less : Impairment losses on investment			(347,999)	(347,999)
Other investments - Net			246,340	246,340

During the year 2017, the Company recognised loss from devaluation of investment in Red Planet Hotels Limited Group in totaling amount Baht 314.3 million, based on net realizable value from the disposition of investment indicated in Letter of Intent offered from a non-related company.

Subsequently , during the the fourth quarter, 2017, The Company is appointed a financial advisor “Avantgarde Capital Co., Ltd.” to conduct the reassessment of investment in Red Planet Hotels Group which valuation report completed in November 2017, by using income approach based on Discounted Cash Flow Method. The Company recognized loss on impairment of investments amount of Baht 33.7 million, presented in administrative expenses.

As at December 31, 2018 and December 31, 2017, the Group presented other investments based on reassessment value of Baht 246.3 million.



On November 9, 2018, the general meeting of shareholders to consider and approve the entering into the transaction of divestment of Evolution Holdings Limited. Evolution Holdings Limited is a shareholder of Evolution Advisors Limited, and Evolution Advisors Limited is shareholder of Red Planet Hotels Limited.

As at December 31, 2017, the Group has pledged investments in five related companies with three local financial institutions to secure their credit loan facilities as follows:

- 1) Pledged 15,499 preference shares of Red Planet Hotels (Thailand) Limited to secure its credit loan facility of Baht 92 million.
- 2) Pledged 51,000 preference shares of Red Planet Hotels Two (Thailand) Limited to secure its credit loan facility of Baht 72 million.
- 3) Pledged 50,900 preference shares of Red Planet Hotels Three (Thailand) Limited to secure its credit loan facility of Baht 60 million.
- 4) Pledged 25,500 preference shares of Red Planet Hotels Four (Thailand) Limited to secure its credit loan facility of Baht 95 million.
- 5) Pledged 61,199 preference shares of Red Planet Hotels Five (Thailand) Limited to secure its credit loan facility of Baht 120 million.

The Company also entered into guarantee agreement with such group of financial institutions to secure the related company's credit facilities in the full amount of the outstanding debt (Note 35.4). Consequently, the Company is entitled to receive debt guarantee income from certain related companies.

During the current year, the Company has been released all the obligation and guarantee with those the financial institutions.

## 15. PROJECT DEVELOPMENT COST IN PROGRESS

The net book value of project development cost in progress as December 31, 2018 and 2017 is presented below:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Land	Construction in progress	Total
December 31, 2018			
Cost	297,000	46,267	343,267
Less : Allowance for impairment loss	-	(46,267)	(46,267)
Net book value	<u>297,000</u>	<u>-</u>	<u>297,000</u>
December 31, 2017			
Cost	297,000	46,267	343,267
Less : Allowance for impairment loss	-	(46,267)	(46,267)
Net book value	<u>297,000</u>	<u>-</u>	<u>297,000</u>

Cost of project development cost in progress consists of land and construction in progress of LeamSett project located in Samui , Surat Thani province in which real estate development project owned by a subsidiary - Casa Fico Co.,Ltd. The land valuation was assessed by K.K. Valuation Co., Ltd. based on Market Approach report dated October 22, 2018 at Baht 309.40 million. The fair value is in the first level of the hierarchy of fair value (Note 4.21).

During the year ended December 31, 2017, the Group had recognized loss on impairment of project development cost in progress amount Baht 30 million (2018 : Nil).

## 16. INVESTMENT PROPERTIES

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2018	2017
Land	54,699	54,699
Project development cost	4,705	4,705
Less: impairment of project development cost	(4,705)	(4,705)
Net	54,699	54,699

During the year ended December 31, 2017, the Company had recognized loss on impairment of project development cost of Baht 4.7 million in the consolidated and separate statement of comprehensive income, presented under administrative expenses (2018: Nil).

## 17. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

(Unit: Thousand Baht)

Consolidated financial statements							
	Leasehold improvement	Kitchen equipment	Office equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
Cost:							
December 31, 2017	346,350	163,757	57,410	98,125	9,849	7,738	683,229
Additions	11,905	4,439	5,486	2,154	-	4,393	28,377
Disposals/write-off	(41,500)	(13,006)	(1,964)	(3,758)	-	(7,334)	(67,562)
Transfers in (out)	4,642	155	-	-	-	(4,797)	-
December 31, 2018	321,397	155,345	60,932	96,521	9,849	-	644,044
Accumulated depreciation:							
December 31, 2017	119,379	104,390	30,277	77,239	4,421	-	335,706
Depreciation for the year	48,086	25,317	10,302	9,373	80	-	93,158
Depreciation on disposals/write-off	(17,332)	(10,121)	(3,153)	(1,682)	-	-	(32,288)
December 31, 2018	150,133	119,586	37,426	84,930	4,501	-	396,576
Allowance for impairment loss:							
December 31, 2017	27,647	1,526	1,327	1,810	-	-	32,310
Increase during the year	22,110	474	-	-	-	-	22,584
Decrease during the year	(15,353)	(830)	-	(1,253)	-	-	(17,436)
December 31, 2018	34,404	1,170	1,327	557	-	-	37,458
Net book value:							
December 31, 2018	136,860	34,589	22,179	11,034	5,348	-	210,010

Depreciation for the year

2018 (the balance in selling and administrative expenses)

93,158

Consolidated financial statements						(Unit: Thousand Baht)	
	Leasehold improvement	Kitchen equipment	Office equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
Cost:							
December 31, 2016	319,246	137,802	58,826	75,681	7,896	1,446	600,897
Additions	8,452	15,345	10,170	1,845	-	42,488	78,300
Disposals/write-off	(56,713)	(2,674)	(13,315)	(7,970)	(5,967)	(2,433)	(89,072)
Transfers in (out)	45,985	-	-	184	-	(46,169)	-
Increase due to sale of subsidiary	29,380	13,284	1,729	28,385	7,920	12,406	93,140
December 31, 2017	346,350	163,757	57,410	98,125	9,849	7,738	683,229
Accumulated depreciation:							
December 31, 2016	84,285	69,634	29,333	47,863	1,417	-	232,532
Depreciation for the year	49,617	27,352	10,379	12,717	1,811	-	101,876
Depreciation on disposals/write-off	(23,143)	(2,129)	(11,033)	(6,100)	(5,967)	-	(48,372)
Increase due to sale of subsidiary	8,620	9,533	1,598	22,759	7,160	-	49,670
December 31, 2017	119,379	104,390	30,277	77,239	4,421	-	335,706
Allowance for impairment loss:							
December 31, 2016	23,803	581	635	1,747	-	-	26,766
Increase during the year	13,322	945	833	437	-	-	15,537
Decrease during the year	(9,478)	-	(141)	(374)	-	-	(9,993)
December 31, 2017	27,647	1,526	1,327	1,810	-	-	32,310
Net book value:							
December 31, 2017	199,324	57,841	25,806	19,076	5,428	7,738	315,213
Depreciation for the year							
2017 (the balance in selling and administrative expenses)							101,912

	Separate financial statements					(Unit: Thousand Baht)
	Leasehold improvement	Office equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
Cost:						
December 31, 2017	13,029	9,841	5,178	6,571	-	34,619
Additions	-	-	-	-	-	-
Disposals/write-off	-	(224)	(1,248)	-	-	(1,472)
Transfer in (out)	-	-	-	-	-	-
December 31, 2018	13,029	9,617	3,930	6,571	-	33,147
Accumulated depreciation:						
December 31, 2017	2,585	3,725	2,488	1,473	-	10,271
Depreciation for the year	2,209	1,995	490	1,095	-	5,789
Depreciation on disposals/write-off	-	(127)	(438)	-	-	(565)
December 31, 2018	4,794	5,593	2,540	2,568	-	15,495
Allowance for impairment loss:						
December 31, 2017	-	-	-	-	-	-
Decrease during the year	-	-	-	-	-	-
December 31, 2018	-	-	-	-	-	-
Net book value:						
December 31, 2018	8,235	4,025	1,390	4,002	-	17,652
Depreciation for the year						
2018 (the balance in administrative expenses)						5,224



Separate financial statements					(Unit: Thousand Baht)	
	Leasehold improvement	Office equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
Cost:						
December 31, 2016	21,423	20,838	8,930	6,598	333	58,122
Additions	205	358	79	-	777	1,419
Disposals/write-off	(9,709)	(11,355)	(3,831)	(27)	-	(24,922)
Transfer in (out)	1,110	-	-	-	(1,110)	-
December 31, 2017	13,029	9,841	5,178	6,571	-	34,619
Accumulated depreciation:						
December 31, 2016	1,199	11,923	4,689	405	-	18,216
Depreciation for the year	3,734	2,353	807	1,095	-	7,989
Depreciation on disposals/write-off	(2,348)	(10,551)	(3,008)	(27)	-	(15,934)
December 31, 2017	2,585	3,725	2,488	1,473	-	10,271
Allowance for impairment loss:						
December 31, 2016	-	141	373	-	-	514
Decrease during the year	-	(141)	(373)	-	-	(514)
December 31, 2017	-	-	-	-	-	-
Net book value:						
December 31, 2017	10,444	6,116	2,690	5,098	-	24,348
Depreciation for the year						
2017 (the balance in administrative expenses)						7,989

As at December 31, 2018, the subsidiaries had office equipment and vehicle under finance lease agreements with net book values amounting to Baht 4 million (2017: 5 million).

As at December 31, 2018 and 2017 certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 164 million and Baht 28 million, respectively (The Company only: Baht 2 million and Baht 2 million, respectively).

## 18. GOODWILL

(Unit: Thousand Baht)

	Consolidated	
	financial statements	
	2018	2017
Goodwill	316,433	308,046
Increase from acquisition of subsidiary net book values (Note 13)	-	60,059
Decrease change of fair value as at purchasing (Note 13)	-	(51,672)
Goodwill from acquisition of subsidiary during the year	-	8,387
Less: Allowance for impairment of goodwill	(316,433)	(231,800)
Net	-	84,633

For the purposes of assessing impairment, assets are grouped at the lowest level of each identifiable cash flow (cash-generating unit). The Group recoverable amount assessment is based on cash flow projection of business plan prepared by management.

Goodwill increased during the years 2017 net of fair value adjustment as resulted from the acquisition of G Enterprise & Co Company Limited (G Enterprise), the management is expected that the Company will receive benefit from such acquisition due to leading operate in restaurant business and good performance based results, including the growth of business's opportunity in the future.

The Company assessed impairment from goodwill allocated to Fenix Iron Fairies Co., Ltd. The management considered that goodwill from such business acquisition would not be able to generate future economic benefits to the Group. As to comply condition precedent to the Share Subscription Agreement, the Company has to dispose investment in a subsidiary - Fenix Iron Fairies Co., Ltd. to the major shareholder. Since the minimum consideration from the disposal of investment is not cover its net carrying value of goodwill, the Company recorded loss from goodwill impairment of Baht 76 million in the consolidate financial statement for the year ended December 31, 2018 to reflect the expected recoverable amount from current circumstance.

The Annual General Meeting of Shareholders of 2018, held on April 23, 2018, approved the disposal of investment in such subsidiary as discussed in Note 13.

The Company assessed the valuation of goodwill allocated to G Enterprise & Co by using income approach based on Discounted Cash Flow Method and the Company recognized loss on impairment of goodwill of Baht 8.39 million which was presented under administrative expense in the consolidate financial statement for the year ended December 31, 2018.

Cost of project development cost in progress consists of land and construction in progress of LeamSett project located in Samui , Surat Thani province in which real estate development project owned by a subsidiary - Casa Fico Co.,Ltd. The land valuation was assessed by K.K. Valuation Co., Ltd. based on Market Approach report dated October 22, 2018 at Baht 309.40 million. The fair value is in the first level of the hierarchy of fair value (Note 4.21).

## 19. INTANGIBLE ASSETS

The net book value of intangible assets as at December 31, 2018 and 2017 is presented below:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Intangible assets					Total
	Franchise	Trademark	Customer loyalty	Computer software	under development	
Cost						
December 31, 2017	67,751	55,874	4,861	28,479	1,274	158,239
Additions	990	-	-	1,162	-	2,152
Disposals	(4,801)	-	-	(1,203)	-	(6,004)
Transfer in (out)	-	-	-	-	-	-
December 31, 2018	63,940	55,874	4,861	28,438	1,274	154,387
Accumulated amortisation						
December 31, 2017	32,091	4,679	1,423	12,046	-	50,239
Amortisation for the year	5,729	-	471	8,802	-	15,002
Disposals	(1,755)	-	-	(815)	-	(2,570)
December 31, 2018	36,065	4,679	1,894	20,033	-	62,671
Allowance for impairment loss						
December 31, 2017	5,930	-	-	-	-	5,930
Increase (Decrease)	1,475	23,200	-	-	-	24,675
December 31, 2018	7,405	23,200	-	-	-	30,605
Net book value						
December 31, 2017	29,730	51,195	3,438	16,433	1,274	102,070
December 31, 2018	20,470	27,995	2,967	8,405	1,274	61,111

(Unit: Thousand Baht)

Consolidated financial statements						
	Franchise	Trademark	Customer loyalty	Computer software	Intangible assets under development	Total
Cost						
December 31, 2016	64,718	-	4,861	27,369	326	97,274
Additions	3,321	-	-	2,924	4,028	10,273
Disposals	(288)	-	-	(5,869)	-	(6,157)
Transfer in (out)	-	-	-	3,080	3,080	-
Increase from purchase of subsidiaries	-	55,874	-	975	-	56,849
December 31, 2017	67,751	55,874	4,861	28,479	1,274	158,239
Accumulated amortisation						
As at December 31, 2016	25,367	-	959	13,061	-	39,387
Amortisation for the year	6,879	4,679	464	4,206	-	16,228
Disposals	(155)	-	-	(5,810)	-	(5,965)
Increase from purchase of subsidiaries	-	-	-	589	-	589
December 31, 2017	32,091	4,679	1,423	12,046	-	50,239
Allowance for impairment loss						
December 31, 2016	1,578	-	-	24	-	1,602
Increase (Decrease)	4,352	-	-	(24)	-	4,328
December 31, 2017	5,930	-	-	-	-	5,930
Net book value						
December 31, 2016	37,773	-	3,902	14,284	326	56,285
December 31, 2017	29,730	51,195	3,483	16,433	1,274	102,070

During the year ended December 31, 2018, the Company assessed the valuation of trademark as a result from the business acquisition of G Enterprise & Co Co., Ltd. by using income approach based on Discounted Cash Flow Method and the Company recognized loss on impairment of trademark of Baht 23.2 million in the consolidated statements of comprehensive income for the year ended December 31, 2018.

(Unit: Thousand Baht)

	Separate financial statements		
	Intangible assets		
	Computer software	under development	Total
Cost			
December 31, 2017	12,757	1,274	14,031
Additions	-	-	-
Disposals	-	-	-
Transfer in (out)	-	-	-
December 31, 2018	12,757	1,274	14,031
Accumulated amortisation			
December 31, 2017	5,478	-	5,478
Amortisation for the year	1,530	618	2,148
Disposals	-	-	-
December 31, 2018	7,008	618	7,626
Net book value			
December 31, 2017	7,279	1,274	8,553
December 31, 2018	5,749	656	6,405



(Unit: Thousand Baht)

	Separate financial statements		
	Intangible assets		Total
	Computer software	under development	
Cost			
December 31, 2016	18,116	328	18,444
Additions	-	1,456	1,456
Disposals	(5,869)	-	(5,869)
Transfer in (out)	510	(510)	-
December 31, 2017	12,757	1,274	14,031
Accumulated amortisation			
December 31, 2016	9,218	-	9,218
Amortisation for the year	2,104	-	2,104
Disposals	(5,844)	-	(5,844)
December 31, 2017	5,478	-	5,478
Allowance for impairment loss			
December 31, 2016	24	-	24
Decrease	(24)	-	(24)
December 31, 2017	-	-	-
Net book value			
December 31, 2016	8,874	328	9,202
December 31, 2017	7,279	1,274	8,553

## 20. LEASEHOLD RIGHT OF LAND

Movements of leasehold right of land account for the years ended December 31, 2018 and 2017 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cost	185,749	185,749	82,449	82,449
<u>Less</u> Accumulated amortisation	(53,849)	(47,067)	(29,080)	(26,332)
<u>Less</u> Allowance for impairment	(4,400)	(6,000)	(1,900)	(3,500)
Net book value	127,500	132,682	51,469	52,617
Net book value at beginning of year	132,682	139,464	52,617	55,365
Amortisation	(6,782)	(6,782)	(2,748)	(2,748)
Reversal allowance for impairment	1600	-	1,600	-
Net book value at ending of year	127,500	132,682	51,469	52,617

As at December 31, 2018, the Company reversed impairment loss on leasehold right of Baht 1.6 million based on valuation report date October 22, 2018 which was assessed by K.K. Valuation Co., Ltd. by using market price approach and the market value was greater than book value.

There are 2 leasehold rights of land on Samui Island for which the management has conducted a feasibility analysis for future real estate development projects or resale for profit.

Leasehold right of land is amortised by the straight-line method over the land lease period of 30 years. Under the lease agreement, buildings and building improvements constructed on the leasehold land will be transferred to the lessor at the end of the lease agreement.

## 21. OVERDRAFT

The Company has overdrafts with a commercial bank in the line of credit of Baht 30 million , As at December 31, 2018, the outstanding overdrafts is Baht 29.65 million. The company's overdrafts is unsecured, bears interest at MOR per annum.

## 22. TRADE AND OTHER PAYABLES

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		Financial statements	
	2018	2017	2018	2017
Trade and other current payables	177,240	124,960	24,817	11,437
Other payables - related parties	9,840	844	249	12
Accrued expenses	30,342	33,232	5,007	3,046
Accrued interest expenses	2,304	5,030	2,304	5,030
Total trade and other payables	219,726	164,066	32,377	19,525

## 23. SHORT-TERM LOANS

The Board of Directors Meeting No. 7/2018 held on April 27, 2018, approved the issuance of the Bills of Exchange allot to the Private Placement investors with maturity date not greater than 12 months from the issued date in the amount up to Baht 439 million.

On May 3, 2018, the Company issued bills of exchange in totaling amount of Baht 439 million in the following:

Type	Bills of Exchange
Issued amount	Baht 439 million
Maturity period	Within 12 months from the issued date (Maturity January 28, 2019 amount of Baht 298 million and Maturity May 3, 2019 amount of Baht 141 million).
Collaterals	<ul style="list-style-type: none"> <li>- Ordinary shares in Red Planet Hotels Limited, representing 10.9% of the issued and paid-up of shares of Red Planet Hotels Limited.</li> <li>- Ordinary shares in G Enterprise &amp; CO Co., Ltd., representing 99.9% of the issued and paid-up of shares of G Enterprise &amp; CO Co., Ltd.</li> <li>- Assignment of leasehold rights of land in Samui, Surathani.</li> </ul>
Interest rate	At 8.75% per annum and 10.00% per annum, respectively.

Movements in short-term loans during the year ended December 31, 2018 were summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements
Balance as at January 1, 2018 (Face value)	-
Issued during the year	439,000
Amortisation of deferred interest	25,025
Less: Deferred interest	(30,934)
Balance as at December 31, 2018	433,091

## 24. DEBENTURES

On August 11, 2016, the Company issued Baht 600 million of 1 year and 9 months unsecured debentures (600,000 units with a face value of Baht 1,000 each). The debentures bear interest at a fixed rate of 6.00 percent per annum, payable every 3 months throughout the life of the debentures. The Company has fully redemption of the debentures on May 11, 2018.

The Board of Directors Meeting No. 7/2018 held on April 27, 2018, has resolved the issuance of the Secured Debenture No. 1/2018 in the amount up to Baht 200 million, and has debenture's representative, due maturity within 15 months.

On May 4, 2018, the Company issued the debentures no. 1/2018 of Baht 200 million in the following:

Type	The Secure Debenture of Food Capitals PCL. No. 1/2018 and has the Debenture's representative.
Issued amount	Baht 200 million
Maturity period	Within 15 months (Maturity August 4, 2019)
Interest rate	7.25% per annum
Collaterals	- Vacant land owned by the Company - Vacant land owned by the subsidiary - Casa Fico Co., Ltd.

The Company has registered with the mortgage of land owned by the Company and the subsidiary - Casa Fico Co., Ltd. used as collaterals for the issuance of the Company's debenture at secure amount of Baht 200 million on May 6, 2018.

Movements in the debenture account during the year ended December 31, 2018 were summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements /		
	Separate financial statements		
	Bond no. 1/2016	Bond no. 1/2018	Total
Balance as at January 1, 2018 (Face value)	600,000	-	600,000
Issued during the year	-	200,000	200,000
Repayment during the year	(600,000)	-	(600,000)
Amortisation of deferred debenture issuing cost	15,232	2,991	18,223
Less: Deferred debenture issuing costs	(15,232)	(5,634)	(20,866)
Balance as at December 31, 2018	-	197,357	197,357

The issuance of debenture contains specified some covenants such as maintain debt-to-equity ratio at all times.

As at December 31, 2018, the Company presented debenture as current liabilities in the statement of financial position as due to the maturity date of debenture will be due for redeem on August 4, 2019.

## 25. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Provisions for long -term employee benefits				
at beginning of the year	7,733	1,946	1,573	1,305
Included in profit or loss:				
Current service cost	3,236	3,326	1,658	2,148
Interest cost	248	135	82	39
Reversed during the year	(1,459)	(1,919)	(1,459)	(1,919)
Increase from purchase of subsidiary	-	4,245	-	-
Provisions for long -term employee benefits				
at end of the year	9,758	7,733	1,854	1,573

All expenses of long-term employee benefit are included in selling and administrative expenses.

As at December 31, 2018, the weighted average duration of the liabilities for long-term employee benefit is 11 years (separate financial statements: 11 years) (2017: consolidated financial statements: 11 years, separate financial statements: 11 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	%	%	%	%
Discount rate	2.7 - 3.0	2.7 to 3.0	3.0	3.0
Salary increase rate	3.0 - 8.0	3.0 to 8.0	3.0 - 8.0	3.0 to 8.0
Turnover rate	25	25	25	25

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation.

As at December 31, 2018 as follows:

(Unit: Baht)

	Change of the present value of the employee benefit obligations			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(913)	1,036	(287)	320
Salary increase rate	1,031	(925)	316	(289)

As at December 31, 2017 as follows:

(Unit: Baht)

	Change of the present value of the employee benefit obligations			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(736)	836	(225)	250
Salary increase rate	780	(701)	247	(226)



The sensitivity analysis presented above may not be representative of the actual change in employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment. The Company and its subsidiaries will reflect the effect of the change by recognizing past service cost as an expense in the consolidated and separate statements of profit or loss, of the period in which the law is effective. At present, is during estimate the effect to the financial statement.

## 26. SHARE CAPITAL

Share capital have changed for the year ended December 31, 2018 as follows:

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements			
	Share Capital Registered	Issued and Paid-up capital	Share premium	Share discount On business acquisition
As at January 1, 2018	3,178,404	2,136,460	467,710	(144,820)
Share capital decrease	(410,639)	-	-	-
Share capital increase	22,740,589	-	-	-
Issued share capital	-	-	(467,710)	144,820
As at December 31, 2018	25,508,354	2,136,460	-	-
As at January 1, 2017	2,887,154	1,959,307	519,529	(120,020)
Share capital decrease	(296,542)	-	-	-
Share capital increase	587,792	-	-	-
Issued share capital	-	177,153	(51,819)	(24,800)
As at December 31, 2017	3,178,404	2,136,460	467,710	(144,820)

The Annual General Meeting of Shareholders held on April 23, 2018 ;

1) Approve the reduction of the registered capital of the Company from Baht 3,178,403,680 to Baht 2,767,765,276 by removing the paid-up ordinary shares in the amount of 410,638,404 shares at par value of Baht 1, which is the remaining registered ordinary shares from General Mandate by not removing the registered capital that reserved for the exercise of Warrants to purchase the ordinary shares of the Company (FC-W1 and FC-W2).

The Company has registered reduction of the registered capital with the Ministry of Commerce on May 7, 2018.

2) Approve the increasing in the registered capital from Baht 2,767,765,276 to Baht 25,508,354,215 by issue the ordinary shares in the amount of 22,740,588,939 shares at par value of Baht 1 each. The Company registered increase in of its registered share capital with the Ministry of Commerce on May 9, 2018.

## 27. ACCUMULATED LOSS COMPENSATION

At the Annual General Meeting of the Shareholders for the year 2018, on April 23, 2018, has resolved to transfer statutory reserve of Baht 2,661,312 and the net of premium on the ordinary shares and discount on issued of shares to setoff against the Company's retained loss brought forward of Baht 322,889,525. As such, the Company recored the adjustment on retained losses resulted that the Group's retained losses after adjust in the amount Baht 1,874,678,090 in consolidated financial statements and the Company's retained losses after adjust in the amount Baht 1,196,728,185 in separate financial statements.

(Unit: Thousand Baht)

	Consolidated financial statements			
				Deficit
	Share discount		Statutory	
	Share premium	on business acquisition	reserve	Unappropriated
As at January 1, 2018	(144,820)	(144,820)	2,661	(2,200,229)
Accumulated loss compensation	144,820	144,820	(2,661)	325,551
As at January 1, 2018				
-After accumulated loss compensation	-	-	-	(1,874,678)

(Unit: Thousand Baht)

	Separate financial statements			
				Deficit
	Share discount		Statutory	
	Share premium	on business acquisition	reserve	Unappropriated
As at January 1, 2018	(144,820)	(144,820)	2,661	(1,522,279)
Accumulated loss compensation	144,820	144,820	(2,661)	325,551
As at January 1, 2018				
-After accumulated loss compensation	-	-	-	(1,196,728)

## 28. WARRANTS

As at December 31, 2018, the Company's warrants are as follows:

Type of warrant	Exercise price per share	Exercise ratio (Warrant : share)	Number of warrants outstanding as at January 1, 2018	Number of warrants exercised during the period	Number of warrants outstanding as at September 30, 2018	Term of warrant
FC-W1 <sup>(1)</sup>	1.408	1 : 1.065	347,000,000	-	347,000,000	December 23, 2010 - December 22, 2020
FC-W2	2.00	1 : 1.00	261,750,000	-	261,750,000	January 9, 2013 - December 22, 2020

The Company adjusted for the exercise price and conversion ratio of FC-W1 effective from December 3, 2012

During the year ended December 31,2018, there are no warrants exercised for FC-W1 and FC-W2.

## 29. STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered share capital. The statutory reserve is not available for dividend distribution.

## 30. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2018	2017	2018	2017
Salary and wages and other employee benefits	253,704	283,097	28,515	69,230
Depreciation and amortization	109,094	124,883	10,685	12,843
Rental and service expenses from operating lease agreements	142,512	159,048	5,517	13,690
Professional fees	48,266	43,018	34,822	30,718
Advertising and promotional expenses	30,007	30,203	-	-
Bad debts and doubtful accounts	-	36,114	525,296	113,109
Impairment loss on investment	-	347,999	383,917	397,456
Impairment loss on assets	31,945	38,742	-	4,191
Impairment loss on goodwill	84,633	137,064	-	-
Raw materials and consumables used	282,662	247,477	-	-
Loss on sale of investment in subsidiary	38,152	-	38,152	-

## 31. INCOME TAX

Income tax expenses for the years ended December 31, 2018 and 2017 are made up as follows:

	Consolidated		(Unit: Baht)	
	financial statements		Separate	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge		-		-
Deferred tax:				
Relating to origination and reversal of temporary differences	15,675	(11,566)	-	-
Income tax expense (revenue) reported in the statements of comprehensive income	15,675	(11,566)	-	-

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended December 31, 2018 and 2017.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Accounting loss before tax	(531,868)	(992,368)	(945,672)	(586,170)
Applicable tax rate of the Company	20%	20%	20%	20%
Accounting loss before tax multiplied by applicable tax rate	(106,373)	(198,473)	(189,134)	(117,234)
Effects of preparing the consolidated financial statements	93,070	86,896	-	-
Effect of different tax rate	-	9,062	-	-
Deferred tax assets for which have not been recognised during the year because future taxable profits may not be sufficient	28,005	75,969	7,291	113,843
Effects of:				
Non-deductible expenses	973	14,980	181,843	3,391
Income tax expenses (revenue) reported in the statement of comprehensive income	15,675	(11,566)	-	-

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Deferred tax assets</b>				
Provision for reinstatement cost	-	3,584	-	-
Provision for long-term employee benefits	-	1,229	-	-
Fair value adjustment arising on business combination	1,149	121	-	-
Unused tax loss	-	18,396	-	-
Total	1,149	23,330	-	-
<b>Deferred tax liabilities</b>				
Other investment	2,709	2,709	-	-
Fair value adjustment arising on business combination	11,492	17,998	-	-
Total	14,201	20,707	-	-

As at December 31, 2018 and 2017, the Group has deductible temporary differences and unused tax losses totaling Baht 2,941 million and Baht 2,649 million, respectively (the Company only: Baht 1,673 million and Baht 1,149 million respectively), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

As at December 31, 2018, the unused tax losses amounting to Baht 1,298 million will expire by 2023 (2017: Baht 1,258 million will expire by 2022).

### 32. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic earnings per share :

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2018	2017	2018	2017
Loss for the year from continuing operations	(503,855)	(941,364)	(945,672)	(586,170)
Loss for the year from discontinued operations	(559)	(1,964)		-
Loss attributable to equity holders of the Company	(504,414)	(943,328)	(945,672)	(586,170)
Ordinary share (Beginning)	2,136,460	1,959,307	2,136,460	1,959,307
Issue of Ordinary Shares-weighted average in during year	-	134,733	-	134,733
Weighted average number of ordinary shares	2,136,460	2,094,040	2,136,460	2,094,040
Basic earnings per share for equity holder of company (Baht/share)	(0.236)	(0.450)	(0.443)	(0.280)
Basic earnings per share for continuing operations (Baht/share)	(0.236)	(0.450)	(0.443)	(0.280)

There is no disclosure of diluted earnings per share for the year ended December 31, 2018 and 2017 since the exercise price of the warrants was higher than the average market price of the ordinary shares.



### 33. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on their products and services and during the current period, the Group has changed the organisation of their reportable segments by discontinued operation of wireless value added service and interactive solution and internet based information services.

At present, the Group has three reportable segments as follows.

- 1) Food and beverage operations
- 2) Business advisory services, investment and property development consulting services
- 3) Property development

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. However, the Group financing activities (including finance costs) and income taxes are managed on a Group basis and are not allocated to operating segments

Revenue and profit information regarding the Group's operating segments for the year ended December 31, 2018 and 2017 are as follows.

(Unit: Thousand Baht )

For the year ended December 31,

	Business advisory services, investment and property							
	Food and beverage operations		development consulting services		Property development		Consolidation	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from sales and advisory income	704,441	695,937	4,552	7,063	-	-	708,993	703,000
Cost of sales	(282,663)	(254,322)	-	-	-	-	(282,663)	(254,322)
Gross profit	421,778	441,615	4,552	7,063	-	-	426,330	448,678
Other income	14,536	7,347	11,767	10,003	11,918	814	38,221	18,164
Selling and administrative expenses	(592,137)	(584,173)	(229,296)	(665,507)	(6,927)	(36,387)	(828,360)	(1,286,067)
Loss before depreciation and amortisation, financial costs and income tax	(155,823)	(135,211)	(212,977)	(648,441)	4,991	(35,573)	(363,809)	(819,225)
Depreciation and amortisation	(85,356)	(98,721)	(20,143)	(22,024)	(4,137)	(4,138)	(109,636)	(124,883)
Loss before financial costs and income tax	(241,179)	(233,932)	(233,120)	(670,465)	854	(39,711)	(473,445)	(944,108)
Financial costs							(57,864)	(46,295)
Loss before income tax (expense) revenue							(531,309)	(990,403)
Income tax (expense) revenue							(15,675)	11,565
Loss for the period from continuing operations							(546,984)	(978,838)

## Geographic information

(Unit: Thousand Baht)

	Revenue*		Non-current assets**	
	2018	2017	2018	2017
Thailand	595,921	601,469	773,293	732,352
Cambodia	108,520	94,468	68,083	63,784
Others	4,552	7,063	219,318	219,318
Total	708,993	703,000	1,060,694	1,015,454

\* Revenue from external customers is based on locations of the customers.

\*\* Non-current assets other than financial instruments, deferred tax assets, net defined benefit assets and rights arising under insurance contracts.

## Information of major customers

For the year ended December 31, 2018 and 2017, the Group has no major customer with revenue of 10% or more of an entity's revenues.

### 34. PROVIDENT FUND

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contributed to the fund monthly at the rates of 3% - 8% of basic salary (2017: at the rates of 3% - 8% of basic salary). The fund, which is managed by Tisco Asset Management Limited and TMB Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 1.4 million (2017: Baht 1.8 million) were recognised as expenses.

### 35. COMMITMENT AND CONTINGENT LIABILITIES

#### 35.1 Capital commitments

As at December 31, 2018, two subsidiaries have commitments in respect of technical assistance, design and structural work of project construction in progress in accordance with the terms and conditions outlined in the agreement amounting to Baht 76 million (December 31, 2017: Baht 76 million).

#### 35.2 Operating lease and service commitments

The Group entered into several operating leases agreements in respect of the lease unit of building for offices and restaurants, office equipment and related service agreements. The terms of the agreements are generally between 1 to 10 years. In addition, there are operating lease of land agreements for a contract period of 28 to 30 years.

Future minimum lease payments required under these operating leases contracts and service agreements were as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Land lease payable:				
In up to 1 year	6.6	6.6	0.4	0.4
In over 1 up to 5 years	27.4	26.8	1.7	1.7
In over 5 years	107.1	114.3	3.2	3.7

(Unit: Million Baht)

	Consolidated				Separate	
	financial statements				financial statements	
	2018		2017		2018	2017
	Baht	USD	Baht	USD	Baht	Baht
Building and equipment lease payable:						
In up to 1 year	53.3	0.3	105.5	0.4	3.5	4.6
In over 1 up to 5 years	43.7	0.7	52.9	0.9	-	2.8
In over 5 years	-	0.3	-	0.4	-	-

### 35.3 Commitment related to franchise agreements

- a) Domino's (Thailand) Company Limited (a subsidiary) entered into a franchise agreement with Domino's Pizza International, LLC. This franchise right provides the subsidiary with the exclusive right to operate the restaurant within Thailand. The subsidiary is committed to pay franchise fee and royalty fee as stipulated in the franchise agreement date May 10, 2012.
- b) CBTL (Thailand) Company Limited (a subsidiary) entered into a franchise agreement with CBTL Franchising, LLC. This franchise right provides the subsidiary with the exclusive right to operate the restaurant within Thailand. The subsidiary is committed to pay franchise fee and royalty fee as stipulated in the franchise agreement date July 15, 2011.
- c) Kyochon Company Limited (a subsidiary) entered into a franchise agreement with Kyochon F&B Company Limited in Korea. This franchise right provides the subsidiary with the exclusive right to operate the restaurant within Thailand, Laos, Cambodia and Myanmar under trademark "Kyochon". The subsidiary is committed to pay franchise fee and royalty fee as stipulated in the franchise agreement date October 1, 2013.
- d) D. Pizza Plc. (a subsidiary) entered into a franchise agreement with Domino's Pizza International, LLC. This franchise right provides the subsidiary with the exclusive right to operate the restaurant within Cambodia. The subsidiary is committed to pay franchise fee and royalty fee as stipulated in the franchise agreement date December 4, 2014.

### 35.4 GUARANTEES

The Company has contingency liabilities in respect of debt guarantees to three local financial institutions. The Company, as a guarantor, shall commit to guarantee the satisfaction and discharge of any and all debts, liabilities and obligations of any kind owing at the date or thereafter from the principal to the financial institution under the credit facility incurred by the related

companies, Red Planet Hotels (Thailand) Limited, Red Planet Hotels Two (Thailand) Limited, Red Planet Hotels Three (Thailand) Limited, Red Planet Hotels Four (Thailand) Limited and Red Planet Hotels Five (Thailand) Limited in the facility amount of Baht 92 million, Baht 72 million, Baht 60 million, Baht 95 million and Baht 120 million, respectively. The Company receives a debt guarantee from Red Planet Hotels Limited, an related company, incorporated in the Cayman Islands, committing to guarantee all obligations by the Company to five related companies in addition to indemnities and warranties to the Company.

During the current year 2018, the Company has been released all the obligation and guarantee with those the financial institutions.

### 35.5 Litigations

As of December 31, 2018, the Company and its subsidiaries have no any litigations or unresolved litigations cases.

## 36. FAIR VALUE HIERARCHY

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Fair values have been determined for measurement and/or disclosure purposes based on the following methods (when applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability).

The fair value of cash and cash equivalents, trade and other accounts receivable, short-term loans, other current assets, bank overdrafts, short-term borrowings, trade and other accounts payable and other current liabilities is taken to approximate the carrying value.

The fair value of investments in equity securities - available-for-sales, are determined by reference to their quoted bid prices at the reporting date.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

Fair values and the carrying values of financial assets and liabilities other than the aforementioned were as follows:

(Unit: Million Baht)

### Consolidated financial statements

	Level 1		Level 2		Level 3		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>Financial assets measured at fair value</b>								
Other investments	246	246	-	-	-	-	246	246
Project development cost in progress	297	297	-	-	-	-	297	297
Investment properties	55	55	-	-	-	-	55	55
Leasehold right of land	127	132	-	-	-	-	127	132
<b>Financial liabilities for which fair value are disclosed</b>								
Current portion of share payable								
Short-term, less than 1 year	-	-	-	-	19	11	19	11
Long term	-	-	-	-	19	11	19	11
Short-term loans	433	-	-	-	-	-	433	-
Current portion of debentures	197	596	-	-	-	-	197	596
Other current financial liabilities	1	1	-	-	-	-	1	1
Other non-current financial liabilities	2	3	-	-	-	-	2	3



(Unit: Million Baht)

	Separate financial statements							
	Level 1		Level 2		Level 3		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Financial assets measured at fair value								
Investment properties	55	55	-	-	-	-	55	55
Leasehold right of land	51	52	-	-	-	-	51	52
Financial liabilities for which fair value are disclosed								
Current portion of share payable								
Short-term, less than 1 year	-	-	-	-	19	11	19	11
Long term	-	-	-	-	19	11	19	11
Short-term loans	433	-	-	-	-	-	433	-
Current portion of debentures	197	596	-	-	-	-	197	596
Other current financial liabilities	1	1	-	-	-	-	1	1
Other non-current financial liabilities	2	3	-	-	-	-	2	3

### 37. FINANCIAL INSTRUMENT

#### 37.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, trade accounts payable and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables and loans. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans as stated in the statement of financial position.

#### Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, loans and borrowings with interest. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date

## Consolidated financial statements as at December 31, 2018

	Fixed interest rate		Floating	Non-	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	interest rate	interest bearing		
	(Million Baht)					
<b>Financial assets</b>						
Cash and cash equivalents	-	-	27	-	27	0.5-0.9
Trade and other receivables	-	-	-	23	23	-
Short-term loan to unrelated party	-	-	-	5	5	-
	-	-	27	28	55	
<b>Financial liabilities</b>						
Bank overdraft	-	-	29	-	29	MOR
Trade and other payables	-	-	217	-	217	-
Payables from investment	19	-	-	-	19	6.1
Short-term loans	433	-	-	-	433	8.75, 10.00
Debentures	197	-	-	-	197	7.5
Short-term loans from unrelated parties	7	-	-	-	7	7.5, 15
Liabilities under finance lease agreements	1	2.5	-	-	3.5	5.05
Long-term loans from related parties	67	-	-	-	67	1, 7.5
	724	2.5	246	-	972.5	

## Consolidated financial statements as at December 31, 2017

	Fixed interest rate		Floating	Non-	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	interest rate	interest bearing		
	(Million Baht)					
<b>Financial assets</b>						
Cash and cash equivalents	-	-	28	3	31	0.1% - 0.5%
Trade and other receivables	-	-	-	47	47	-
Short-term loan to unrelated party	-	-	-	5	5	-
	-	-	28	55	83	
<b>Financial liabilities</b>						
Bank overdraft	-	-	27	-	27	MOR
Trade and other payables	-	-	159	-	159	-
Payables from investment	11	8	-	-	19	6.1%
Debentures	597	-	-	-	597	6.0%
Short-term loans from unrelated parties	8	-	-	-	8	7.5% , 15%
Liabilities under finance lease agreements	1	3	-	-	4	5.05%
Long-term loans from related parties	138	28	-	-	166	1%, 7.5%
	755	39	186	-	980	

Separate financial statements as at December 31, 2018

	Fixed interest rate		Floating	Non-		Interest
	Within	1-5	interest	interest	Total	rate
	1 year	years	rate	bearing		(% p.a.)
	(Million Baht)					
<b>Financial assets</b>						
Cash and cash equivalents	-	-	0.5	-	0.5	0.5 - 0.9
Trade and other receivables	-	-	-	108	108	-
Short-term loan to related parties						7.5, MLR-3, 3.85-3.975, MLR+0.5, MLR+1
	279	-	-	-	279	
Long-term loans to related parties						
	-	105	-	-	105	12.5 - 12.625
	279	105	0.5	108	492.5	
<b>Financial liabilities</b>						
Bank overdraft	-	-	29	-	29	MOR
Trade and other payables	-	-	30	-	30	-
Payables from investment	19	-	-	-	19	6.1
Short-term loan	433	-	-	-	433	8.75, 10.0
Debentures	197	-	-	-	197	7.5
Short-term loan from related parties	70	-	-	-	70	6.8
Liabilities under finance						
lease agreements	1	2.5	-	-	3.5	5.05
Long-term loans from related parties	61	-	-	-	61	1, 7.5
	781	2.5	59	-	842.5	

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	Fixed interest rate		Floating	Non-		Interest
	Within	1-5	interest	interest	Total	rate
	1 year	years	rate	bearing		(% p.a.)
	(Million Baht)					
<b>Financial assets</b>						
Cash and cash equivalents	-	-	1	-	1	0.1-7.5%
Trade and other receivables	-	-	-	106	106	-
Short-term loan to related parties						7.5%, MLR-3%, 3.85-3.975%, MLR+0.5%, MLR+1%
	624	-	-	-	624	
Long-term loans to related parties	-	108	-	-	108	12.5-12.625%
	624	108	1	106	839	
<b>Financial liabilities</b>						
Bank overdraft	-	-	27	-	27	MOR
Trade and other payables	-	-	14.5	-	14.5	-
Payables from investment	11	8	-	-	19	6.1%
Debentures	597	-	-	-	597	6.0%
Liabilities under finance lease agreements	1	3	-	-	4	5.05%
Long-term loans from related parties	138	59	-	-	197	1%, 7.5%
	747	70	41.5	-	858.5	

### Foreign currency risk

The Group has no significant exposure to foreign exchange risk. As a result, the Group considers that it is not necessary to use derivative financial instruments to hedge such risk since management believes that future movements in market foreign exchange will not materially affect the Group's operating results.

### 37.2 Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at December 31, 2018, the Group's debt-to-equity ratio was 10:1 (2017: 2.5:1) and the Company's was 27:1 (2017: 0.8:1).

### 38. PURCHASE OF GROUP BUSINESS "OSHA"

In March 2017, Food Capitals (USA), Inc., a wholly owned subsidiary, incorporated in the State of Delaware, United States of America, had entered into a transaction to acquire all restaurants and bar's business under the trade name of "Osha" which consisting of all issued and fully-paid shares of (1) Osha Thai 2nd Street, Inc.(2) Osha Thai Embarcadero, Inc. (3) New Osha Thai, Inc. (4) After Osha LLC representing limited companies, incorporated in California, United States of America in order to acquire the exclusive right to operate and manage the restaurants and bars' business under the trade name of "Osha" from the existing shareholder with the transaction value of up to USD 8,500,000. Such transaction have condition precedent which were agreed by the parties.

In November 2017, the Company's Board of Directors has resolved to terminate the proposal to purchase of Osha's Group business. On March 13, 2018, the Company obtained mutually termination agreement with the Seller, in which good faith compensation had paid to the Seller for the



### 39. BUSINESS INTEGRATION PLAN

The Company, represented by a major shareholder Mr. Krit Srichawla and other shareholders of the Company (comprising Fico Corporation Company Limited, Mr. Akradej Srichawla, Mr. Theprit Srichawla, Mr. Amorn Srichawla and Mr. Sanjay Kumar Singh) and PRG Development Co., Ltd. ("PRGD"), will be entering into a Share Subscription Agreement, pursuant to the business integration plan between the Company and PRGD, by transferring the entire assets and liabilities of PRGD, i.e. all shares in Prime Road Alternative Co., Ltd. ("PRA") which are held by PRGD, to the Company. The EBT will include the entire assets and liabilities of PRGD, including without limitations, any rights, duties, obligations, commitments and liabilities that PRGD may have as at the date of the acceptance of the EBT (the "EBT Transaction"). The Company will be allotted of 14,881,481,481 newly issued securities of the Company with at the Par Value of Baht 1 per share, at the price of Baht 0.27 (the price is below the par value of the Company's share), thus having total value of Baht 4,018,000,000, as pay in kind consideration to PRGD for the EBT of share in PRA amounting to 4,018,001 shares at the par value of Baht 1,000 per share to the Company (the "Allocation of Securities") (the transactions shall be collectively referred to as the "EBT Transaction and the Allocation of Securities").

The Annual General Meeting of Shareholders held on April 23, 2018 have resolved of the key following matters in accordance with the Merger & Acquisition plan as discussed as follows:

- 1) Approve the allocation of securities of the Company in amount of 22,740,588,939 shares at a par value of Baht 1 to 1) Private Placement, which is at below market price and shall be made as a consideration to PRGD pursuant to the EBT Plan, which the offering price is a specific price that the shareholders' meeting has resolved, at the specific offering price at Baht 0.27 (the price is below the par value of the Company's share), in the amount of 14,881,481,481 share at a par value of Baht 1, thus having the total value of offering of not exceeding Baht 4,018,000,000 and 2) to reserve for to reserve for the exercise of the warrants to purchase the ordinary shares of the Company No.5 (FC-W5) and the warrants to purchase the ordinary shares of the Company No.6 (FC-W6) which is allocated to Warrant RO in the amount of 7,317,714,958 share at a par value of Baht 1 and 3) To reserve for the exercise of the warrants to purchase the ordinary shares of the Company No.5 (FC-W1) and the warrants to purchase the ordinary shares of the Company No.6 (FC-W2) which is allocated to Warrant RO in the amount of 541,392,500 share at a par value of Baht 1.
- 2) Approve the issuance and offering of Warrants for the newly issued ordinary shares to the existing shareholders by the Rights Offering (Warrant RO) FC-W5 and FC-W6) in the amount of 7,317,714,958 units, comprised of 4,481,391,331 shares for FC-W5 and 2,836,323,627 units for FC-W6, which shall be allotted to the existing shareholders at the ratio of 6 ordinary shares per 1 unit of the warrant with the exercise price of Baht 1.000 for FC-W5 and Baht 1.077 for FC-W6, for the future projects, business expansion, and/or working capital of the Company's businesses including the power plants which generates electricities from the renewable energy both in Thailand and international when exercises the right of the warrant to buy company's shares.
- 3) Approved the business integration plan between the Company and PRGD by transferring all assets and liabilities of PRGD to the Company by the way of EBT, which is included but not limited to rights, obligation, liabilities, and responsibilities that PRGD has or shall have at the date of transferring business (EBT). When comparing the fair value of PRA and the Company calculated by the financial advisor of the Company, UOB Kay Hian Securities (Thailand) Public Company Limited, as of November 17, 2017, the Board of Directors passed the resolution to allocate 14,881,481,481 share with par value of Baht 1.00 per share at the offering price of Baht 0.27 per share (lower than par value of the Company), which is equal to total amount of Baht 4,018,000,000 to PRGD to make a payment in kind to PRGD and PRGD will use 4,018,001 shares with par value of Baht 1,000 to make a payment in kind to the Company at swap ratio of 3,703.70 shares of the Company to 1 share of PRA. ("Shares Allocation") (Collectively "EBT and Share Allocation").

This EBT Transaction and the Allocation of Securities may take place only upon the completion of the conditions precedent specified under the Memorandum of Understanding among the Company, Mr. Krit Srichawla, other shareholders (comprising Fico Corporation Company Limited, Mr. Akradej Srichawla, Mr. Theprit Srichawla, Mr. Amorn Srichawla and Mr. Sanjay Kumar Singh) and Mr. Somprasong and Mr. Surachet, dated September 28, 2017, in the Share Subscription Agreement and the Entire Business Transfer Agreement are completed, which is expected to be 30 April 2018, unless agreed by PRGD. The key conditions precedent can be summarized as follows;

- a) the approvals from the Board of Directors meeting and the general meeting of shareholders for the registered capital reduction, capital increase, the acquisition of assets and the entering into the connected transaction in relation to the EBT Transaction and the Allocation of Securities, including for the entering into the transaction of divestment of subsidiaries, (including 1) Evolution Foods (Thailand) Company Limited, 2) Fenix Iron Fairies Company Limited and 3) FC Commissary Company Limited (collectively called as “the Divestment of Subsidiaries according to the Condition Precedent), entering into the connected transaction for the Company to exercise the put option to the Major shareholder, the fund raising. In addition, the Company will amend the name of the Company, the Company seal, the Article of Association and the Company’s objectives.
- b) the approvals from the Board of Directors meeting and the general meeting of shareholders for the business integration plan by way of the EBT, including the appointment of candidates nominated by PRGD or their designated person(s) to the Board of Directors of the Company as may be agreed upon among parties.
- c) the approvals must be obtained by the Company from (1) the Office of the Securities and Exchange Commission (the “Office of the SEC”) for the offering of the newly issued shares in the Private Placement with to the specific offering price determined by the shareholders meeting On 23 March 2018, which the Company must to offering of the newly issued shares within 3 months; and (2) the SET for the EBT Transaction, which is considered an acquisition of material asset Type 4; and the approval must be obtained by the Company for the Relisting of the Company in order for the SET to list the Company's ordinary shares on the SET.
- d) the approvals from the bondholders meeting for the EBT Transaction and the Allocation of Securities, including the connected transactions, which the Bondholders meeting already passed resolution on 4 April 2018.
- e) there is no event causing PRGD to have the obligation to make a Mandatory Tender Offer for the existing Warrants of the Company including but not limited to FC-W1 and FC-W2.
- f) the Company will open an Escrow account for the purpose of securing funds received from divestment in subsidiaries, bond issuance, exercising put option by 30 April 2018 to repay the principle and interest of the outstanding debenture, which is due on 11 May 2018.
- g) Prior to the closing date, the Company’s net asset fair value shall be worth Baht 576.8 million, which is derived by multiplying the fair value per share of the Company calculated by UOB Kay Hian Securities (Thailand) Public Company Limited as a financial advisor of the Company by 2,136,460,276 paid-up shares of the Company as of September 30, 2017.

#### 4) Approved the change of Company's name

The change to the name of the company:

From	“Food Capitals Public Company Limited”
initial	“FC”
To	“Prime Road Power Public Company Limited”
Initial	“PRIME”

As at December 31, 2018, the Company didn't yet registered the change of the Company's name.

The Company has obtained the resolution from the 2017, Annual General Meeting of Shareholders held on April 25, 2017, to enter into the Entire Business Transfer, the Allocation of the Newly Issued Securities, including the Divestment of Subsidiaries, Associated Company and other related matters (including the change of the Company's name, the Company's corporate seal, the amendment to the memorandum of association, the articles of association, the list of objectives and the authorized directors of the Company according to the Entire Business Transfer). As the Entire Business Transfer, the Allocation of the Newly Issued Securities, including the Divestment of Subsidiaries, Associated Company and other related matters are not completed to date, the Board of Directors Meeting No. 16/2018, held on November 9, 2018 at 14:00, passed the following resolutions. These resolutions shall replace the same resolutions that have been approved in the past by the Board of Directors Meeting and/or the Shareholders Meeting. All the agenda from number 1 to 19 from the Resolutions of the Board of Directors Meeting are all related and linked to each other. If any one of the agenda is not approved by the Extraordinary General Meeting of shareholders No.1/2018, there will be no consideration of other related agenda and shall cancel all the related agenda that has been approved

1. Resolved to propose to the General Meeting of Shareholders to consider and approve the capital reduction of the Company with respect to shares from the registered capital of Baht 25,508,354,215 to Baht 2,767,765,276 by cancelling 22,740,588,939 unissued ordinary shares each at the Par Value of Baht 1 without cancelling the registered ordinary shares reserved for the exercise of Warrant (FC-W1 and FC-W2).

2. Resolved to propose to the General Meeting of Shareholders to consider and approve the amendment to Clause 4 of the Memorandum of Association of the Company with respect to the registered capital, number of shares and share value to correspond with the capital reduction of the Company with respect to the shares for General Mandate as follows:

"Clause 4. Registered capital of	2,767,765,276	Baht
Divided into	2,767,765,276	Shares
Each of	1	Baht
Comprising		
Ordinary shares	2,767,765,276	Shares
Preferential shares	-	Shares"

3. Resolved to propose to the General Meeting of Shareholders to consider and approve the increase in the registered capital of the Company from previously Baht 2,767,765,276 to Baht 25,127,078,382 by issuing 22,359,313,106 new ordinary shares each at the Par Value of Baht 1 for the allocations as following.

3.1 Allocation for Private Placement, which is a low-price offering, on the offering of 14,881,481,481 shares, each with the par value of Baht 1 at the specific offering price at Baht 0.27 (the price is below the Par Value of the company's share), thus having the total value of offering of not exceeding Baht 4,018,000,000.

3.2 Allocation to support the exercise of warrant for FC Warrants No.5 (FC-W5) and FC Warrants No.6 (FC-W6) to be allocated to the existing shareholders (Warrant RO) in the amount of 7,320,127,477 shares at a par value of Baht 1.

3.3 Allocation to support the adjustment of the rights of FC Warrants No.1 (FC-W1) and FC Warrants No.2 (FC-W2) in the amount of 157,704,148 shares, at the Par Value of Baht1.

4. Resolved to propose to the general meeting of shareholders to consider and approve the amendment to Clause 4 of the Memorandum of Association of the Company with respect to the registered capital, number of shares and share value to correspond with the increase in the registered capital of the Company as follows:

"Clause 4. Registered capital of	25,127,078,382	Baht
Divided into	25,127,078,382	Shares
Each of	1	Baht
Comprising		
Ordinary shares	25,127,078,382	Shares
Preferential shares	-	Shares"

5. Resolved to propose to the general meeting of shareholders to consider and approve the allocation of 22,359,313,106 newly issued ordinary shares of the Company, each at the Par Value of Baht 1 as follows:

5.1 For the Private Placement allocation which is a low-price offering for an offering to be made as a consideration to PRG Development Company Limited ("PRGD") which is held by Prime Road Capital Company Limited ("PRC"), Mr. Somprasong Panjalak ("Mr.Somprasong"), Mr.Surachet Chaipatamanont ("Mr.Surachet"), Mr.Kanadej Dhamanoonrak ("Mr.Kanadej") and Prime Road Tech



Inter Limited (“PRTI”) (“the Shareholders of PRGD”). In this connection, the PRGD will use the shares of Prime Road Alternative Company Limited (“PRA”) as a payment in kind for the newly issued ordinary shares of the Company that are allocated to them according to the Entire Business Transfer (“EBT”) plan, which is considered the Private Placement allocation in reliance upon the general meeting resolution on the offering of 14,881,481,481 shares, each with the par value of Baht 1 at the specific offering price at Baht 0.27 (the price is below the Par Value of the company’s share) thus having the total value of offering of not exceeding Baht 4,018,000,000.

The offering price at Baht 0.27 (the price is below the Par Value of the company’s share) is considered as an issuance of new shares at a price lower than 90 percent of the market price, pursuant to the criteria regarding the market price prescribed under the Notification of the Capital Market Supervisory Board No. Tor Chor. 72/2558 re: the approval for listed companies to offer newly issued shares in private placement, dated October 28, 2015, as amended. The stock price, in the Stock Exchange of Thailand of the previous 15 consecutive business days during October 18, 2018 and November 8, 2018 was Bath 0.35. The resolution of the shareholders meeting that approve the newly issued shares at low-price offering requires not less than three-fourths of the total number of votes of shareholders attending the meeting and entitled to vote to the exclusion of shareholders with special interest in the matter. There are no shareholders who together hold at least 10% of shares objecting the allocation of such shares as a low-price offering. The shareholders with special Interest are the Srichawla Group which are Mr.Akradej Srichawla, Mr.Krit Srichawla, FICO Corporation Company Limited, Mr.Theprit Srichawla, Mr.Amon Srichawla and Fenix Thonglor Company Limited.

If the offering price of the newly issued ordinary shares in the Private Placement is less than 90 percent of the market price of the Company's shares as determined prior to the date on which the investors will make payment of the share price, the Company shall have the duty to prohibit PRGD (and/or the Shareholders of PRGD) from selling all of the shares within a period of one year from the date on which the shares start being traded on the Stock Exchange of Thailand (the "SET"). After the expiration of the six month period from the date on which the shares start being traded on the SET, PRGD (and/or the Shareholders of PRGD) shall be permitted to sell 25 percent of the shares that have been allocated to it pursuant to the criteria prescribed under the Notification of the Stock Exchange of Thailand re: criteria, condition and method of considering the application for the listing of ordinary shares or preferential shares in the capital increase, B.E. 2558. In order to meet the conditions under the Revenue Code for the Entire Business Transfer, PRGD has to dissolve the company in the same accounting period of the EBT. The end of accounting period of PRGD is at December 31, 2019. For this reason, the liquidator of PRGD has to transfer all the company shares to the shareholders of PRGD in proportion of shareholding in order to complete the liquidation process. The shareholder of PRGD shall be prohibited to sell its share on behalf of PRGD for the remaining period in accordance with the above criteria.

As PRGD will become the major shareholders of the Company holding approximately 87.45 percent of total voting rights of the Company, thereby causing PRGD to have the obligation to make a Mandatory Tender Offer before PRGD will proceed with the liquidation process within December 31, 2019.

The shareholders of PRGD, comprising of Mr.Somprasong, Mr.Surachet and Mr.Kanadej do not have the relationship or behavior that is deemed to be Acting in Concert and do not have intentional cooperation to exercise the control of the company by using the voting right of themselves and others to control the business (Concerting Party). Each shareholder has the discretion to exercise his voting rights independently. As Mr.Somprasong is the ultimate shareholder of PRTI and PRC, when the liquidation process complete, Mr.Somprasong will hold 76.55% shares in the Company (through 10.89% direct shareholding, 43.89% indirect shareholding through PRTI, and 21.77% indirect shareholding through PRC). For this reason, after the EBT has completed, Mr.Somprasong will have absolute control over the Company where he has a voting right as a director in the BOD meeting and a shareholder (holding both directly and indirectly 76.55% of total shares in the Company) in shareholder meeting.

The shares transfer from the Company to the shareholders of PRGD in the liquidation process will not change the voting right in the shareholders meeting as Mr.Somprasong still have absolute controlling power over the Company. Moreover Mr.Somprasong will have the right to propose any person to be nominated as the director of the Company according to the shareholding proportion which is more than half of the total number of directors.

After the subscription for the newly issued ordinary shares of the Company, PRGD will become the major shareholders of the Company holding approximately 87.45 percent of total voting rights of the Company, and will have the right to propose 6 candidates from total of 7 to be appointed to the Board of Directors of the Company. In addition, representatives from PRGD will be nominated to hold the position or management or the person having the controlling power in the Company. Therefore, PRGD and its shareholders will be considered the connected person of the Company. Accordingly, the offering and Allocation of Securities of the Company to PRGD will be considered a connected transaction pursuant to the Notification of the Capital Market Supervisory Board No. ThorJor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure and Other Acts of Listed Companies on Connected Transactions, B.E. 2546 (as amended) (the "Connected Transaction Notifications"). This connected transaction will have the maximum transaction size of 992.63 percent of the net tangible asset (NTA) of the Company. The Company has not entered into any other connected transaction with the same connected persons, their related persons or close relatives during the period of six months prior to the date of this connected transaction. Therefore, the size of this transaction is more than three percent of the NTA of the Company, calculated from the consolidated financial statements for the 6-month period ended June 30, 2018 of the Company. The Company has the duty to make a public disclosure of information relating to the entering into the connected transaction, and appoint an independent financial adviser to give an opinion on the entering into the transaction, and to hold a general meeting of shareholders to approve the entering into the connected transaction by a resolution of not less than three-fourths of the total number of votes of shareholders attending the meeting and entitled to vote to the exclusion of the votes of interested shareholders.

If the Extraordinary General Meeting of shareholders of the Company considers and approves the increase in the registered capital of the Company and the allocation of newly issued shares, and PRGD subscribe for the newly issued ordinary shares described in the previous item and the conditions precedent to the Shares Subscription Agreement and the tender offer documents become completed, PRGD will hold a total of 14,881,481,481 shares in the Company, representing approximately 87.45 percent of total voting rights in the Company after the allocation. This shareholding percentage is more than 75 of the total voting right in the Company, thereby causing PRGD to have the obligation to make a Mandatory Tender Offer at the offering price of Baht 0.27 per share (the price is below the Par Value of the company's share) which is the highest price the tender offeror paid for the shares during the period of 90 days prior to the date on which the offer document is submitted to the Office of the Securities and Exchange Commission.

As this case is the share acquisition by the entire business transfer of PRGD, hence the tender price is the fair value of entire business of PRGD (Baht 4,018,000,000) which is appraised by the financial advisor per number of shares to be transfer (14,881,481,481 shares) pursuant to section 247 of the Securities and Exchange Act (as amended) (the "SEC Act") and the Notification of the Capital Market Supervisory Board Tor Chor 12/2554 re: criteria, conditions and methods of takeover, dated May 13, 2011, as amended. In this regard, if any person(s) who receive the shares from the allocation holding the shares and reaching the trigger point, the person(s) shall make a tender offer according to the relevant rules. Moreover, in this case the tender offeror is not required to make a tender offer for FC Warrant No.1 (FC-W1) and FC Warrant No.2 (FC-W2) as the exercise price is higher than tender offer price. And the tender offeror shall not acquire the warrants for consideration within 90 days prior to the date that the offer document is submitted to the Office of the Securities and Exchange Commission.

5.2 For supporting the new warrants to purchase newly issued ordinary shares in the Company, FC-W5 and FC-W6, that will be offered for sale to the existing shareholders by the Right Offering (Warrant RO) in the amount of 7,320,127,477 shares, at the Par Value of Baht 1.



5.3 For supporting the adjustment of the rights of FC-W1 and FC-W2 in the amount of 157,704,148 shares, at the Par Value of Baht 1.

6. Resolved to propose to the general meeting of shareholders to consider and approve the issuance and offering of Warrants to be allocated under the Right Offering to the existing shareholders (Warrant RO). The record date for the allocation and offering of the Warrant RO will be determined after the allocation of the capital increase ordinary shares pursuant to Agenda Items 5.1 has completed.

7. Resolved to propose to the general meeting of shareholders to consider and approve the business integration plan between the Company and PRGD, by transferring the entire assets and liabilities of PRGD, i.e. all shares in PRA which are held by PRGD, to the Company. The EBT will include the entire assets and liabilities of PRGD, including but not limited to any rights, duties, obligations, commitments and liabilities that PRGD may have as at the date of the acceptance of the EBT (the "EBT Transaction").

Moreover, the Board of Directors approved the signing of the Share Subscription Agreement between the Company, the Major Shareholders (comprising of Mr.Krit Srichawla, FICO Corporation Co., Ltd., Mr.Akradej Srichawla, Mr.Theprit Srichawla, Mr.Amon Srichawla, and Mr.Sanjay Kumar Singh) of the Company and PRGD (and/or designated person of PRGD) within November 15, 2018 in order to enter into the entire business transfer transaction and allocation of newly issued securities. The Company will inform the Stock Exchange of Thailand once the agreement has been signed.

When compare the fair value of PRA and the Company as carried out by the financial adviser (UOB Kay Hian Securities (Thailand) Public Company Limited) on November 17, 2017, the Board of Directors resolved that it is appropriate for the Company to allocate 14,881,481,481 newly issued shares of the Company each at the Par Value of Baht 1 at the price of Baht 0.27 (the price is below the Par Value of the company's share) in total amount of Baht 4,018,000,000 to PRGD as the remuneration for entire business transfer of PRGD. Then PRGD will use the shares of PRA in total amount of 4,018,001 shares at Par Value of Baht 1,000 to be the consideration for newly issued shares of the Company as the Pay in Kind consideration for the EBT and the transactions shall be collectively referred to as the "EBT Transaction and the Allocation of Securities".

The offering price at Baht 0.27 (the price is below the Par Value of the company's share) is considered as an issuance of new shares at a price lower than 90 percent of the market price, pursuant to the criteria regarding the market price prescribed under the Notification of the Capital Market Supervisory Board No. Tor Chor. 72/2558 re: the approval for listed companies to offer newly issued shares in private placement, dated October 28, 2015, as amended. The market price is calculated by using weighted average stock price in the Stock Exchange of Thailand of the previous 15 consecutive business days before the date the Board of Director of the company passed the resolution to propose to the general meeting of shareholders to consider and approve the allocation of the newly issued securities which is the period during October 18, 2018 and November 8, 2018 at the price of Baht 0.35 per share.

The resolution of the shareholders meeting that approve the newly issued shares at low-price offering requires not less than three-fourths of the total number of votes of shareholders attending the meeting and entitled to vote to the exclusion of shareholders with special interest in the matter. There are no shareholders who together hold at least 10% of shares objecting the allocation of such shares as a low-price offering. The shareholders with special Interest are the Srichawla Group which are Mr.Akradej Srichawla, Mr.Krit Srichawla, FICO Corporation Company Limited, Mr.Theprit Srichawla, Mr.Amon Srichawla and Fenix Thonglor Company Limited.

If the offering price of the newly issued ordinary shares in the Private Placement is less than 90 percent of the market price of the Company's shares as determined prior to the date on which the investors will make payment of the share price, the Company shall have the duty to prohibit PRGD (and/or the Shareholders of PRGD) from selling all of the shares within a period of one year from the date on which the shares start being traded on the Stock Exchange of Thailand (the "SET"). After the expiration of the six month period from the date on which the shares start being traded on the SET, PRGD (and/or the Shareholders of PRGD) shall be permitted to sell 25 percent of the shares that have been allocated to it pursuant to the criteria prescribed under the Notification of the Stock Exchange of Thailand re: criteria, condition and method of considering the application for the listing of ordinary shares or preferential shares in the capital increase, B.E. 2558. In order to meet the conditions under the Revenue Code for the Entire Business Transfer, PRGD has to dissolve the company in the same accounting period of the EBT. The end of accounting period of PRGD is at December 31, 2019. For this reason, the liquidator of PRGD has to transfer all the company shares to the shareholders of PRGD in proportion of shareholding in order to complete the liquidation process. The shareholder of PRGD shall be prohibited to sell its share on behalf of PRGD for the remaining period in accordance with the above criteria.

If 1) the Extraordinary General Meeting of shareholders of the Company considers and approves the increase in the registered capital of the Company and the allocation of newly issued shares according to the EBT, and 2) PRGD subscribe for the newly issued ordinary shares and the conditions precedent to the Shares Subscription Agreement become completed, PRGD will hold a total of 14,881,481,481 shares in the Company, representing approximately 87.45 percent of total voting rights in the Company after the allocation. This shareholding percentage is more than 75 of the total voting right in the Company, thereby causing PRGD to have the obligation to make a Mandatory Tender Offer.

In this regard, PRGD will be obligated to do a tender offer when 1) the Condition Precedence of EBT and the securities allocation are completed and 2) the Conditions in tender offer document are completed.

The offering price at Baht 0.27 (the price is below the Par Value of the company's share) is the highest price that the tender offeror acquires the shares within 90 days before tender offer date. In this case, the shares will be acquired by the exchange of the entire business of PRGD, therefore the tender price will be the fair value of the entire business of PRGD (Baht 4,018,000,000) which is conducted by the financial advisor per total shares of the company used in that exchange (14,881,481,481 shares) pursuant to section 247 of the Securities and Exchange Act and the Notification of the Capital Market Supervisory Board Tor Chor 12/2554 re: criteria, conditions and methods of takeover, dated May 13, 2011, as amended. In this regard, if any person(s) who receive the shares from the allocation holding the shares and reaching the trigger point, the person(s) shall make a tender offer according to the relevant rules. Moreover, in this case the tender offeror is not required to make a tender offer for FC Warrant No.1(FC-W1) and FC Warrant No.2 (FC-W2) as the exercise price is higher than tender offer price. And the tender offeror shall not acquire the warrants for consideration within 90 days prior to the date that the offer document is submitted to SEC.

The entering into the EBT Transaction is considered the purchase of or the acceptance of business of other companies pursuant to section 107 (2) of the Public Company Limited Act, B.E. 2535 (as amended). Therefore, the Company has the duty to hold a general meeting of shareholders to consider and approve the acceptance of the entire business. The resolution must be passed by an affirmative vote of no less than three-fourths of the total number of votes of shareholders attending the meeting and entitled to vote, to the exclusion of shareholders with special interest in the matter. The shareholders with special Interest are Srichawla Group comprising of Mr.Akradej Srichawla, Mr.Krit Srichawla, FICO Corporation Company Limited, Mr.Theprit Srichawla, Mr.Amon Srichawla and Fenix Thonglor Company Limited. On March 21, 2018 Srichawla Group hold 782,182,466 shares of the Company which represented 36.62 percent of registered and paid-up capital.

Upon calculation of the transaction size under the Notification of the Capital Market Supervisory Board No. Tor. Jor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and Notification of the Board of Governors Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547 ("Acquisition or Disposition Notifications"), the size of the EBT Transaction is 258.51 percent, as calculated based on the rule No.1. Therefore, it is considered an acquisition of asset, type 4 or backdoor listing. Therefore, the Company is required to disclose the information regarding the entering into transaction to the SET, to appoint an independent financial adviser, and to apply for the approval from the SET by submitting the re-listing application to list ordinary shares of the Company as listed securities on the SET. The Company will submit the application using the infrastructure business criteria according to the regulations of the Stock Exchange of Thailand regarding the Listing of ordinary shares or preferential shares B.E. 2558 (as amended). A meeting of shareholders shall also be held to approve the transaction. The resolution of the general meeting of shareholders must be passed by an affirmative vote of no less than three-fourths of the total number of votes of shareholders attending the meeting and entitled to vote, to the exclusion of interested shareholders. The interested shareholders are Srichawla Group comprising of Mr.Akradej Srichawla, Mr.Krit Srichawla, FICO Corporation Company Limited, Mr.Theprit Srichawla, Mr.Amon Srichawla and Fenix Thonglor Company Limited. As of March 21, 2018, Srichawla Group hold 782,682,466 shares of the Company which represented 36.62 % of registered and paid-up capital.

Moreover, as the representatives from PRGD (and/or designated person of PRGD) are nominated as the management or persons having controlling power over the Company under the conditions for entering into the EBT Transaction as specified above, the entering into the EBT Transaction and the Allocation of Securities to PRGD pursuant to the EBT plan, are considered the connected transaction under the Connected Transaction Notifications. Upon calculation the transaction size under the Connected Transaction Notifications, the size of the transaction is 992.63 percent of the Company's net tangible assets, which is higher than 3 percent. Therefore, the Company is required to disclose the information regarding the transaction to the SET, to appoint an independent financial adviser, and to hold a general meeting of shareholders to approve the transaction. The resolution of the general meeting of shareholders for the entering to the transactions under the business integration plan must be passed by an affirmative vote of no less than three-fourths of the total number of votes of shareholders attending the meeting and entitled to vote, to the exclusion of interested shareholders. The interested shareholders are Srichawla Group comprising of Mr.Akradej Srichawla, Mr.Krit Srichawla, FICO Corporation Company Limited, Mr.Theprit Srichawla, Mr.Amon Srichawla and Fenix Thonglor Company Limited. As of March 21, 2018, Srichawla Group hold 782,682,466 shares of the Company which represented 36.62 % of registered and paid-up capital.

8. Resolved to propose to the general meeting of shareholders to consider and approve the entering into the transaction of divestment of subsidiaries and associated companies, the vote of agenda 8.1 and 8.2 shall be separated. If the divestment transaction to the third parties does not happen, the Company has to enter into the divestment transaction with the Major Shareholders or their designated person according to the conditions in agenda 8.2). The entering into divestment transaction shall happen before the EBT Transaction and the Allocation of Securities have been completed according to the Shares Subscription Agreement as the following details:

8.1 The transaction of divestment of below subsidiaries to the third parties. The payment shall be made in full at the date of the divestment.

- |    |  |                    |
|----|--|--------------------|
| 1) | Evolution Foods (Thailand) Company Limited | Disposal of Assets |
| 2) | Fenix Iron Fairies Company Limited         | Disposal of Assets |
| 3) | FC Commissary Company Limited              | Disposal of Assets |
| 4) | G Enterprise & Co Company Limited          | Disposal of Assets |

8.2 The divestment transaction of below subsidiaries to the major shareholders or their designated persons which is the connected transaction. The payment shall be made in full at the date of the divestment.

- |    |  |   |
|----|--|---|
| 1) | Evolution Foods (Thailand) Company Limited | Disposal of Assets and<br>Connected Transaction |
| 2) | Fenix Iron Fairies Company Limited         | Disposal of Assets and<br>Connected Transaction |
| 3) | FC Commissary Company Limited              | Disposal of Assets and<br>Connected Transaction |
| 4) | G Enterprise & Co Company Limited          | Disposal of Assets and<br>Connected Transaction |

The Company has to deposit proceeds from the divestment of subsidiaries and associated companies in to the Reserve Account at the divestment transaction date until the date that the EBT and Allocation of Securities are completed.

9. Resolved to propose to the general meeting of shareholders to consider and approve the entering into the transaction of divestment of subsidiaries and associated companies (the vote of agenda 9.1 and 9.2 shall be separated. If the divestment transaction to the third parties does not happen, the Company has to enter into the divestment transaction with the Major Shareholders or their designated person according to the conditions in agenda 9.2). The entering into divestment transaction shall happen after the EBT Transaction and the Allocation of Securities have been completed according to the Covenants in the Shares Subscription Agreement.

9.1 The transaction of divestment of below subsidiaries and assets to the third parties.

- |    |  |                    |
|----|--|--------------------|
| 1) | Evolution Land Company Limited           | Disposal of Assets |
| 2) | Evolution Holdings Limited               | Disposal of Assets |
| 3) | Vacant land of the Company (10 plots)    | Disposal of Assets |
| 4) | Leasehold Right of the Company (2 plots) | Disposal of Assets |

9.2 The divestment transaction of below subsidiaries and assets to the Major Shareholders or their designated persons which is the connected transaction if they cannot divest to the third parties pursuant to Agenda 9.1. The Company has to divest all subsidiaries and assets within 12 months from the date that EBT Transaction and the Allocation of Securities have been completed. The payment shall be made in full within 15 months from the date that EBT Transaction and the Allocation of Securities have been completed. The details are as follows:

- |    |  |   |
|----|--|---|
| 1) | Evolution Land Company Limited           | Disposal of Assets and<br>Connected Transaction |
| 2) | Evolution Holdings Limited               | Disposal of Assets and<br>Connected Transaction |
| 3) | Vacant land of the Company (10 plots)    | Disposal of Assets and<br>Connected Transaction |
| 4) | Leasehold Right of the Company (2 plots) | Disposal of Assets and                          |



For the divestment of subsidiaries transaction in agenda 8 and 9 when calculated the transaction size using the criteria of total net tangible assets, its size of the transaction is 258.51 percent. This transaction is considered as the disposal of asset type 1 pursuant to the Acquisition or Disposition Notifications. Therefore, the Company shall have the duty to disclose the information regarding the transaction to the SET, to appoint an independent financial adviser, and to hold a general meeting of shareholders to approve the transaction. The resolution of the general meeting of shareholders for the entering to the transactions under the business integration plan must be passed by an affirmative vote of no less than three-fourths of the total number of votes of shareholders attending the meeting and entitled to vote, to the exclusion of interested shareholders.

In addition, the size of the transaction under the Connected Transaction Notifications, for Asset and Service Type, is 992.63 percent which is calculated from adding the value of remuneration Baht 936.82 million with the liabilities that Evolution Foods (Thailand) Co., Ltd., Fenix Iron Fairies Co., Ltd, FC Commissary Co., Ltd., G Enterprise & Co Co., Ltd., and Evolution Land Co., Ltd. have with the company in the amount of Baht 728.91 million which will be the total amount of Baht 1,721.56 million, then dividing by Net Tangible Assets of Baht 167.81 million. The transaction size is more than 3 percent of Net Tangible Asset of the Company. Therefore, the Company has the duty to disclose to the SET the information on the entering into the transaction, to appoint an independent financial adviser, and to hold a general meeting of shareholders to approve the transaction. The resolution of the general meeting of shareholders for the entering to the divestments of subsidiaries and associated companies must be passed by an affirmative vote of no less than three-fourths of the total number of votes of shareholders attending the meeting and entitled to vote, to the exclusion of interested shareholders.

List of companies that will be disposed	Total value of consideration (Million baht)	Obligations of disposed company rely on listed companies.	The maximum value used to calculate the transaction size. (Million baht)	NTA of the Company (Million baht)	Percentage of Net Asset Value of the Company
<b>Condition Precedents</b>					
Evolution Foods (Thailand) Co., Ltd.	220.29	458.73	679.00	167.81	404.63
Fenix Iron Fairy Co., Ltd.	32.86	88.04	120.91	167.81	72.05
FC Commissary Co., Ltd.	22.58	74.04	96.62	167.81	57.57
G Enterprise Co., Ltd. <sup>1/</sup>	22.98	-	22.98	167.81	13.70
<b>Under the Covenants</b>					
Evolution Land Co., Ltd.	276.81	108.12	384.93	167.81	229.39
Evolution Holdings Limited	245.90	-	245.90	167.81	146.53
Land of the company	63.20	-	63.20	167.81	37.66
Leasehold right	52.20	-	52.20	167.81	31.11
<b>Total</b>					<b>992.63</b>



Remarks1/the value of the company is the net assets value of the subsidiaries, Company still owes the shares payable to the seller of Baht 18.96 million.

10. Resolved to approve the appointment of S14 Advisory Co., Ltd. as the independent financial adviser to give an opinion on the acquisition of assets and the entering into the connected transaction of the EBT Transaction and the Allocation of Securities, including the divestments in subsidiaries and associated companies according to the Covenants in Share Subscription Agreement and the connected transaction of accepting financial assistance from connected persons and to propose to the general meeting of shareholders pursuant to the Acquisition or Disposition Notifications and the Connected Transaction Notifications.

11. Resolved to propose to the general meeting of shareholders to consider and approve to propose to the bondholders meeting to consider and approve the waiver to the terms and conditions of “Food Capitals Public Company Limited Debentures No.1/2018 with redemption in 2019” pursuant to the business integration and divestment of the subsidiaries and associated company plans. The Company will send the meeting invitation letter to the bondholders within December 2018.

12. Resolved to approve the submission of application for the offering of Newly Issued Shares in the Private Placement and to extend the period of the Private Placement to the Office of the Securities and Exchange Commission. The submission date is expected to be within January 7, 2019.

13. Resolved to approve the submission of application for the Relisting of the Company to the Stock Exchange of Thailand.

14. Resolved to approve the plan to issue the Bill of Exchange with the following details:

#### 14.1 Bill of Exchange No.1

Security Type	Bill of Exchange (B/E)
Limit	Principal amount not exceeding Baht 298 million
Interest Rate	Depending on the market conditions at the time of issuance and offering
Objective	To be used as a working capital
Placement	To offer to the high net worth investors with face value not less than THB 10 millions. B/E placement to investors up to 10 and not exceeding 10 B/E at any point in time (PP10)
Authorization	The BOD authorized Mr.A Sachdev or his designated person to have the power to take any actions in connection with the B/E issuance including but not limited to consider the terms&conditions, engage withthe securities company, advisor and other related parties, execute any relevant agreements, and perform other actions required to complete the B/E issuance.

#### 14.2 Bill of Exchange No.2

Security Type	Bill of Exchange (B/E)
Limit	Principal amount not exceeding Baht 141million
Interest Rate	Depending on the market conditions at the time of issuance and offering
Objective	To be used as a working capital
Placement	To offer to the high net worth investors with face value not less than THB 10 millions. B/E placement to investors up to 10 and not exceeding 10 B/E at any point in time (PP10)
Authorization	The BOD authorized Mr.A Sachdev or his designated person to have the power to take any actions in connection with the B/E issuance including but not limited to consider the terms & conditions, engage with the securities company, advisor and other related parties, execute any relevant agreements, and perform other actions required to complete the B/E issuance.

15. Resolved to approve to open the Reserve Account in order to retain the money from the divestment of subsidiaries companies according to the Condition Precedence in Shares Subscription Agreement. Details are in Agenda No.8

16. Resolved to propose to the general meeting of shareholders to consider and approve the change of the Company's name, the Company's corporate seal, including the amendment to the memorandum of association, the articles of association, the list of objectives and the authorized directors of the Company, to be consistent with the change of the Company's name and the Company's corporate seal, pursuant to the business integration plan, after the completion of the EBT Transaction.

From: Thai name "บริษัท ฟู้ด แคปปิตอล จำกัด (มหาชน)"  
English name "Food Capitals Public Company Limited"  
Initial "FC"

To: Thai name "บริษัท ไพรม์โรด เพาเวอร์ จำกัด (มหาชน)"  
English name "Prime Road Power Public Company Limited"  
Initial "PRIME"

17. Resolved to approve the amendment to the number of members of the Company's Board of Directors from 10 seats to 7 seats, effectively when the EBT is completed.

18. Resolved to propose to the general meeting of shareholders to consider and rectify the acceptance of financial support from consnected person.

18.1 Resolved to propose to the general meeting of shareholders to consider and rectify the financial support to the subsidiariesDuring the year 2011-2012 the Board of Directors passed the resolution to enter into a corporate guarantee agreement to secure the loan facilities for all 5 Red Planet Hotels in Thailand which comprise of (1) Red Planet Hotels (Thailand) Co., Ltd. (2) Red Planet Hotels Two (Thailand) Co., Ltd. (3) Red Planet Hotels Three (Thailand) Co., Ltd. (4) Red Planet Hotels Four (Thailand) Co., Ltd. (5) Red Planet Hotels Five (Thailand) Co., Ltd (all together called "Red Planet Thailand"). The objective was to help Red Planet Thailand in obtaining the loan facilities from the commercial banks in Thailand to support the investments in hotel business.

To protect the Company from the risks of guarantor, Red Planet Hotels Limited which is the parent company of all the 5 hotels of Red Planet Thailand has signed a back-to-back guarantee with the Company. If the loans become default, and the banks call the Company to repay the loan for Red Planet Thailand as a guarantor, Red Planet Hotels Limited has the obligation to make the repayment for the guarantor in full amount. This guarantee transaction has generated the revenue to the Company as a percentage of loan outstanding with the banks at the rate of 3 and 4 percent per annum.

At present, the Company has no guarantee obligation with the banks according to the details in the Notice of Release of Guarantee issued by the banks. However, the Company has sought the opinion from the SET and SEC that the financial support transaction to Red Planet Thailand is considered as a connected transaction pursuant to the Notification of the Capital Market Supervisory Board No. ThorJor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure and Other Acts of Listed Companies on Connected Transactions B.E. 2546.

As the size of this transaction is more than three percent of the NTA of the Company. The Company has the duty to make a public disclosure of information relating to the entering into the connected transaction, and appoint an independent financial adviser to give an opinion on the entering into the transaction, and to hold a general meeting of shareholders to approve the entering into the connected transaction by a resolution of not less than three-fourths of the total number of votes of shareholders attending the meeting and entitled to vote to the exclusion of the votes of interested shareholders.

18.2 Resolved to propose to the general meeting of shareholders to consider and rectify the acceptance of financial support from Mr.Krit Srichawla and related company

The Board of Director Meeting No.3/2016 held on May 13, 2016 has passed the resolution to 1) convert the term loan from Mr.Krit Srichawla with limit amount of Baht 20 million at interest rate of 6.80 percent per annum to be short-term revolving credit and 2) obtain additional short-term revolving credit of Baht 30 million at interest rate of 6.80 percent per annum and the principal amount to be repaid within 12 months. However, the Company has not drawdown the loan during the year 2016.

The Board of Director Meeting No.8/2018 held on May 14, 2018 has passed the resolution to increase the limit of short-term revolving credit from Baht 30 million to Baht 60 million with the objective to use as a working capital of the Company with the same terms and conditions and the principal amount to be repaid within 12 months.

The Board of Director Meeting No.11/2018 held on June 25, 2018 has passed the resolution to increase the limit of short-term revolving credit from Baht 60 million to Baht 100 million with the objective to use as a working capital of the Company with the same terms and conditions and the principal amount to be repaid within 12 months.

As the Company was experiencing the liquidity problem during 2017-2018 up to the point that the Company cannot obtain short-term loan from the financial institution when needed due to the high debt to equity ratio. Unavoidably, the Company has to drawdown the loan from Mr.Krit Srichawla and/or related company in order to maintain the business and not to default on other creditors. The Board of Director understand in good faith that the BOD has the authority to approve such transaction for the benefit of the Company and stakeholders which was the reason why the BOD approved entering into this transaction.

However, the Company has sought the opinion from the SET and SEC that the financial support from Mr.Krit Srichawla and/or the related company is considered as a connected transaction. Moreover the tenor of the revolving credit is limited at 1 year from the date of approval. If the Company would like to increase the limit or the tenor, it needs to follow the Notification of the Capital Market Supervisory Board No. ThorJor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure and Other Acts of Listed Companies on Connected Transactions B.E. 2546.

As the size of this transaction is more than three percent of the NTA of the Company. The Company has the duty to make a public disclosure of information relating to the entering into the connected transaction, and appoint an independent financial adviser to give an opinion on the entering into the transaction, and to hold a general meeting of shareholders to approve the entering into the connected transaction by a resolution of not less than three-fourths of the total number of votes of shareholders attending the meeting and entitled to vote to the exclusion of the votes of interested shareholders.

19. Resolved to approve the authorization of Mr.A Sachdev or his designated person to have the power to take any actions in connection with 1) the capital reduction and capital increase including the signing of the related document 2) the EBT Transaction and Allocation of securities 3) the divestment of assets and related transactions 4) the submission of any applications or documents to the SET and SEC and the amendment to all documents 6) the issuance of Bill of Exchange and 7) other actions required for or in connection with this matters in order to comply with laws and regulations and the interpretation of the related government entities or regulators

20. Resolved to approve to hold the Extraordinary General Meeting of shareholders of the Company 2018 on December 21, 2018. The agenda items for the meeting shall be as follows:

**20.1** To certify the minutes of the Annual General Meeting of shareholders for 2018 held on April 23, 2018

**20.2** To consider and approve the remuneration of the auditor for the third quarter and 2018 annual financial statement

**20.3** Resolved to approve the reduction in the registered capital of the Company from THB 25,508,354,215 to THB 2,767,765,276 by reducing common shares that has not been subscribed in the amount of 22,740,588,939 shares, each share has the par value of THB 1. These shares are issued due to the previous General Mandate. There is no reduction of shares that are issued and reserved for FC-W1 and FC-W2.

**20.4** To consider and approve the amendment to Clause 4 of the Memorandum of Association with respect to the registered capital, number of shares and share value to correspond with the capital reduction of the Company

**20.5** Approved the increase in the registered capital of the Company from previously Baht 2,767,765,276 to Baht 25,127,078,382 by issuing 22,359,313,106 new ordinary shares each at the Par Value of Baht 1 for the allocations as following.

1) Allocation for Private Placement, which is a low-price offering, on the offering of 14,881,481,481 shares, each with the par value of Baht 1 at the specific offering price at Baht 0.27 (the price is below the Par Value of the company's share), thus having the total value of offering of not exceeding Baht 4,018,000,000.

2) Allocation to support the exercise of warrant for FC Warrants No.5 (FC-W5) and FC Warrants No.6 (FC-W6) to be allocated to the existing shareholders (Warrant RO) in the amount of 7,320,127,477 shares at a par value of 1 Baht.

3) Allocation to support the adjustment of the rights of FC Warrants No.1 (FC-W1) and FC Warrants No.2 (FC-W2) in the amount of 157,704,148 shares, at the Par Value of THB 1.

**20.6** To consider and approve the amendment to Clause 4 of the Memorandum of Association of the Company with respect to the registered capital and the number of shares of the Company to correspond with the increase in the registered capital

**20.7** To consider and approve the allocation of newly issued securities of the Company as follows:

(1) Private Placement allocation which is at below market price and shall be made as a consideration to PRGD pursuant to the EBT plan that the offering is a type of the shareholders' meeting has resolved the specification of the offering price at Baht 0.27 per share (the offering price is lower than a par value of the Company's share) in the amount of 14,881,481,481 at a par value of Baht 1, representing the total value of offering of not exceeding Baht 4,018,000,000.

(2) For supporting the new warrants to purchase newly issued ordinary shares in the Company, FC-W5 and FC-W6, that will be offered for sale to the existing shareholders by the Right Offering (Warrant RO) in the amount of 5,672,647,200 shares, each at the Par Value of THB 1.

(3) For supporting the adjustment of the rights of FC-W1 and FC-W2 in the amount of 157,704,148 shares, each at the Par Value of THB 1.



**20.8** Resolved to approve the issuance and offering of Warrants for the newly issued ordinary shares to the existing shareholders by the Rights Offering (Warrant RO), i.e. FC-W5 and FC-W6 in the amount of 5,672,647,200 shares including FC-W5 in the amount of 2,836,323,600 shares and FC-W6 in the amount of 2,836,323,600 shares at the ratio of 6 shares per 1 warrant with exercise price at THB 1.127 for FC-W5 and THB 1.250 for FC-W6, exactly as proposed to the meeting.

**20.9** Approved that it is appropriate for the Company to allocate 14,881,481,481 newly issued shares of the Company each at the Par Value of Baht 1 at the price of Baht 0.27 (the price is below the Par Value of the company's share) in total amount of Baht 4,018,000,000 to PRGD as the remuneration for entire business transfer of PRGD. Then PRGD will use the shares of PRA in total amount of 4,018,001 shares at Par Value of Baht 1,000 to be the consideration for newly issued shares of the Company as the Pay in Kind consideration for the EBT and the transactions shall be collectively referred to as the "EBT Transaction and the Allocation of Securities".

**20.10** To consider and approve the entering into the transaction of divestment of subsidiaries and associated companies (shall separate the vote of agenda 20.10.1 and 20.10.2). The entering into divestment transaction shall happen before the EBT Transaction and the Allocation of Securities have been completed as the following details:

20.10.1 The transaction of divestment of below subsidiaries to the third parties.

- |    |  |                    |
|----|--|--------------------|
| 1) | Evolution Foods (Thailand) Company Limited | Disposal of Assets |
| 2) | Fenix Iron Fairies Company Limited         | Disposal of Assets |
| 3) | FC Commissary Company Limited              | Disposal of Assets |
| 4) | G Enterprise & Co Company Limited          | Disposal of Assets |

20.10.2 The divestment transaction of below subsidiaries to the major shareholders or their designated persons which is the connected transaction

- |    |  |   |
|----|--|---|
| 1) | Evolution Foods (Thailand) Company Limited | Disposal of Assets and<br>Connected Transaction |
| 2) | Fenix Iron Fairies Company Limited         | Disposal of Assets and<br>Connected Transaction |
| 3) | FC Commissary Company Limited              | Disposal of Assets and<br>Connected Transaction |
| 4) | G Enterprise & Co Company Limited          | Disposal of Assets and<br>Connected Transaction |

**20.11** To consider and approve the entering into the transaction of divestment of subsidiaries and associated companies (shall separate the vote of agenda 20.11.1 and 20.11.2). The entering into divestment transaction shall happen after the EBT Transaction and the Allocation of Securities have been completed according to the Covenants in the Shares Subscription Agreement.

20.11.1 The transaction of divestment of below subsidiaries and assets to the third parties.

- |    |  |                    |
|----|--|--------------------|
| 1) | Evolution Land Company Limited           | Disposal of Assets |
| 2) | Evolution Holdings Limited               | Disposal of Assets |
| 3) | Vacant land of the Company (10 plots)    | Disposal of Assets |
| 4) | Leasehold Right of the Company (2 plots) | Disposal of Assets |



20.11.2 The divestment transaction of below subsidiaries and assets to the Major Shareholders or their designated persons which is the connected transaction. The details are as follows:

1)	Evolution Land Company Limited	Disposal of Assets and Connected Transaction
2)	Evolution Holdings Limited	Disposal of Assets and Connected Transaction
3)	Vacant land of the Company (10 plots)	Disposal of Assets and Connected Transaction
4)	Leasehold Right of the Company (2 plots)	Disposal of Assets and Connected Transaction

**20.12** Resolved to approve the change of the Company's name, the Company's corporate seal, including the amendment to the memorandum of association, the articles of association, the list of objectives and the authorized directors of the Company, to be consistent with the change of the Company's name and the Company's corporate seal, pursuant to the business integration plan, as per the details as follows, after the completion of the EBT Transaction

1) The amendment to the Articles of Association of the Company i.e. Clause 1, 2, 3, 5, 9, 12/1 (Addition), 22, 24, 24/1 (Addition) 25, 27, 33, Section 5 (Addition), Section 6 (Addition), Section 41 (Addition), Section 42 (Addition), Section 43 (Addition) and Section 7 Clause 44 (Addition)

2) the amendment to the list of objectives of the Company i.e. adding from 39 to 46 objectives (adding Clause 40-46) in order to cover the operation of power plant business in the future.

3) The amendment to the Memorandum of Association of the Company to correspond the change to the name, the Articles of Association and the objectives of the Company

4) The amendment to the authorized directors of the Company to correspond with the amendment to the Articles of Association and the additional of the Company's corporate seal as follows:

"Mr. Krit Srichawla or Mr. Akradej Srichawla or Mister A Sachdav, two out of these three directors can jointly sign with company seal"

**20.13** Resolved to approve the amendment to the number of members of the Company's Board of Directors from 10 seats to 7 seats, effectively when the EBT is completed.

**20.14** Resolved to propose to the general meeting of shareholders to consider and rectify the acceptance of financial support from connected person.

20.14.1 Resolved to propose to the general meeting of shareholders to consider and rectify the financial support to the subsidiaries

20.14.2 Resolved to propose to the general meeting of shareholders to consider and rectify the acceptance of financial support from Mr. Krit Srichawla and related company

**20.15** Resolved to approve the authorization of Mister A Sachdav to have the power to take any actions in connection with the EBT Transaction and the Allocation of Securities as well as to enter into connected transactions, the divestment of assets and execution of relevant contracts and other actions required for or in connection with the above matters. All the agenda from number 1 to 19 from the Resolutions of the Board of Directors Meeting are all related and linked to each other. If any one of the agenda is not approved by the Extraordinary General Meeting of shareholders No.1/2018, there will be no consideration of other related agenda and shall cancel all the related agenda that has been approved.

#### 40 SUBSEQUENT EVENT

40.1) On January 14, 2019, the Company has registered the reduction of the registered capital of the Company with the Ministry of Commerce from Baht 25,508,354,215 to Baht 2,767,765,276 by removing the registered ordinary shares in the amount of 22,740,588,939 shares at par value of Baht 1.

40.2) On January 15, 2019, the Company registered the increasing of the registered capital of the Company with the Ministry of Commerce from Baht 2,767,765,276 to Baht 25,127,078,382 by issue the ordinary shares in the amount of 22,359,313,106 shares at par value of Baht 1 each.

40.3) On January 23, 2019, the Board of directors's meeting of the Company no. 1/2019 has approved the issuance and offering of short-term Bill of Exchange with the principle amount not exceeding of Baht 312 million, tenure not exceeding 270 days to the specific investors. The objective is to repay the Bill of Exchange that are due on January 28, 2019.

On January 28, 2019, the Company has issued the Bill of Exchange of Baht 311.10 million as the following:

##### Type Bills of Exchange

Issued amount Baht 311.10 million

Maturity period 183 days (Maturity dated July 30, 2019).

Collaterals - Ordinary shares in Red Planet Hotels Limited, representing 10.9% of the issued and paid-up of shares of Red Planet Hotels Limited.

Interst rate At 8.75% per annum.

The Company has repayment Bill of Exchange of Baht 298 million on January 28, 2019.

#### 41 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on February 27, 2019.

## PRESIDENT, DIRECTORS AND EXECUTIVE MANAGEMENT BACKGROUND AS OF 31 DECEMBER 2018

No	Name / Surname	Age	Education	Percentage of Shares	Relationship between director/management	Past 5 Years Experiences		
						Period	Position	Company/Business
1	Mr. Akradej Srichawla	66	Seventh Day Adventist School	10.04% (214,601,200 shares)	Father of Mr. Krit Srichawla	May 2017 - Present	Chairman of the Board of Director	Food Capitals Public Company Limited
						Mar 2016 - Present	Director	Food Capitals Public Company Limited
						2007 - Present	Board of Director	B & G Park Co.,Ltd
						2005 – present	Director	Gamma Textile Manufacturing Co.,Ltd
2	Mr. A Sachdev	38	<u>Master Degree</u> Executive MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University, Thailand  <u>Bachelor Degree</u> Bachelor of Commerce (Specialize in Banking and Finance), Monash University, Australia	-	-	Jun 2018 - Present	Chief Executive Officer	Food Capitals Public Company Limited
						2017 – May 2018	- Senior Executive Vice President, Chief Investment Officer – Investment Group  - Executive Vice President, Group Head of Investment – Investment Group	Fico Corporation Co., Ltd.
3	Mr. Krit Srichawla	44	<u>Master Degree</u> MBA. American University of Hawaii, USA	7.99% (170,602,000 shares)	Grandson of Mr. Amorn Srichawla	2017 - Present	Director	Food Capitals Public Company Limited
			<u>Bachelor Degree</u> BBA. American University of Hawaii, USA			2012 - Present	Chairman of the Board of Director	Food Capitals Public Company Limited
						2012 – Present	Director	Fico Pattana Foundation
						1994 - Present	Chairman of the Board of Director	Fico Corporation Co.,Ltd.

No	Name / Surname	Age	Education	Percentage of Shares	Relationship between director/management	Past 5 Years Experiences		
						Period	Position	Company/Business
4	Mr. Witit Sujjapong	65	<u>Master Degree</u> M.S. in Economics, Hitotsubashi University, Japan	0.04% (840,000 shares)	-	2006 - Present	Independent Director / Chairman of Audit Committee	Food Capitals Public Company Limited
						2005 - Present	Audit Committee /Director	Easy Buy PCL. - Consumer Finance
			<u>Bachelor Degree</u> B.S. in Economics, Hitotsubashi University, Japan Thai Institute of Directors - Director Certification Program (DCP57)			2006 - Present	Director	Advanced Concept Plating Co., Ltd. - Electronic parts manufacturer
5	Mr. Viroj Tangjetanaporn	58	<u>Bachelor Degree</u> Bachelor in Finance, University of New South Wales, Australia	-	-	2012 - Present	Independent director / Audit Committee	Food Capitals Public Company Limited
						2011 - Present	Director	Prop Maxx Co., Ltd.
			Thai Institute of Directors – Director Accreditation Program (DAP) / Audit Committee Programme (ACP)			2007 - Present	Chairman of Audit Committee / Independent Director	UOB Kay Hian Securities (Thailand) PCL Investment Banking
6	Mr. Krish Detter	50	<u>Bachelor Degree</u> University of Southern California, Los Angeles, U.S.A. Thai Institute of Directors - Director Certification Program (DCP)	0.03% (726,862 shares)	-	2007 - Present	Audit Committee/ Independent Director	Food Capitals Public Company Limited
						2007 - Present	Managing Director	Espy Capital Co., Ltd. -Importing Sanitary ware
						2002 - 2006	Vice President, Head of Capital Markets Department	SCB Securities Co., Ltd. - Investment Banking

No	Name / Surname	Age	Education	Percentage of Shares	Relation-ship between director/management	Past 5 Years Experiences		
						Period	Position	Company/Business
7	Mr. Nuttawut Phaoborom	56	Role of the Compensation Committee(RCC), Thai Institute of Directors Association 2008	-	-	Sep 2017 - Present	Independent Director	Food Capitals Public Company Limited
			Audit Committee Program (ACP), Thai Institute of Directors Association 2005			2017- Present	Managing Director	Eastern Cuisine (Thailand) Co., Ltd.
			Directors Accreditation Program (DAP), Thai Institute of Directors Association 2004			2017- Present	- Chief Executive office & Chief Financial officer CEO&CFO	KPN Group Corporation Co., Ltd.
			Master Degree MBA. City University (Seattle, U.S.A) 1990			2010-2017	Audit Committee and Independent director	Matching Maximize Solution Public Co., Ltd.
8	Mr. Na-chanok Rattanatarot	54	<u>Bachelor Degree</u> Interior Design Syracuse University, USA.	0.02% (500,000 shares)	-	January 2017 - Present	Chief Operating Officer	Food Capitals Public Company Limited
						March 1997 - Present	Chief Executive Officer	G Enterprise & Co Company Limited
						1997 – Feb 2008	Managing Director	G Enterprise & Co Company Limited
9	Mr. Pauramin Srichawla	30	<u>Bachelor Degree</u> Bachelor of Arts with Honors in Management Studies in the Second Class,	-	Grandson of Mr. Amorn Srichawla	2010 - Present	Managing Director	Everest World Co.,Ltd.
						2014 - Present	Managing Director	Chocoholic Co.,Ltd.



No	Name / Surname	Age	Education	Percentage of Shares	Relationship between director/management	Past 5 Years Experiences		
						Period	Position	Company/Business
			Division Two The University of Nottingham			2017 - Present	Managing Director	Domino's (Thailand) Company Limited
10	Mr. Dilip Atmaramani	40	<u>Bachelor of Commerce</u> University of Mumbai Mumbai, Maharashtra, India	-	-	2017 – Present	Head of Operations	Food Capitals Public Company Limited
11	Ms. Saisunee Panichsongkraw	52	<u>Master Degree</u> Bangkok University			June 2017-Present	Financial Controller (Acting CFO of Food Capital)	Fena Assets Company Limited

## DETAILS OF DIRECTOR, AUTHORIZED DIRECTORS OF THE SUBSIDIARIES AND ASSOCIATE COMPANIES

		Krit Srichawla	A Sachdev	Akradej Srichawla	Nuttawut Paoborom	Wittit Sujjapong	Krish Dettter	Viroj Tangchettanaponr
Food Capitals Public Company Limited		/	Y/	X/	/	/	/	/
Subsidiaries	1. Evolution Land Co., Ltd.	/		/				
	2. Monster Media Co., Ltd.	/		/				
	3. Evolution Advisors Limited	/						
	4. Evolution Holdings Limited	/						
	5. FC Commissary Co., Ltd.	/	/	/				
	6. Evolution Capital International Pte. Ltd.							
	7. Domino's (Thailand) Co., Ltd.	/	/	/				
	8. CBTL (Thailand) Co., Ltd.	/	/	/				
	9. Fenix Iron Fairies Co., Ltd.	/	/	/				
	10. Maggie Choo's Co., Ltd.	/	/	/				
	11. Casa Fico Co., Ltd.	/		/				
	12. Fena Park Co., Ltd.	/		/				
	13. Kyochon Co., Ltd.	/	/	/				
	14. Photome.com Co., Ltd.							
	15. D. Pizza PCL.	/						
	16. Evolution Foods (Thailand) Co., Ltd.	/	/	/				
	17. Evolution Foods International Limited	/						
	18. Kyochon (Cambodia) Limited	/						
	19. G Enterprise & CO Co., Ltd.	/	/	/				

X = Chairman of the Board of Director

Y = Chief Executive Officer

/ = Director

// = Management

## DETAILS OF THE CHIEF INTERNAL AUDITOR AND COMPLIANCE INFORMATION

The company did not appoint an internal auditor in 2018 since we expected to complete the Entire Business Transfer (EBT) transaction with PRG Development Company Limited within the 2nd quarter of the year. However, the transaction did not complete as expected due to the fact that the Stock Exchange of Thailand, ("SET") had a different view on the issue of the business repurchase guarantee by the major shareholders. As a result, the company had to adjust the business integration plan by holding an Extraordinary General Meeting of shareholders on 21st December 2018 to seek shareholders' approval of the EBT transaction again. We expected that the EBT will be completed in due course, but if the transaction is not complete within the expected time frame, the company will recruit personnel to perform the internal audit function promptly.

## DETAILS OF THE LATEST APPRAISAL REPORT

Company's name of assets owner	Details		The company's name conducted the appraise value	Purpose of	Date of appraisal report
	Assets details	Appraisal Value (Baht)			
Food Capitals PCL.	Vacant land, 10 title deeds, Taling-Ngam Sub-district, Koh Samui district, Suratthani.  Total land area 19-2-99.1 rai.	63,200,000	K.K. Valuation Co., Ltd.	To assess the current value of land.	31 October 2018
Food Capitals PCL.	Leasehold right of land, 2 title deeds, Taling-Ngam Sub-district, Koh Samui district, Suratthani.  Total land area 21-2-33.7 rai.	52,200,000	K.K. Valuation Co., Ltd.	To assess the current value of assets.	31 October 2018
Casa Fico Co., Ltd. (subsidiary company)	Vacant land, 7 title deeds, Mared Sub-district, Koh Samui district, Suratthani.  Total land area 26-2-29.2 rai.	309,400,000	K.K. Valuation Co., Ltd.	To assess the current value of land.	31 October 2018
Fena Park Co., Ltd. (subsidiary company)	Leasehold right of land, 11 title deeds, Mared Sub-district, Koh Samui district, Suratthani.  Total land area 23-1-56.0 rai.	77,260,000	K.K. Valuation Co., Ltd.	To assess the current value of assets.	31 October 2018



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