

ANNUAL REPORT

2019





Vision I วิสัยทัศน์

Continuous Improvement

พัฒนาองค์กรอย่างต่อเนื่อง

Mission I พันธกิจ

6 Missions Toward Continuous Improvement

พันธกิจเพื่อมุ่งเน้นการพัฒนาองค์กรอย่างต่อเนื่อง



- | | |
|------------------------|--------------------------|
| 1. Ownership | รับผิดชอบ |
| 2. Focus | มุ่งเน้นความสำเร็จ |
| 3. Productive | ประสิทธิภาพ |
| 4. Dedication | อุทิศและเพียรพยายาม |
| 5. Team work | การทำงานเป็นทีม |
| 6. Integrity and trust | ความซื่อสัตย์และไว้วางใจ |



Core Values I ค่านิยมขององค์กร

- | | |
|----------------|-------------------------|
| Credible | น่าเชื่อถือและไว้วางใจ |
| Creative | ความคิดสร้างสรรค์ |
| Caring | ความห่วงใย |
| Courage | มีกำลังใจและความกล้าหาญ |
| Customer Focus | มุ่งเน้นที่ลูกค้า |
| Change | กล้าที่จะเปลี่ยนแปลง |



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Investor can study additional details of issuer from the Company's Annual Information Disclosure (Form 56-1)
on the SEC's website at www.sec.or.th or the Company's website at www.jckhgroup.com

Message from the Chairman

Dear shareholders,

JCK Hospitality Public Company Limited (“the Company”) operates a restaurant business in form of chained restaurants with branches nationwide. Mainly are buffet restaurants, but also some a la carte restaurants including casual dining restaurants. In the year 2019, the Company has developed its business under the concept to increasing its market share (Market Segmentation) by diversifying its type of restaurant to have more variety of styles under different brands which currently, the Company has operated its restaurants under 10 brands.

The Restaurant Industry is one of the businesses which are very important to the service sector and economy of the country. There are many small – large entrepreneurs involved in this business. It is also anticipated that the food-service business still have potential to grow continuously which in line with the expansion of the urbanization which will be followed by the increase in the expansion of the new shopping complexes. The growth in restaurants is mainly due to the expansion of the chained restaurants. The total sales of the chained restaurants in Thailand have continuously increased, including the expansion of branches which are mainly expanded in line with the increase in retail spaces. The increase in the chained restaurants has higher growth than the non-chained restaurants which results in the changes in consumers’ behavior to dine out or buy take-away food to eat at home increasingly.

According to the National Statistical Office of Thailand or NSO’s survey of Thai household expenditure on food, the results reflect that Thai households spent more on dining out or buying takeaway to dine at home increasingly during the year 2018 – 2019 comparing to the spending on self-cooking meals which insignificantly grew in the same period of time. This information is consistent with the consumption behavior of Thai people which did more outdoor activities, of which the most popular activity was eating out and the consumers also spent more money on outdoor activities.

In addition from the support factors from the domestic consumers, the increasing foreign tourists in the past periods also boosted the income growth of restaurants despite the economic slowdown. According to the foreign tourists’ expenditure on food and beverage, it still had tendency to constantly growth by approximately 5% per year which reflects the opportunity for restaurant business to grow much more especially in the significant tourist locations. Main interesting strategy is the segmentation to penetrate to various groups of customers by splitting the brands into a general and a premium groups to better meet the needs of each location.

In the year 2019, the Company had a marketing strategy which was to provide a variety of food menus, delicious flavor of food, good service at a worthy price including the assortment of restaurants to cover all levels of customers and also the continuously expansion of branches to cover various target areas in order to be able to reach customers easily and throughout all areas, which will increase sales and expand the Company’s customer base. The Company also set the plan to develop and invent new food recipes, to emphasize on marketing plan to reach target customers, to launch the promotions together with our business partners and to create opportunities to increase sales from the ongoing sales promotions.

For the year 2020, the Company has set a goal to become a leader in the restaurant business in the next 3-5 years as the Company foresees an opportunity to expand other brands of restaurant apart from the buffet restaurant alone. With our new goal to create a variety of choices and differentiation of brand to meet the needs of the customers which have higher demand as well as to create new alternatives for our customers or consumers, these will enable the Company to expand its customer base and new target groups.

On behalf of the Company’s Board of Directors, I would like to thank all the directors, our executives, the shareholders, the business partners, the financial institutions, and our business alliances for providing supports and encouragement to the Company all the time, and also thank all employees who have determined and dedicated themselves to perform their duties at the utmost ability. I would also thank all our customers who have trusted in our restaurants and the services of the Company consistently. The Company is still determined to prepare for business expansion continuously and I am surely confident that JCK Hospitality Public Company Limited will step up to become a leader in the restaurant business as planned.



(Dr. Apichai Taechaubol)
Chairman

Report of the Audit Committee

In 2018, JCK Hospitality Public Company Limited complied with the following requirements set by the Stock Exchange of Thailand and as entrusted by the Board of Directors. Details are:

1. The Audit Committee convened 4 times in 2018. The meeting was attended by all members of the Audit Committee. The auditor meanwhile attended the Audit Committee meeting at least once a year.
2. The Audit Committee reviewed and approved the 2018 auditing plan of the Internal Audit Department where it focused at strengthening the internal control system, reinforcing adequate auditing in required areas and reporting results of such internal control to the Audit Committee on a regular basis. Having reviewed and assessed the Internal Audit Department's operation in 2018, the Audit Committee had an opinion that the internal control system was efficient enough to control and supervise the operation of the Company and no material defect was found.
3. Both quarterly and annual financial statements of the Company were reviewed to provide full and accurate financial information based on the generally-accepted accounting principles in a timely fashion as well as a true reflection of the Company's financial status before they were submitted to the Board of Directors.
4. The Audit Committee reviewed an evaluation form of the adequacy of the Company's internal control system to ensure that it had an appropriate and adequate internal control system to supervise operation based on its business objectives.
5. The Audit Committee reviewed risk management procedures by taking into consideration a risk management policy and a risk management plan and guideline based on prevailing corporate risks. It also regularly reviewed the efficiency and suitability of the Company's risk management system.
6. The Company was requested to be compliant with corporate governance on the basis of the Stock Exchange of Thailand's guidelines and to develop its CG practice to match the international standards.
7. The Audit Committee reviewed the Company's compliance with the laws and the authorities' rules and regulations.
8. The Audit Committee reviewed connected transactions and items that could cause conflict of interest as well as ensured that the information was accurately and completely disclosed.
9. The Audit Committee appointed an auditor and set his remuneration before submitting the information to the Board of Directors for proposing to the Shareholders' Meeting for its approval.



(Mr. Prasong Wararatanakul)
Chairman of the Audit Committee

February 28, 2019

Business Overview







JCK Hospitality Public Company Limited (“the Company”) operates a Suki Shabu restaurant business with special delicious dipping sauce with the traditional Hot Pot style, the Japanese grilled and Shabu restaurant, steak house and fusion food restaurant, Italian restaurant and Chinese restaurant which most restaurants are buffet restaurants. However, there are some A La Carte restaurants as well as casual dining restaurants. There are Suki Shabu Buffet Restaurant under the concept of “All You Can Eat” or unlimited enjoyment under the brand “**Hot Pot Inter Buffet**”, the Japanese grilled and Shabu buffet style under the brand “**Daidomon**”, the A La Carte Suki and Shabu restaurant which serves roasted duck with very special delicious dipping sauce as the traditional style Hot Pot under the brand “**Hot Pot Suki Shabu**” including casual dining restaurant that serves steaks and fusion food under the brand “**Signature**” and “**Toomato Italian Kitchen**” an authentic Italian restaurant which selectively import the premium grade raw materials straight forward from Napoli, Italy, the “**Signor Sassi**” Italian brand restaurant which serves an excellent a la carte Italian food and the “**Zheng Dou**” which serves Dimsum in Hong Kong-style Chinese and the “**Zheng Dou Express**” a take-away food store selling Hong Kong style Dimsum to match your fast daily lifestyle and the “**Zheng Dou Grand**” which serves Chinese, seafood and Dimsum, from selected the premium-grade fresh raw materials in the friendly atmosphere restaurant, and the “**Bonsai**” Japanese restaurant in style of Omagase, Teppanyaki and Japanese sushi cuisine with the premium imported grade selected by the experienced chefs from a Michelin-starred restaurant.

In 2019, the Company operated restaurants under 10 brands as follows;

Restaurant/Brand	Service Mark	Concept
Hot Pot Inter Buffet 		<p>The international buffet restaurants serve Suki Shabu and wide variety of international food over 100 menus plus desserts, ice cream and soft drinks at the price of Baht 299 / 379 per person to let the customers enjoy the meal unlimited within 1 hour and 30 minutes under all-you-can-eat concept. In some branches, the customers can add a roaster to have both boiling pot and grill roaster at their table with additional charge of Baht 40 per person.</p>
Hot Pot Suki Shabu 		<p>The restaurants offer A La Carte (ordering meal from the menu) Suki Shabu, roast duck and superb “authentic recipe” dipping sauce.</p>
Daidomon 		<p>Japanese grilled buffet restaurants that are popular among locals for a long time with special marinated sauce and unique taste of dipping sauce which is perfectly matched with fresh ingredients, allowing customers to choose and enjoy the meal unlimited within 1 hour 30 minutes at Baht 379 per person (including soft drinks).</p>



Restaurant/Brand	Service Mark	Concept
Signature 		<p>The casual dining restaurants that the meals offer the A La Carte style (ordering meal from the menu), serving wide selection of dishes such as steaks, fusion dishes including salads, spaghetti, snacks, drinks and desserts at a price that everyone can afford.</p>
Toomato Italian Kitchen 		<p>A delicious experience of Italian dishes range from traditional pizzas and pastas with premium imported ingredients including excellent cheese, tomato and olive oil selected directly from Napoli, Italy.</p>
Zheng Dou 		<p>The restaurants offer A La Carte Hong Kong Dim Sum and traditional Chinese dishes, all freshly prepared to order. This casual dining concept offers great value for money experience and is becoming a popular destination.</p>
Zheng Dou Express 		<p>The Take-away Dim sum food store which focuses on the freshness, but original recipe to serve for customers and to meet the hasty lifestyle at the worthy price.</p>

Restaurant/Brand	Service Mark	Concept
Zheng Dou Grand Central World Branch 		<p>Zheng Dou Grand, Central World Branch is a Chinese restaurant, seafood and Dim sum at the premium grade which is an A La Carte restaurant (which can order the food in the menu) and also serves the Dim sum buffet which focuses on the freshness of food while allow the customers in a friendly atmosphere which attracts everyone to come to experience.</p>
Bonsai 		<p>Bonsai is a Japanese restaurant in Omagase / Teppanyaki / Sushi style, with the premium grade ingredients. Imported from Japan, fresh, flavored by experienced chefs from a Michelin-starred restaurant who pays attention from the selection of raw materials Including the art of food - arrangement for a good experience for the customers to feel for all the figure, taste, and scent by considering the uniqueness of the traditional Japanese flavor from Tokyo to Bangkok</p>
Signor Sassi 		<p>Signor Sassi is part of the Italian family-owned San Carlo Restaurant Group, one of the most successful Italian restaurant operators in the United Kingdom. This branch in Bangkok is the first Signor Sassi in Asia and serves the same, high quality produce and genuine, Italian ingredients are used in all Signor Sassi restaurants. With the high class service and delicious authentic Italian dishes, our discerning guests will surely have a great dining experience.</p>

As of December 31, 2019, the Company has restaurants including its branches which are operated of total 94 branches which comprises of Hot Pot 78 branches (divided to 51 Hot Pot Inter Buffet branches, 25 Hot Pot Inter Buffet with the grilling menus branches and 2 Hot Pot Suki Shabu branches), 5 Daidomon branches, 1 Signature restaurant, 1 Toomato Italian Kitchen, 1 Signor Sassi restaurant, 3 Zheng Dou branches, 2 Zheng Dou Grand branches, 2 Zheng Dou express branches and 1 Bonsai restaurant.



Mostly, over 90% of our restaurants are buffet restaurants serving meal on a food bar which are located in Bangkok, vicinity and upcountry covering all parts of the country consisting of 28 branches in Bangkok and vicinity, 4 branches in the central region, 12 branches in the north, 12 branches in the east, 17 branches in the north eastern, 2 branches in the west and 3 branches in the south. Those branches are located in the department stores, modern-trade stores, shopping centers in order to facilitate the access of the targeted customers.

The main target customer groups of the Company are mainly the teenagers, students, office workers and family who have busy lifestyle, freedom lovers, enjoy to dine in group and emphasize on the value of spending which customers can choose to scoop the food they like from the counter bar by themselves with varieties of food to choose or if they prefer the A La Carte or the restaurants which provide the food as A La Carte in their menu. The Company also expand the brands to support the demand of the customers in each group such as Zheng Dou and Signor Sassi or the latest Bonsai which is a Japanese restaurant. The Company emphasizes its target group to those of the middle-class to high-end customers.

Our factory or central kitchen is located at Lamlukka District, Pathumthani Province on the area of 13-0-96 rai. The factory has been inspected and certified for production with quality standard in food industry such as GMP (Good Manufacturing Practice) and HACCP (Hazard Analysis and Critical Control Points) from Intertek Industry and Certification Services (Thailand) Ltd. The factory or central kitchen's functions are raw materials procurement, semi-finished food production such as different types of meat balls, stuffed squids, and seasoning pork especially the sauces which are the major seasoning of Suki Shabu for delivering to all branch restaurants. The quality of foods and raw materials, flavors of food and sauces have been controlled to have the same standard at all branches. New dishes, recipes and several semi-finished foods have been developed in order to be prepared easily by branches and have the same standard quality.

The Company has a logistics system to transport the raw materials and foods from the factories or central kitchens to all branches throughout the country by using all the transportation of the Company which provides the Company the ability to control the quality, freshness, timing and cost efficiently, including the supply of the utensils, equipment and kitchenware to all branches to keep control of the standard and its unique identity of the Company. However, since 2018, the Company has used the outsourcing services to deliver the goods and raw materials from the factories to some branches which resulting in more convenience.

In addition, the factory or central kitchen is also the storage facility for preserving both fresh and dried raw materials, semi-finished foods, ingredients, kitchen appliances and utensils in restaurant etc. with adequate preparation and reservation plan to meet the requirement of each branch.

The Company controls quality and standard of services in every branch. All restaurant staffs will be trained regularly as they are considered as critical factor to deliver successful customer services which is satisfying and maintaining good relationship with our customers to keep them coming back to our restaurants.

Business Goal in next 3 – 5 years

The Company has plan to expand the restaurant brands in other area in addition to the buffet style, with the new target to create alternatives that are diversities in taste and brand differentiation to meet the increase in various requirement of the customers including to offer new choices for our customers or consumers which will enable the Company to expand its customer base and its new target group.



The Company has implemented business expansion strategies as follows:

1. Branch expansion:

The Company will increase the consideration of the trends and needs of the market by opening the new brands to serve the different target groups including the plan to expand the popular restaurant brands to cover in every significant economic areas to support the future growth.

2. Renovation and/or Rebranding:

By commencing renovation of Hot Pot outlets to enhance customer experience. The stores serving boiling and grilling styles in the same table will be rebranded as Daidomon. Some Hot Pot stores located in a potential and high purchase power will be developed or changed the serving styles from buffet to A La Carte. To do so, the Company will consider appropriateness of each outlet's location including target groups of customers as well as competition.

The Company also emphasizes the importance of personnel development to support the growth while providing the quality of services to be at the First Class Service as the Company realizes that the service industry is related to the people, so the continuous training and the necessary support for employees will enable the employees to perform their duties at their best capability.

Nature of Business

Background and Major Changes

JCK Hospitality Public Company Limited has incorporated on January 28, 2004, formerly as Hot Pot Company Limited with initial capital of Baht 16 million, to operate Suki Shabu restaurants. The business was started from Suki Shabu restaurant cooked to order or A La Carte (ordering food from the menu) and the very first branch was named as “Coca Fresh Suki”, located at East Complex Shopping Mall in Chachoengsao province. The targeted customers were family groups. The 300 square-meter restaurant became very popular and the sole famous Suki restaurant in Chachoengsao province. Later, the Company expanded its branches at the shopping malls in upcountry such as Saraburi, Surin, Buriram, Kamphangphet, and Phitsanulok etc. At that time, branch expansion was operated by establishing other companies to control branch restaurants in each region.

In 2001, the Company changed its restaurant brand from “Coca Fresh Suki” to “Hot Pot Suki Shabu Restaurant”.


In 2004, the Company changed its administrative method by establishing Hot Pot Company Limited to centralize the administration and management of all branch restaurants. In October 2004, the Company increased its registered capital by Baht 40 million to Baht 56 million in order to transfer assets of other branches from their former companies to the new establishing company.

In 2005, the Company altered its strategy by penetrating into Suki restaurant in large department branch through opening international buffet restaurants focusing on Suki Shabu at Central Plaza Rama II which is the first branch in May 2005. The “Hot Pot Inter Buffet” consists of Suki Shabu and international food more than 100 items. Since the fact that none of other Suki restaurant entrepreneur operated this style of restaurants and, as a result, the Company’s business was successful, boosting its sales, gaining better brand recognition and acceptance from our customers. It was a good starting point of our roll-out in big department branches. The Company also significantly changed its strategy on the concept that not only delicious food and good services but also “value for money”. The Company, hence, decided to expand its business into “buffet” or “all-you-can-eat” by gradually adjusted almost all of the a la carte restaurants to be the buffet ones. After modifying to the international buffet restaurants which are different from other competitors, as well as commitment thoroughly ongoing to improve food quality and services, restaurant style and a variety of food, the Company gained good response from the customers.

In 2006, Aureos South East Asia Fund (“Aureos Fund”) and Private Fund of Government Savings Bank managed by ING Asset Management (Thailand) Co., Ltd. (since June 17, 2011 onwards, it has been changed to be Private Fund of Government Savings Bank managed by One Asset Management Limited) entered into joint venture with the Company for financial support.

In February 2007, the Company invested in constructing the factory in total area of 13-0-96 rai, located at 11/1 Bueng Kham Phroi Sub-district, Lamlukka District, Pathumthani Province as the food production factory and central kitchen for all branches of the Company.

In July 6, 2011, the Company was converted from Company Limited to be Public Company Limited as well as reduced par value from Baht 10 per share to Baht 0.25 per share and increased its registered capital by Baht 15,346,160 from Baht 86,153,840 to Baht 101,500,000 by issuing new ordinary shares of 61,384,640 shares at par value of Baht 0.25 per share.



In December 15, 2011, the Company bought and transferred rights on the restaurant business of Daidomon Group Plc. (“Daidomon”), which is the buffet Japanese style grill restaurant, including the transfer of assets involved in all operations and other assets such as food formulas and sauces, customer bases, members, business partners, employees of Daidomon as well as its trademarks and trade names related to food and restaurant business such as Daidomon, Umami, Yasuki and Mitake to be continuously operated and managed by the Company.

In September 2012, the Company’s increased ordinary shares of 61,384,640 shares were initial public offering (IPO) at par value of Baht 0.25 per share with the objective to use the fund for new branch expansion, branch renovation, loan repayment and working capital. At this time, Aureos Fund also offered to sell its existing ordinary shares to the Company in the amount of 40,600,260 shares or 10% of paid-up capital. All ordinary shares of the Company have been listed in Market for Alternative Investment (MAI) on September 18, 2012.

In 2013, the Company continually expanded new branches. As of December 31, 2013, there were 153 active branches, compared with 138 branches in 2012. The 27 newly opened branches consisting of 23 branches under “Hot Pot” brand and 4 branches under “Daidomon” brand. In 2013, the Company launched new strategy which was additional serving roaster in some Hot Pot branches (extra service charge of Baht 30 per person for serving both boiling pot and roaster). The new strategy was successfully received good feedback from customers and more than 70% of customers order both boiling pots and roasters. As of December 31, 2013, the Company additionally opened 14 branches of Hot Pot with Grill, comprising 9 newly opening branches and 5 rebranding branches.


For Daidomon branches bought from Daidomon Group Plc. (“Daidomon”), the Company renovated almost all of the remaining branches which have not been renovated yet, totaling 10 out of 12 outlets. There were 6 renovated branches which have been additionally served Suki Shabu and 4 branches which have rebranded to Hot Pot with Grill.

In 2014, the Company opened 18 new branches, consisting of 16 branches of Hot Pot Inter Buffet which 15 out of 16 branches served both boiling and grilling styles, and 2 branches of Suki Shabu with small size. The Company also closed 27 branches which most of them had loss from operating results so that the Company’s overall performance will be regained in the future. Therefore, as of December 31, 2014, the Company had totally 144 active branches.

The Company renovated all branches of Hot Pot Buffet Value to be modern and then rebranded to Hot Pot Inter Buffet. Along with that, the Company renovated the only one branch of Hot Pot Ramen Buffet at Central Plaza Rama 2 and then rebranded to a new brand created by the Company under the name of Signature, opening on December 25, 2014.

In addition, the Company has increased distribution channels of Suki sauce in Tesco Lotus starting on November 2014, onwards.

In 2015, the Company established expansion plan on cautious basis, focusing only outlets located in potential area. The Company has opened 11 new branches, including a branch located in Star Plaza, Sa Kaeo province, which is totally invested by the shopping center. The 5 New branches consist of Hot Pot Inter Buffet which 3 of them serve both boiling and grilling styles and 6 branches of Signature, which 4 branches are newly opened and 2 branches are Hot Pot branches which have large branch size and split area into 2 branches under Hot Pot and Signature Brands.



The Company closed 12 branches which comprising 10 branches due to their loss from operating results and 2 branches which their rental contracts were expired and the Company did not want to renew the contracts. As of December 31, 2015, the Company, hence, had totally 143 active branches.

In 2016, the Company remained carefully opening new branches by primary consideration in potential of shopping center. Capital expenditure for new branches was reduced and assets of closed branches were reused. In addition, some branches were partly invested by the shopping centers. The Company opened totally 8 branches consisting of 2 branches of Hot Pot Inter Buffet (one branch serving both boiling and grilling styles), 5 branches of Signature, and 1 branch of Daidomon. The Company rebranded 7 branches of Hot Pot Inter Buffet which 4 of them were rebranded to Signature, and the rest branches was rebranded to Shabu Suki, Daidomon and Pot Jung accordingly. Meanwhile, the Company closed 10 branches comprising 7 branches which had loss from operating results, 2 branches which the shopping centers did not renew the rental contracts and 1 branch which was closed for renovation by the shopping center. Consequently, as of December 31, 2016, the Company had totally 141 active branches.

The Company had, for the first time, expanded its business abroad by sell the franchise of the Brand Hot Pot Inter Buffet to one of the operator in The Lao People's Democratic Republic which has started the operation on June 6, 2016, however at present, the restaurant had closed down. In addition, the Company has expand its distribution channels for the sale of the Suki dipping sauce through the Tesco Lotus Express which has almost 600 branches since June 2016 onwards, however the Company had given up this sale.

The Company's shareholders' structure has been changed in 2016, which Mr. Apichai Taechaubol held 65,900,000 shares (equals to 16.23 % of total shares sold) and JCK International Public Company Limited (formerly named Thai Factory Development Public Company Limited) held 9,100,000 shares (or 2.24 % of total shares sold).

In 2017, the Company found an opportunity to expand its business by launching a new brand category apart from buffet restaurants to vary different kinds of restaurants serving new customer groups as well as fill in the gap of the market of hi spending customers. The Company opened "Toomato Italian Kitchen", casual dining Italian restaurant, selecting premium ingredients directly from Napoli, Italy since November 1, 2017 at G floor, MBK Center.

However, as a policy, the Company had closed 36 branches mainly due to operating losses. As a result, at December 31, 2017, the Company had totally 106 active branches.

In addition, the Company had relocated its headquarters from 350 Ramintra Road, Tha Raeng, Bang Khen, Bangkok 10230, telephone number 0-2943-8448, facsimile number 0-2943-8458 to 18 Soi Sathorn 11 Yaek 9, TFD Building, Yannawa, Bangkok 10120 telephone number 0-2286-9959, facsimile number 0-2286-9960. Moreover, the Company increased its capital by issuing 40,600,000 new ordinary shares offering to the existing shareholders in proportion to the number of shares held by each shareholder (Right Offering) and issuing 40,600,000 new ordinary shares to the private placement. Therefore, as of December 29, 2017, the Company had registered capital of Baht 121,800,000 and paid-up capital of Baht 121,800,000 consisting of 487,200,000 ordinary shares at the par value of Baht 0.25 per share.



In 2018 the Company increased its capital by Baht 73,080,000 from the registered capital of Baht 121,800,000 to be Baht 198,880,000 by issuing 292,320,000 new ordinary shares at par value of Baht 0.25 per share. The Company registered the change of the increase of registered capital with the Department of Business Development, Ministry of Commerce on May 10, 2018. As a result, the Company has 779,520,000 shares at the par value of Baht 0.25 per share. The Company has allocated the ordinary shares by specific purpose for 243,600,000 shares at the par value of Baht 0.25 per share by offering to the existing shareholders (Right Offering) at the ratio of 2 existing shares to 1 new capital increase ordinary share at the offering price of Baht 1.30 per share. As the result, 138,077,672 shares have been exercised at the offering price of Baht 1.30 per share in the amount of Baht 179,500,974. As a result, the total registered and paid-up capital is 625,277,672 shares in the amount of Baht 156,319,418. The Company has registered the change of paid-up capital to Department of Business Development on June 27, 2018. In addition, to allocate the ordinary shares increase by General Mandate for 48,720,000 shares at the par value of Baht 0.25 per share by offering to the existing shareholders by private placement, as at December 31, 2018, the Company has not allocated to private placement. The Company has registered capital at Baht 194,880,000 with paid-up capital of Baht 156,319,418 comprising of 779,520,000 ordinary shares at the par value of Baht 0.25 per share.

The Company's name and the ticker symbol were changed from "HOT POT PUBLIC COMPANY LIMITED" to "JCK HOSPITALITY PUBLIC COMPANY LIMITED" with the Ministry of Commerce on June 27, 2018 and changed the ticker symbol from "HOTPOT" to "JCKH" with effective from May 16, 2018 onwards.

In addition, the Company has closed down 14 branches which had operating loss, including the Super Pot too. On the contrary, the Company has launched several new brands restaurants which includes 3 branches of "Zheng Dou", 1 branch of "Zheng Dou Grand ", 3 branches of "Zheng Dou Express" and Bonsai restaurant. As of December 31, 2019, the Company has all operating branches of 94 branches.

In 2019, the Company still has a plan to carefully expand the branches and also to close the unprofitable branches. The Company also focus on the negotiating of rental price and services fees from the lessor, including the plan to open the new brand restaurant in the potential area such as the expansion of the brand "Zheng Dou" to the Central World and the opening of Bonsai, the Japanese style restaurant on Lung Suan Road.

After the submission of the financial statements of the second quarter, the securities of the Company has been posted with the "C" sign (Caution) by the Stock Exchange of Thailand as the operating results of the Company has the shareholders' equity less than 50% of total paid-up capital which was considered based on the audited / reviewed financial statements by auditors which did not make any adjustment. The Company had to call for the meeting to provide information and explain the guideline to correct the cause which it was posted "C" to the shareholders, investors and other related parties by organizing the Public Presentation. The Company has prepared the guideline to resolve the situation by focusing on the increase of annual revenue through the speed up in sales and marketing to be in line with the predetermined plan, to expedite its business partners to increase the capability to reach more customers, to increase business opportunity and also the distribution channels which will lead to the ability to reach more customers. For the expenses which incurred, the Company will increase the rigid measures to control the costs and expenses to improve the efficiency including to improve the branch management to be more efficient to reduce the branch's cost.

In 2019, the Company had closed down 14 branches as a result of the accumulated operating and continuous loss to comply with the cost management policy for maximize the efficiency.

Revenue Structure

Type of Revenue	Year 2017		Year 2018		Year 2019	
	MB	%	MB	%	MB	%
1. Revenue from sale						
(a) From branches						
1) Hot Pot Inter Buffet	1,079.97	57.69%	1,042.24	67.48%	763.78	54.66%
2) Hot Pot Inter Buffet and grilled	495.67	28.82%	241.707	15.65%	357.82	25.61%
3) Hot Pot Suki and Shabu	17.92	0.97%	15.39	1.00%	14.70	1.05%
4) Daidomon	173.23	9.37%	122.36	7.92%	102.89	7.36%
5) Signature	59.12	3.20%	18.11	1.17%	9.82	0.70%
6) Toomato Italian Kitchen	2.17	0.12%	10.08	0.65%	9.03	0.65%
7) Zheng Dou ^{1/}	-	-	9.21	0.60%	44.65	3.20%
8) Super Pot ^{2/}	-	-	5.55	0.36%	-	-
9) Signor Sassi	-	-	13.04	0.84%	39.67	2.84%
10) Bonsai ^{3/}			-	-	3.90	0.28%
Total revenues from branches	1,819.06	98.44%	1,477.68	95.67%	1,346.26	96.35%
(b) Others sales	14.00	0.78%	14.05	0.91%	2.83	0.20%
Total Revenue from Sales	1,833.06	99.19%	1,491.73	99.58%	1,349.09	96.55%
2. Other income ^{3/}	14.82	0.81%	24.44	1.58%	48.16	3.45%
3. Reversal of allowance for an impairment loss on assets	-	-	28.31	1.84%	-	-
Total Revenue	1,847.88	100.00%	1,544.48	100.00%	1,397.25	100.00%

Note: ^{1/} The Company has opened the brand “Zheng Dou” at Central World on August 17, 2019.

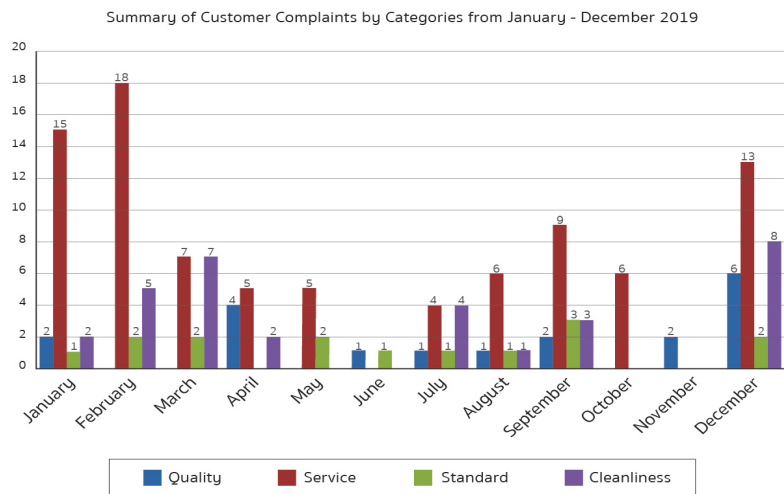
^{2/} The Super Pot has already been closed down.

^{3/} The Company has opened Bonsai restaurant on Lung Suan road on August 9, 2019.

Non-financial Performance Indicators

The Company surveyed customer satisfaction and collected information to improve services through the customer complaints forms available at all branches nationwide. There are 4 categories: 1. Food quality, 2. Services, 3. Standard and 4. Cleanliness. In 2019, customer complaints ratio was less than year 2018 by 59%.

Summary of Customer Complaints by Categories from January - December 2019



Industry Outlook and Future Competition

1) Competition in the industry over the past year

Growth in the Food restaurant Industry

The Ministry of Tourism and Sports has collected the information on the foreign investment in the Thai juristic entity which operated the restaurant business as at February 28, 2019, the total investment value was Baht 11,942.51 million which is considered to be 12.04% of the total investment in this industry, with the top three nationalities are Japanese of Baht 1,461.35 million or 12.24%, United States of Baht 994.81 million or 8.33% and France of Baht 954.02 million or 7.99%

Foreigners still continue to invest and operate their business in Thailand which indicated that the restaurant industry still has high and good potential, especially the Japanese food which is still very famous and is predicted to keep on the expansion in the future. Hence, the Thai investors have to adapt themselves both in terms of flavor, taste and services to respond to the breaking into the market of several well-known franchised restaurants from abroad.



Investment in restaurants in Thailand		
Nationality	Value	Percentage
Thai	87,213.45	87.96
Japan	1,461.35	1.47
USA	994.81	1.00
France	954.02	0.96
Others	8,532.33	8.61
Total	99,155.96	100.00

Ref : Department of Business Development

Currently, the Company operates the restaurant business which main style of restaurants are international buffet style, Suki Shabu under the brand “Hot Pot” and the Japanese grilling style under brand “Daidomon.”. In addition,, the Company also has the A La Carte restaurant which serves the steaks and fusion food under brand “Signature”, the Toomato Italian Kitchen which serves fresh pizza and pasta, the “Zheng Dou” Hong Kong Dim sum style Chinese restaurants, “Signor Sassi “ Italian style which is in the group of the San Carlo Restaurant Group which is one of the successful Italian restaurant operators in UK which is the first branch in Asia, and other new brand of the Company such as the “Bonsai” classic Japanese restaurant. Though there are several competitors in the restaurant industry which some of them have the style and layout of the restaurant very similar to the Company’s restaurant the competitors which have the style and type of food similar to the Company’s restaurants are as follows:

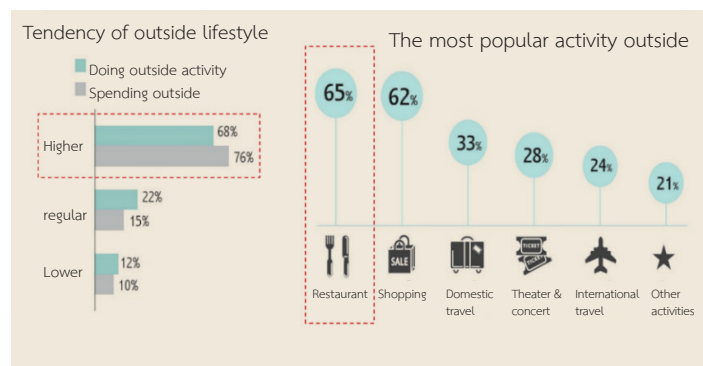
- The A La Carte Suki restaurants such as MK. Restaurant, Coca Suki, Neo Suki, Ruen Phet Suki, Earw Thai Suki, Suki Dara and Texas Suki.
- The restaurant in style of Suki and Shabu Buffet such as Shabushi, Sukichi buffet, Shabuku Buffet, Kagonaya, You & I Premium Suki Buffet.
- The grilled restaurants such as BBQ Plaza, Seoul Grill (Grilled Sukishi), Hong Dae Buffet, Giant Yakiniku, Miyabi and Grills House
- Steak houses restaurants such as Santafe steaks, Jeffer Steaks
- Pizza and pasta restaurants such as The Pizza Company and Pizza Hut
- Premium Shabu and Sushi restaurants such as Bunkoku Shabu
- Premium Italian grade such as Medici
- Hong Kong Dim sum style Chinese restaurants such as Ho kitchen, Hong Bao, Wang jia sha and Chefman

2) Industrial trend and future competition

The restaurant industry still has potential to grow though the economic situation is still fluctuated. The Economic Intelligence Center, the Siam Commercial Bank Public Company Limited (EIC) has forecasted that the restaurants business will still grow at 4-5% in 2019-2020 from the supported factors from the population structure which has changed from being smaller household, urban expansion and the change in consumer lifestyle. In addition, the increase in numbers of tourists will also boost the growth of restaurants, despite the competition tends to be more aggressive and intensive, especially the expansion of chain restaurants whereas there will be new players step into the industry. The Company should keep an eye on the Asian restaurants especially the Japanese one and the Café’ like coffee shop which the competition tends to be very violent.

The tendency in the future, the entrepreneurs have to adapt themselves to meet the key trends and growth of various style of restaurants such as popularity in fast casual, giving priority to the Foodie influencer and food searching platform as well as popularity in delivery channels. Despite of the instant growth in the restaurant industry, there are also many entrepreneurs who fail and go out of business. Consequently, the entry to this industry requires some important factors such as to be careful in selecting proper location, to emphasize on quality and services, to create brand difference and the most important thing is the cost management and the building of the relationship with the customers which are key factors for the business to survive in the long run.

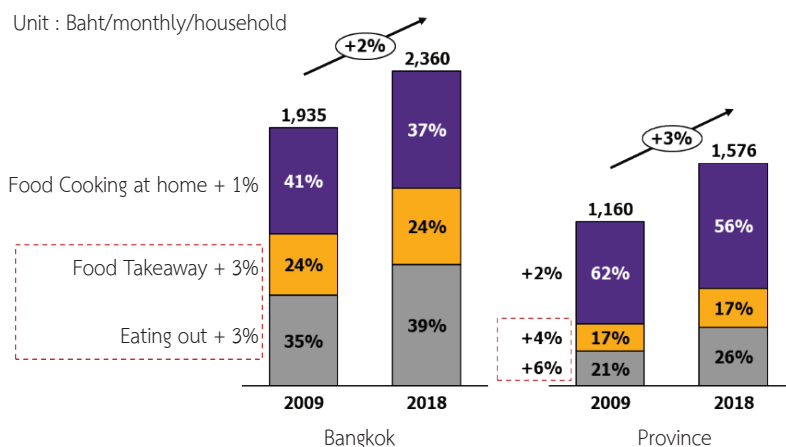
EIC survey outcome on consumers's activity outside



Source : EIC analysis based on data from EIC survey on Customer behavior change (February 2017)

The restaurant business still continues to be constantly growing with the supported factors from the structural change like smaller household and changes in the consumers' lifestyle. Though through the past few years, the deflation in the consumption from household income has not been much recovered and the agricultural income is still at low-level, according to the Euromonitor, it shows that food service business revenue in Thailand can still be constantly growing at the rate by 4% per year between 2013-2018 which is higher than the average private consumption in the same period which is only 2.4%. Thus this leads the market value to increase approximately to Baht 880 billion in 2018. EIC has also estimated that restaurant service still tends to continuously grow by 4-5% between 2019 - 2020. The main key driving factors are changing in population structure of which a household is getting smaller and needs more convenience, and the urbanization along with the expansion of many new shopping centers. These factors have impact to people to change their behavior to either dining out or increase in ordering takeaway. According to the National Statistical Office of Thailand or NSO's survey of Thai household expenditure on food, the results reflect that Thai households spent more on dining out or takeaway approximately by 3% per year between 2009 - 2018, a different from the spending on self-cooking meals which grew only 1% per year in the same period. This information is consistent with the EIC survey on consumption behavior in 2017, which reported that 68% of respondents did more outdoor activities. The most popular activity with the vote of 65% was eating out and 76% of consumers spent more money on outdoor activities. In addition to the domestic consumption, the increasing foreign tourists also help boosting the income growth for restaurants despite the economic slowdown. According to the foreign tourists' expenditure on food and beverage between 2013 - 2017, it had tendency to constantly grow by 5% per year or approximately at the rate of Baht 10,568 per person / trip which reflects the opportunity for restaurant business to grow much more especially in the significant area which are tourist attractive points.

Household spending on food



Source : EIC Analysis based on data from National Statistic Office


Reference: www.prachachat.net/finance/new-3535428 July 25, 2019

Marketing Strategy

The Kasikorn Research Center (K Research) has analyzed that at present, more restaurateurs are setting up in department stores and other large retail facilities. The current expansion in new shopping malls and large retail facilities, together with the increase in space for dining facilities therein, has created more room for restaurateurs – including chain outlets as well as other large business and small food retailers, to launch a business or expand their branches – to provide more dining options at shopping complexes and at large retail establishments, whereas in the past, majority of customers mainly dine out at only food-chain branded restaurants.

However, the additional dining space in shopping complexes and large retails provides an opportunity for new comers of the restaurateurs, but the entry will intensify the competition among those restaurateurs. In addition, some operators are facing a challenge in higher operating costs such as rental fees in prime locations, as well as the increase in labor costs which have affected to every group of restaurateurs. The total value of restaurant business of approximately Baht 400 billion will affect the expansion of the branches to be the key strategy which the restaurateurs still give priority, either to the new location where the competitions has not become so intense and the rental fees are still reasonable. Therefore they may expand to the locations which recently have available space for dining services such as at some petrol stations that aim to offer more full services in response to the changes in lifestyles, or in the office buildings in such busy business areas where target customers have high purchasing power, or in some hospitals which are seeking to offer full services to serve their patients and also their visitors.

Whereas competition in restaurant business trends to be more intense, purchasing power remains limited. Consequently, the Company inevitably implemented discount promotion to retain existing customer base and to draw more new customers in order to expand the customer base. However, with more than 20 years of experience and expertise in restaurant business, the Company has developed a business under the concept of creating consumer's recognition by making differentiation from other competitors, offering customer value, varieties and deliciousness to customers, and renovating branches to present modern image. The Company also give importance to new marketing research relating to in-depth studying and customer behaviors and needs' analysis in order to improve and develop products and services responding to customer needs effectively. The research includes customers' perception towards the brand of Hot Pot in order to aware of our brand's strength and weakness. Consequently, the Company is enable to establish efficient strategies for brand management in order to maintain existing customer base, widely expand to new customer bases, attract returning customers, and create sustainable business growth. The Company's marketing strategies are as follows;



1. Offering varieties of food menus with great taste and service at reasonable prices

The quality of food is our main focus. The Company offers over 100 varieties of food menus with excellent taste, particularly the special Hot Pot's Suki sauce and Daidomon's original recipe sauce. The Company implements process of selection and quality control of raw materials, products and production to offer standardized products with fresh and hygienic quality. Thus, the Company established its own food processing factory and central kitchen to control the standardization of raw materials and food quality before delivery to several branches. The Company also implements its own logistic system to distribute raw material and food from the factory or central kitchen to various branches nationwide so that the Company can control quality, freshness, timeliness and cost efficiently. Recently, the Company has launched a new innovation which is the first time "4 flavors hot pot" with the concept of tasteful challenge times by four favors by adding 2 new special flavored of "Japanese Suki soup" with its sweet aroma taste and the "Super soup" flavor with its hot and sour heart-beaten taste coming-out for stimulating and interesting to draw customers to enter the branches.

Moreover, the Company places its importance in providing good service to customers in terms of convenience and safety in the Company restaurants, taking good care of customers, continuously developing branch staffs' customer service quality and skills to reach the highest customer satisfaction with reasonable price.

2. Creating restaurant segmentation for every consumer group

The Company is developing its business under the concept of creating new market segment by developing different styles of restaurant under different brands. This also includes offering a variety dining styles, consisting of Suki-Shabu, Grill or Suki-Shabu and Grill concept within the same restaurants. The Company also operates brand "Signature", which is an A La Carte restaurant offer steak and fusion food. The Company opened a new restaurant under brand of Toomato Italian Kitchen, Zheng Dou serving Hong Kong style Dim Sum and Chinese food, Soupper Pot brand to serve the premium Shabu and Sushi, and the Company acquired Signor Sassi brand serving premium Italian food. The company recognized and response to the demand of different customer groups in terms of purchasing power, lifestyle and preference. In addition, this is to provide new choices to customer and fill in the gap of the market.

3. Continuously branches expansion to cover different target areas

As of December 31, 2019, there are totaling 94 active branches operated under the brands of "Hot Pot", "Daidomon", "Signature", "Toomato Italian Kitchen", "Soupper Pot", "Zheng Dou" and "Signor Sassi" mainly located in large leading department branches, modern trade, community malls or community trade center within Bangkok, Metropolitan Areas and large local department branches in major provinces in order to reach customers easily and widely which will increase sales revenue and expand the customer base.

4. Producing signature dishes and continuously offering new menus

Despite the fact that there is a variety of menu offering, the Company continues to develop and invents new recipes under the unique styles of "Hot Pot" and "Daidomon". The Company has produced several semi-finished food to serve on food bar with the Company's special recipes such as green pork balls, Taiwan pork balls, and Hot Pot spring pork, etc. Furthermore, special sauces created by research and development department are customers' favorites, for example spicy sauce, Chinese steamed dumpling sauce, Saba sauce, and soy sauce for steamed fish. In part of Signature, the Company has developed various menu of steak, fusion foods, appetizers, desserts and beverage. Meanwhile, the Company continuously improves existing products to be more qualified such as clear soup to be more delicious and savory, Suki sauce to be more rich, etc.



The Company has developed and created new recipes as well as innovated of 4 slot pots to the customers continuously. There are a launch of the new recommended menus at least every 3 months in average to create exotic experience to customers. The Company has developed new products such as Japanese suki soup, soupper soup and renovated Sushi line, food bar as well as serving seasonal foods during the festive such as auspicious menu for vegetarian festival etc. Our new brand Zheng Dou has signature dishes such as “snow baked bun” and “turnip cake with XO sauce” as examples.

The Company has also adjusted food menus to be more suitable and responding to the customers’ requirement in addition to adjustment on the food presentation such as food bar area to be capable for placing food beautifully, inviting and better food quality control.

5. Focusing on buffet serving or providing food on food bar

The Company serves or places varieties of food on bar and allow customers to select types and quantity of food as they like. The customers will not waste their time to wait for a service attendant or food conveyor to serve food, which is in line with the Company’s marketing strategy focusing on the new generation such as students, office workers, and families whom prefer quick, free lifestyle and usually comes in large group. Buffet restaurants are, therefore, suitable for those who prefer self-service.

6. Focusing on marketing activities to access to the target group

The Company has created integrated marketing communication strategies including offline such as film advertisement, billboards and online through social medias such as facebook and websites in order to access to the target group quickly and extensively. These channels are also used to publicize the Company’s information in order to build brand awareness and brand recognition as well as to create good customer relationship.

7. Creating opportunity to increase sales through ongoing promotion

Market Differentiation Activities are arranged to attract customers into the restaurants and continuously increase sales such as 20% discount on Wednesday, special privilege and discount for members, discount promotion of Baht 299 per person or come 4 pay 3 buffet for general customers and targeted customers, arrangement of activities via social medias and activities during various festivals, including co-promotion with business alliances including corporations, branches or credit cards company so that customers or credit card holders are entitled to special privilege or discounts, etc.

Risk Factors

1. Risks in the competition in restaurant business

Due to the increase in the popularity in the food style of buffet, Suki, Shabu and Grilled which has rapid growth in Thailand, thus results in many new comers into the business and some competitors have operated the restaurants in the similar style as of the Company, in the nearby location. However, the Company is still focus on competitive policy by emphasizing on the quality of the products and services, advertisings, promotions and also to organize several marketing activities which satisfy the needs of the customers both in terms of price and quality. The Company believes that the more intense the competition is, the more advantage will impact to the food industry as it will boost the increase in the growth of this business which, finally will affect to the growth of the Company.

For the ready-to-cook and ready-to-eat food businesses, there is an intense competition especially for the business owners of the distribution channels industry which turn themselves to produce the products under their own brand which will affect other manufacturers not only to research and develop their products to compete but also have to negotiate and deal for several trade conditions. Thus, in order to reduce and prevent this kind of risks and also to diversify the risks so that the Company can sustainably grow and deveop, the Company pay high attention on the research and development including how to preserve the quality of food and also emphasize on the brand awareness to become known and create the confidence and recognition in the Company's brand by creating new brands with the new concepts of food which is differentiate in order to respond to the various needs of customers in each target groups specifically, classified by income and purchasing power.

2. Risks from the economy impact.

Risks from the changes in economic situation may incur which will have impact to the consumption levels and consumer's confidence. Due to the unstable and fluctuation of the economic situation and also the government policies at some certain times, these have affected business operations in various areas such as cost of raw materials, the increase in labor costs which cause the manufacturers to bear the increased cost burden, including the increase in several expenses, thus the prices of goods and services have to be increased which then raise the ratio of household expenses to revenue all across the country and which affects to the decrease in purchasing power. All these factors have direct impact to the overall operation of food business.

Though the Company has also been affected by the risk factors, however, as the Company has closely monitored the situations and also planned the strategy and appropriate marketing guidelines in according with the situation and time line, the Company has not been significantly affected by those factors.

3. Financial Risk

The Company has the financial risks as the Company has to depend on the short-term borrowing from the outsiders to use as the funds to invest in the plan to expand the new brand restaurants and to refurbish the existing branches to be more modern and ready in order to provide the services to the customers efficiently, as well as the use of overdrafts, promissory notes and bill of exchanges for the Company's working capital.



4. Risks of development of the new products

As the ready-to-cook and ready-to-eat food which are sold currently have the channels of distribution mainly through the convenience stores which causes the products to be developed continuously. Though the Company has cautiously and carefully planned the development of the products, due to the rapid and continuous changes in the consumers' behavior, it has impacts that some products or some flavors may not respond to the needs of the market and the target customers. Thus, the Product Research and Develop Division has placed the importance to the development of product and product innovation in order to be able to directly and timely fulfill the needs and to capture with the trends in the changing consumer behavior.

5. Risks to procure rental spaces for the expansion of new branches and maintain the continuity of the rental spaces for the existing branches.

As the location of each branch is the key success factor of the restaurant business and due to the intense competition in the restaurant business in present, these cause the limitation to the restaurateurs to find the new location for the new branches, especially the rental space in the shopping complexes which focus on the places which close to community. Normally, the rental agreement will be short-term for the period of 3 years and will be renewed from time to time, thus the Company may face the risk that the rental contract will not be extended or the rental rate may be increased. The Company has planned to maintain its rental spaces by maintain the good relationship with the lessors as well as to follow up and seek for new potential locations to ensure that the Company will have the spaces in the good locations with potential to serve for the expansion of the new branches continuously since the increase in numbers of branches is one of the important strategy for the growth of the Company's business and also to provide the services to all target customers including to be able to expand the new customers' base. However, the Company may face the risks incurred from the investment in new branches if the restaurants cannot generate the sales as the predetermined target or the return on investment is not as predicted, which will affect to the overall operation of the Company. In case which the Company has to close down that branches, the Company will also have to amortize assets such as the modification, the decoration from the book account and also the demolition charges, the relocation and the adjustment of the area to hand over to the lessor according to the conditions which included in the contract. In the case that the branch has been closed before the tenant term in the lease agreement, it may cause the lessor not to pay back the guarantee deposit as determined in the lease and service agreement which results in the cost from the close down of the branch.

6. Risk from the cost of the deterioration of raw materials and products.

As the Company significantly emphasizes on the quality and the freshness of the raw materials and the products which include meat, seafood, vegetables, fruits and breads having short life cycle which may affect the cost of production if the management and control of the materials used is not efficiency. In order to mitigate the risk on the production cost, the Company has set the procurement policy and the inventory management by placing the order and purchasing on the daily basis in the sufficient amount and keep them in the cold storage which can control the temperature so as to avoid the deterioration of raw materials and also set the control of products and raw material stocks by using the First-In-First-Out (FIFO) policy.



7. Risk from quality of food and service standards

For restaurant business, the main factors for attracting customers are quality of food, food with good taste, clean place and proper service standards. The Company manages more than 90 branches and has employed over 2,500 staffs, the Company, hence, may face operational risk.

The Company focuses on the risk from quality of food and service standards. As a result, the Company has established several measures to protect or minimize such a risk. These measures include regular training and development of branch staffs, preparation of operations manuals, monitoring quality of food and services by quality control unit as well as following up and evaluating operations performance on regularly basis. In addition, semi-finished foods are developed by the Company's center kitchen in order to facilitate, to reduce time of food preparation for staffs at branches and to achieve standard of taste. With respect to cleanliness of branches, 5S activity is implemented as usual, big cleaning is conducted on monthly basis, and suppliers are arranged to handle pest control at least once a month. The Company also provides channels for customers to complain or give feedback.

8. Risk from the fluctuation of raw material prices and production cost

Most of the raw materials of the Company are agricultural products such as meat, vegetables, fruits, seafood and various spices, etc., which have fluctuations in volume and price in accordance with the seasonal, weather fluctuations, natural disasters, epidemics of plant and animal diseases as well as the amount of products which come to the market and the market demand at that time, which is an external factor beyond the control of the company but may affect the supply of raw materials from time to time including the impact on the cost of raw materials and the Company's operating results. However, the Company has considered to enter into the medium-term and long-term contracts with some suppliers, thus the said incident may not have much impact to the Company.

The Company also pays high attention to the efficient costs control and management. Every year, the procurement operation plan is identified and the cost reduction plan is an important issue by focusing on cost management in terms of product prices, requesting special conditions such as discounts, payment terms including increasing the efficiency of vendors in quality control and delivery. In order to get good products which can be used with the utmost benefits and minimize the loss. The procurement department will have to try to reduce the effects of fluctuations in the cost of raw materials by purchasing raw materials from many vendors as well as finding new suppliers regularly to prevent the monopolies and also the product shortages. The annual purchase contract of raw materials in advance or large volume reservations with a clear specific delivery period as agreed, enable the Company to negotiate prices, receive more discounts and ensure that the Company will not have shortage of raw materials. The Company also has closely monitored the market situation, trends and prices of raw materials in each period or season to assess the risk which may arise from shortages or fluctuations in prices of various raw materials and enable the Company to prepare to resolve and deal with such situations which may occur promptly and timely.



Due to various lists of food served in the restaurants and regular changes in food menus suitable for market conditions in each period, the impact of the shortage of raw materials or the fluctuation of raw material prices in certain time periods can be reduced. The Company has not experienced on shortage of raw materials or increment of raw material prices that significantly affect its operations. The Company will not suddenly increase the prices of food once raw material prices increase because most of raw materials are agricultural products, which their prices fluctuate almost every day. The Company will consider increasing the prices of food only when the prices of raw material tend to be increased steadily so that the Company will not bear the high cost of product, which may affect to its performance. However, the Company will compare prices with the market or competitors so that the price increase will not affect on sales or the customer base of the Company.

9. Risks of dependence on the management

Previously, the Company's operation was relying on a few persons whom are executives, major shareholder and co-founders. They have high experiences in this business and play a major role in the Company's operation with ability to build Hot Pot brand awareness and recognition. If these persons would be changed, it may affect to the administration and performance of the Company in the future.

However, the Company is aware of risks of dependence only on the management and set up working procedure which less dependently on the management by delegating duties, responsibilities, decentralizing the power of management to the other managements based on skills, knowledge, experience and the competence of each individual as appropriate. Moreover, the Company has policy to support and develop knowledge, essential skills, and leadership skills to management team and staffs continuously, as well as to recruit the potential candidates whom have knowledge and capabilities to work with the Company in order to support expansion plans and to create sustainable growth.

Structure of Shareholders and Dividend Policy

Top 10 Shareholders List as of August 14, 2019 based on the latest share register Record Date

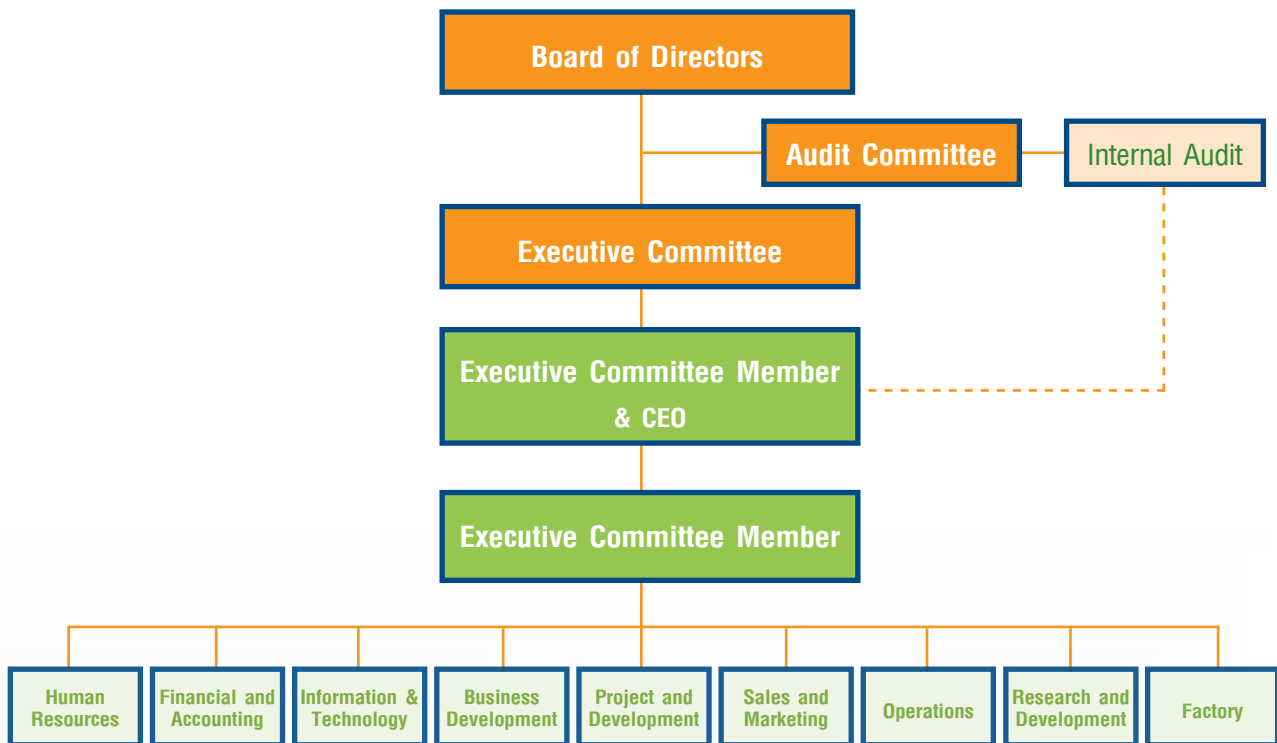
Name - Surname	No. of shares	%
1. Dr. Apichai Taechaubol	165,127,725	26.409
2. Mr. Taweecat Chulangkul	68,404,030	10.940
3. Mr. Anukul Ubonnuch	31,465,950	5.032
4. Mrs. Kultiwa Chotewijitrat	31,248,300	4.998
5. Mr. Kasem Arpornitip	28,942,050	4.629
6. Thailand Securities Depository Company Limited for Depositors	25,295,598	4.045
7. Mrs. Chuntana Cholsaipant	19,619,700	3.138
8. Mr. Susichtak Achariyasombat	19,614,500	3.137
9. Thai NVDR Co., Ltd.	17,226,661	2.755
10. Mr. Chotiwit Taechaubol	15,975,000	2.555
11. Others	202,358,158	32.363
Total	625,277,672	100.000

Dividend Policy

The Company has dividend policy to pay to shareholders at the rate at least 40% of the net profit after deduction of corporate income tax and reserve fund amounts as stipulated by law. Notwithstanding, the dividend payment is subject to change depending on the investment plans, liquidity, necessities and other factors of suitability in the future. The resolution of the Board of Directors to pay dividend shall be proposed to the shareholders' Meeting approval. For interim dividend, the Board of Directors may resolve to pay interim dividend without shareholders' approval but must notify the shareholders at the next meeting.

Management Structure

The Company's management structure consists of the Board of Directors, Audit Committee and Executive Committee. Members of the board and sub-committees as well as executives of the Company comprising competent persons holding qualification as stipulated in Section 68 of Public Limited Company Act B.E. 2535 (A.D. 1992) and pursuant to related notification of the Capital Market Supervisory Board. As at March 13, 2019, the Company's management structure consisted of the Board of Directors and Sub-committees as per the following.



Reamark: The Company has appointed Dharmniti internal audit co., ltd as an internal audit since February 2020 onwards.

The Board of Directors

As of December 31, 2019, the Board of Directors consisted as follows;

No.	Name	Position	Meeting Attandancy	
			Board of Directors' Meetings	Audit Committee Meetings
1.	Dr. Apichai Taechaubol	Chairman Chairman of Executive Committee	7/7	-
2.	Mr. Prasong Vara-ratanakul	Independent Director Chairman of Audit Committee	7/7	4/4
3.	Mr. Chotiwit Taechaubol	Director Executive Committee Member Chief Executive Officer	7/7	-
4.	Mr. Chetawan Anuntasomboon	Independent Director Audit Committee Member	7/7	4/4
5.	Mrs. Rachanee Siwawej	Director Executive Committee Member	7/7	-
6.	Dr. Varnadharma Kanchanasuvarna*	Independent Director Audit Committee Member	7/7	-
7.	Ms. Siriporn Tamenant*	Independent Director Audit Committee Member	3/3	2/2
8.	Mr. Chokechai Rungcharoenchai*	Independent Director Audit Committee Member	3/3	2/2

Remark : * Ms. Siriporn Tamenant (Previous name: Mrs. Siriporn Pinprayong) resigned from the position of Independent Director and Audit Committee Member since June 5, 2019.

* Mr. Chokechai Rungcharoenchai was appointed on the position of Independent Director and Audit Committee Member since June 10, 2019 and resigned from such positions since February 17, 2020.

* Dr. Varnadharma Kanchanasuvarna was appointed on the position of Audit Committee Member since February 28, 2020.

Mrs. Rathatip Apichotikorn is Acting Company Secretary.

* Mr. Apichart Charnkiatkong resigned from the position of Company Secretary and Investor Relations since November 9, 2019.

* Mr. Rachawut Damrongsuksan was appointed in the position of Company Secretary and Investor Relations since August 13, 2019 and resigned from such position since February 1, 2020.

* Mrs. Rathatip Apichotikorn was appointed in the position of Acting Company Secretary since February 28, 2020.



Tenure of the Board of Directors


At the AGM each year, one-third of members of the Board shall retire. If such number cannot be divided exactly into one-thirds, then the number of directors to retire shall be the nearest to this one-third fraction. In every subsequent year, however, the director (s) who has held the longest term in office shall be the person(s) to retire. The director(s) vacating the office may be re-elected.

Authorised Directors to Sign on Behalf of the Company

Dr. Apichai Taechaubol or Mr. Chotiwit Taechaubol jointly signs with one of the directors, with the Company's seal affixed.

Scope of authority and responsibilities of the Board of Directors

- 1) Carry out all the Company's businesses in compliance with the legal requirements, the Company's objectives and Articles of Association, as well as the resolutions of the Board of Directors and shareholders with responsibilities, carefulness and honesty while preserving the Company interests.
- 2) Formulate vision, policies, business strategies, and good corporate governance policy, including implement them in efficient manner.
- 3) Set up business plan, organization and management structure, authorization, annual budget and annual operating budget as well as supervise operations and performance of management team or any person whom is assigned to perform such a task, to ensure compliance with prescribed policies and plans.
- 4) Consider and approve on bank accounts opening, loan or credit acquisition from financial institutes, payment or spending for general business transactions of the Company, such as expenditure for investment, branch expansion and other operations etc.
- 5) Consider, appoint and assign role and responsibilities of Audit Committee, Executive Committee and/or other sub-committees as suitable and necessary to oversee specific business, the Company's benefits, and administrative systems to coincide with the Company's policy.
- 6) Evaluate management performance consistently, appoint and dismiss the Company's executives such as Chairman of Executive Committee, Chief Executive Officer, Deputy Chief Executive Officer, and other executives as well as control payment mechanism of remuneration for executives and employees suitably.
- 7) Appoint the Corporate Secretary to assist the Board of Directors to carry out business in conformity with related laws and regulations.
- 8) Arrange appropriate accounting systems, financial reports and accountability auditing, oversee the internal control and internal audit to be efficient and effective, as well as ensure that the Company has been governed in accordance with principles of good corporate governance.
- 9) Oversee the risk management system to be broadly effective, and provide efficient risk management processes, its reporting and monitoring process.
- 10) Report responsibility of the Board of Directors in the financial report and present together with the auditor's report in the annual report of the Company.



11) Equitable treatment to both major and minor shareholders for their rights and benefit. Report important information of operating result and financial report to all shareholders and stakeholders correctly and in compliance with applicable laws. In the event that there is any conflict of interest with any agreement with the Company or either increment or reduction to the shares in the Company or its subsidiaries (if any), the directors must inform the Company without any delay. In addition, if any directors who may have conflict of interest involve in any business transaction with the Company or its subsidiaries (if any), such directors are prohibited to vote for approval of such transaction.

12) Manage to have clear and transparent process of connected transactions between the Company and related persons to prevent conflict of interest, to disclose correct and sufficient information and regularly report to the Board of Directors.

13) Approve and/or give feedback to connected transaction, acquisition or disposal of assets, investment and any operations of the Company including its subsidiaries (if any) to be in accordance with applicable laws, announcement, notifications and regulations; except the issue is specified by laws to seek approval from the shareholders' meeting.

14) Independent Director and Audit Committee Member shall not have signing authority unless it is presented that the signing is on the matters as previously approved by the Board of Directors and the signatory is jointly signed with another Director.

The Board of Directors may authorize one or many members of the Board of Directors to carry out duties in lieu of the Board of Directors. However, such authorization shall not fall in to any characteristic that grant power to directors or substitute persons to approve any transaction that such directors or substitute persons or their associates who may have conflicts of interests or any other benefits with the Company or its subsidiaries (if any) unless such transactions was approved in accordance with the policy and principle given and approved by the shareholder's meeting.

Approval Authorities of the Board of Directors

- 1) Approve the Company's business plan, corporate structure and management authority.
- 2) Approve annual budget and annual operating budget.
- 3) Approve bank accounts opening and loan or credit acquisition from financial institutes in the amount over approval authority of Executive Committee.
- 4) Approve to hire, appoint and dismiss Chief Executive Officer and Deputy Chief Executive Officer, appoint executive officers as well as to evaluate performance of Chief Executive Officer.
- 5) Approve salary structure, welfare and other benefits.
- 6) Approve policy regarding fixed assets.

Scope of Authority and Responsibilities of the Chairman of the Board

- 1) Act as the leader and take crucial role in making a decision of the Company's policy which the Board of Directors' meeting and the executives jointly consider and set business goal. The Chairman of the Board also consistently support and advise on the business operations to the management through the Chief Executive Officer.
- 2) Lead the Board of Directors' meeting in effective and efficient manner as well as encourage all directors to participate the meeting and give their opinion independently. The Chairman of the Board and the Chief Executive Officer will jointly establish the meeting agenda whereas giving opportunity to each director to propose any agenda if applicable. The Chairman of the Board will cast the decided vote in case the Board of Directors' meeting has a tie vote.
- 3) Act as the Chairman of the shareholders' meeting and control the meeting to comply with the Company's Articles of Association and specified Agenda of the meeting.

Audit Committee

As of February 28, 2020, the Audit Committee consisted of 3 members as follows:

No.	Name	Position
1.	Mr. Prasong Vara-Ratanakul	Chairman of Audit Committee
2.	Mr. Chetawan Anuntasomboon	Member of Audit Committee
3.	Dr.Varnadharma Kanchanasuvarna	Member of Audit Committee

Remark * Dr.Varnadharma Kanchanasuvarna was appointed in the position of Audit Committee Member since February 28, 2020 in replacement of Mr. Chokechai Runcharoenchai who resigned from the position since February 17, 2020.

Mr. Prasong Vara-Ratanakul has knowledge and competent to review the reliability of the financial statements.

Tenure of the Audit Committee

Tenure of the Audit Committee is 3 years except the case of retirement by rotation according to the Company's Articles of Association and they may be re-elected.

Authority of the Audit Committee


- 1) Perform according to the scope of duties and responsibilities. The Audit Committee is authorized to invite members of the management, executives or related staffs of the Company to report, give opinion, attend the meetings or provide any required documents if necessary.
- 2) Authorize to hire external independent advisor to advise or give opinion if necessary whereas the Company is responsible for the consultant fee which is specified in the Company's policy.
- 3) Audit Committee Member shall not have signing authority unless it is presented that the signing is on the matters as previously approved by the Board of Directors and the signatory is jointly signed with another Director.



Scope of Duties of Audit Committee

The Audit Committee directly reports to the Board of Director and their scope of duties and responsibilities shall be assigned by the Board of Directors. The Audit Committee shall report to the Board of Directors as follows:

- 1) Review the Company financial report to ensure that it is accurate and sufficient to disclose. Cooperate with external Auditor and executives whom responsible for financial reports issued in quarterly and annually basis.
 - 2) Review the Company's internal control system, internal audit system and risk management system to ensure their appropriateness and effectiveness.
 - 3) Review the operational performance in accordance with laws of Securities and Exchange, regulations of the Stock Exchange of Thailand and other related laws.
 - 4) Consider the independence of internal auditor as well as appoint, transfer and dismiss the chief of internal audit unit or any other units in charge of internal audit.
 - 5) Consider the selection, nomination, appointment and dismiss an independent person to be the Company's Auditor as well as consider the auditor's remuneration before proposing to the Board of Directors for consideration and submit to the shareholders' meeting for approval. The Audit Committee shall attend meetings at least once a year with the external auditors without executives present.
 - 6) Consider related transaction or transactions that may lead to any conflict of interest in compliance with laws and regulations of the Stock Exchange of Thailand and the Capital Market Supervisory Board to ensure that such items are reasonable and give the highest benefit to the Company.
 - 7) During performing its duties, if the Audit Committee detects or suspects any doubtful transaction or activities as shown below that may significantly affect the Company's financial status or operating result, the Audit Committee should report to the Board of Directors in order to resolve such transactions or activities promptly.
 - Conflict of interest transactions;
 - Corruption or abnormal transactions, or any fault which is significant in the internal control system of the Company;
 - Violation or infringement of Securities and Exchange Laws, Regulations and Proclamations of Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, and Capital Market Supervisory Board as well as applicable laws;
- If the Board of Directors or the Executives cannot promptly resolve such transactions or activities, members of the Audit Committee may report the findings to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.
- 8) If the Company's auditor detects any doubtful events related to a director, manager or any person in charge of the Company's operating result that might violate the law and reports such events to the Audit Committee, the Audit Committee shall promptly inspect and report the outcome of preliminary audit result to the Office of the Securities and Exchange Commission and the auditor within 30 days after receiving the report from the auditor.



9) The Audit Committee's report signed by the Chairman of Audit Committee shall be disclosed in the Company's annual report and consists of at least the following information.

- a) Opinion on the accuracy, sufficiency and reliability of the Company's finance report.
 - b) Opinion on the sufficiency of the internal control system.
 - c) Opinion on the compliance to the laws of Securities and Exchange, regulations of the Stock Exchange of Thailand or related applicable laws
 - d) Opinion on the appropriateness from the auditor.
 - e) Opinion on the conflict of interest's transactions
 - f) Number of the Audit Committee's meeting and meeting attendance of each member.
 - g) Opinion or remark of overview observation which the Audit Committee has obtained while performs its duties pursuant to the Charter.
 - h) Any other transactions under the scope of duties and responsibility as assigned by the Board of Directors, if the Audit Committee consider appropriate to inform the shareholders and investors.
- 10) Review the Audit Committee's charter annually and propose to the Board of Directors for approval.
- 11) Evaluate the performance of the Audit Committee annually and report to the Board of Directors.
- 12) Any other businesses as assigned by the Board of Directors.

The Board of Directors has power to revise or change the scope of duties and authorization of the Audit Committee as necessary and appropriate.

Executive Committee

As of December 31, 2019, the Executive Committee consisted of 3 members as follows;

No.	Name	Position
1.	Dr. Apichai Taechaubol	Chairman of Executive Committee
2.	Mr. Chotiwit Taechaubol	Member of Executive Committee
3.	Mrs. Rachanee Siwawej	Member of Executive Committee

Tenure of the Executive Committee

Tenure of the Executive Committee is 3 years and members of the Executives Committee who retires by rotation may be re-elected.

Authority of the Executive Committee

The Executive Committee reports directly to the Board of Directors with authority, duties and responsibilities as assigned by the Board of Directors as per the following;

- 1) Govern and manage the business of the Company as assigned by the Board of Directors.
- 2) Determine the Company's policies, strategies, business plans, budgets and annual operating budgets and submit them to the Board of Directors for approval.

3) Consider and determine the Company's organization chart, level of authorities, remuneration of directors and executives as well as employees' salary structure, welfare and other benefits prior to propose them to the Board of Directors for approval.

4) Consider and approve capital expenditure not specified in annual operating budget or cost over annual operating budget with the total amount not over Baht 20 million per year and approve on extra from the annual operating budget not over Baht 10 million and report such approved transactions to the Board of Directors for acknowledgement.

5) Consider and approve the Company's loan or credit line not over Baht 30 million per annum. In case of excess the determined limit, the Executive Committee shall propose to the Board of Directors for consideration and approval.

6) Consider and approve operations plans such as production and procurement policy, sales strategies and price structure as well as branch opening/closing etc.

7) Manage the risk of the Company's operating activities by establishing risk management policy as well as monitoring and evaluating risks in order to propose to the Board of Directors.

8) Having authority, duties and responsibilities to make decision and direct under the scope of authorities assigned from the Board of Directors and pursuant to the level of authorities approved by the the Board of Directors' meeting.

9) Examine and monitor the Company's operating results compliance with the Company's policies, business plans and management guidelines approved by the Board of Directors to ensure their efficiency and effectiveness.

10) Any other duties as assigned from time to time by the Board of Directors.

Either the authority of the Executive Committee or other persons authorized by the Executive Committee does not include the power or authority to approve any related transactions that the authorized persons or their associates who may have conflicts of interests or any other benefits with the Company and its subsidiaries (if any) as well as transactions that do not fall under the normal business operations of the Company because such a transaction requires the approval from the Board of Directors' meeting and/or the shareholders' meeting as the case may be and in compliance with the Company's Articles of Association or relevant laws.

Management Team

As of December 31, 2019, the Management team consisted of 5 executives as follows:

No.	Name	Position
1.	Mr. Chotiwit Taechaubol	Chief Executive Officer
2.	Mrs. Rathatip Apichotikorn	Financial Controler
3.	Mrs. Rujinart Pornkittikun	Project Development and Procurement Manager
4.	Mr. Tanasin Tana-ananchoke	Factory Manager
5.	Mr. Peerawat Samutsin	Human Resources Manager



Authority and Scope of Duties of the Chief Executive Officer

Roles and responsibilities of the Chief Executive Officer (“CEO”) assigned by the Board of Directors are to direct the Company’s operation which will cover the following roles.

- 1) Supervise and approve the overall operations and/or daily administration according to the Company’s objectives, Articles of Association, regulations, direction and resolutions of the meetings of the Board of Directors and shareholders.
- 2) Formulate policies, business plans, budgets, management structures and levels of authority to be proposed to the Executives Committee for consideration before proposing to the Board of Directors for approval.
- 3) Perform or conduct duties according to the Company’s policies, plans, and approved budgets.
- 4) Having authority to recruit, assign, rotate, promote, suspend, dismiss and determine salary rates and other remunerations including commission, wages and salary increment and bonus of the Company’s employees.
- 5) Have authority to issue, amend and update commands, regulations, records and work rules to comply with the policies and interests of the Company as well as to maintain the discipline in the workplace.
- 6) Have authority to approve purchase order, employment contract, rental/leasing agreement of fixed assets for an amount not exceeding Baht 5 million, disposal of fixed assets for an amount not exceeding Baht 2 million including authority to approve the transfer of fixed assets between departments or branches.
- 7) Have authority to approve purchase requisitions/purchase orders of fresh food, dried food, disposal items, equipment for an amount not exceeding Baht 1 million, including authority to add products categories, adjust product’s prices, improve product sales standard (e.g. weight, shape, etc.)
- 8) Develop organization and human resource consistently to the utmost quality and performance, foster and maintain a good image of the Company.
- 9) Perform other duties as assigned by the Board of Directors and/or the Audit committee.

Either the authority of the Chief Executive Officer or other persons authorized by the Chief Executive Officer does not include the power or authority to approve any related transactions that the Chief Executive Officer or the substitutions and their associates who may have conflicts of interests or any other benefits with the Company and its subsidiaries (if any) as well as transactions that do not fall under the normal business operations of the Company because such a transaction has to seek for approval from the Board of Directors’ meeting or the shareholders’ meeting as the case may be and in comply with the Company’s Articles of Association or relevant laws.

The Company Secretary

The Board of Directors’ meeting No. 1/2020 held on February 28, 2020 resolved to appoint Mrs. Rathatip Apichotikorn as Acting Company Secretary.

Remuneration of Directors and Executives

1. Remuneration of Directors

• Monetary Remuneration

The 2019 Annual General Meeting of shareholders held on April 30, 2019 resolved to approve the remuneration of Directors at Baht 2,000,000 per year for the Board of Directors and Audit Committee. The remuneration of Directors has passed consideration by the Board of Directors taking into consideration of their responsibility, scope of work and duties as well as rational and references to the same type and size of the industry. The Board of Directors has been allocated for Meeting Allowance and Director Compensation as follows:

Title	Year 2018			Year 2019		
	Monthly Allowance Baht/person	Meeting Allowance Baht/Time/Person		Monthly Allowance Baht/person	Meeting Allowance Baht/Time/Person	
		Director	AC ¹		Director	AC ¹
Chairman and Chairman of Executive Committee	-	30,000		30,000	30,000	
Director, Executive Committee Member and Chief Executive Officer	-	-		20,000	-	
Director, Executive Committee Member	-	-		15,000	-	
Director	-	15,000		15,000	15,000	
Chairman of Audit Committee	-	15,000	15,000	20,000	15,000	15,000
Audit Committee Member	-	15,000	10,000	15,000	15,000	10,000

Remark: 1. Meeting of Audit Committee

In 2019, each of the Board of Directors' members received meeting allowances and other benefits as follows;

Name – surname	Title	Meeting Allowance (Baht/Year)	Director Compensation (Baht/Year)	Total Remuneration (Baht/Year)
1. Dr. Apichai Taechaubol	Chairman and Chairman of Executive Committee	150,000	180,000	330,000
2. Mr. Chotiwit Taechaubol	Director, Executive Committee Member and Chief Executive Officer	75,000	150,000	225,000
3. Mr. Prasong Vara-ratanakul	Audit Committee Chairman and Independent Director	105,000	240,000	345,000
4. Mrs. Rachanee Siwawej	Director and Executive Committee Member	75,000	180,000	255,000
5. Mr. Chetawan Anuntasomboon	Audit Committee Member and Independent Director	95,000	180,000	275,000
6. Dr. Varnadharm Kanchanasuvarna *	Audit Committee Member and Independent Director	75,000	180,000	255,000
7. Ms. Siriporn Tamenant*	Audit Committee Member and Independent Director	80,000	77,000	157,000
8. Mr. Chokechai Rungcharoenchai	Audit Committee Member and Independent Director	-	100,500	100,500
Total		655,000	1,287,500	1,942,500

Remark: * Ms. Siriporn Tamenant (Previous name: Mrs. Siriporn Pinprayong) resigned from the position of Independent Director and Audit Committee Member since June 5, 2019.

* Mr. Chokechai Rungcharoenchai was appointed on the position of Independent Director and Audit Committee Member since June 10, 2019 and resigned from such positions since February 17, 2020.

* Dr. Varnadharm Kanchanasuvarna was appointed on the position of Audit Committee Member since February 28, 2020.

Other remuneration

- None -

2. Remuneration of Executives

Monetary remuneration

The Company paid monetary remuneration, which is salary for the Executives as follows;

Remuneration	2018		2019	
	Number of Executive (Person)	Amount (Baht)	Number of Executive (Person)	Amount (Baht)
Salary	6	10,190,067	7	11,229,618

Remark : In 2019, there were 7 executives consisting of 1) Mr. Chotiwit Taechaubol 2) Ms. Vipavadee Vanamethin*, 3) Mr. Thinnapat Suchakree*, 4) Mr. Apichart Chankiatkong*, 5) Mr. Anan Rattanamankong*, 6) Mrs. Rathatip Apichotikorn, 7) Mrs. Rujinart Pornkittikun.

* Ms. Vipavadee Vanamethin resigned from the position of Chief People Officer since May 27, 2019.

* Mr. Thinnapat Suchakree resigned from the position of Operation Consultant since October 10, 2019.

* Mr. Anan Ratanamunkong resigned from the position of Deputy General Manager since November 1, 2019.

* Mr. Apichart Chankiatkong resigned from the position of Director of Finance since May 5, 2019.

• Other remuneration

Remuneration	2017		2018	
	Number of Executive (Person)	Amount (Baht)	Number of Executive (Person)	Amount (Baht)
Provident fund contribution, social security contribution and other benefits after resignation	6	336,310	7	364,608

Board of Directors



Dr. Apichai Taechaubol

Chairman
Executive Committee Chairman



Mr. Chetawan Anuntasomboon

Independent Director,
Audit Committee Member



Mr. Prasong Vara-ratanakul

Independent Director,
Audit Committee Chairman



Dr. Varnadharma Kanchanasuvarna

Independent Director,
Audit Committee Member

Appointed as Audit Committee Member since
February 28, 2020.



Mr. Chotiwit Taechaubol

Director,
Executive Committee Member,
Chief Executive Officer



Mrs. Rachanee Siwawej

Director,
Executive Committee member



Ms. Siriporn Tamenant

Independent Director,
Audit Committee Member

Resigned from the positions since
June 5, 2019.



Mr. Chokechai Rungcharoenchai

Independent Director,
Audit Committee Member

Resigned from the positions since
February 17, 2020.



Dr. Apichai Taechaubol

Chairman / Executive Chairman

Age 64 years

Date of appointment January 16, 2017

Years of service 3 years

Expertise Finance and real estate management

Director type Director

Education

- Honorary Doctorate of Business Administration (General Management), Ramkhamhaeng University
- Master's Degree in Political Science, Ramkhamhaeng University
- Bachelor's Degree in Business Administration, North Central University, Arizona, USA
- Bachelor's Degree in Political Science, Ramkhamhaeng University
- Industrial Business Development and Investment for Senior Executive Program Class 3, Institute of Business and Industrial Development, under the Foundation of Industrial and Business Entrepreneur.

Director Training at Thai Institute of Directors Association (IOD)

- Corporate Governance for Capital Market Intermediaries (CGI), Class 3/2015
- Director Accreditation Program (DAP), Class 39/2005
- Chairman 2000

Working Experience: (5 years)

Listed Companies:

Apr. 2018 - Present	Executive Chairman
Feb. 2017 - Present	Chairman
Jan. 2017 - Present	Director JCK Hospitality Public Company Limited (Former name: Hot Pot Public Company Limited)
Mar 14, 2018 - Present	Chairman Executive Chairman
Apr 23, 2015 - Mar 14, 2018	Vice Chairman Executive Chairman
Mar 20, 2012 - Apr 22, 2015	Director Executive Chairman JCK International Public Company Limited (Former name: Thai Factory Development Public Company Limited)
2014 - 2015	Director AEC Securities Public Company Limited

Other Non-Listed Companies:

2015 - Present	Chairman TFD Real Estate Management Co., Ltd.
Dec. 2017 - Present	Chairman
Feb. 2013 - Present	Vice Chairman.
2003 - Feb. 2013	Executive Chairman Total Industrial Services Co., Ltd
2011 - Present	Director and Executive Chairman JC Kevin Development Co., Ltd.
Feb. 2017 – Present	Chairman and Executive Chairman
2001 – Feb. 2017	Director and Executive Chairman Crown Development Co., Ltd.
2015 - 2019	Director Bognor Regis Warehouse Limited
2014 - 2018	Director Barnsley Warehouse Limited

Mr. Prasong Vara-ratanakul

Independent Director / Audit Committee Chairman

Age 72 years

Date of appointment January 16, 2017

Years of service 3 years

Expertise Commercial account and jurisprudence

Type of director Independent director

Education

- Master of Public Administration, Chulalongkorn University
- Bachelor of Commercial, Chulalongkorn University
- Bachelor of Law, Ramkhamhaeng University

Director Training at Thai Institute of Directors Association (IOD)

- Ethical Leadership Program (ELP) Class 2/2015
- Advanced Audit Committee Program (AACP) Class 16/2014
- Director Accreditation Program (DAP) Class 51/2006
- Director Certification Program (DCP) Class 72/2006
- Audit Committee Program (ACP) Class 12/2006

Working Experience: (5 years)

Listed Companies:

Apr. 2017 - Present	Independent Director, Audit Committee Chairman
Jan. 2017 - Apr. 2017	Independent Director, Audit Committee Member JCK Hospitality Public Company Limited (Former name: Hot Pot Public Company Limited)
1972 - Present	Independent Director, Audit Committee Member We Retail Public Company Limited
1999 - Present	Independent Director, Audit Committee Chairman and Corporate Governance, Nomination Remuneration Committee Chairman JCK International Public Company Limited (Former name: Thai Factory Development Public Company Limited)

Other Non-Listed Companies:

1972 - Present	Independent Director and Audit Committee Member Thai Property Public Company Limited
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Mr. Chetawan Anuntasomboon

Independent Director / Audit Committee Member

Age 66 years

Date of appointment March 29, 2018

Years of service 2 year

Expertise Law

Type of director Independent Director

Education

- Barrister at Law, Institute of Legal Education of the Thai Bar Association
- Bachelor's Degree in Law, Ramkhamhaeng University

Director Training at Thai Institute of Directors Association (IOD)

- Ethical Leadership Program (ELP) รุ่น 17/2019

Working Experience: (5 years)

Listed Companies:

Mar 29, 2018 - Present	Independent Director, Audit Committee Member JCK Hospitality Public Company Limited (Former name: Hot Pot Public Company Limited)
Feb 28, 2018 - Present	Independent Director, Audit Committee Member JCK International Public Company Limited (Former name: Thai Factory Development Public Company Limited)

Other Non-Listed Companies:

Nov. 2014 - Mar. 2017	Director, Total Industrial Services Co., Ltd.
Dec. 2005 - Nov. 2014	Deputy Director General, Department of Public Works and Town & Country Planning

Dr. Varnadharm Kanchanasuvarna

Independent Director / Audit Committee Member

Age 49 years

*Remark Dr. Varnadharm Kanchanasuvarna was appointed in the position of Audit Committee Member since February 28, 2020

Date of appointment	April 23, 2018
Years of service	2 year
Expertise	Political Science, Political, Administration
Type of director	Independent Director

Education

- Doctor of Public Administration in Public Administration, Ubon Ratchathani University
- Master of Arts in Governance Faculty of Political Science, Chulalongkorn University
- Bachelor of Arts in Political Science, Ramkhamhaeng University

Director Training at Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP), Class 155/2018

Working Experience: (5 years)

Listed Companies:

Feb 28, 2020 - Present	Audit Committee Member
Apr 23, 2018 - Present	Independent Director
	JCK Hospitality Public Company Limited (Former name: Hot Pot Public Company Limited)

Other Non-Listed Companies:

1997 - Present	Associate Professor in Political Science, Sukhothai Thammathirat Open University
Jul. 2015 - Present	Independent Director TFD Real Estate Management Co., Ltd.
Oct. 2015 - Aug. 2017	Member of the National Reform Steering Assembly <ul style="list-style-type: none">- Deputy Secretary-General to the Prime Minister for Political Affairs- Board Member and Secretary to form the Political Development Council, Prime Minister's Office- Initiate the Bachelor program for subdistrict headmen and village headmen under the project of Department of Provincial Administration, Ministry of Interior.

Mr. Chotiwit Taechaubol

Director / Executive Committee Member / Chief Executive Officer

Age 30 years

Date of appointment January 16, 2017

Years of service 3 years

Expertise Restaurant business management

Type of director Director

Education

- Bachelor of Mathematic in Finance and Account, Queen Mary University of London, UK.

Director Training at Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) Class 138/2017

Working Experience: (5 years)

Listed Companies:

Mar 29, 2018 - Present	Director, Executive Committee Member, Chief Executive Officer and Acting Chief Administrative Officer
Jan. 2017 - Mar 28, 2018	Director, Executive Committee Member and Deputy Chief Executive Office (Former name: Hot Pot Public Company Limited)

Other Non-Listed Companies:

2014 - Present	Director and Executive Director JC Kevin Development Co., Ltd.
2014 - Present	Director and Executive Director JC Kevin Food and Beverage Co., Ltd.
Nov. 2017 – Present	Director High Active Consultant Co., Ltd.

Mrs. Rachanee Siwawej

Director / Executive Committee Member

Age 68 years

Date of appointment March 31, 2018

Years of service 2 year

Expertise Finance and Accounting

Type of director Director

Education

- Bachelor's Degree in Commerce, Thammasart University

Director Training at Thai Institute of Directors Association (IOD)

- Corporate Secretary Program (CSP) 19/ 2006
- Effective Minutes Taking Program (EMP) 2006
- Director Accreditation Program (DAP) 2005

Working Experience: (5 years)

Listed Companies:

Mar 31, 2018 - Present	Director and Executive Committee Member JCK Hospitality Public Company Limited (Former name: Hot Pot Public Company Limited)
May 16, 2016 - Present	Deputy Managing Director, Finance
2009 - May 15, 2016	Assistant Managing Director, Finance JCK International Public Company Limited (Former name: Thai Factory Development Public Company Limited)

Other Non-Listed Companies:

Present	Director Success - Innovation Company Limited
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Ms. Siriporn Tamenant

Independent Director / Audit Committee Member

Age 62 years

* Remark Ms Siriporn Tamenant (Previous name: Mrs. Siriporn Pinprayong) resigned from the position of Independent Director and Audit Committee Member Since June 5, 2019.

Date of appointment	April 23, 2018
Years of service	1 year
Expertise	Administration, Information Technology Finance and Account, and Company Secretary
Type of director	Independent director

Education

- Master of Arts in English, Naresuan University
- Bachelor of Science in Business Administration (Major Finance, Minor Account) Roosevelt University, Chicago, U.S.A.
- Certificate in Compensation Workshop
- Certificate in Human Resources Management
- Certificate in The Seven Habits of Highly Effective People

Director Training at Thai Institute of Directors Association (IOD)

- Risk Management Program for Corporate Leaders (RCL) 5/2016
- Ethical Leadership Program (ELP) 2/2015
- Role of the Chairman Program (RCP) 34/2014
- Director Accreditation Program (DAP) SEC/2014
- Advanced Audit Committee Program (AACP) 16/2014
- Effective Minute Taking (EMT) 8/2007
- Role of the Compensation Committee (RCC) 1/2006
- Company Secretary Program (CSP) 13/2005 and 22/2007

Working Experience: (5 years)

Listed Companies:

Apr 23, 2018 - June 5, 2019	Independent Director and Audit Committee Member JCK Hospitality Public Company Limited (Former name: Hot Pot Public Company Limited)
June 10, 2019 - Present	Director Executive Director Director Deputy Managing Director, Administration Information Technology
Nov 14, 2007 - Present	Company Secretary Secretary of the Corporate Governance, Nomination and Remuneration Committee
Jun 7, 1999 - Present	Secretary of the Audit Committee
May 16, 2016 - June 9, 2019	Deputy Managing Director, Administration and Information Technology
Feb. 2003 - May. 2016	Assistant Managing Director, Administration and Information Technology JCK International Public Company Limited (Former name: Thai Factory Development Public Company Limited)

Other Non-Listed Companies:

2018 - Present	Director
2016 - Present	Advisor to the President Association of Capital Market Academy (ACMA)
2007 - 2009	Vice President Thai Listed Companies Association
1999 - 2006	Secretary - General and Director Thai Listed Companies Association

Mr. Chokechai Rungcharoenchai

Independent Director / Audit Committee Member

Age 37 years

* Remark Mr. Chokechai Rungcharoenchai resigned from the position of Independent Director and Audit Committee Member Since February 17, 2020.

Date of appointment	June 10, 2019
Years of service	9 months
Expertise	Business Administration, Marketing
Type of director	Independent Director

Education

- Bachelor of Business Administration in Marketing, Assumption University

Director Training at Thai Institute of Directors Association (IOD)

- None -

Working Experience: (5 years)

Listed Companies:

June 10, 2019 – Feb 17, 2020	Independent Director and Audit Committee Member JCK Hospitality Public Company Limited (Former name: Hot Pot Public Company Limited)
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Other Non-Listed Companies:

2016 - Present	Director and Executive Committee Member Perma Corporation Co., Ltd.
2013 – Present	Director and Executive Committee Member Uniform World Co., Ltd.
2002 - Present	Director and Executive Committee Member BCL 2002 Co., Ltd.
1999 – Present	Director and Executive Committee Member 999 Textile Import and Export Co., Ltd.

Mr. Ratchawut Damrongsuksan

Company Secretary and Investor Relations*

Age 55 years

* Remark: Appointed in the position of Company Secretary and Investor Relations on August 13, 2019 and resigned from the position of Company Secretary and Investor Relations since February 1, 2020

Education

- Master of Business Administration (Management), Khonkaen University (Bangkok Campus)
- Bachelor of Business Administration, Khonkaen University

Director Training at Thai Institute of Directors Association (IOD)

- Company Secretary Program (CSP62/2015)
- Board Reporting Program (BRP14/2014)

Working Experience: (5 years)

Listed Companies:

Aug 13, 2019 – Feb 1, 2020	Company Secretary, Investor Relations
May 14, 2019 – Aug 13, 2019	Acting Company Secretary, Investor Relations
Mar 11, 2019 – May 14, 2019	Assistant Company Secretary, Investor Relations JCK Hospitality Public Company Limited (Former name: Hot Pot Public Company Limited)
Nov 2012 – Apr 2016	Company Secretary Getabec Public Company Limited

Other Non-Listed Companies:

(current: none)

Mrs. Rathatip Apichotikorn

Financial Controller and Acting Company Secretary*

Age 35 years

*Remark : Appointed in the position of Acting Company Secretary since February 28, 2020.

Education

- Master of Accounting Thammasat University
- Bachelor of Accounting Kasetsart University

Director Training at Thai Institute of Directors Association (IOD)

- None -

Working Experience: (5 years)

Listed Companies:

Feb 20 – Present	Acting Company Secretary
Aug 19 – Present	Financial Controller
	JCK Hospitality Public Company Limited
	(Former name: Hot Pot Public Company Limited)
2015 – 2019	Accounting Manager
	Real Asset Development Company Limited
2011 – 2015	Assistant Accounting Manager
	Estate Perfect Company Limited

Other Non-Listed Companies:

(current: none)

Shareholding by the Directors and Executive

Name	Position	December 31, 2019 (Total share: 812,860,972 shares)		December 28, 2018 (Total share: 779,520,000 shares)		Changes during the year
		No of Shares	(%)	No of Shares	(%)	
1. Dr. Apichai Taechaubol	Chairman of the Board of Directors	165,127,725	20.314	165,127,725	21.183	-
Spouse and minors		-	-	-	-	-
2. Mr. Prasong Vara-ratanaku	Independent Director/ Chairman of Audit Committee	-	-	-	-	-
Spouse and minors		-	-	-	-	-
3. Mr. Chotiwiit Taechaubol	Director/ Executive Committee member/ Chief Executive officer	15,975,000	1.965	15,975,000	2.049	-
Spouse and minors		-	-	-	-	-
4. Mr. Chetawan Anuntasomboon	Independent Director/ Audit Committee member	-	-	-	-	-
Spouse and minors		-	-	-	-	-
5. Mrs. Rachanee Siwawej	Director/ Executive Committee member	-	-	-	-	-
Spouse and minors		-	-	-	-	-
6. Dr. Varnadharm Kanchanasuvarna *	Independent Director / Audit Committee Member	-	-	-	-	-
Spouse and minors		-	-	-	-	-
7. Ms. Siriporn Tamenant *	Independent Director/ Audit Committee Member	-	-	-	-	-
Spouse and minors		-	-	-	-	-
8. Mr. Chokechai Rungcharoenchai *	Independent Director/ Audit Committee Member	-	-	-	-	-
Spouse and minors		-	-	-	-	-
9. Mr. Ratchawut Damrongsuksan *	Company Secretary and Investor Relations	-	-	-	-	-
Spouse and minors		-	-	-	-	-
10. Mrs. Rathatip Apichotikorn *	Financial Controller/ Acting Company Secretary	-	-	-	-	-
Spouse and minors		-	-	-	-	-

- หมายเหตุ :
- * Ms. Siriporn Tamenant (Previous name: Mrs. Siriporn Pinprayong) resigned from the position of Independent Director and Audit Committee Member since June 5, 2019.
 - * Mr. Chokechai Rungcharoenchai was appointed on the position of Independent Director and Audit Committee Member since June 10, 2019 and resigned from such positions since February 17, 2020.
 - * Dr. Varnadharm Kanchanasuvarna was appointed on the position of Audit Committee Member since February 28, 2020.
 - * Mr. Ratchawut Damrongsuksan was appointed on the position of Company Secretary and Investor Relations on August 13, 2019 and resigned from such positions since February 1, 2020.
 - * Mrs. Rathatip Apichotikorn was appointed in the position of Acting Company Secretary since February 28, 2020.

Good Corporate Governance

Principles on the Good Corporate Governance Report

The Company gives precedence to efficient, transparent, and verifiable management system, leading to confidence of all related parties and sustainable growth of the Company's business, to operate ethically and compliance with related laws. The Company has established a good corporate governance policy to enhance the existing operations to be in clear standard and distribute to the employees in all level in order to reinforce a culture of corporate governance.

The Board of Directors' Meeting held in 2019 reviewed and approved the corporate governance policy regarding position held in other listed companies of the Company's directors to be more practical for the business and adapt to the new situation.

Corporate Governance Assessment of Listed Companies 2019

According to the Corporate Governance Assessment of Thai Listed Companies 2019 evaluated by the Thai Institute of Directors (IOD), the result of the corporate governance of the Company was improved to the level of excellence or 4 stars with score of 87% and in the Top Quartile of listed companies with market capitalization of less than Baht 1,000 million, which was the same result compared to 2018 at the level of excellence or 4 stars with score of 87%, while the average score of all listed companies under the survey in 2019 was 81%.

Evaluation of the Quality of Annual General Meeting of Shareholders 2019

According to the evaluation of the quality of Annual General Meetings of Shareholders 2019 of listed companies, carried out by the Thai Investors Association, the Company was rated superb with score of 100%, compared with 98% of 2018, while the average score of all listed companies under the survey in 2019 was 92.42%.

In 2019, the Company performed its operations in accordance with good corporate governance, which is in line with 5 sections of the 2006 good corporate governance guidelines promoted by the Stock Exchange of Thailand (SET). Including reviewing the implementation "Good Corporate Governance Principles for Listed Companies 2017" (Corporate Governance Code: "CG Code") issued by the SEC to be adapted to suit the company as follows:

Section 1: The Rights of Shareholders

The Company aware of the shareholders' fundamental rights and recognizes the importance of all shareholders both in terms of investors and owners of the Company, for instance the rights to buy, sell, and transfer shares held independently, the rights to share dividends from the Company's retained earnings, the rights to obtain relevant and sufficient information of the Company, the rights to participate in the Annual General Meeting of Shareholders, the rights to give their opinions, the rights to make decisions on the key issues of the Company such as dividend payment, the appointment or removal of directors, nomination of auditor, approval for important transactions that affect direction of the business operations, the amendment of the Memorandum of Association and/or the Articles of Association, etc.



In addition to the fundamental rights as stated above, the Company also encourages and facilitates the shareholders, including institute shareholders, to exercise of their rights to participate at the shareholders' meeting as follows;

1. As the Company is required to convene the Annual General Meeting of shareholders within four months from the last day of its fiscal year, the Company established the notice of Meeting specifying the venue, date, time, agenda and items with appropriate details to be proposed to the Shareholders' Meeting. The proposed items, submitted together with the comments of the Board of Directors, were identified clearly whether they are for information, approval, or consideration as the case maybe. The invitation letter was delivered to the shareholders and to Thailand Securities Depository (TSD) through the securities registration services, within 7 days before the meeting date or as specified by the rules and regulations of the Securities Exchange Commission and the Stock Exchange of Thailand. Furthermore, the invitation letter was published on the newspaper not less than 3 days before the meeting date according to the law. The Company also disclosed the invitation letter on the Company's website before meeting date so that the shareholder have sufficient time for consideration.
2. The Company encouraged the Board of Directors, the management, and relevant organizations, including the external auditor to participate in the Shareholders' Meeting simultaneously.
3. The Company provided the shareholders a chance for delivery any comment, suggestion, and questions to the Company prior to the Shareholders' Meeting date.
4. Before starting the Shareholders' Meeting, the Chairman clearly announced number and percentage of shareholders attending the meeting in person and by proxies, meeting rules and voting procedures in each agenda.
5. In the Shareholders' Meeting, before casting the votes in each agenda, the Company provided the shareholders a chance to share their opinions, suggestions, or questions independently and equally. The relevant directors and management attending the Shareholders' Meeting provided the answers for the shareholders. The key issues and comments were recorded in the minute of the Meeting for shareholders' verification.
6. For the election of Directors in the Shareholders' Meeting, the Company gave opportunity to shareholders to vote for directors, one by one, which shareholders are entitled to elect a qualified person to be the Company's director to protect their beneficial and for the diversification as well as to be the true representative of the shareholders.
7. In the Shareholders' Meeting, the Company shall run the Shareholders' Meeting by following the agenda provided in the notice of the Meeting. The Company did not add any agenda or change priority of them.
8. To be transparent and verifiable, the Company uses ballots for all agenda. In addition, the registration and vote submission of the Shareholders were carried out via computer system for quick and precise process. Additionally, the representative of the auditor was invited to be an inspector in the vote counting.
9. After the Meeting, the Company shall announce the voting result and the resolutions of the Shareholders' Meeting not later than 9.00 a.m. on the next business day after the Shareholders' Meeting date via the system of the Stock Exchange of Thailand (SET) and the Company's Website. The Company also established the minute of the Meeting with correct and complete information within 14 days after the Shareholders' Meeting date and then announced it via the system of the Stock Exchange of Thailand (SET) and the Company's website for the Shareholders' verification.



Section 2: The Equitable Treatment of Shareholders

1. Agenda Proposal and Director Nomination

The Company has policy to treat all shareholder groups whether are major, minor, management or non-management, with fair treatment. One or several shareholders continuously holding the Company's shares with the minimum amount of 2,000,000 shares for not less than 1 year and on the date of submission are allowed to propose additional agendas which deemed important and appropriate to the Annual General Meeting of Shareholders and to nominate persons who have knowledge, competency, and qualification for election as directors in advance of the Meeting. Thus, the Board of Directors shall consider and select such an issue for being an agenda of the Meeting. By this case, the Company has determined clear criteria of entitlement and announced to the shareholders via the Company's website.

2. Appointment of Proxy in the Shareholders' Meeting

The Company sent Proxy Form B. determined by Ministry of Commerce, together with the notice of the Meeting so that shareholders can appoint other persons as their proxy to attend the meeting and vote on their behalf in the case that they are unable to attend the meeting. In this regard, in case those shareholders prefer to use Proxy Form A. or Proxy Form C., they can download such a Proxy Form from the Company's website. Shareholders independently decide to select any proxy form as they prefer, however the Company encourages shareholders to use Proxy form B. since they can specify the voting for each agenda item by themselves. In addition, the Company proposed an independent director to be appointed as proxy, attached together with the invitation letter.

3. Preventive Measures for Abusive self-dealing in the Use of Inside Information by themselves or others

To ensure fairness and equality for all stakeholders, the Company strictly controlled the use of inside information to prevent abusive self-dealing. The Company has established guidelines in written to maintain inside information of the Company and to protect the use of internal information for personal benefits. Directors, managements and staff are prohibited, by using the Company's confidential/inside information, from trading the Company's securities and/or enter to any juristic acts directly or indirectly harmful to the Company.

Directors, managements and staff who can access to inside information are prohibited to utilize such information before disclosure to the public. Within one month before the Company discloses its' quarterly or year-ended financial statements and one day after the disclosure date, every person involves to inside information is prohibited from trading the Company's securities by himself/herself, spouse and their immature children both direct or indirect trading (such as trading with nominee through private fund).

The Company has imposed disciplinary penalty on the person seeking benefit from utilizing or disclosing inside information that may cause damage to the Company by penalizing that person as reasonable for the case, including verbal warning, written warning, probation, as well as termination of employment by way of dismissal, removal or discharging, as the case may be.

4. Conflict of Interest Management

The Company has determined guidelines to handle conflict of interest issues transparently and verifiably, especially consideration of transaction between the Company and stakeholders or any relevant party. Once there was conflict of interest issue, the person who related to the issue must report the Company immediately without taking any part in consideration or vote in the issue. In addition, the Company has determined guidelines to prevent the relevant director or management who has gain or loss in such an issue take part in consideration of the transaction and shall not be entitled to vote in such an issue.



Section 3: The Role of Stakeholders

1. Treatment of Each Stakeholder Group

The Company takes majority in concerning the rights of all stakeholder groups, include internal stakeholders i.e. shareholders, management, and employees of the Company, or external stakeholders i.e. creditors, clients, suppliers, competitors, public sector, society and community etc. Thus, the Company shall perform in accordance with related laws and regulations to take a good care of the stakeholders' rights. In addition, the Company always operates its business by concerning of the rights of all stakeholders according to the guidelines present in the Code of Conducts Manual.

The Board of directors realizes an importance of communicating the Company's operation with all stakeholders which is a crucial component of good corporate governance process. The Company provides a range of communication channels suitable for each stakeholder group to access to the information equitably, quickly and efficiently as well as using technology in communication.

2. Whistleblowing and Complaint Channel

The Company has managed the channel for stakeholders enabling to send their suggestions, opinions, queries, and complaints directly to our Chairman at email address : chairman@jckhgroup.com or via the Company's website or suggestion box at branch restaurant or direct phone call according to telephone number as posted at every branch restaurant or postal mailing to the Chairman of the Board of Directors, JCK Hospitality Public Company Limited, 18 Soi Sathorn 11 Yaek 9, TFD Building, Yannawa Sathorn, Bangkok 10120.

The Company shall proceed with its investigations pursuant to the procedure and record the outcomes in writing without disclosure of whistle-blower's name including keeping complaint filing confidentially for protection of contingent impact toward that whistleblower.

Section 4: Disclosure and Transparency

The Board of Directors has strong determination to reveal correct, complete, updated, and reliable information necessary for making decisions of the investors and stakeholders, while adhering to the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Company has conducted the Company's information as follows:

- Prepare financial report and the Management Discussion and Analysis (MD&A) as supplement of financial statements disclosure on quarterly basis and disclosed via the Company's website as well as SET's online.
- Disclose shareholding of directors and executives in the Annual Report and Annual Disclosure Information. In addition, the Company has a policy requiring directors and executives to report a change in their securities holding within 3 business days from the date the securities have been purchased, sold, transferred or accepted transfer. The Company's secretary shall coordinate on submission of such a report to the Stock Exchange of Thailand and the Securities and Exchange Commission. It is also specified that any change of such securities holding of directors and executives shall be reported to the Board of Directors' Meeting quarterly.
- Disclosed connected transactions or transactions which might have conflicts of interest of directors and executives and reported to the Board of Directors for approval or acknowledge quarterly.
- Provided several channels for information disclosure, which were SET's Communication system, Annual Report, Annual Disclosure Information (Form 56-1), the Company's website in both Thai and English language, research analysts, investors visiting the Company, interviewing of the executives, and press release i.e. newspaper. Furthermore, the Company assigned the investor relations to answer any questions

of investors, securities analysts, news reporters, and people in general on regularly basis, which can be contacted by telephone number 0-2286-9959 ext. 5101 or e-mail address: ir@jckhgroup.com or on the Company's website: www.jckhgroup.com

The Company gives opportunities to institutional investors, retail investors, and securities analysts to attend meetings with the management to ask questions about business operations, performance, and business trend. In 2018, no investors and securities analysts requested for meeting with the Company's management.

Stock holdings by the Board of Directors and executives are as follows:

Name of Directors/Management	Position	December 29, 2019 (Total share: 812,860,972 shares)		December 29, 2018 (Total share: 779,520,000 shares)		Changes during the year
		No of Shares	(%)	No of Shares	(%)	
1. Dr. Apichai Taechaubol	Chairman of the Board of Directors/ Executive Committee Chairman	165,127,725	20.314	165,127,725	21.183	-
Spouse and minors		-	-	-	-	-
2. Mr. Prasong Vara-ratanaku	Independent Director/ Chairman of Audit Committee	-	-	-	-	-
Spouse and minors		-	-	-	-	-
3. Mr. Chotiwit Taechaubol	Director/ Executive Committee member/ Chief Executive officer	15,975,000	1.965	15,975,000	2.049	-
Spouse and minors		-	-	-	-	-
4. Mr. Chetawan Anuntasomboon	Independent Director/ Audit Committee member	-	-	-	-	-
Spouse and minors		-	-	-	-	-
5. Mrs. Rachanee Siwawej	Director/ Executive Committee member	-	-	-	-	-
Spouse and minors		-	-	-	-	-
6. Dr. Varnadharm Kanchanasuvarna *	Independent Director/ Audit Committee Member	-	-	-	-	-
Spouse and minors		-	-	-	-	-
7. Ms. Siriporn Tamenant *	Independent Director/ Audit Committee Member	-	-	-	-	-
Spouse and minors		-	-	-	-	-
8. Mr. Chokechai Rungcharoenchai *	Independent Director/ Audit Committee Member	-	-	-	-	-
Spouse and minors		-	-	-	-	-
9. Mr. Ratchawut Damrongsuksan *	Company Secretary/ Investor Relations	-	-	-	-	-
Spouse and minors		-	-	-	-	-
10. Mrs. Rathatip Apichotikorn *	Financial Controller/ Acting Company Secretary	-	-	-	-	-
Spouse and minors		-	-	-	-	-

Remark : * Ms. Siriporn Tamenant (Previous name: Mrs. Siriporn Pinprayong) resigned from the position of Independence Director and Audit Committee Member since June 6, 2019

* Mr. Chokechai Rungcharoenchai was appointed in the position of Independence Director and Audit Committee Member on June 10, 2019 and resigned from such positions since February 17, 2019.

* Dr. Varnadharm Kanchanasuvarna was appointed in the position of Audit Committee Member on February 28, 2020.

* Mr. Ratchawut Damrongsuksan was appointed in the position of Company Secretary and Investor Relations on August 13, 2019 and resigned from such position since February 1, 2020.

* Mrs. Rathatip Apichotikorn was appointed in the position of Acting Company Secretary since February 28, 2020.



Section 5: Roles and Responsibilities of the Board of Directors

1. The Board of Directors' Structure

1) Composition of the Board of Directors

The Board of Directors composed of the persons with diversity including knowledge, profession, skill, gender, competency, and experience that are beneficial to the Company. The Board takes an important role in establishing the policy and overview the organization and business plan as well as overseeing, auditing and assessing the Company's operating result to comply with the plan and in accordance with laws, regulations, and resolutions of the Shareholders' Meeting. The Board concerns in integrity, business code of conduct, controlling of the management's administration to meet specified goal and procedure including to maximize profits for the Company and shareholders.

2) Appointment of the Audit Committee

The Board of Directors has appointed the Audit Committee to support in corporate governance of the Company. The Company has clearly segregated roles, duties and responsibilities of the Board of Directors, the Audit Committee, and the Executive Committee. The Audit Committee shall make decision independently, conduct its special assignment and propose it to the Board of Directors for consideration or acknowledge according to the defined authority.

3) Segregation of roles and responsibilities of the Chairman and the Chief Executive Director

The Company has determined that the Chairman of the Board of Directors and the Chief Executive Officer shall not be the same person in order to clarify responsibilities among policy establishment, supervision, and day-to-day administration with clear segregation of roles, duties and responsibilities between the Board of Directors and the Executives in order to enhance balance of operating power. The Board of Directors has duties to establish policy and supervise the executives' operations in policy level, whereas the executives have duties to manage operation pursuant to specified policies.

4) Election and Term of Office

The Board of Directors shall hold the position for a certain term in accordance with the determination in the Articles of Association. In every subsequent year of the Annual General Meeting of Shareholders one-third of the directors, who have been in the longest role in office, shall retire. In the case that the number of directors cannot be divided by three, then refer to the closest number. However, the retired directors are eligible to be re-elected for another term by obtaining majority vote. The Company has determined the terms of the Independent Directors that they can serve on the directorship no longer than 9 years.

5) Position of Directors in other listed companies

According to the Company's policy, each director shall take positions in listed companies not more than 5 companies.

6) Position of Executive Directors and the Chairman of Executive Committee in other listed companies

The Company has no policy to allow directors who are also executives and the Chairman of Executive Committee to be in positions in other listed companies (except for subsidiaries and associated companies of the Company), unless they are approved by the Board of Directors.

7) Appointment of the Company's secretary

The Board of Directors shall appoint the Company Secretary to take roles and responsibilities set by the Securities and Exchange Act.



2. Roles, Duties, and Responsibilities of the Board of Directors

To Consider and Approve key matters in the Company's operation

The Board of Directors shall consider and approve key matters in the Company's operation i.e. vision and mission, strategy, action plan, and budget; as well as supervise the management to comply with the designed policy and plan effectively and efficiently. Vision and Mission shall be reviewed and approved in annual basis and announced to all department managers to be aware and execute appropriately.

To Segregate roles and responsibility between formulation of policy and daily administration


The Board of Directors has clearly segregated roles and responsibility in formulation of corporate governance policy from daily administration. The Chairman of the Board of Directors and Chief Executive Officer shall be elected by the Board of Directors. The Board of Directors shall not appoint same person to attain the position of the Chairman of the Board of Directors and Chief Executive Officer. The Chairman of the Board of Directors will not cooperate on day-to-day operations, instead to provide regularly support and opinion on business operations through the Chief Executive Officer while the Chief Executive Officer shall be responsible for overall management within the authority assigned by the Board of Directors.

Scope of Authority and Responsibilities of the Chairman of the Board

- 1) Act as the leader and take crucial role in making a decision of the Company's policy which the Board of Directors' meeting and the executives jointly consider and set business goal. The Chairman of the Board also consistently support and advise on the business operations to the management through the Chief Executive Officer.
- 2) Lead the Board of Directors' meeting in effective and efficient manner. Allow enough time for the management to present and for the board to discuss material issues carefully in all aspects. Encourage all directors to participate the meeting and give their opinion independently. The Chairman of the Board and the Chief Executive Officer will jointly establish the meeting agenda. Ensure that all important agenda matters are set for the meeting. Opportunities given to each director to propose any agenda if applicable. The Chairman of the Board will cast the decided vote in case the Board of Directors' meeting has a tie vote.
- 3) Act as the Chairman of the shareholder's meeting and control the meeting to comply with the Company's Article of Association and specified Agenda of the meeting.
- 4) Ensure and monitor that all directors engage in promoting corporate culture of ethic and good governance.
- 5) Strengthen relationship between executive directors and non-executive director, and between the board of directors and management team.
- 6) Ensure and monitor that directors perform their duties efficiently to achieve main objective and goal of the company.
- 7) Promote the creation and utilization of innovation and technology to enhance competitive capability and response to the need of stakeholders based on corporate social responsibility.

Authority and Scope of Duties of the Chief Executive Officer

- 1) Supervise and approve the overall operations and/or daily administration according to the Company's objectives, Articles of Association, regulations, direction and resolutions of the meetings of the Board of Directors and shareholders.
- 2) Formulate policy, business plan, budgets, management structure and level of authority to be proposed to the Executives Committee for consideration before proposing to the Board of Directors for approval.

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- 3) Perform duties according to the Company's policies, plans, and approved budget.
 - 4) Having authority to recruit, assign, rotate, promote, suspend, dismiss and determine salary rate and other remunerations including commission, wage and salary increment and bonus of the Company's employees.
 - 5) Have authority to issue, amend and update commands, regulations, records and work rules to comply with the policies and interests of the Company as well as to maintain the discipline in the workplace.
 - 6) Have authority to approve purchase order, employment contract, rental/leasing agreement of fixed assets for an amount not exceeding Baht 5 million, disposal of fixed assets for an amount not exceeding Baht 2 million including authority to approve the transfer of fixed assets between departments or branches.
 - 7) Have authority to approve purchase requisitions/purchase orders of fresh food, dried food, disposal items, equipment for an amount exceeding Baht 1 million, including authority to add products categories, adjust product's price, improve product sales standard (e.g. weight, shape, etc.)
 - 8) Develop organization and human resource consistently to the utmost quality and performance, foster and maintain a good image of the Company.
 - 9) Perform other duties as assigned by the Board of Directors and/or the Audit committee.

Either the authority of the Chief Executive Officer or other persons authorized by the Chief Executive Officer does not include the power or authority to approve any related transactions that the Chief Executive Officer or the substitutions and their associates who may have conflicts of interests or any other benefits with the Company and its subsidiaries (if any) as well as transactions that do not fall under the normal business operations of the Company because such a transaction has to seek for approval from the Board of Directors' meeting or the shareholders' meeting as the case may be and in comply with the Company's Articles of Association or relevant laws.


Good Corporate Governance Policy

The Board of Directors shall provide the Corporate Governance Policy in writing. The Board of Directors' Meeting no. 1/2011, held on July 18, 2011, passed the resolution to approve such a policy. The Board of Directors shall regularly review the policy, operate the business operations in accordance with the policy, communicate to everyone in the organization to have common understanding with the policy clearly and correctly and enhance them to comply with the provided policy.

Code of Conduct

The Board of Director has established the Code of Conduct in written to comply with operating standard under the authority and to present its intention to operate business with transparency, integrity, morality, and take responsible for all stakeholders. The Code of Conduct Manual shall be guidelines for work operations and proper business practices, reflecting to the Company's vision, mission, core value, and operational frameworks which directors, executives and employees at all levels shall abide and perform to carry out their duties under the defined code of conduct as follows;

- (1) Practices toward all stakeholders comprise the shareholders, employees, customers, business partners, creditors, competitors, society, community and environment
- (2) Practices to compliance with law, relevant rules and regulations, and customs, traditions and good moral
- (3) Respect the human rights
- (4) Avoidance of infringement of intellectual property
- (5) Anti-Fraud and Anti-Corruption

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- (6) Receiving the offering gifts, assets or other benefits
 - (7) Conflicts of interest
 - (8) Preserve confidential information, use of internal information and trading of the Company's securities
 - (9) Protection of the Company's properties
 - (10) Internal control
 - (11) Distribution of datas, news, and information including the interviewing with the press and the public
 - (12) Ethics of directors and executives
 - (13) Ethics of employees

In this regard, the Company has announced and informed directors, executives and, employees at all level to acknowledge and comply strictly with the Code of Conduct Manual as well as sign as evidence. In addition, the Code of Conduct Manual topic is set as a part of new hire orientation and is publicized on the Company's Website.

Conflict of Interest


The Board of Directors has set the policy regarding conflict of interest by prohibiting any directors, executives, and employees, include anyone related to such persons to obtain self-benefit which shall effect to the conflict of interest and to avoid any actions which may cause the conflict of interest. By this case, all relevant persons must inform the Company in their relationship or engagement in such a transaction and not participating in consideration and approval for such a transaction.

The Audit Committee shall propose the Board of Directors the related transactions and transactions that may have conflicts of interest to consider appropriation of transactions carefully. The Company shall adhere to the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) regarding determination of pricing, terms and conditions with the person whom may have conflict of interests similar as making transaction with third party. The Company shall also report such transactions in the financial statement, Annual Report, and Annual Disclosure Information (Form 56-1).

Internal Control

The Board of Directors is aware of good corporate governance, internal control and risk management of both management level and operational level. The internal control system and risk management are key mechanisms to build the confidence of management in order to reduce business risks and to support in efficient business operations by allocating the resources properly and achieving the determined target. It also help to protect assets from leaking out or loss from some fraud, make financial reports accurate and reliable, to control all personnel to abide with the related laws and regulations, to protect the investment of the shareholders. Thus, the Company defines the responsibilities and authority of operational staffs and management in writing i.e. the controlling of utilization of company's assets, clearly defining roles and responsibilities of operational staffs, controller, and assessor separately to make balance and enable to verify each other properly.

The Board of Directors assigns the Audit Committee to take responsible for reviewing the appropriation and efficiency of the internal control system and risk management, including establish and review the control system of operating procedures, financial report and practices which compliance to rules, regulations, policies, corporate governance as well as risk management including pay attention closely to the warning signal and irregular items.



In addition, the Company appoints the external personnel to handle internal control i.e. cooperating with the Quantum Point Consulting Co., Ltd., to be the internal auditor which is responsible for assessing the internal control system to be sufficient and appropriate including reporting the auditing result directly to the Audit Committee so that the internal auditor can work independently and can perform its auditing duties and counter balance extremely. The Chairman of the Audit Committee will report the summary of internal auditing result prepared by the internal auditor to the Board of Directors for acknowledgement on quarterly basis, so that the inappropriate work process will be corrected and improved. The Company shall assess sufficiency of the internal control system at least once a year to ensure that the defined procedures operate efficiently. In this regard, the Corporate Secretary is delegated to coordinate between the internal auditor and other departments in the Company.

Board of Directors' Report

The Board of Directors is responsible for the Company's consolidated financial statements and financial information mentioned in annual report. The Audit Committee shall review the financial reports to encourage proper and accurate report in accordance with the general acceptance-accounting standard in Thailand, to use appropriate accounting policies and practices on regularly basis and to disclose the important information of the Company based on transparency and sufficient. The financial statements have been prepared under accounting standard certified and audited by Dharmniti Auditing Co., Ltd. which is the Company's auditor. Significant information has been disclosed on the basis of complete and consistent facts.

3. The Board of Directors' Meeting

- 1) The meeting dates shall be annually scheduled in advance and notifies to the Board of Directors for acknowledgement. The meeting shall be arranged at least every 3 months. The special meeting may be hold as necessary with specified agendas in advance including the agenda which may requires follow up on regular operations. The Company Secretary shall send the Meeting's invitation to the Board of Directors at least 7 days before the meeting date so that the Board of Directors have sufficient time to review the information sufficiently. Except the emergency case which the meeting may be appointed without proper notice in order to preserve the rights and benefit of the Company.
- 2) The Chairman of Board of Directors and the Chief Executive Officer shall determine the agendas of the meeting together and shall give the opportunity to each director to propose the agendas to consider in the Board's Meeting.
- 3) At the meeting, it requires the minimum of attendance with not less than one-half of the board's members shall constitute a quorum.
- 4) The Chairman of Board of Directors who acts as the president of the meeting will allow all directors to express their opinion independently during the consideration of each agenda. In some agenda the senior executives may be invited to attend the meeting in order to clarify and provide additional information for the proposed agenda as well as to acknowledge the defined policy in order to implement and practice efficiently.
- 5) To form a quorum at the time of the Board passing a resolution, at least 2/3 of the total number of directors must be presented. The resolution of the Board of Directors' Meeting shall be adopted by the majority votes. Each director shall have one vote. A director who has conflicts of interest on a given matter shall not allow to attend the meeting and has no right to vote for the related agenda. In case of an equality of vote, the Chairman of the meeting shall have a casting vote. In the case that any directors disagree with the resolution, either he or she can request the Company's Secretary to record his or her objection in the Minute of Meeting or he or she can submit the objection notice directly to the Chairman.

- 6) Every director has the right to investigate supplementary documents of the meeting and other important documents. In case the Independent Directors or the members of Audit Committee have any query, other directors as well as management shall provide answers as quickly and completely as possible.
- 7) The Company Secretary shall take minutes of the meeting and submit to the Chairman for approval and certified by signature, then allow each directors to grant in the next meeting. In addition, the Company Secretary will manage information or documents related to each meeting properly to enable to review easily in future.
- 8) All the Board of Directors normally attends the meeting, except for necessary cases which shall be notified in advance before the meeting date.
- 9) As policy, the Board of Directors shall allow that non-executive directors to have an opportunity to arrange a meeting among themselves as deemed necessary in order to discuss about any crucial management issues without the presence of the Executive Committees and inform the result of the meeting to the Chief Executive Officer later.

The Board of Directors' Meeting attendance in 2019

No.	Name	Position	Meeting Attendance	
			Board of Directors' Meetings	Audit Committee Meetings
1.	Dr. Apichai Taechaubol	Chairman Chairman of Executive Committee	7/7	-
2.	Mr. Prasong Vara-ratanakul	Independent Director Chairman of Audit Committee	7/7	4/4
3.	Mr. Chotiwit Taechaubol	Director Executive Committee Member Chief Executive Officer	7/7	-
4.	Mr. Chetawan Anuntasombon	Independent Director Audit Committee Member	7/7	4/4
5.	Mrs. Rachanee Siwawej	Director Executive Committee Member	7/7	-
6.	Dr. Varnadharm Kanchanasuvarna *	Independent Director Audit Committee Member	7/7	-
7.	Mrs. Siriporn Pinprayong *	Independent Director Audit Committee Member	3/3	2/2
8.	Mr. Chokechai Rungcharoenchai *	Independent Director Audit Committee Member	3/3	2/2

Remark : * Ms. Siriporn Tamenant (Previous name: Mrs. Siriporn Pinprayong) resigned from the position of Independence Director and Audit Committee Member since June 6, 2019

* Mr. Chokechai Rungcharoenchai was appointed in the position of Independence Director and Audit Committee Member on June 10, 2019 and resigned from such positions since February 17, 2019.

* Dr. Varnadharm Kanchanasuvarna was appointed in the position of Audit Committee Member on February 28, 2020.

4. Self-assessment of the Board of Directors

The Board of Directors shall arrange self-assessment for entire committee on annual basis. In 2018, there's both assessment of the Board of Directors as team and individual, including the assessment of sub-committee. The headline and criteria of the assessment compliance with the guideline and recommendation from Stock Exchange of Thailand (SET) which suitable for the Company's practice. The Company Secretary shall deliver the assessment form to each director. After the assessment result is concluded, all directors will be appointed to consider the development plan together as well as to give an opportunity to each Director to give feedback independently.

- The criteria of the self assessment is divided into 5 levels as follows;
 - 0 = Extremely disagree or have not carry out such topic
 - 1 = Disagree or carry out such topic little
 - 2 = Agree or carry out such topic moderately
 - 3 = Quite agree or carry out such topic fairly
 - 4 = Extremely agree or carry out such topic excellently

4.1 The assessment result of The Board of Directors' performance (by Group)

Topic	Result
	% in 2019
1). Structure and qualifications of the Board of Directors	81.49
2). Roles, duties, and responsibilities of the Board of Directors	84.29
3). Meeting of the Board of Directors	86.90
4). Performance of The Board of Directors	86.22
5). Relationship with the Executive Committee Team	87.86
6). Self-development of the Board of Directors and the development of Executive Committee Team	86.31
Total Scores	84.91

4.2 The assessment result of The Board of Directors' performance (by individual)

Topic	Result
	% in 2019
1). Structure and qualifications of the Board of Directors	82.14
2). Meeting of the Board of Directors	87.50
3). Roles, duties, and responsibilities of the Board of Directors	87.14
Total Scores	86.36

4.3 The assessment result of the sub-committee's performance

Topic	Result (%)	
	Audit Committee	Executive Committee
1). Structure and qualifications of the Committee	83.33	83.33
2). Meeting of the Committee	91.67	83.33
3). Roles, duties, and responsibilities of the Committee	85.71	83.33
Total Scores	86.67	83.33

5. Remuneration

The Company has set the remuneration policy for the Directors and Executive Committee in suitable level by considering the Company's performance and consistent with the same business or industry including suitable with the duties and responsibilities of each Director or Executive Committee member in term of remuneration and/or salary.

Remuneration of Directors

The Annual General Meeting of Shareholders shall approve the remuneration of directors consisting of remuneration for the Board of Directors and the Audit Committee.

Remuneration of Chief Executive Officer and Executives

The Company carefully determines the proper remuneration to executives of the Company in a competitiveness compared to the same industry to retain qualified executives with the Company. Executives assigned more responsibilities will gain higher remuneration suitable more duties and responsibilities.

6. Development of Directors and Executives

The Board of Directors specifies that whenever there is a new director, the Company's Secretary shall provide documents and useful information which shall be beneficial to the duty operation of the new director such as code of conduct manual, good corporate governance policy, charter, annual report, shareholding structure, management structure including relevant rules and regulation. In addition, the Company's Secretary shall arrange the orientation by the management to the new director about business nature and business operation of the Company.

The Board of Directors supports and facilitates directors, executives, the Company's Secretary and investor relations to attend training or seminar courses arranged by the Thai Institute of Directors (IOD) regularly, the Stock Exchange of Thailand, the Securities and Exchange Commission or other independent organization in order to increase knowledge and improve their performance.

In 2019, the Company assigned the Director and/or Executive to attend the training courses as follows

Name	Position	Program	Arranged by	Date
Mr. Chetawan Anuntasomboon	Independent Director/ Audit Committee Member	Ethical Leadership Program (ELP) 17/2019	Thai Institute of Directors Association	November 7, 2019

The Board of Directors

1. The Board of Directors

Tenure of the Board of Directors

At the Annual General Meeting each year, one-third of the directors must retire from office. If the number of the directors retiring from office does not amount to exactly one-third, the nearest whole number of one-third shall be used whereas the Directors who are in the role at the longest period shall be considered to primary retirement from the role. The retiring directors are eligible for re-appointment.

As of February 28, 2019, the Board of Directors consists of 6 persons, consisting of


No.	Name	Position
1.	Dr. Apichai Taechaubol	Chairman, Executive Chairman
2.	Mr. Chotiwit Taechaubol	Director, Executive Committee Member, Chief Executive Officer
3.	Mrs. Rachanee Siwawej	Director Executive, Committee Member
4.	Mr. Prasong Vara-ratanakul	Independent Director, Audit Committee Chairman
5.	Mr. Chetawan Anuntasomboon	Independent Director, Audit Committee Member
6.	Dr. Varnadharma Kanchanasuvarna*	Independent Director, Audit Committee Member

Remark: * Mr. Chokechai Rungcharoenchai resigned from the position of Independence Director and Audit Committee Member since February 17, 2020.

* Dr. Varnadharma Kanchanasuvarna was appointed in the position of Audit Committee Member since February 28, 2020.

Scope of authority and responsibilities of the Board of Directors

- 1) Carry out all the Company's businesses in line with the legal requirements, the Company's objectives and Articles of Association, as well as the resolutions of the Board of Directors and shareholders with responsibilities, carefulness and honesty while preserving the Company interests.
- 2) Formulate vision, mission, core value, policies, business strategies, and good corporate governance policy, including implement them in efficient manner.
- 3) Set up business plan, organization and management structure, authorization, annual budget and annual operating budget as well as supervise operations and performance of management team or any person whom is assigned to perform such a task, to ensure compliance with prescribe policies and plans. Pay attention to an efficiency of resources utilization and waste reduction which are beneficial to cost control and environment. Choose the business model suitable for main business goals and objectives as well as carefully invest and operate business in consideration of stakeholders' impact based on ethics and social responsibility to create sustainable value for the Company.

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- 4) Consider and approve on bank accounts opening, loan acquisition from financial institutes, payment or spending for general business transactions for the Company, such as expenditure for investment, branch expansion, and other operations, etc. Monitor the sufficiency of financial liquidity and debt repayment capability. Moreover, ensure that the Company has the plan, solution or other device to solve financial problem in case the Company face or likely to face financial difficulty based on taking stakeholders' rights in to consideration.
 - 5) Consider, appoint and assign role and responsibilities of Audit Committee, Executive Committee and/or other sub-committees as suitable and necessary to oversee specific business, the Company's benefits, and administrative systems to coincide with the Company's policy.
 - 6) Evaluate management performance consistently, appoint and dismiss the Company's executives such as Chairman of Executive Committee, Chief Executive Officer, Deputy Chief Executive Officer, and other executives as well as control payment mechanism of remuneration for executives and employees suitably.
 - 7) Appoint the Corporate Secretary to assist the Board of Directors to carry out business in conformity with related laws.
 - 8) Arrange appropriate accounting systems, financial reports and accountability auditing, oversee the internal control and internal audit as well as ensure that the Company has govern in accordance with principle of good corporate governance.
 - 9) Oversee the risk management system with effective, reporting and monitoring process.
 - 10) Report responsibility of the Board of Directors in the financial report and present together with the auditor's report in the annual report of the Company.
 - 11) Equitable treatment to both major and minor shareholders for their rights and benefit. Report important information of operating result and financial report to all shareholders and stakeholders correctly and in compliance with applicable laws. In the event that there is any conflict of interest with any agreement with the Company either increment or reduction to the Company or its subsidiaries (if any), the directors must inform the Company without any delay. In addition, if any directors who may have conflict of interest involve in any business transaction with the Company or its subsidiaries (if any), such directors are prohibited to votes for approval of such transactions.
 - 12) Manage to have clear and transparent process of connected transactions between the Company and related persons to prevent conflict of interest, to disclose correct and sufficient information and regularly report to the Board of Directors.
 - 13) Approve and/or give feedback to connected transaction, acquisition or disposal of assets, investment and any operations of the Company including its subsidiaries (if any) to be in accordance with applicable laws, announcement, notifications and regulations; except the issue is specified by laws to seek approval from the shareholders' meeting.
 - 14) Independent Director and Audit Committee Member shall not have signing authority, unless it is presented that the signing is on the matters as previously approved by the Board of Directors and the signatory is jointly signed with another director.

The Board of Directors may authorize one or many members of the Board of Directors to carry out duties in lieu of the Board of Directors. However, such authorization shall not fall in to any characteristic that grant power to directors or substitute persons to approve any transaction that such directors or substitute persons or their associates who may have conflicts of interests or any other benefits with the Company or its subsidiaries (if any) unless such transactions was approved in accordance with the policy and principle given and approved by the shareholder's meeting.

Approval Authorities of the Board of Directors

- 1) Approve the Company's business plan, corporate structure and management authority.
- 2) Approve annual budget and annual operating budget.
- 3) Approve bank accounts opening and loan acquisition from financial institutes in the amount over approval authority of Executive Committee.
- 4) Approve to hire, appoint and dismiss Chief Executive Officer and Deputy Chief Executive Officer, appoint Chief Officers as well as to evaluate performance of Chief Executive Officer.
- 5) Approve salary structure, welfare and other benefits.
- 6) Approve policy regarding fixed assets.

Scope of Authority and Responsibilities of the Chairman of the Board

- 1) Act as the leader and take crucial role in making a decision of the Company's policy which the Board of Directors' meeting and the executives jointly consider and set business goal. The Chairman of the Board also consistently support and advise on the business operations to the management through the Chief Executive Officer.
- 2) Lead the Board of Directors' meeting in effective and efficient manner as well as encourage all directors to participate the meeting and give their opinion independently. The Chairman of the Board and the Chief Executive Officer will jointly establish the meeting agenda whereas giving opportunity to each director to propose any agenda if applicable. The Chairman of the Board will cast the decided vote in case the Board of Directors' meeting has a tie vote.
- 3) Act as the Chairman of the shareholders' meeting and control the meeting to comply with the Company's Articles of Association and specified Agenda of the meeting.

2. Audit Committee

As of February 28, 2020, the Audit Committee consists of 3 persons, consisting of the following

No.	Name	Position
1.	Mr. Prasong Vara-ratanakul	Audit Committee Chairman
2.	Mr. Chetawan Anuntasomboon	Audit Committee Member
3.	Dr. Varnadharma Kanchanasuvarna*	Audit Committee Member

Remark: * Mr. Chokechai Rungcharoenchai resigned from the position of Independence Director and Audit Committee Member since February 17, 2020.

* Dr. Varnadharma Kanchanasuvarna was appointed in the position of Audit Committee Member since February 28, 2020.

Mr. Prasong Vara-Ratanakul has knowledge and competent to review the reliability of the financial statements

Tenure of the Audit Committee

Tenure of the Audit Committee is three years except the case of retirement by rotation according to the Company's Articles of Association and they may re-elect.



Authority of the Audit Committee


- 1) Perform according to the scope of duties and responsibilities. The Audit Committee is authorized to invite members of the management, executives or related staffs of the Company to report, give opinion, attend the meetings or provide any required documents if necessary.
- 2) Authorize to hire external independent advisor to advise or give opinion if necessary whereas the Company is responsible for the consultant fee which is specified in the Company's policy.
- 3) The members of Audit Committee are not authorized to sign on behalf the Company unless it can be demonstrated that the binding transaction has been approved by the Board. However, the signatory must be jointly with other directors.

Scope of Duties of Audit Committee

The Audit Committee directly reports to the Board of Director and their scope of duties and responsibilities shall be assigned by the Board of Directors. The Audit Committee shall report to the Board of Directors as follows:

- 1) Review the Company financial report to ensure that it is accurate and sufficient to disclose. Cooperate with external Auditor and executives whom responsible for financial reports issued in quarterly and annually basis.
- 2) Review the Company's internal control system, internal audit system and risk management system to ensure their appropriateness and effectiveness.
- 3) Review the operational performance in accordance with laws of Securities and Exchange, regulations of the Stock Exchange of Thailand and other related laws.
- 4) Consider the independence of internal auditor as well as appoint, transfer and dismiss the chief of internal audit unit or any other units in charge of internal audit.
- 5) Consider the selection, nomination, appointment and dismiss an independent person to be the Company's Auditor as well as consider the auditor's remuneration before proposing to the Board of Directors for consideration and submit to the shareholder's meeting for approval. The Audit Committee shall attend meetings at least once a year with the external auditors without executives present.
- 6) Consider related transaction or transactions that may lead to any conflict of interest in compliance with laws and regulations of the Stock Exchange of Thailand and the Capital Market Supervisory Board to ensure that such items are reasonable and give the highest benefit to the Company.
- 7) During performing its duties, if the Audit Committee detects or suspects any doubtful transaction or activities as shown below that may significantly affect the Company's financial status or operating result, the Audit Committee should report to the Board of Directors in order to resolve such transactions or activities promptly.
 - Conflict of interest transactions
 - Corruption or abnormal transactions, or any fault which is significant in the internal control system of the Company
 - Violation or infringement of Securities and Exchange Laws, Regulations and Proclamations of Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, and Capital Market Supervisory Board as well as applicable laws

If the Board of Directors or the Executives cannot promptly resolve such transactions or activities, members of the Audit Committee may report the findings to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.

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- 8) If the Company's auditor detects any doubtful events related to a director, manager or any person in charge of the Company's operation result that might violate the law and reports such events to the Audit Committee, the Audit Committee shall promptly inspect and report the outcome of preliminary audit result to the Office of the Securities and Exchange Commission and the auditor within 30 days after receiving the report from the auditor.
 - 9) The Audit Committee's report signed by the Chairman of Audit Committee shall be disclosed in the Company's annual report and consists of at least the following information:
 - (a) Opinion on the accuracy, sufficiency and reliability of the Company's finance report.
 - (b) Opinion on the sufficiency of the internal control system.
 - (c) Opinion on the compliance to the laws of Securities and Exchange, regulations of the Stock Exchange of Thailand or related applicable laws
 - (d) Opinion on the appropriateness of auditor.
 - (e) Opinion on the conflict of interest's transactions
 - (f) Number of the Audit Committee's meeting and meeting attendance of each member.
 - (g) Opinion or remark of overview observation which the Audit Committee has obtained while performs its duties pursuant to the Charter.
 - (h) Any other transactions under the scope of duties and responsibility as assigned by the Board of Directors, if the Audit Committee consider appropriate to inform the shareholders and investors.
 - 10) Review the Audit Committee's charter annually and propose to the Board of Directors for approval.
 - 11) Evaluate the performance of the Audit Committee annually and report to the Board of Directors.
 - 12) Any other businesses as assigned by the Board of Directors.

3. Executive Committee

As of December 31, 2019, the Executive Committee consists of 3 persons, consisting of the following.

No.	Name	Position
1.	Dr. Apichai Taechaubol	Executive Chairman
2.	Mr. Chotiwit Taechaubol	Executive Committee Member
3.	Mrs. Rachanee Siwawej	Executive Committee Member


Tenure of the Executive Committee

Tenure of the Executive Committee is 3 years and members of the Executives Committee who retires by rotation may be re-elected.

Authority of the Executive Committee

The Executive Committee reports directly to the Board of Directors with authority, duties and responsibilities as assigned by the Board of Directors as per the following;

- 1) Govern and manage the business of the Company as assigned by the Board of Directors.
- 2) Determine the Company's policies, strategies, business plans, budget and annual operating budget and submit them to the Board of Directors for approval.

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- 3) Consider and determine the Company's organization chart, level of authorities, remuneration of directors and executives as well as employees' salary structure, welfare and other benefits prior propose them to the Board of Directors for approval.
 - 4) Consider and approve capital expenditure not specifying in annual operating budget or cost over annual operating budget with the total amount not over Baht 20 million per year and approve on extra from the annual operating budget not over Baht 10 million and report such approved transactions to the Board of Directors for acknowledgment.
 - 5) Consider and approve the Company's loan or credit line not over Baht 30 million per annum. In case of excess the determined limit, the Executive Committee shall propose to the Board of Directors for consideration and approval.
 - 6) Consider and approve operations plans such as production and procurement policy, sales strategies and price structure as well as branch opening/closing etc.
 - 7) Manage the risk of the Company's operating activities by establishing risk management policy as well as monitoring and evaluating risks in order to propose to the Board of Directors.
 - 8) Having authority, duties and responsibilities to make decision and direct under the scope of authorities assigned form the the Board of Directors and pursuant to the level of authorities approved by the the Board of Directors' meeting.
 - 9) Examine and monitor the Company's operating result compliance with the Company's policy, business plan and management guideline approved by the Board of Directors to ensure its efficiency and effectiveness.
 - 10) Any other duties as assigned by the Board of Directors.


Either the authority of the Executive Committee or other persons authorized by the Executive Committee does not include the power or authority to approve any related transactions that the authorized persons or their associates who may have conflicts of interests or any other benefits with the Company and its subsidiaries (if any) as well as transactions that do not fall under the normal business operations of the Company because such a transaction requires the approval from the Board of Directors' meeting or the shareholders' meeting as the case may be and in comply with the Company's Articles of Association or relevant laws.

Nomination of the Directors and Executive Committee

The Company doesn't have Specific Recruitment Committee for the Directors and Executive Committee. Therefore, the Company recruits the Director and Executive Committee by appointing the meeting among the current Exective Committee members to identify the qualified member who have the sufficient knowledge, skills, specific expertise, genders, ability experiences which may enhance the Company's business and must have fully qualification specified under the section no. 68 of Public Limited Company Act B.E. 2535 (A.D. 1992) pursuant to related notifications of Securities and Exchange Commission. These qualifications as follow;

1) The Independent Directors

Either the Board of Directors or the Shareholders' Meeting (depends on the case) shall appoint the Independent Directors to be a part of in the Board of Directors. The Company has the policy to nominate the Independent Directors not less than 1 of 3 of the entire Board of Directors, but not less than 3 Independent Directors.



The criteria of the Independent Directors' selection are compliance with the criteria of the Director's Selection defined under the Company's policy. The qualification of the person who is entitled to be the Independent Director shall consider from the qualification and incompatibility pursuant to Public Limited Company Act and Securities and Exchange Law as well as relevant proclamations, regulations and/or rules. The nominated Independent Directors who obtain the qualified educational background, specific expertise, working experiences and other related qualifications shall be proposed to the Shareholder's meeting to consider for selection as the Company's Directors. In case any Independent Director may resign before to his/her expired term of the office, the Board of Directors may select the qualified Independent Director who obtain the qualification as specified above to replace the resigned Independent Director. Whereas the substituted Independent Director shall hold the title at the office only for the remaining term of the office of that resigned Independent Director whom he /or she replace.

The Board of Directors determines the qualifications of Independent Directors as follows:

1. Holding the Company's share not over 1 percent of the total number of shares with the voting rights of the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company. In this case, it also includes the number of shares hold by the blood-related persons of the Independent Directors.
2. Neither being the Company's Director nor used to be the Director who take part in managing the Company's business, as well as not being the employee, full time consultant with paid salary, or the controlling person of the Company, parent company, subsidiaries, associated companies, major shareholders or the controlling person of the Company, unless resigning from such a position for at least two years before the effective date of taking a position as Independent Director.
3. Neither being a blood-related person nor legally related as father, mother, spouse, brother, sister and children, including not being the spouse of the children of the Executive Committee, major shareholders, controlling persons as well as not being the persons who will be nominated as the Executive Committee or controlling person of the Company or subsidiaries.
4. Neither having nor used to have any business relationship with the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company in the manner that may obstruct the exercise of the independent judgment as the Audit Committee member. Moreover, the Audit Committee member must neither being nor used to be a major shareholder including controlling person of the entities which have business relationship with the Company, parent company, subsidiaries, associated companies, major shareholders, or the controlling persons of the Company, unless resigning from such a position for at least two years before the effective date of taking a position as Independent Director.
5. Neither being nor used to be the auditor of the Company, parent company, subsidiaries, associated companies, major shareholders, controlling persons of the Company, and not being major shareholder, controlling person or partner of the audit company which provides auditing service to the Company, parent company, subsidiaries, associated companies, major shareholders, or the controlling persons of the Company unless resigning from such a position for at least two years before the effective date of taking a position as Independent Director.
6. Neither being nor used to be any professional services providers including the legal advisory or financial advisory services that may received the consultant fees in the amount of more than Baht 2 million per year from the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company, not being shareholders, the controlling person, or partner of such a professional services provider, unless resigning from such a position for at least two years before the effective date of taking a position as Independent Director.

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7. Not being a director who has been appointed as the Company's representative, major shareholders or shareholders relating to major shareholders.
 8. Neither operating the business having the same business nature which significantly competes with the Company's business or its subsidiaries, nor being a key partner or the Director who involves in managing the business, not being an employee, staff and a consultant who receives regular salary, or holding the share more than 1 percent of the total number of shares with the voting rights under the firm/ or business operators that operates the similar business nature and significantly competes with the Company's businesses or its subsidiaries.
 9. Not obtaining any conditions that may obstruct the independent expression of comment on the Company's operations.

Independent Directors shall verify and certify their own independent qualifications at least once a year and inform the certified result together with the Directors' profiles at the end of the year through the Annual Information Disclosure Form (Form 56-1) and Annual Report of the Company.

2) The Directors and Chief Executive Officer


1. Holding the qualifications consistent with Public Limited Company Act, Securities and Exchange Act, Business Code of Conduct, regulations of The Securities and Exchange Commission, Capital Market Supervisory Board and Stock Exchange of Thailand as well as criteria of good corporate governance.
2. Obtaining the knowledge, abilities and experience in various professional fields that will be beneficial and add value to the Company.
3. Holding the qualifications which support and promote the good Corporate Governance in order to create value to the company, enable to perform the duties with accountability, care and loyalty including the time devotion.

The Election and Nomination of Directors in accordance with the procedures specified in the Company's policy. The elected Directors need to get the approval from the Shareholders' Meeting. The resolution of the Shareholders' Meeting shall be based on majority voting rights of the shareholders who attend the meeting.

In this regard, the Company provides an opportunity to shareholders to nominate the potential candidates whom may have knowledge, capability, and obtain the appropriate qualifications to be elected as directors in advance prior to the Annual General Meeting of Shareholders by publicizing via SET's communication system and the Company's website.


The Company has set the policy of appointment and withdrawal of the Director as follow;

- The Company must have a set of the Board of Directors comprising at least 5 Directors, and not less than half of the number of the Directors and all Directors must have their permanent residence in the Kingdom of Thailand. The Board of Directors shall vote the Chair of The Board of Director among the Directors, and may vote the Vice Chairman of the Board of Directors and other positions as discretion. The role of the Vice Chairman of the Board of Directors is defined in the Company's policy which assigned by the Chairman of the Board of Directors.
- The Shareholders' Meeting shall vote the Directors pursuant to the following criteria and procedures as follow;
 - (1) Each shareholder has voting right equivalent to the number of share being held.
 - (2) Each shareholder may use all votes to elect one or more directors, in case of election the number of the Directors, but those votes shall not be divided in any proportion for the specific Director.

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- (3) The persons who receive the highest respective votes shall be elected as the Directors according to the positions available at that time. The Chairman of the Board of Director shall cast the deciding vote in case a voting is tie between two persons competing for one available position at the time.
- At the Shareholders' Meeting, there's the Directors may retire from their role at least one-third of the number of the Directors. In case the number of the Directors can't divide into three part, the number of retired Directors shall be the closest number of one-third.
 - The Directors who retire from the role in the first year and second year of the Company's registration, those Directors may do drawing for retiring from the role. In the later year, the Directors who are in the role the longest shall be selected to retire from the role and those retired Directors may be re-elect to take charge of the role again.
 - Any Director shows their intestest of resignation requires to send the resignation paper to the Company. The resignation date will be effective when the Company receives the resignation form. Any Director resign under the condition above may report his/or her resignation to the registrar compliance with the Public Limited Company Act.
 - In case the Director role is vacant due to other circumstance besides normal retirement term, the Board of Directors may select the qualified personnel who doesn't have any characteristics which may against the Public Limited Company Act and Securities and Exchange Law to be the substituted Director for the next Board of Directors' Meeting. Unless the term of the Board of Directors is less than two months. The substituted Director shall be in charge in the role until the remaining term.
The resolution of the Board of Directors as mentioned above comprising the vote not less than 3 out 4 of the number of remaining Directors.
 - In case of the retirement of the whole Board of Directors team, the Directors who retire from the role may still in charge of the position in order to support the business operations until the new Board of Directos team take charge. Unless the court may order the differently in case the Board of Directors retire from the role due to the injunction.
In case the whole Board of Directors retires from the role, the shareholders' meeting needs to be held in order to elect the new Board of Directors Team to replace the previous team within one month after the previous team retires from their role. The invitation letter of the Shareholders' Meeting requires to send to the shareholders not less than 14 days prior to meeting date and the advertisement to the local newspaper requires to publish not less than 3 days prior to the meeting date as well. The advertisement to the local newspaper needs to be published in 3 days continually.
 - A Shareholders' Meeting may conclude any Director to retire from the role before the term in the office with the voting right not less than 3 out of 4 of the number of shareholders who attend the meeting and entitle to voting rights and the total number of shares not less than half of the number of shareholders who attend the meeting and entitle to voting rights.

3) The Audit Committee

The Board of Directors or the Shareholders' Meeting (depends on the case) shall appoint at least 3 persons to be the members of Audit Committee. Each member of Audit Committee shall be Independent Director and shall not be the Director assigned by the Board of Directors whom making the decision on business operations of the Company, parent company, subsidiaries, affiliates, subsidiaries in the same sequence, major shareholders or controlling person and shall not be the director of the Company, parent company, subsidiaries, subsidiaries in the same sequence, only listed companies. The member of Audit Committee shall possess the qualification pursuant



to Securities and Exchange Law as well as Proclamation, Regulation and/or Rules of Stock Exchange of Thailand stipulated for qualification and operating extent of the Audit Committee.

Anyhow, at least one member of Audit Committee shall has the sufficient knowledge or experience in accounting or finance in order to be able to verify the financial report reliably as well as other duties as the member of Audit Committee.

4) Executives

The Company has no Nomination Committee. Anyhow, the Company has the policy to recruit the person who has knowledge, competency and experience related to the Company's business.

The Chief Executive Officer is assigned to hire and appoint the persons whom have knowledge, ability, and experience in the Company's business to be the employees in several levels. In addition, the Chief Executive Officer shall appoint the supervisor or personnel to in charge of auditing and internal control. where as the nomination need to get approval prior from by the Audit Committee.

Inside Information Control

In order to be transparent and protect the personal use of internal information which has not been disclosed to the public for own benefits, including to avoid the claim from the inappropriation of securities trading of internal persons, the Company has established policies for the Directors, Executive Committee and staffs as follow;

- 1) The Company's Directors, Executive Committee and staffs shall keep secret and/or inside information of the Company, not disclose or seek for their own benefits or others' benefits either directly or indirectly as well as not trade or transfer in-out of the Company's shares by using secret and/or inside information of the Company and/or not enter into legal transactions by using confidential and/or inside information of the Company which may cause damage to the Company whether directly or indirectly.
- 2) The Company's Directors, Executive Committee and staffs in departments that may receive inside information, shall not use such information before disclosing to public. In addition, they shall not trade and transfer in-out of the Company's shares within 1 month prior to the disclosing of the Company's Quarter Financial Statement and Annual Financial Statement to public and at least 1 working day after disclosure date.

Moreover, all Directors and Executive Committee have signed on acknowledge of their duties to report on the Company's shares owned by themselves, their spouse and minor children to the Securities and Exchange Commission (SEC) within 30 days after taking the position into appointment. They shall also report the change of shareholding to the SEC within 3 business days after the date of trading and transferring in-out of the Company's shares and inform the Company as well as reporting to the meeting of Board of Directors on quarterly basis.

Above regulations is also applied to the spouse and minor children of the Director, Executive Committee and staffs. In case, any person fail to abide the regulations shall be disciplined follow to the Company's policies and/or related law depend on case by case basis.

Remuneration of Auditor

In 2019, the Company paid the auditing fee to EY Office Limited in the amount of Baht 1,850,000 increasing from the rate in year 2018 in the amount of Baht 610,000.- which was 1,240,000.-. In addition, there were no other fees paid to the auditor besides the auditing fee mentioned above

Social Development

in the year **2019**





Corporate Social Responsibility

Policy

The Company realizes on the significance of business operations in adhering to the implementation of the principles for good corporate governance, business ethics and responsibilities toward society, community, environment and all related stakeholders with strong belief on enhancing the Company toward the sustainable growth, building of trustworthiness to shareholders, investors, and all related stakeholders. The principle of corporate social responsibilities has also been consistent with the company's vision, mission, core values and business code of conduct.

Therefore, the Company has stipulated the corporate social responsibilities policy as the framework for adherence and compliance by the Board of Directors, the Executive Committee and all staffs as per below;

1. Corporate Governance

The Company operates the business in accordance with good corporate governance principle resulting in transparent and accountable management, equitable treatment of stakeholders, accurate and complete information disclosure, internal information usage control, risk management and compliance to business code of conduct, abiding with the laws and regulations as well as cultivation of ethical conscious and awareness in business operations to the staffs throughout the organization.

2. Fair Business Operations

The Company encourages fair competition and avoids any executions that may cause conflict of interest and violation of intellectual property or copyright.

3. Respect of Human Rights

The Company respects humanity value and dignity of everybody without human right infringement.

4. Fair Treatment

The Company is aware that all staffs are the most valuable resources of the Company, then giving the precedence to development of staff's potentiality, benefit and compensation, career path, fair and equitable treatment to staffs at all levels, staff's welfare, safety and security including the sanitation at workplace.

5. Consumer Responsibilities

The Company focuses on customer service standards to response to customers' expectation and aims to develop high quality of products and services and obtain good hygiene in order to provide no harm to the customers.

6. Environmental Preservation and Energy Conservation

The Company operates business with concerns on environmental impact, effective resources utilization and energy saving.

7. Society or Community Development

The Company supports and encourages the society and community's development projects and related activities such as donating money or necessary items, volunteering for community support including encouraging the employees to participate these activities.



Practices toward the Company's policies

1. *Corporate Governance*

The Company has established corporate governance policy including the rights and fair treatment toward all groups of stakeholders, use of internal information, information disclosure and transparency. The Company operates business with high responsibilities compliance with the principles of good corporate governance, ethics and business code of conduct.

2. *Fair Business Operations*


The Company has the policy and the guidelines on non-infringement of intellectual property or copyright. Only software with license permission and lawful copyright can be allowed to use in the Company's Information Technology (IT) system.

3. *Respect the Human Rights*

The Company has policy and practices towards not involving in human right infringement including equitable treatment to all staffs based on humanity, dignity, respect for individual right and duty, resistance to use of child labor, establish the consideration process, selection process and rewarding system for all staffs, focus on providing essential knowledge and competency to enhance main duties without considering of race, religion, class and gender, etc.

4. *Fair Treatment of Employees*

- Determine equitable and fair staffs' compensation and welfare.
- Promote staffs to develop their knowledge and competency properly in order to grow in their career, to set career path for potential staffs and to provide the opportunities for all staffs to attend the promotion test.
- Arrange working environment with safety and sanitation by setting the policy regarding occupational safety, health and environment in workplace on March 6, 2012. The policy is defined the development and creation of management system in safety and environment compliance with lawful requirement by establishing Environmental, Occupational Health and Safety Division for activity arrangement, providing the training to build the conscious of safety, health and environment to all staffs as well as setting up occupational health and safety manual. It also includes investigating and controlling staffs to perform their duties in compliance with the manual, preparing job safety analysis form (JSA), electing Occupational Safety, Health and Environment Committee, and appointing safety officers registering with Department of Labor Protection and Welfare.
- Participate in Drug Free Workplace Project of Pathumthani Provincial Labor Protection and Welfare Office since 2010 with the objective of being the workplace which all staffs are free from all types of drugs and encourage that all staffs have good health, live without sickness and be safe in their workplace. According to the project, the Company manipulates the policy regarding to prevent and solve the drug problems and communicates to all staffs through various channels such as posting a notice and intranet channel etc. Furthermore, working committee has been set up to arrange other activities i.e. creating the posters and noticeboard in order to educate the anti-drug campaign, drug effect, including to organize the sports competition to encourage staff exercises, initiating the slogan contest etc. Random sampling drug with the staffs in annual basis. Each year, Pathumthani Provincial Labor Protection and Welfare Office would support on assessing the operating result of this project.




In 2019, the Company additionally implemented the activities as follows;

- Providing the annual health check up for all employees on November 15, 2019
- Receiving the Certification of the Standard on Prevention and Solution to Drugs Problem in an Establishment which such certificate has effect since August 28, 2019 to August 27, 2022. In addition, the random drug test results in 2019 (January – December) which randomly selected on total employees of 842, only 2 employees were found addictive substance in their bodies and one was sent to the Lam Luk Ka Hospital to receive the treatment at the hospital every Thursday for consecutively 4 months, which now the said employee has completed the scheduled treatment which the Hospital will arrange the employee to report and check from time to time. For the other employee who did not agree to join the treatment program and had submitted his resignation to the Company completely.
- Organizing the safety training for all staffs and also providing the safety training on machinery operation at the production department on September 27, 2019 including a safety inspection from each department on a monthly basis.
- Organizing the annual fire fighting and fire evacuation drills at the factory for 194 employees and also organizing the initial firefighting training which 22 employees had passed the training on November 21, 2019.
- Disclosing the statistic record of accident at the Company's factory which in 2019, there were none of employees who suffered from accidents or illness from working in the factory.

5. *Consumer Responsibility*

The Company focuses on responding to consumer's need by focusing on quality, deliciousness and varieties of foods, good service providing, convenience, safety and worthiness. In order to reach consumers' satisfaction, the Company establishes the appropriate operating process starts from selection, controlling and inspection of raw materials' quality, food standard and raw material storage, as well as the production of the Company's factory or central kitchen. The Company's factory or central kitchen has passed the inspection and certification of production quality standard in food industry which are GMP (Good Manufacturing Practice) and HACCP Standard (Hazard Analysis and Critical Control Points) from Intertek Industry and Certification Services (Thailand) Ltd. and a such certificate has been renewed for another 3 years, from September 15, 2017 to September 18, 2020. As a result, the Company ensures that raw materials and process foods are standardized and have good quality. The Company also continually creates and develops new menus and improves taste of food in order to respond to customers' needs which change over time. Moreover, the products and raw materials are delivered to different branches by the Company's vehicles in order to deliver fresh and new food with nutritive value preservation to customers rapidly and effeciently.

With respect to good service providing, the Company arranges regular staff training in order to provide the standardized practices for service providing to the customers as well as to handle with customer complaints effectively. The complaint handling manual has been manipulated for various cases including dealing with customer practices and customer reimbursement method. Several channels for customer complaints or suggestion have been provided through suggestion or complaint boxes at each restaurant branches or the customer may dial the direct call at telephone number published at all restaurant branches or company website. In addition, the Company's quality control and mystery shoppers outsourced by the outsiders also inspect the quality of food and operational practices of each branch on monthly basis.



The company places high importance on the health and well-being of customers as well as the awareness of environmental conservation. Since 2014, the Company has used charcoal or Biomass (called as Bio-Char) from the Northern Renewable Energy Co., Ltd. for the roaster and barbeque stoves. The components of these charcoals are coconut shell, mixed with eucalyptus wood and tapioca flour. These natural biomass materials are environment friendly and free from toxins and chemicals. The strength of these charcoals are non-toxic materials (carcinogenic free), giving a high level of heat, non-smoke, no crackles, left with few ashes, and enhancing the longer duration of time than normal charcoal. The quality of these charcoals is guaranteed by the Faculty of Science at Chulalongkorn University.

In addition, the restaurants under the brand of Signature which serves A La Carte style (Ordering food from the menu), uses biodegradable package from Biodegradable Packaging for Environment Public Company Limited for take away meals. These environmental packages are made from natural plant fiber and are free from carcinogenic substances. It's environmental friendly and is biodegradable, dissolving within 45 days.

6. Environmental Preservation and Energy Conservation

Environmental Preservation


The Company recognizes the importance of the environmental preservation. In 2010, the Company participated in Clean Technology Development and Promotion in Industrial Enterprise Project, arranged by the Provincial Industry Office of the group of upper central region provinces 1. In 2015, the Company's environmental policy was approved by the Board of Directors' meeting no. 1/2015 held on February 26, 2015 and was announced for implementation on February 27, 2015. The Company assigned the staffs who perform their duties relate to environment as permitted by the Department of Industrial Works to investigate and supervise environment concerns closely, so that there's no any unfavorable effect occurred in the nearby communities of the factory. The delegated staffs were consisted of an environmental manager and an operator responsible for wasted water treatment system, which both of them had attended the training classes, passed the relevant examination and received the certificates. In addition, Environmental & Resource Development Co., Ltd. has been outsourced to be responsible for controlling wasted water treatment system.

The Company operates the business compliance with environmental laws. The factory or central kitchen has strictly complied with wasted water standard pursuant to the proclamation of Ministry of Industry. The wasted water incurred from the production process must be treated and kept at cesspool and then reused within the factory such as watering plants, and so on without emission to the public. At past, the Company has never done any misconduct regarding with the environment and never been complained for environmental and pollution problem.

Additionally, the Company provides knowledge and implanted awareness related to environment through staff's notice board.

Energy Conservation

The Company has established policy regarding with the energy conservation on May 2, 2013 by determining the implementation and development of energy management system as a part of the business operations, ongoing improve the effecient energy consumption, setting the annual energy saving target and communicating to all staffs for their correct comprehension and practices, and creating the awareness of the energy saving as all staffs and executives' duties and responsibilities, as well as supporting on Human Resources, budgeting, training and encouraging the staff participation in sharing their opinion on the energy conservation.




The Company has also implemented the notice in order to promote the campaign of energy conservation in order to utilize the Company's resources as such a energy, resources, equipments, tools, office supplies with conscious and effectiveness. For example, turning off electricity and air-conditioning, including the computers during the lunch break, reducing the use of paper replaced by e-mailing, using two sides of papers, as well as using the stairs instead of the elevator etc.

In addition, the Company had regularly participated in the government's energy saving projects as follows;

- In 2011, the Company participated in Energy Saving Project for small-sized factory, arranged by Department of Industrial Works.
- In 2013, the Company participated in the Demonstration of Energy Management System Project for medium-sized industrial factories, arranged by Bureau of Alternative Energy Development, Ministry of Energy. The objective of this project is to develop and to promote roles of personnel of enterprises in participating on the energy conservation management at enterprise systematically and sustainably. The period of the project implementation was 2013 - 2014. An example of the Company's implementation was using Hi Saver energy saving boiler with the replacement of LPG energy consumption in production process of the factory, which was helpful for reduction of energy consumption and heat diffusion insides the boiler, resulting in alleviation of air-condition's work and relief of staff's fatigue. The Company also changed all traditional bulbs used in all restaurant branches to LED bulbs, resulting in energy saving, longer life time usage of the bulbs as well as environmental friendly.
- In December 2015, the Company participated in Reduction of Energy Usage in SME Factory Project, organized by energy conservation consulting center, Department of Industrial Works, in order to increase the efficiency of energy usage and reduction of energy cost. The project aimed to reduce 10% of energy usage of the factory. In 2016, the Company implemented the project to reduce the temperature of cooling chiller, resulting 12% reduction of energy cost, which achieve higher than the aim target.
- In 2017, the Company participated in the improving of energy-efficiency project in SMEs food industry organized by Provincial Energy Office of Pathumthani, started on July 1 - November 21, 2017. The Company set up an energy saving project by replacing the fluorescent lamps and the FL bulbs into the LED bulbs which could reduce energy consumption by 61,320 kWh/year, totalling the value of Baht 219,525 per year.
- In 2018 – 2019, the Company has participated in the project - Energy Conservation for Industrial Sector in Sustainable Way (Energy Point Phrase 2) as organized by the Institute of Industrial Energy, The Federation of Thai Industries. The Company has implemented the project to change heating circulation in the chilling room from the air-circulation system to water-circulation system which can reduce energy consumption by 120,215 kWh/year, totalling the value of Baht 438,784 per year.

7. Social and Community Development

The Company shall consider the community's needs and encourage the participation of the community development. The Company supports on providing foods, beverages and supplies to nearby schools and community at the Children's Day annually. The Company supports and encourages the staffs to participate in volunteer programs and public activities with community.



In 2019, the Company has participated in the community development activities, society and environment by donating the children's toys to students of the Saharat Banrung School which is located in the surrounding of the factory at Lam Luk Ka District, Pathum Thani Province.

Anti-Corruption

JCK Hospitality Public Company Limited has operated the business in compliance with the principle of good corporate governance, business ethics with responsibilities towards society, community, environment and all stakeholders, including anti-corruption in order to develop the sustainable growth of the Company.

The Board of Directors' meeting no. 4/2014, held on November 12, 2014 passed the resolution to approve the Company to participate in the project of "Private Sector Collective Action Coalition against Corruption", with regards to express intention and commitment to counter with all types of corruption. As a result, the Company signed in the Declaration of Intent on December 22, 2014. In order to certify from the campaign, the Company was required to submit self-evaluation tools for countering bribery within December 2016 but the Company failed to do so due to lack of manpower to handle with the documents.

In this regard, the Company has abided by anti-corruption policy which was reviewed and approved by the Board of Directors' meeting no. 1/2015, held on February 26, 2015, as the explicit guideline of the conduct of business operations. The management team has given importance for such a subject continuously throughout the year 2018.

The guidelines of the practice are as follows;

1. Directors, Executive Committees and employees at all levels must abide with anti-corruption policy, business code of conduct, regulations and relevant work manual of the Company by not involving with all forms of corruption in both direct and indirect manner.
2. Any practice which may incur with the high risk of corruption, the Company determines that Directors, Executive Committee and employees must carefully conform by the following courses of action;

(1) Giving and Accepting the Bribery

The Company prohibits to give or accept any form of bribery as a return of business benefits and prohibits to assign the other personnel to give and accept bribery on his/her behalf.

(2) Gifts, Entertainment and Other Expenses

Offering or receiving gifts, providing the entertainment, including supporting on the other expenses are the important part of creating or maintaining business relationship. However, giving or accepting gifts and entertainment should be justified in all circumstances according to tradition, custom, normal business practice, complying with the Company's business ethics and business code of conduct and relevant laws. The value of gifts, entertainment as well as other expenses should be in appropriate value depends on situation and not aim to encourage any actions or avoid performing any actions that may lead to corruption.




(3) Political Contributions

The Company is impartial in politics and has no policy to contribute or support in form of financial resources or other capital to political parties, political groups and politicians, whether directly or indirectly.

The Company respects to human rights of each employee to participate the political activities freely. However, the participation must not represent the name of the Company.

(4) Charity, Contributions and Sponsorships

- (1) Charity in form of cash or assets of the Company must be contributed only under the name of the Company towards the foundations, public charities, temples, hospitals, sanatorium or any reliable or certificated social organizations which are verifiable. The charity contribution must be recorded properly by identifying the name of recipients, objective of donations, including the related documentation in order to submit to the authorized persons for approval.
 - (2) The sponsorships in form of cash or assets of the Company must be granted only under the Company's name with the objective of the business purpose, creating good image and reputation of the Company. The objective and the supported evidence need to be clearly defended by recording the recipient's name, the purpose of sponsorship, including the related documents in order to submit to the authorized persons for approval.
 - (3) Giving or receiving donated money for charity or sponsorships must not be used as a mean for bribery purpose.
3. Purchasing and procurement must be carried out under the Company's rules and regulations with transparency and accountability. The evaluation of suppliers' selection must be strict pursuant to purchasing regulations. The Company sent the letters to all suppliers to notify about the Company's practices and policies regarding to the anti-corruption policy since January 21, 2014. The Company also defines the channel to make a complaint or report any clues relating to the corruption/bribery to the Company. Therefore, the Company reserves the right to reject of purchasing or procurement with suppliers or service providers whom commit the corruption/bribery.
 4. When any action which may relate to corruption is noticed, the staffs shall not neglect or ignore. Instead they must inform their supervisors or authorized persons or inform via whistleblowing channels as well as collaborate in any further investigations. In case of having any suspicious or query, the issues shall be raised up to their supervisor or responsible persons through stated channels.
 5. There are in place the channels of whistleblowing and complaints, establishing on the measures for protection of any petitioner or whistle-blower and keeping information of whistleblowing or complaint in confidential manner and processing the investigation with timely and fairly practice.
 6. A person involving with any corruption will be considered for disciplinary actions in accordance with the Company's policies. The stage of disciplinary actions starts from the dismissal and/or termination of employment. In addition, the persons may be prosecuted based on related laws in case of violation.

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7. Establishing the risk management regarding to the corruption by assessing the risks from all business practices such as the process or procedures which may lead to corruption, identifying the risk management standard of practice, including monitoring and reviewing the recent risk management system in order to reach the acceptable level of risk control.
 8. Implementing human resource management practices compliance with anti-corruption policy, starting from recruiting or selection process, training, performance evaluation, promotion, rewarding and hiring process. Furthermore, organization chart shall be set with appropriate duty segregation, resulting in assessing and balancing.
 9. Implementing the proper auditing process and internal control system in order to prevent corruption and misconduct. Process of internal audit spreads over the core activities of the Company such as purchasing and procurement, marketing etc. Internal control system includes finance, accounting and data gathering and recording.
 10. Communicating anti-corruption policy and notifying the channels of whistleblowing and complaining to everyone in organization to understand, accept and comply through the various channels of the Company i.e. e-mail, website, noticed board etc. The Company also arranges new hire orientation for all directors, executive committee and employees and provides regular training on anti-corruption policy to all relevant existing employees for their understanding and complying with this policy.
 11. Communicating anti-corruption policy and notifying channels of whistleblowing and complaints to public and all stakeholders through the various channels of the Company i.e. website, Annual Report, Annual Disclosure Information (Form 56-1) etc.
 12. Monitoring the implementation of anti-corruption policy regularly and revising the guidelines to be in line with change in business, rules, regulations and relevant laws in usual.

Whistleblowing and Complaint

1. Issues for whistle blowing or complaint
 - (1) Any course of the corruption relevant to organization either direct or indirect manner
 - (2) Violation of the law, rules, regulations of the Company, business ethics and good corporate governance policy
 - (3) Action/or practice which causes the negative impact on the Company's benefits and reputation

2. Channels of whistleblowing or complaint

All stakeholders can report suspected wrongful actions or make a complaint through the following Channels;

- (1) Electronic mail of the Chairman at chairman@jckhgroup.com
- (2) Company's website at www.jckhgroup.com
- (3) Suggestion boxes at restaurant branches, factory and head office
- (4) Making a call through the telephone numbers which notice at every restaurant branches
- (5) Postal mailing direct to the Chairman at Company's address: at JCK Hospitality Public Company Limited, No. 18 Soi Sathorn 11 Yaek 9, TFD Building, Yannawa, Sathorn, Bangkok 10120



3. Protection and Keeping Confidentiality

- (1) Any whistle-blower or petitioner will be protected from his/her rights, either the person is the employee or external person.
- (2) The Company shall provide fair treatment and safeguard the staff who does not accept on the corruption guilt or who informs corruption cases or reports any misconduct, or who makes a complaint and who cooperates in corruption report. The Company shall not transfer the position, change the job description and workplace, suspend the person from current job, discipline or provide any negative reinforcement to that staff.
- (3) The Company shall investigate according to procedure and record investigation outcomes in writing by not disclosing information of whistleblower or petitioner. All relevant documents will be kept and treated as confidential and prohibited to disclose the information to unrelated persons, except only the disclosure is required by the law.

Investigation Procedures

1. When receiving the whistleblowing or any complaint, a receiver shall gather all facts and send them to Company Secretary.
2. The Company Secretary will invite the representatives from Executive Committee to consider and investigate. The representatives from Executive Committee are the member as follows;
 - (1) Deputy Chief Executive Officer
 - (2) Head of Human Resource Department
 - (3) Manager of a whistleblower or petitioner (if case relates to the employee)

The Company Secretary will be an observer in the investigation meeting.

3. During the investigation, the Company Secretary may be assigned to inform the progress of investigation to the whistleblower or the petitioner from time to time.
4. After investigation, if the Company finds that the whistleblower or petitioner's complaint has been realized to the misconduct or the corruption, the Company will inform the rights to the suspect as well as their suspicious act which may relate to any misconduct or the corruption. The Company also provides the right to the suspect to provide the additional information or evidence to prove himself/or herself that he/or she doesn't commit to any misconduct or the corruption as alleged.

Social Development in the year 2019

JCK Hospitality Public Company Limited realizes the importance of the social responsibilities to the communities in the area that the Company has engaged its business especially for the carefulness to the environment and to build the relationship and provide benefits to the community.

In 2019, the Company has continuously carried out the activities to assist and develop the communities in various areas which the Company has engaged its business which comprises of educational support, improving quality of life and also donating the consumer goods and daily household appliances to the communities which are in needs. The Company also focus on the participation of its employees and the community which the significant projects in 2019 were as follows:

Social Activities for the year 2019

The Company and employees have organized the activities for the community and society in the surrounding areas nearby the factory by installing and delivering the children plaything to the Saharat Bumroong School located at Bueng Kham Phroi Sub-district, Lam Luk Ka district, Pathum Thani Province during December 11-12, 2019 .



Internal Control and Risk Management

The Audit Committee considered and appointed the Quantum Point Consulting Co.,Ltd., as the Company's internal auditor in year 2018. The Quantum Point Consulting Co.,Ltd is selected as the Company's internal auditor as it is independent and has sufficient resources and budget to perform its duties for auditing operations. The internal auditor has duties to provide the consulting,auditing,and evaluating internal control systems, to monitor and assess Company's risk management systems and corporate governance whether the practices towards these policies are adequate and efficient as well as pursuant to defined Company's objectives. Additionally, the internal auditor shall audit the Company's operations, compliance with law and relevant rules and regulations, and finance auditing. The internal audit shall report the assesement result directly to the Audit Committee. The Company Secretary is delegated to coordinate with internal auditor and other departments in the Company.

In 2019, the internal auditor implemented the auditing system to assess the Company's internal control system through the various transactions of the Company which consisting of transactions of production for sale, quality assessment, transaction of warehouse management, cost management, transaction of fixed asset control, transaction of human resource management including sales and payment transaction at the restaurant branches. After assessment, the Audit Committee provided the feedback that the Company's internal control system was adequate and appropriate in a certain level but there was only few weak points which tha management team should bring these points to consider, implement the practices to improve these weak point in order to eliminate the weak points to be lesser or completely eliminate in the future. Furturemore, the Company shall be able to improve the business operations more effectively with continual growth sustainably.

For the year 2019, the Audit Committee arranged 4 meetings with the external auditor and the internal auditor to consider and express opinions on financial statements which were audited or reviewed by the external auditor. The Audit Committee was aware of the continuing improvement of internal control system which is more sufficient and appropriate. In addition, the Audit Committee held the meeting with the external auditor without the presence of management team.

Internal control

At the Audit Committee's meeting No.1/2020 on February 27, 2020, The Audit Committee consider approving the evaluation checklist of internal control system for the year 2019 assessed by internal auditor and reviewed by the Audit Committee. The assessment result has mentioned that the Company's internal control system is fairly appropriate and efficient. Therefore, it granted that the Company's assets were suitably protected and maintained, accounting transactions were recorded properly, and resources were utilized efficiently. In addition, the Board of Directors gave opinion that the Company had adequate internal control system for related transactions with major shareholder, executive and related persons.

The Company's operation and management procedures are in lined with the integrated framework of internal control determined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which consists of 5 components and 17 concepts. The Company had adapted this principles for operation and management practices as follow :




1. Environment Control

- 1) The Independent Directors and Executive Committee determine the guideline and practices based on integrity and business code of conduct which cover daily operation practice and practices towards the Company's partner, client and third party. The written regulation are established and followed by management team and employees in order to perform their duties with honest and ethics. In addition, there are restrictions to prohibit any of management team and employees not having any conflict of interest with the Company's business, including prohibition of corruption which may cause the Company's damage. Anyone who fails to perform in accordance with the above instructions shall be subjected to reasonable penalty.
- 2) The committee composed of the independent Directors who have knowledge, competency, reliability, and independent in performing their duties. Their roles are to govern the internal control which cover establishment of control environment, risk assessment, control activities, information and communication, including monitoring activities.
- 3) Top managements of the Company determine the organization structure by considering all related business practice and related law as well as arranging the efficient internal control system in place. The Duties of core functions are segregated to counterbalance. The Internal auditor reports directly to the Independent Directors with clear reporting line.
- 4) The Company has policy and work procedure for recruit, develop and retain employees who have suitable knowledge and competency. The Company also sets the procedure to review such a policy and work procedure periodically.
- 5) The Independent Directors and Executive Committee reinforce the procedures and communication to ensure that everyone aware of his/her responsibility for the internal control and may change the practice to improve the work procedure if necessary.

2. Risk Assessment

- 1) The Company determines objectives of risk management clearly and sufficiently in order to be able to identify and evaluate any risks related to achievement towards the Company's objectives.
- 2) The Company sets up procedures regarding to the risk identification and risk in order to prioritize the risks by considering likelihood and impact of such risks, which is proceeded before and after managing such risks, in both inherent risk and residual risk.
 - Likelihood means frequency or possibility of risk occurrence
 - Impact means severity of damage occurred in correspondence with risk occurrence, which can be assessed by means of qualitative (e.g. product and service quality, Company's reputation) and by mean of quantitative.
 - Degree of risk means status of risk derived from assessment of likelihood and impact of each risk factor.
- 3) The Company evaluates the opportunity of corruption occurrence by covering all types of corruption and review the goal of operation carefully. In addition, the Company also considers the incentives or benefits programs of the employee to ensure that practice don't lead to any persuasion to do inappropriate actions.

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- 4) The Company reviews and evaluates the changes of external factors which may affect business operation, internal control, and financial reports. In addition, the Company introduced the practices to respond to any change by identify the additional risk and control activities.

3. Control Activities

- 1) The Company has the procedures to reduce risk to acceptable level by establishing risk management manual and work procedures of each system in written format. The Company also sets up corporate chain of command, job descriptions, and clearly segregated responsibility of each position.
- 2) The Company arranges the general control activities by using information technology, such as set up password for information accessing of each level and set up the standard to protect leaking out confidential information, etc.
- 3) The Company arranges the control activity through the policy by requiring each department to evaluate its operations and allow internal audit unit to monitor its operation regularly.

4. Information Technology & Information Communication


- 1) The Company utilizes information technology system to manage the Company's information transferring such as assessing the effective and on time daily sale datas, utilizing the data analysis for dection, etc.
- 2) The Company uses video conference for internal communication.
- 3) The Company communicates with third parties via available channels in order to let the outsiders provide the suggestion, clues complaints or feedback such as website, e-mail,telephone,facsimile and letter etc.

5. Monitoring Activities

- 1) The Company follows up and evaluates internal control continuously. The internal auditor performs its duties to audit and evaluate the internal control system each departments or quarterly basis.
- 2) The Company evaluates and communicates the failure of internal audit on timely basis. The subordinate is required to reports any failure to his/her supervisor / or direct manager in order to find the solution to improve the failure effectively.

Risk Management

The Company gives precedence to risk management as the key mechanism and tool in business operation. These would lead to the achievement of the Company's objective and goal. Therefore, the Company establishes the risk management policy by focusing on development of risk management system to comply with good corporate governance and reinforcing the ertire enterprise risk management. The Company manages risk systematically and continuously, covering financial and operation controls, managing and practicing in accordance with related laws, both internal and external. In addition, the enterprise risk management covers both organization level and operational level in order to control the risk in acceptable level and to ensure that the following objectives can be achieved:

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- 1) The strategies and goals are established clearly and practically to conform and support the Company's mission.
 - 2) Operating result effectively achieves the objectives in efficient manner by managing resource effectively and worthily as well as having appropriate protection and asset control.
 - 3) Reporting both financial and non-financial data correctly, reliably and timely.
 - 4) Executing and operating according to the Company's policy, rule and regulation, which comply with related laws and other regulations related to business operation, both internal and external.
 - 5) Improve quality and operation procedure in terms of personal, assets, equipment and operating systems continuously.
 - 6) Implement internal control system by performing self-assessment in important function appropriately.

Risk Management supports the organization to achieve its goal and reduce some trouble or unexpected matters which may occur simultaneously. It also protects some damage to company's resource and creates confidentiality in reporting and performing in accordance with the company's regulations. The Company has established the risk management policy with procedures as follows:

- The Company set up Risk Management Committee (RMC) at enterprise level consisting of Deputy Chief Executive Officer as the Chairman and Chief Officers of each section as members. The RMC establishes guidelines of risk management and reports the risk management assessment result, monitor and evaluate the performance for Chief Executive Officer (CEO). In addition, the Company set up RMC at unit level comprising Chief Administrative Officer (CAO) as the Chairman and heads of departments as members. Its duties are risk factors identification, risk assessment, risk response planning, risk monitoring and risk review. Reports on the progress of risk management implementation are prepared and submitted to Executive Committee on quarterly basis.
- The Company assigns all employees to have collective roles and responsibilities and determine authority of management and operation levels clearly. Risk management is under responsibilities of all employees in all levels so that they are aware of operating risk in their own departments and in the organization including give priority to manage the risk in different parts in acceptable and suitable level.
- The Company initiates the process of enterprise risk management by developing a risk management manual to provide knowledge and understanding about concept, process, and procedure of risk management to all managements and employees. Thus, they can set up risk management plan of each department to compliance with the Company's risk management plan, and lead to integrated risk management. Risk management system is included as a part of decision making, strategic planning, action plans and business operation. In addition, the Company focuses on achievement of the Company's objectives, goals, vision, mission, and strategy in order to create operational excellence of the Company and confidentiality of all related parties.
- The Company develops risk management plan by determining the risk of each work system and sets guidelines to prevent and reduce operational risk to avoid damage or loss which may occur. In addition, the Company follows up and assesses risk management continuously.

Related Party Transactions

The related party transactions between the Company and the persons/ or entity that may have a conflict of interest including the relationship can be summarized as per the following;

Person/Entiry having a conflict of interest	Relationship
JC Kevin Development Co., Ltd. (JCKD)	Mr. Apichai Taechaubol (Chairman and Major Shareholder of the Company) is JCKD's Director and holding 31.25% of shares. Mrs. Chalida Taechaubol (Mr. Apichai's wife) is JCKD's Director and holding 23.75% of shares. Mr. Chotiwit Taechaubol (Executive Director and Chief Executive Director of the Company) is JCKD's Director and holding 7.5% of shares.
High Active Consultant Co., Ltd	Business related to shareholders, directors
JC Kevin Food & Beverage Co., Ltd	Business related to shareholders, directors
Dr. Apichai Taechaubol	Chairman, Executive Chairman, Major Shareholder of the Company, holds 26.40% of total shares of the Company (as of the date of the latest shareholders record date on August 14, 2019).
Mr. Chotiwit Taechaubol	Mr. Apichai Taechaubol' son, Director, Executive Committee Member, Chief Executive Officer, holds 2.55% of total shares of the Company (as of the date of the latest shareholders record date on August 14, 2019)

Person/ or Entry having a conflict of interest	Relationship	Type of Transaction	Amount (Baht)		Necessity and appropriateness of the related transactions
			2019	2018	
1. JC Kevin Development Co., Ltd.	Related business to shareholders, directors and executive	<u>Agreement of rent of office space and service fee</u> The Company has agreed to the agreement of rental of office space and service fee at total of 890.56 square meters on the 2nd floor and partial of the 4th floor of JC Kevin building. The contract term is 3 years and will end by August 31, 2020.	5,507,980	6,910,384	The rate of rental of the office space and service fee including the deposit was not higher than the normal charge of the landlord which may charge to other customers and the price is not higher than the market price. The Audit Committee considered and gave the comment that such a related transaction is reasonable and beneficial to the Company.
		<u>Agreement to appoint a selector for hotel management's selection</u> The Company was hired to be a selector and consultant to select a reputable hotel chain to become a hotel management.	15,000,000	-	
2. JC Kevin Food & Beverage Co., Ltd.	Related business to have a joint of directors and/or shareholders	<u>Payment of Goods & Equipment</u> Payment of equipment – was the purchase assets of the restaurant Signor Sassi. Payment of Goods – was the purchase of raw materials to cook and sell in the restaurant Signor Sassi	-	2,175,110	Value of buy-sell was based on the market value which the Audit Committee also evaluated the transaction as reasonable and beneficial to the Company.

Person/ or Entry having a conflict of interest	Relationship	Type of Transaction	Amount (Baht)		Necessity and appropriateness of the related transactions
			2019	2018	
3. Mr. Apichai Taechaubol	Director and Major Shareholder	<u>Short-term Loan:</u> Mr. Apichai Taechaubol has lent a short-term loan to the Company with a call tenure in the sum of Baht 27,000,000 to be used for the business operation in form of promissory note with interest rate of 3.50 per annum (a referred rate of 1 year government bond plus a spread of debenture rating BBB with 3 years term.	27,000,000	-	The short-term loan was to be used in business operation pursuant to conditions specified in the promissory note, and the Company shall pay interest at the rate lower than that of lending by a financial institution. The Audit Committee considered and gave the comment that such a related transaction is reasonable and beneficial to the Company.
4. SG Land Co., Ltd	Related Company	<u>Agreement of rent of office space and service fee</u> The Company has entered into the agreement of rent of office space and service fee with SG Land Co., Ltd. on M floor at total of 299 square meters, for the restaurant business of Bonsai with the term of 3 years starting from August 1, 2019 and will end by July 31, 2022.	1,705,890	-	The rate of rental of the office space and service fee including the deposit was not higher than the normal charge of the landlord which may charge to other customers and the price is not higher than the market price.

Necessity and Relational of Related Party Transactions

Agreement of rent of office space and service fee was done for the best interests of the Company's operating business which has potential growth and expansion. The rental rate when compared to those of other nearby office building is consistent to the criteria.

The borrowing of short-term loan from the director and major shareholder of the Company was for the purpose of increase the liquidity of its business and the time period and interest rate is in line with the normal business practices and straightforward, and the Company received the benefit from the borrowing with the lower finance cost than the rate from the bank.



Practices and Approval Process of the Related Party Transactions

The Board of Directors of the Company will approve the related-party transaction by:

- Management have to prepare the report to submit to the Board of Directors which should have adequate and complete information so as to consider in order to protect the investors and have to state the necessity and reasonability
- Related party will have no right to vote
- Must have the price appraisal by the accepted independent appraiser
- The independent directors or Audit directors shall provide their comments
- Process in line with the law and related regulations.

In case that the related-party transactions are normal business transactions or engaged with the guidelines which the Board of Directors of the Company has assigned, such transactions will be considered as they were under the authority of the Executive Board of directors and/or management to approve.

Related Party Transactions Policy and Tendency

The Company expects that related transactions regarding with the Company's loan from Directors and/or shareholders and loan collateral by assets belongs to Directors or shareholders will not arise in the future. In case of the related party transactions may be required in the future, such a transaction must be considered as necessary and shall improve the effectiveness of business operations. The policy regarding explicit determination of the prices of transactions will be established pursuant to proper and fair market prices and conditions, not leading to transfer benefits and including considering the best benefit of the Company. The Audit Committee will review and comment on related party transactions which are normal business or supporting normal business in quarterly basis.

With respect to the related party transactions or the transactions which might lead to the conflict of interest arising in the future, the Board of Directors will comply with rules and regulation of the SET and the SEC regarding to the disclosure of information of listed companies concerning the related transactions including the receiving or selling of the assets belong to the Company or its subsidiaries as well as to abide with the accounting standards specified by federation of Accounting Professions of Thailand.

Financial Highlight

Statement of Financial Position as of December 31

	2017		2018		2019	
	Baht	%	Baht	%	Baht	%
Total Assets	534,375,037	100.00%	607,886,915	100.00%	698,491,849	100.00%
Total Liabilities	497,781,846	93.15%	445,607,725	73.30%	617,174,908	88.36%
Total Shareholders' Equity	36,593,191	6.85%	162,279,190	26.70%	81,316,941	11.64%

Statement of Comprehensive Income

	2017		2018		2019	
	Baht	%	Baht	%	Baht	%
Revenues						
Revenues from sales	1,833,056,354	99.20%	1,498,084,478	98.35%	1,349,085,940	96.55%
Other income	14,823,930	0.80%	25,100,848	1.65%	48,165,037	3.45%
Total revenues	1,847,880,284	100.00%	1,528,185,326	100.00%	1,397,250,977	100.00%
Expenses						
Cost of sales and distribute	899,617,754	49.08%	713,884,065	47.65%	654,399,418	48.51%
Selling expenses	1,052,837,686	56.98%	759,897,129	49.89%	725,509,995	51.92%
Administrative expenses	91,078,378	4.93%	134,842,446	8.85%	151,486,636	10.84%
Other expense	9,765,353	0.53%	5,409,640	0.36%	7,424,977	0.53%
Total expenses	2,053,299,171	111.12%	1,614,033,280	105.96%	1,538,821,026	110.13%
Reversal of allowance for impairment of assets	-	-	22,244,926	1.46%	(349,539)	-0.03%
Loss before finance costs and income tax expenses	(205,418,887)	-11.12%	(68,603,028)	-4.50%	(141,919,588)	-10.16%
Finance cost	(13,372,661)	-0.72%	(9,847,285)	-0.65%	(13,923,055)	-1.00%
Loss before income tax expenses	(218,791,548)	-11.84%	(78,450,313)	-5.15%	(155,842,643)	-11.15%
Income tax expenses	(3,512,566)	-0.19%	(6,162,001)	-0.40%	(2,561,143)	-0.18%
Loss for the year	(222,304,114)	-12.03%	(84,612,314)	-5.55%	(158,403,786)	-11.34%
Other comprehensive income:						
Other comprehensive income not to be reclassified to profit or loss in subsequent periods						
Gain on revaluation of land and building	-	-	39,720,000	2.61%	108,538,334	7.77%
Actuarial losses	3,844,760	0.21%	(290,220)	-0.02%	(3,881,944)	-0.28%
Less: Income tax effect	-	-	(7,944,000)	-0.52%	(21,707,667)	-1.55%
Other comprehensive income not to be reclassified to profit or loss in subsequent periods – net of tax	3,844,760	0.21%	31,485,780	2.07%	82,948,723	5.94%
Other comprehensive income for the year	3,844,760	0.21%	31,485,780	2.07%	82,948,723	5.94%
Total comprehensive income for the year	(218,459,354)	-11.82%	(53,126,534)	-3.49%	(75,455,063)	-5.40%
Earnings per share						
Basic earnings (loss) per share						
Loss attributable to equity holders of the Company	-0.53%		-0.15%		-0.25%	

Statement of Cash Flows

Statement of Cash Flows	2017	2018	2019
	Baht	Baht	Baht
Net cash flows used in operating activities	(49,625,673)	(40,181,598)	(117,898,661)
Net cash flow used in investing activities	(43,863,930)	(57,867,868)	(47,711,445)
Cash flows from financing activities	88,150,234	116,361,812	156,511,377
Net increase (decrease) in cash and cash equivalents	(5,339,369)	18,312,346	(9,098,729)
Cash and cash equivalents at beginning of period	16,045,358	10,705,989	29,018,335
Cash and cash equivalents at end of year	10,705,989	29,018,335	19,919,606
Supplementary cash flows information:			
Non-cash item			
Decrease in account payables for purchase of assets	3,197,159	1,348,133	5,914,799
Acquisition of asset under hire purchase and finance lease agreement	725,234	2,684,579	2,328,996

Key Financial Ratio

	2017	2018	2019
Liquidity Ratio			
Current ratio (times)	0.22	0.29	0.23
Cash flow current ratio (times)	(0.11)	(0.10)	(0.26)
Inventory turnover period (times)	18.44	17.00	17.30
Payable turnover period (times)	6.07	5.21	4.60
Average collection period (days)	60.08	70.10	79.41
Profitability Ratio			
Gross profit margin (%)	50.92%	52.14%	51.49%
Net profit margin (%)	-12.03%	-5.55%	-11.34%
Return on equity (%)	-283.69%	-85.09%	-130.05%
Efficiency Ratio			
Return on assets (%)	-36.19%	-14.81%	-24.25%
Return on fixed assets (%)	-20.75%	-22.36%	-33.82%
Total asset turnover (times)	3.01	2.51	2.00
Financial Policy Ratio			
Debt/equity ratio (times)	14.97	2.75	7.59
Debt/equity ratio (times) ^{1/}	14.97	2.75	7.59
Debt service coverage ratio (times) ^{2/}	(2.37)	(0.04)	(0.30)
Debt service coverage ratio (times) ^{3/}	(0.25)	(0.24)	(0.28)
Debt service coverage ratio (times) ^{4/}	(1.23)	(0.34)	(0.43)

Remark: ^{1/}Loan from Directors or shareholders is calculated as equity

^{2/}Calculated from Earnings before interest, tax, depreciation and amortization (EBITDA)

^{3/}Calculated from Earnings before interest, tax, depreciation and amortization (EBITDA) deducting non-cash items of loss from branch closing and loss on impairment of assets

^{4/}Calculated from cash flow from operating activities

Management's Discussion and Analysis (MD & A)

As of December 31, 2019, the Company has number of branches which are operating of 93 branches, a decrease of 4 branches from 97 branches as of December 31, 2018. In 2019, the Company has closed down 7 branches which divided to 6 branches of Hot Pot Inter Buffet and Hot Pot Inter Buffet with grilled, one branch of Signature brand. On the contrary, the Company has opened new brand which is Zheng Dou of 2 branches, at Central World and Anantara Sathon Hotel Bangkok, and brand Bonsai which located at The Millennium Tower.

Brand	Number of Branches		
	December 31, 2018	December 31, 2019	Different
Hot Pot Inter Buffet	55	51	-4
Hot Pot Inter Buffet with Grill	27	25	-2
Hot Pot Suki Shabuz	2	2	-
Daidomon	5	5	-
Signature	3	2	-1
Toomato Italian Kitchen	1	1	-
Zheng Dou	3	5	2
Signor Sassi	1	1	-
Bonsai	-	1	1
Total Branch	97	93	-4

Revenue

In 2019, the Company's revenue was recorded at Baht 1,349.09 million, decrease of Baht 149 million or 9.95% compared to year 2018, mainly from the intensive competition in the restaurant industry, the decrease in branches and the new comers into the industry while the consumers are now concern on their spending which affect that they will eating out only on special occasion or festival, all these factors have great impact to the Company.

Unit : Million Baht	2018		2019	
	Amount	%	Amount	%
1. Revenue from sales				
(A) From branches				
1) Hot Pot Inter Buffet	884.97	58.10	763.78	54.66
2) Hot Pot Inter Buffet with Grill	395.62	25.97	357.82	25.61
3) Hot Pot Shabu Suki	15.39	1.01	14.70	1.05
4) Daidomon	131.27	8.62	102.89	7.36
5) Signature	18.11	1.19	9.82	0.70
6) Toomato Italian Kitchen	10.08	0.66	9.03	0.65
7) Zheng Dou	9.21	0.60	44.65	3.20
8) Signor Sassi	13.03	0.86	39.67	2.84
9) Bonsai		-	3.90	0.28
Total	1,477.68	97.01	1,346.26	96.35
(B) From other sales	20.41	1.34	2.83	0.20
Total Revenue from sales of goods	1,498.09	98.35	1,349.09	96.55
2. Other Incomes	25.10	1.65	48.16	3.45
Total Revenues	1,523.19	100.00	1,397.25	100.00

Unit : Million Baht	2018	2019	Difference	
			Amount	%
Revenues from sales	1,498.09	1,349.09	(149.00)	(9.95)
Other income	25.10	48.16	23.06	91.87
Total revenues	1,523.19	1,397.25	(125.94)	(8.27)
Cost of sales	713.88	654.40	(59.48)	(8.33)
Gross profit margin	784.21	694.69	(89.52)	(11.42)
Gross profit percentage (%)	52.35%	51.49%		(0.86)
Selling and administrative expenses	759.90	725.51	(34.39)	(4.53)
Selling and administrative expenses	134.84	151.49	16.65	12.35
Other expense	5.41	7.42	2.01	37.15
Impairment loss on assets	22.24	(0.35)	(22.59)	(101.57)
Financial cost	9.85	13.92	4.07	41.32
Tax expenses (tax income)	6.16	2.56	(3.60)	(58.44)
EBITDA	(7.41)	(83.38)	(75.97)	1,025.24
EBITDAMargin (%)	(0.49)	(5.97)		(6.45)
Profit (loss) for the year	(84.61)	(158.40)	(73.79)	87.21
Net profit (loss) (%)	(5.55)	(11.34)		(5.78)

Cost of sales

The Company's cost of sale in 2019 was booked at Baht 654.40 million, a decrease of Baht 59.48 million or 8.33% decrease from the previous year 2018, in line with the decrease in sales.

The Company also continuously emphasizes on the control management to reduce the value of food waste to decrease the cost of food and value of food losses in each branches while keeps the standard of food and customers' satisfaction, including improving the procurement management by procuring new suppliers so that the Company can select and bargain the price for the utmost benefits.

Operating and Administering Expenses including the Miscellaneous Expenses

The selling and administrative expenses of the Company in 2019 was Baht 877 million which was 65.01% of total revenue, a decrease of Baht 17.74 million or 1.98% from the previous year as a result of the restructuring of management and manpower to be more appropriate.

In 2019, as a result of the aggressive competitive in restaurants business which affected to some branches of the Company's restaurants which the sale revenue did not meet the predetermined expectation, thus the Company had considered to close down six branches in 2020 which will have impact on the accounting on the provision for liabilities and allowance for impairment of assets of the branches in total Baht 15 million.

In addition, the financial cost in 2019 was booked at Baht 13.92 million, an increase of Baht 4.7 million or 41.32% increase from 2018 due to the interest expenses from the borrowings.

Net Loss

In 2019, the Company's operating loss was Baht 158.40 million, an increase in loss of Baht 73.79 million when compared to year 2018 which loss was at Baht 84.61 million. The Company has changed the accounting policy for the buildings from using the cost method to revaluation to represent the appropriate value at present. This change in policy has affected the transactions in the statement of financial position as of December 31, 2019 and the statement of comprehensive income for the year of Baht 36.05 million. However, during the year, the Company has reviewed the price of land and has recorded the difference from the change in price of land of Baht 50.78 million, thus in total, the Company has recognized gains from the revaluation of land and buildings in the comprehensive Income Statement of Baht 86.83 million

Assets

Unit : Million Baht	December 31, 2018	December 31, 2019	Difference	
			Amount	Amount
Cash and cash equivalents	29.02	19.92	(9.10)	(31.36)
Trade receivables and other receivables	23.69	41.49	17.80	75.14
Inventories	39.45	36.18	(3.27)	(8.29)
Advance received	2.82	7.92	5.10	180.85
Other current assets	16.92	15.97	(0.95)	(5.61)
Total Current Assets	111.90	121.48	9.58	8.56
Deposits at Bank with guarantee obligations	3.00	3.00	-	-
Land, buildings and equipments	348.10	445.09	96.99	27.86
Leasehold Rights	25.28	18.17	(7.11)	(28.13)
Intangible Assets	5.04	5.11	0.07	1.39
Rental deposit	114.57	105.64	(8.93)	(7.79)
Total Non-current Assets	495.99	577.01	81.02	16.34
Total Assets	607.89	698.49	90.60	14.90

As of December 31, 2019, total assets of the Company was Baht 698.49 million, an increase of Baht 90.60 million or 14.90% compared to the year 2018. Total assets comprise of current assets of Baht 121.48 million, an increase of Baht 9.58 million or a growth rate of 8.56%. The Company's cash and cash equivalents decreased by Baht 9.10 million or 31.36% decrease while the trade and other receivables increased by Baht 17.80 million or 75.14%

For the total Non-current Assets of the Company was booked at Baht 577.01 million, an increase of 81.02 million or 16.34%, comparative to the amount at the end of 2018. Mainly was the result of the change in the accounting policy of the asset type- buildings which changed from the cost method to the revaluation value to present the appropriate value of assets at present. Such change in policy had impact to the components of the statement of financial position as of December 31, 2019.

Liabilities

Unit : Million Baht	December 31, 2018	December 31, 2019	Difference	
			Amount	Amount
Overdrafts and short-term borrowings from financial institutions	72.42	95.47	23.05	31.83
Short-term borrowings from outsiders	-	153.21	153.21	100.00
Trade and other payables	257.11	222.80	(34.31)	(13.34)
Current portion of long-term loans which due within one year	42.25	24.25	(18.00)	(42.60)
Current portion of liabilities under hire-purchase and financial lease agreements which due within one year	1.74	1.39	(0.35)	(20.11)
Unrealized revenue special privilege program for customers	-	3.36	3.36	100.00
Other current liabilities	12.16	31.72	19.56	160.86
Total current liabilities	385.68	532.20	146.52	37.99
Liabilities under hire-purchase and financial lease agreements – net of the current portion which due within one year	2.07	3.00	0.93	44.93
Provision for liabilities from demolition	26.65	24.91	(1.74)	(6.53)
Deferred income tax liabilities	28.38	52.66	24.28	85.55
Provision for long-term employee benefits	2.83	4.40	1.57	55.48
Total non-current liabilities	59.93	84.97	25.04	41.78
Total liabilities	445.61	617.17	171.56	38.50
Shareholders' equity	162.28	81.32	(80.96)	(49.89)
Total liabilities and Shareholders' equity	607.89	698.49	90.60	14.90

For total liabilities of the Company as of December 31, 2019 was Baht 617.17 million or 38.50% increase from 2018, mainly from the increase in short-term borrowing from other outsiders of Baht 153.21 million.

Shareholders' Equity

The shareholders' equity of the Company as of December 31, 2019 was Baht 81.32 million, when compared to the amount in 2018 which was Baht 162.28 million, a decrease of Baht 80.96 million or 49.89% decrease as a result from the operating loss in 2019.

Statement of Cash Flows

Unit : Million Baht	Jan.-Dec. 2018	Jan.-Dec. 2019	Difference	
			Amount	%
Net cash provided by (used in) operating activities	(40.18)	(117.90)	(77.72)	193.43
Net cash provided by (used in) investing activities	(57.87)	(47.71)	10.16	(17.56)
Net cash provided by (used in) financing activities	116.36	156.51	40.15	34.50
Net increase (decrease) in cash and cash equivalents	18.31	(9.10)	(27.41)	(149.70)
Cash and cash equivalents at beginning of year	10.71	29.02	18.31	170.96
Cash and cash equivalents at end of year	29.02	19.92	(9.10)	(31.36)

As of December 31, 2019, the Company had cash and cash equivalents equaled to Baht 19.92 million, a decrease from the amount brought forward at the beginning of the year, as of January 1, 2019 of Baht 9.10 million which come from various activities as follows:

- 1) Net cash used in the operating activities of Baht 117.90 million comprised of
 - Loss from operating (in cash) of Baht 79.59 million, mainly from the operating loss of Baht 155.84 million, adjusted by depreciation of Baht 58.54 million, financial cost of Baht 13.92 million and loss from close down the branches of Baht 3.85 million
 - Cash from increase in the operating assets of Baht 9.63 million, mainly from the increase in trade and other receivables of Baht 17.80 million, Advance received of Baht 5.09 million net of the decrease in inventory of Baht 3.27 million, rental deposit of Baht 8.95 million and other current assets of Baht 1.06 million.
 - Cash from decrease in the operating liabilities Baht 13.93 million, mainly from the repayment to trade and other payable of Baht 30.14 million net of the increase in other current liabilities of Baht 19.56 million
 - Cash used in operating activities of Baht 14.74 million from the interest payment of Baht 14.60 million.
- 2) Net cash used in the investing activities of Baht 47.71 million which mainly used in the investment in new brands, the improvement and adjustment of brand, branches and intangible assets of Baht 51.53 million net of the cash received from the sales of equipment of Baht 3.82 million.
- 3) Net cash from the financing activities of total Baht 156.51 million from the cash received from the short-term borrowing of Baht 215.21 million net of the repayment of long-term loans from financial institutions of Baht 18.00 million and the repayment of short-term borrowing of Baht 62.00 million.

Report on the Responsibility of the Board of Directors towards Financial Reports

The Company's Board of Directors are aware of the duties and responsibilities to ensure that the financial statements and related financial information are disclosed in the Annual Report accurately, completely and transparently. The Company practices in accordance with the Generally Accepted Accounting Principles (GAAP) in Thailand. The Company establishes the appropriate accounting policy and hold the practice on regularly basis with the carefully consideration of report preparation including disclosing sufficient information into the note of financial statement.

The Board of Directors organizes and maintains the efficient internal control systems to ensure that all accounting records are accurate, complete and sufficient to protect the Company's assets, to prevent fraud or any misconduct which relates to the conflict of interest.

In this regard, the Board of Directors has appointed the Audit Committee which comprising of 3 Independent Directors to review the quality of financial reports and internal control system. The opinion of the Audit Committee shall be mentioned in the content under the Audit Committee Report which is the part of the Annual Report.

The Board of Directors agrees that the overall internal control systems is adequate and appropriate and confident that the financial statements of the Company as of December 31, 2019 are reliable and in compliance with the Generally Accepted Accounting Principles (GAAP) as well as relevant laws and regulations. The external auditor has verified and shared the opinion in the Auditor Report which this content is mentioned under Auditor Report part under the financial statements and the Annual Report.



Mr. Chotiwit Taechaubol
Chief Executive Officer



Dr. Apichai Taechaubol
Chairman of the Board of Directors

Independent Auditor's Report

To the Shareholders of JCK Hospitality Public Company Limited

Opinion

I have audited the accompanying financial statements of JCK Hospitality Public Company Limited, which comprise the statement of financial position as at 31 December 2019, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JCK Hospitality Public Company Limited as at 31 December 2019, and its 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 Financial Statements* section of my report. I am independent of the Company 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 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

As mentioned in Note 1 b) to the financial statements, the Company has had persistent operating losses and as at 31 December 2019, the Company's total current liabilities exceeded its total current assets by Baht 411 million and it had a deficit of Baht 671 million. These circumstances indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue its operation as a going concern. However, the Company is in the process of implementing future operation improvement plan and finding funds by the major shareholder has agreed in writing to provide financial support to the Company. Therefore, the management believes that the Company is able to continue its operation, and these financial statements have been prepared on a going concern basis.

My opinion is not qualified in respect of this matter.



Emphasis of matters

I draw attention to notes to the financial statements as follows:

1. As mentioned in Note 7 to the financial statements, regarding adjustments made to the prior period's financial statements, during the current period, the Company has restated the statement of financial position as at 31 December 2018 and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended 31 December 2018, presented herein as comparative information, to reflect the effect of the adjustment from the prior periods financial statements. The comparative statement of financial position as at 1 January 2018 presented by the Company also reflects these adjustments, except for deferred revenues - Customer Loyalty Program, for which the adjustment reflects the cumulative effect to beginning balance of 2019 on all related accounts because it is the first accounting period in which the cumulative could be determined in practice.
2. As mentioned in Note 4 to the financial statements, regarding changes in accounting policy for valuation of buildings from cost method to revaluation method. During the current year, the Company changed the accounting policy in recording property, plant and equipment for buildings from using cost method to revaluation method.

My opinion is not qualified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.



Key audit matter and how audit procedures respond for are described below.

Revenue recognition

Revenues from sales are the Company's main transactions that have significant volume of transactions and amounts, and directly affect profit or loss of the Company. The Company has numerous sales made by cash and credit cards through a large number of branches nationwide. In addition, because of the intensified competition of the food and beverage industry, the Company has to continually adapt its marketing strategies and promotional activities in order to boost sales. I have therefore focused on the revenue recognition of the Company.

I examined the Company's revenue recognition by assessing and testing the Company'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 key controls. In addition, I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents. I also performed analytical procedures on sales account.

Impairment of property, plant and equipment

As discussed in Note 14 to the financial statements, as at 31 December 2019, the Company's property, plant and equipment amounted to Baht 445 million, net of allowance for impairment loss of Baht 16 million. In determining the provision for impairment loss, management had to exercise judgment with respect to its projections of future operating performance, plans for management of assets, and determination of an appropriate discount rate and key assumptions. There is thus a risk with respect to the amount of provision for impairment loss recorded on property, plant and equipment.

I assessed the management's identification and selection of cash generating units by gaining an understanding of management's decision-making process and evaluating whether the decisions were consistent with how assets are utilised. In addition, I gained an understanding of and assessed the assumptions applied in preparing plans and cash flow projections for assets, based on the understanding I gained of the process by which the figures were arrived at, comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgment in estimating cash flow projections, comparison of the long-term growth rate of the Company with economic and industry forecasts, and the discount rate, based on comparison of the average cost of capital and other data with those used by comparable organisations.



Other matter

The statement of financial position of JCK Hospitality Public Company Limited as at 31 December 2018 (before restatement) and 31 December 2017 (restated for use in preparation of the statement of financial position as at 1 January 2018), were audited by another auditor, who expressed an unqualified opinion on those statements under her reports dated 28 February 2019 and 28 February 2018, respectively.

The statements of comprehensive income, changes in shareholders' equity and cash flows of JCK Hospitality Public Company Limited for the year ended 31 December 2018 (before restatement) were audited by above another auditor, who expressed an unqualified opinion on those statements under her reports dated 28 February 2019.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company 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 Company, 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 Financial Statements

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



In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.


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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

- 
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 that 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 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.

I am responsible for the audit resulting in this independent auditor's report.

Wtee K.

Watoo Kayankannavee

Certified Public Accountant (Thailand) No. 5423

EY Office Limited

Bangkok: 28 February 2020

Financial Statements and Notes

JCK Hospitality Public Company Limited

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	31 December 2019	31 December 2018 (As restated)	1 January 2018
Assets				
Current assets				
Cash and cash equivalents	9	19,919,606	29,018,335	10,705,989
Trade and other receivables	10	41,489,595	23,686,401	14,260,444
Inventories	11	36,180,670	39,455,357	44,511,957
Advances		7,916,101	2,822,902	1,224,021
Other current assets	12	15,977,143	16,919,731	21,741,120
Total current assets		121,483,115	111,902,726	92,443,531
Non-current assets				
Restricted bank deposits	13	3,000,000	3,000,000	3,000,000
Property, plant and equipment	14	445,090,803	348,094,219	293,977,356
Leasehold rights	15	18,165,615	25,283,771	36,446,900
Intangible assets		5,109,701	5,033,606	4,112,267
Rental deposits		105,642,615	114,572,593	104,394,983
Total non-current assets		577,008,734	495,984,189	441,931,506
Total assets		698,491,849	607,886,915	534,375,037

The accompanying notes are an integral part of the financial statements.

JCK Hospitality Public Company Limited
Statement of financial position (continued)
As at 31 December 2019

(Unit: Baht)

	<u>Note</u>	<u>31 December 2019</u>	<u>31 December 2018</u> (As restated)	<u>1 January 2018</u>
Liabilities and shareholders' equity				
Current liabilities				
Bank overdrafts and short-term loans				
from financial institutions	16	95,472,872	72,418,159	110,029,825
Short-term loans	17	153,211,474	-	-
Trade and other payables	18	222,802,932	257,110,395	270,469,535
Current portion of long-term loans from				
financial institutions	19	24,252,890	42,252,890	60,252,890
Current portion of liabilities under hire purchase				
and finance lease agreements		1,384,661	1,739,695	2,530,158
Deferred revenues - Customer Loyalty Program	20	3,363,973	-	-
Other current liabilities		31,720,627	12,156,671	9,934,926
Total current liabilities		<u>532,209,429</u>	<u>385,677,810</u>	<u>453,217,334</u>
Non-current liabilities				
Liabilities under hire purchase and				
finance lease agreements, net of current portion		2,996,162	2,066,942	3,386,039
Provision for decommissioning	21	24,911,659	26,647,901	24,164,973
Deferred tax liabilities	26	52,655,702	28,386,893	14,280,891
Provision for long-term employee benefits		4,401,956	2,828,179	2,732,609
Total non-current liabilities		<u>84,965,479</u>	<u>59,929,915</u>	<u>44,564,512</u>
Total liabilities		<u>617,174,908</u>	<u>445,607,725</u>	<u>497,781,846</u>

The accompanying notes are an integral part of the financial statements.

JCK Hospitality Public Company Limited
Statement of financial position (continued)
As at 31 December 2019

(Unit: Baht)

	<u>Note</u>	<u>31 December 2019</u>	<u>31 December 2018</u>	<u>1 January 2018</u>
		(As restated)		
Shareholders' equity				
Share capital	22			
Registered				
812,860,972 ordinary shares of Baht 0.25 each				
(31 December 2018: 779,520,000 ordinary shares				
of Baht 0.25 each)				
(1 January 2018: 487,200,000 ordinary shares				
of Baht 0.25 each)		203,215,243	194,880,000	121,800,000
Issued and paid-up				
625,277,672 ordinary shares of Baht 0.25 each				
(1 January 2018: 487,200,000 ordinary shares				
of Baht 0.25 each)		156,319,418	156,319,418	121,800,000
Premium on ordinary shares		451,843,277	451,843,277	307,550,162
Retained earnings				
Appropriated - statutory reserve	24	7,055,720	7,055,720	7,055,720
Unappropriated (deficit)		(671,316,798)	(503,950,005)	(419,047,471)
Other components of shareholders' equity		137,415,324	51,010,780	19,234,780
Total shareholders' equity		81,316,941	162,279,190	36,593,191
Total liabilities and shareholders' equity		698,491,849	607,886,915	534,375,037

JCK Hospitality Public Company Limited
Statement of comprehensive income
For the year ended 31 December 2019

(Unit: Baht)

	<u>Note</u>	<u>2019</u>	<u>2018</u> (As restated)
Profit or loss:			
Revenues			
Sales		1,349,085,940	1,498,084,478
Other income		48,165,037	25,100,848
Total revenues		<u>1,397,250,977</u>	<u>1,523,185,326</u>
Expenses			
Cost of sales		654,399,418	713,884,065
Selling and distribution expenses		725,509,995	759,897,129
Administrative expenses		151,486,636	134,842,446
Other expenses		7,424,977	5,409,640
Total expenses		<u>1,538,821,026</u>	<u>1,614,033,280</u>
Reversal (expenses) allowance for impairment of assets		<u>(349,539)</u>	<u>22,244,926</u>
Loss before finance cost and income tax expenses		<u>(141,919,588)</u>	<u>(68,603,028)</u>
Finance cost		<u>(13,923,055)</u>	<u>(9,847,285)</u>
Loss before income tax expenses		<u>(155,842,643)</u>	<u>(78,450,313)</u>
Income tax expenses	26	<u>(2,561,143)</u>	<u>(6,162,001)</u>
Loss for the year		<u>(158,403,786)</u>	<u>(84,612,314)</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Gain on revaluation of land and building		108,538,334	39,720,000
Actuarial losses		(3,881,944)	(290,220)
Less: Income tax effect	26	<u>(21,707,667)</u>	<u>(7,944,000)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of tax		<u>82,948,723</u>	<u>31,485,780</u>
Other comprehensive income for the year		<u>82,948,723</u>	<u>31,485,780</u>
Total comprehensive income for the year		<u>(75,455,063)</u>	<u>(53,126,534)</u>
Earnings per share	27		
Basic earnings (loss) per share			
Loss attributable to equity holders of the Company		<u>(0.25)</u>	<u>(0.15)</u>

The accompanying notes are an integral part of the financial statements.

JCK Hospitality Public Company Limited

Statement of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

	Other components of equity				
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total other components of shareholders' equity
			Appropriated - statutory reserve	Unappropriated (deficit)	
				comprehensive income	
				Surplus on revaluation of assets	
				</	

The accompanying notes are an integral part of the financial statements.

JCK Hospitality Public Company Limited**Cash flow statement****For the year ended 31 December 2019**

	(Unit: Baht)	
	<u>2019</u>	<u>2018</u>
		(As restated)
Cash flows from operating activities		
Loss before tax	(155,842,643)	(78,450,313)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	58,539,093	64,405,822
Allowance for doubtful accounts	-	633,886
Bad debts	-	1,174,460
Allowance for impairment of assets (reversal)	349,539	(22,244,926)
Loss (gain) on sales of equipment	3,007	(325,520)
Loss on closure of branches	3,851,521	-
Loss on disposal/write-off of leasehold rights	841,919	1,096,215
Loss from unreturned rental deposits	-	2,978,656
Write-off withholding tax	-	785,106
Gain from reversal of long outstanding payable	-	(9,816,348)
Provision for long-term employee benefits	(1,098,067)	1,409,000
Interest income	(156,667)	(272,409)
Interest expense	13,923,055	9,847,285
Profit (loss) from operating activities before changes in operating assets and liabilities	(79,589,243)	(28,779,086)
Operating assets (increase) decrease		
Trade and other receivables	(17,803,194)	(11,234,288)
Inventories	3,274,687	5,056,600
Advances	(5,093,199)	(1,598,881)
Other current assets	1,057,981	2,482,839
Rental deposits	8,929,978	-
Operating liabilities increase (decrease)		
Trade and other payables	(30,142,488)	(2,194,659)
Provision for long-term employee benefits	(1,210,100)	(1,603,650)
Deferred revenues - Customer Loyalty Program	(2,143,213)	-
Other current liabilities	19,563,956	2,248,768
Cash flows used in operating activities	(103,154,835)	(35,622,357)
Cash received from interest income	156,667	272,394
Cash paid for interest expenses	(14,598,753)	(4,340,163)
Cash paid for income tax	(301,740)	(491,472)
Net cash flows used in operating activities	(117,898,661)	(40,181,598)

The accompanying notes are an integral part of the financial statements.

JCK Hospitality Public Company Limited**Cash flow statement (continued)****For the year ended 31 December 2019**

(Unit: Baht)

	<u>2019</u>	<u>2018</u> (As restated)
Cash flows from investing activities		
Acquisition of equipment	-50,227,152	(52,365,274)
Proceed from sale of equipment	3,816,785	7,239,639
Proceed from sale of leasehold rights	-	2,346,983
Acquisition of intangible asset	(1,301,078)	(1,932,950)
Cash paid for rental deposits	-	(13,156,266)
Net cash flows used in investing activities	<u>(47,711,445)</u>	<u>(57,867,868)</u>
Cash flows from financing activities		
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	23,054,713	(39,656,582)
Cash receipt from short-term loans	215,211,474	-
Repayment of short-term loans	(62,000,000)	-
Repayment of long-term loans from financial institutions	(18,000,000)	(18,000,000)
Payment of liabilities under hire purchase and finance lease agreements	(1,754,810)	(4,794,139)
Cash receipt from increase in share capital	-	178,812,533
Net cash flows from financing activities	<u>156,511,377</u>	<u>116,361,812</u>
Net increase (decrease) in cash and cash equivalents	<u>(9,098,729)</u>	<u>18,312,346</u>
Cash and cash equivalents at beginning of period	<u>29,018,335</u>	<u>10,705,989</u>
Cash and cash equivalents at end of period	<u><u>19,919,606</u></u>	<u><u>29,018,335</u></u>
	-	-

Supplemental cash flow information

Non-cash item

Decrease in account payables for purchase of assets	5,914,799	1,348,133
Acquisition of asset under hire purchase and finance lease agreements	2,328,996	2,684,579

The accompanying notes are an integral part of the financial statements.



1. General information

- a) JCK Hospitality Public Company Limited (“the Company”) is a public limited company incorporated and domiciled in Thailand. The Company is principally engaged in operation of food and beverage outlets. The registered address of the Company, which is head office, is at 18 Soi Sathorn 11 Yaek 9, TFD Building, Yannawa, Sathorn, Bangkok. Its factory is located at 11/1 Moo 3, Liab Klong 7 Road, Bueng Kham Phroi, Lamlukka, Pathumthani.

As at 31 December 2019, the Company has 93 branches (2018: 96 branches).

- b) The Company has persistent operating losses and as at 31 December 2019, the Company's total current liabilities exceeded its total current assets by Baht 411 million and there was a deficit of Baht 671 million. The Company is implementing future operation improvement plan as follows:

- ☐ To increase revenue by accelerating sales to achieve the plan and to seek business partners who are capable of building up more customer base, including increasing distribution channels to reach more customers.
- ☐ To control costs by establishing plans to manage costs and expenses, and improve the efficiency of management of branches to reduce costs.

The operation improvement plan was approved by the Board of Directors' Meeting on 21 August 2019. Moreover, the Company seeking funds by the major shareholder has agreed in writing to provide financial support to the Company. Therefore, the management believes that the Company is able to continue its operation as a going concern. These financial statements have been prepared on a going concern basis. In addition, there were no adjustments relating to the realisation of the recoverable amount and classification of assets or amounts and classification of liabilities that may be required if the Company is unable to continue its operation as a going concern.



2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. New financial reporting standards


(a) Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 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 adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarised 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 recognised 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.

This standard does not have any significant impact on the Company's financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A 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 believes that these accounting standards will not have any significant effect on the financial statements.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Company plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

Initially, the management of the Company expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Company's assets by approximately Baht 748 million and the Company's liabilities by approximately Baht 748 million.

4. Change in accounting policy for buildings from cost method to revaluation method

During the current year, the Company reviewed and changed its accounting policy for the value of property, plant and equipment for building from cost method to revaluation method to reflect appropriate present value.

Regarding change in accounting policy, the Company has complied with TAS8. This is considered to be a revaluation of assets in accordance with TAS16 Property, Plant and Equipment, which does not require the change to be applied retrospectively. Therefore, the Company applied the change prospectively.

This change affects to the statements of financial position as at 31 December 2019 and the statement of comprehensive income for year then ended as follow:

	(Unit: Thousand Baht)
	31 December 2019
<hr/>	
Statement of financial position:	
Increase in property, plant and equipment	45,066
Increase in deferred tax liabilities	(9,013)
Increase in surplus on revaluation of asset	36,053

	(Unit: Thousand Baht)
	For the year ended
	31 December 2019
<hr/>	
Statement of comprehensive income:	
Other comprehensive income:	
Increase in gain on revaluation of asset (net of income tax)	36,053

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods


This mainly represents revenues from sales of foods and beverages through the restaurant which are recognised when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable of goods supplied after deducting returns and discounts.

Customer loyalty program

The Company has launched a customer loyalty program for registered members, under which the customers earn points when making purchases of foods and beverages at the specified amount. The points can be redeemed for gifts in accordance with the conditions set by the Company.

The fair value of accumulated points is determined based on the cost of redeemed gifts. The Company records such fair value based on the estimated customer redemption as a deduction against revenues from sales of foods and beverages and as unearned revenues. Revenues are recognised when the customers redeem the points for gifts.

The fair value of unredeemed accumulated points is recognised as revenues when the redemption year expires.



Rendering of services

Service revenue is recognised at a point in time upon completion of the service.

Interest income

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

5.2 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 3 months or less and not subject to withdrawal restrictions.

5.3 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.

5.4 Inventories

Finished goods are valued at the lower of cost (first-in, first-out method) and net realisable value.

Raw materials and supplies are valued at the lower of cost (first-in, first-out method) and net realisable value, and are charged to production costs whenever consumed.

5.5 Property, plant and equipment and depreciation

Land is stated at revalued amount. Buildings and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land and buildings are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.

- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

Depreciation of building and equipment is calculated by reference to their costs on the straight-line basis over the estimated useful lives as follows.

Buildings and building improvement	10-30 years
Leasehold building improvement	9 years
Furniture, fixtures and office equipment	5-15 years
Operating equipment	12-15 years
Vehicles	5-12 years

Depreciation is included in determining income. No depreciation is provided on land and assets under construction.

An item of property, plant 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.

5.6 Leasehold rights and amortisation

Leasehold rights are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any). Amortisation of leasehold rights is calculated by reference to their cost on a straight-line basis over the leasehold period.

Amortisation is included in determining income.

5.7 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (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 expenses is charged to profit or loss. No amortisation is provided for software under installation.

The estimated useful lives of computer software are 5 and 10 years.



5.8 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.

5.9 Long-term leases


Leases of building 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 term. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of building 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 the straight-line basis over the lease term.

5.10 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. 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. However in cases where land and building was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.



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.

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

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats 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 defined benefit plans are recognised immediately in other comprehensive income.

5.12 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.



5.13 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 it recognises 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.

5.14 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 applies a quoted market price in an active market to measure its 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 measures 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 categories 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 determines 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.

6. 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.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company measures land and buildings at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the depreciated replacement cost approach for buildings. The valuation involves certain assumptions and estimates.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Provision for decommissioning

The Company is obligated to remove decoration and fixtures and restore the rental spaces before returning them to the lessors at the end of the rental agreements. The Company records a provision for decommissioning whenever it is highly probable that an obligation will arise as a result of a past event and the amount of the obligation can be reliably estimated. In estimating of decommissioning costs, the management exercises judgement in predicting future decommissioning costs, discount rate and economic useful lives of the assets.

7. Adjustment to the prior year's financial statements

During the current year, the Company adjusted for the various effects of the correction of errors in prior years' financial statements by restating those financial statements, presented herein as comparative information, to reflect the correction of those errors, except for deferred revenues - Customer Loyalty Program, for which the adjustment reflects the cumulative effect to beginning balance of 2019 on all related accounts because it is the first accounting period in which the cumulative could be determined in practice.

The cumulative effect of these adjustments is presented as a separate item in the statement of changes in shareholders' equity. The adjustments are as follows:

- 7.1 Adjustment of land, surplus on revaluation of assets and related deferred tax liabilities of 2018 because the Company under-recorded the value of the land using the revaluation method.
- 7.2 Adjustment of leasehold improvements, which was over-recorded due to the under-recording of depreciation expenses in the prior year, and of related deferred tax liabilities, which were under-recorded in prior year.
- 7.3 Adjustment of the provision for decommissioning set aside in the past, which was recorded without regular updating of the assumptions applied in estimating the provision, meaning that this provision was over-recorded as at 1 January 2018 and under-recorded as at 31 December 2018.

The amounts of the adjustments affecting the statement of financial position and statement of comprehensive income are as follows:

		(Unit: Thousand Baht)	
	Note	31 December 2018	1 January 2018
Statement of financial position			
Increase in property, plant and equipment	7.1, 7.2, 7.3	33,661	1,208
Increase (decrease) in provision for decommissioning	7.3	168	(2,001)
Increase in deferred tax liabilities	7.1, 7.2	13,559	-
Increase in surplus on revaluation of assets	7.1	31,776	-
Increase (decrease) in retained earnings - unappropriated	7.1 - 7.3	(11,842)	3,209



(Unit: Thousand Baht)

For the year ended

Note 31 December 2018

Statement of comprehensive income

Profit or loss:

Increase in selling and distribution expenses	7.2, 7.3	7,992
Increase in income tax expenses	7.2	5,615
Increase in finance cost	7.3	1,444
Increase in loss for the year	7.2, 7.3	15,051
Increase in basic loss per share (Baht/share)	7.2, 7.3	0.03

Other comprehensive income:

Increase in gain on revaluation of land (net of tax)	7.1	31,776
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8. Related party transactions

During the years, the Company 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)

	2019	2018	Transfer pricing policy
Transactions with related parties			
Sale of goods	10,560	2,189	Reference to market price
Purchase of goods	4,763	2,712	Reference to market price
Rental expenses	1,294	677	As stipulated in agreements
Service expenses	1,835	677	As stipulated in agreements
Other expenses	906	348	As stipulated in agreements
Other income	19,854	-	As stipulated in agreements
Transactions with director			
Interest expenses	12	-	Interest rate of 3.5% per annum

The balances of the accounts as at 31 December 2019 and 31 December 2018 between the Company and those related parties are as follows.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Trade receivables - related parties (Note 10)		
JCK International Public Company Limited	1,015	-
JC Kevin Development Company Limited	202	-
Total	<u>1,217</u>	<u>-</u>
Other receivables - related parties (Note 10)		
High Active Consultant Company Limited	5,084	11,385
JCK International Public Company Limited	75	-
JC Kevin Development Company Limited	28,347	3,189
JC Kevin Food and Beverages Company Limited	202	184
Director	58	-
Total	<u>33,766</u>	<u>14,758</u>
Advances - related parties		
High Active Consultant Company Limited	1,678	1,678
Director	529	515
Total	<u>2,207</u>	<u>2,193</u>
Trade payables - related parties (Note 18)		
JC Kevin Development Company Limited	1,568	1,682
JC Kevin Food and Beverages Company Limited	-	1,025
Total	<u>1,568</u>	<u>2,707</u>
Other payables - related parties (Note 18)		
JCK International Public Company Limited	-	43
JC Kevin Development Company Limited	6,758	3,707
JC Kevin Food and Beverages Company Limited	55	1,317
SG Land Company Limited	1,731	-
Director	5	8
Total	<u>8,549</u>	<u>5,075</u>
Accrued interest expenses - director (Note 18)		
Director	<u>12</u>	<u>-</u>

Short-term loan from director (Note 17)

As at 31 December 2019 and 2018, the balance of loan between the Company and director and the movement are as follows:

(Unit: Thousand Baht)				
	Balance as at 31 December 2018	Increase during the year	Decrease during the year	Balance as at 31 December 2019
Short-term loan from director				
Promissory note	-	27,000	-	27,000

The short-term loans from director carried interest at 3.50 percent per annum and are repayable at call.

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)		
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	9,456	7,636
Post-employment benefits	389	27
Total	<u>9,845</u>	<u>7,663</u>

9. Cash and cash equivalents

(Unit: Thousand Baht)		
	<u>2019</u>	<u>2018</u>
Cash	7,686	7,987
Bank deposits	12,234	21,031
Total	<u>19,920</u>	<u>29,018</u>

As at 31 December 2019, bank deposits in saving accounts carried interests between 0.1 and 0.375 percent per annum (2018: between 0.37 and 0.75 percent per annum).

10. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Trade receivables - related parties (Note 8)		
Aged on the basis of due dates		
Not yet due	211	-
Past due		
Up to 3 months	860	-
3 - 12 months	146	-
Total trade receivables - related parties	<u>1,217</u>	<u>-</u>
Trade receivables - unrelated parties		
Aged on the basis of due dates		
Not yet due	23	292
Past due		
Up to 3 months	52	104
3 - 12 months	276	449
Over 12 months	1,571	1,734
Total	<u>1,922</u>	<u>2,579</u>
Less: Allowance for doubtful debts	<u>(1,808)</u>	<u>(1,808)</u>
Total trade receivables - unrelated parties, net	<u>114</u>	<u>771</u>
Total trade receivables - net	<u>1,331</u>	<u>771</u>
Other receivables		
Other receivables - related parties (Note 8)	33,766	14,758
Other receivables - unrelated parties	6,393	8,157
Total other receivables	<u>40,159</u>	<u>22,915</u>
Total trade and other receivables - net	<u>41,490</u>	<u>23,686</u>

11. Inventories

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Finished goods	33,900	37,414
Raw materials	2,281	2,041
Total	<u>36,181</u>	<u>39,455</u>

12. Other current assets

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Prepaid expense	2,197	3,126
Undue input vat	2,987	2,764
Supplies	3,520	3,462
Others	7,273	7,568
Total other current assets	<u>15,977</u>	<u>16,920</u>

13. Restricted bank deposits

These represent bank deposits pledged with the banks to secure bank overdraft facilities.


14. Property, plant and equipment

(Unit: Thousand Baht)

	Revaluation basis		Cost basis					
	Land	Buildings and building improvement	Leasehold building improvement	Furniture, fixtures and office equipment	Operating equipment	Vehicles	Assets under construction	Total
Cost / Revalued amount:								
1 January 2018 - as previously reported	55,608	65,500	491,689	50,397	404,064	49,799	7,966	1,125,023
Cumulative effects of prior period's adjustment (Note 7)	-	-	1,554	-	-	-	-	1,554
1 January 2018 - restated	55,608	65,500	493,243	50,397	404,064	49,799	7,966	1,126,577
Additions	-	-	898	1,926	9,985	3,598	34,320	50,727
Disposals / write-off	-	-	(50,908)	(718)	(5,702)	(10,503)	-	(67,831)
Transfer	-	35	36,146	-	75	-	(36,256)	-
Revaluations	39,720	-	-	-	-	-	-	39,720
Cost of assets decommissioning	-	-	366	-	-	-	-	366
Adjustment of provision for decommissioning	-	-	(2,484)	-	-	-	-	(2,484)
31 December 2018	95,328	65,535	477,261	51,605	408,422	42,894	6,030	1,147,075
Additions	-	-	262	1,495	4,097	2,816	35,936	44,606
Disposals / write-off	-	(4,200)	(31,552)	(6,261)	(29,409)	-	-	(71,422)
Transfers	-	(363)	33,603	5,633	2,207	210	(41,290)	-
Revaluations	63,472	45,066	-	-	-	-	-	108,538
Cost of assets decommissioning	-	-	1,831	-	-	-	-	1,831
Adjustment of provision for decommissioning	-	-	1,079	-	-	-	-	1,079
31 December 2019	158,800	106,038	482,484	52,472	385,317	45,920	676	1,231,707

(Unit: Thousand Baht)

	Revaluation basis		Cost basis					Assets under construction	Total
	Land	Buildings and building improvement	Leasehold building improvement	Furniture, fixtures and office equipment	Operating equipment	Vehicles			
Accumulated depreciation:									
1 January 2018 - as previously reported	-	24,323	364,324	42,598	320,235	37,291	-	-	788,771
Cumulative effects of prior period's adjustment (Note 7)	-	-	346	-	-	-	-	-	346
1 January 2018 - restated	-	24,323	364,670	42,598	320,235	37,291	-	-	789,117
Depreciation for the year	-	3,166	25,893	3,144	18,363	1,899	-	-	52,465
Depreciation on disposals / write-off	-	-	(44,349)	(712)	(5,376)	(7,339)	-	-	(57,776)
31 December 2018	-	27,489	346,214	45,030	333,222	31,851	-	-	783,806
Depreciation for the year	-	3,719	26,920	3,549	14,300	2,548	-	-	51,036
Depreciation on disposals / write-off	-	(4,200)	(27,643)	(5,999)	(25,909)	-	-	-	(63,751)
Transfer	-	(181)	181	-	-	-	-	-	-
31 December 2019	-	26,827	345,672	42,580	321,613	34,399	-	-	771,091
Allowance for impairment loss:									
1 January 2018	-	-	43,484	-	-	-	-	-	43,484
Decrease during the year	-	-	(28,309)	-	-	-	-	-	(28,309)
31 December 2018	-	-	15,175	-	-	-	-	-	15,175
Increase during the year	-	-	350	-	-	-	-	-	350
31 December 2019	-	-	15,525	-	-	-	-	-	15,525
Net book value:									
1 January 2018	55,608	41,177	85,089	7,799	83,829	12,508	7,966	293,976	
31 December 2018	95,328	38,046	115,872	6,575	75,200	11,043	6,030	348,094	
31 December 2019	158,800	79,211	121,287	9,892	63,704	11,521	676	445,091	
Depreciation for the year									
2018 (Baht 2.7 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)									52,465
2019 (Baht 2.8 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)									51,036



In 2019, the Company arranged for an independent professional valuer to appraise the value of land and building. The basis of the revaluation was as follows:

- Land was revalued using the market approach.
- Building were revalued using the depreciated replacement cost approach.

If the Company presents the value of land and building using the cost method, net book value as at 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Land	31,565	31,565
Buildings and building improvement	35,189	38,046

As at 31 December 2019, the Company had equipment with net book value of Baht 6 million (2018: Baht 8 million) which were acquired under hire purchase and finance lease agreements.

As at 31 December 2019, the Company had plant and 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 600 million (2018: Baht 651 million).

The Company has pledged land and plant with net book value as at 31 December 2019 of Baht 238 million (2018: Baht 133 million) as collateral against credit facilities received from financial institutions.

As at 31 December 2019 and 2018, the Company entered into asset insurance for branches, factory building, other structure, equipment and motor vehicles, and inventories. The beneficiary of these insured assets is the financial institution to secure for the loan, and the beneficiary of vehicles under hire-purchase agreements is the leasing company.

15. Leasehold rights

(Unit: Thousand Baht)

Cost

1 January 2018	110,654
Disposal/write-off	(12,317)
31 December 2018	98,337
Disposal/write-off	(11,970)
31 December 2019	86,367

Accumulated amortisation

1 January 2018	74,207
Disposal/write-off	(8,874)
Amortisation for the year	7,720
31 December 2018	73,053
Disposal/write-off	(11,128)
Amortisation for the year	6,276
31 December 2019	68,201

Net book value

31 December 2018	25,284
31 December 2019	18,166

Amortisation included in administrative expenses

2018	7,720
2019	6,276

The leasehold rights were cash paid for rights of rental area in department stores. The leasehold rights will be amortized over the period of rental agreements.

16. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate	2019	2018
	(Percent per annum)		
Bank overdrafts	MOR	45,604	7,821
Promissory note	MLR	30,000	30,000
Bill of exchange	6.25	20,000	35,000
Less: Prepaid interest expenses		(131)	(403)
Total		95,473	72,418

Bank overdrafts are secured by the mortgage of the Company's land and structures thereon and fixed deposits.

As at 31 December 2019, the Company has unsecured promissory note from banks of Baht 30 million (2018: Baht 30 million) and unsecured bill of exchange from banks of Baht 20 million (2018: Baht 35 million).

17. Short-term loans

(Unit: Thousand Baht)

	Interest rate (percent per annum)	2019	2018
Short-term loans	6.75 - 7.00	82,000	-
Promissory notes - unrelated person	3.75 - 6.50	45,000	-
Promissory notes - director (Note 8)	3.5	27,000	-
Less: prepaid interest expense		(789)	-
Total		153,211	-

As at 31 December 2019, the Company has short-term loans from unrelated persons of Baht 52 million (2018: Nil), secured by the mortgage of land of the director, and short-term loans from unrelated persons and parties of Baht 30 million (2018: Nil), which are unsecured.

As at 31 December 2019, the Company has promissory notes from unrelated persons and director which are unsecured amounting to Baht 72 million (2018: Nil).

18. Trade and other payables

(Unit: Thousand Baht)

	2019	2018
Trade payables - related parties (Note 8)	1,568	2,707
Trade payables - unrelated parties	137,196	143,263
Other payables - related parties (Note 8)	8,549	5,075
Other payables - unrelated parties	50,769	70,723
Other payables for purchase of assets	3,657	9,572
Accrued interest expenses - director (Note 8)	12	-
Accrued expenses - unrelated parties	19,595	17,568
Others	1,457	8,202
Total trade and other payables	222,803	257,110

19. Long-term loans from financial institutions

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Long-term loans from financial institutions	24,253	42,253
Less: Current portion	<u>(24,253)</u>	<u>(42,253)</u>
Long-term loans, net of current portion	<u>-</u>	<u>-</u>

Movements of long-term loans from financial institution account during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2019	42,253
Less: Repayments	<u>(18,000)</u>
Balance as at 31 December 2019	<u>24,253</u>

On 1 April 2016, the Company received a loan facility of Baht 71 million from a local bank carrying interest at MLR-1.3% per annum, payable at the end of each month. Principal was payable from the 13th month onwards, counting from the drawdown date, in monthly payments for principal of Baht 1,500,000 until the loan is repaid in full, which must be completed within 5 years from the drawdown date.

The loan agreement contains covenants those, among other things, require the Company to maintain debt to equity ratio and debt service coverage ratio at the rate prescribed in the loan agreements.

As at 31 December 2019 the Company was unable to comply with certain financial ratios stipulated in the loan agreements with the bank. Subsequently on 3 February 2020, the Company received a letter from the bank, to inform that they agreed to waive covenant relating to maintenance of the financial ratios for the year 2019. However, for the purpose of reporting under Thai Financial Reporting Standards, the Company has presented the outstanding loan balances as at 31 December 2019 as current liabilities in the statement of financial position.

The loan was secured by the mortgage of land with construction thereon of the Company.

20. Deferred revenues - Customer Loyalty Program

(Unit: Thousand Baht)

As at 1 January 2019	-
Cumulative effects of adjustment (Note 7)	5,507
Decrease during the year	(2,143)
As at 31 December 2019	<u>3,364</u>

21. Provision for decommissioning

(Unit: Thousand Baht)

1 January 2018 - as previously reported	26,166
Cumulative effects of prior periods adjustment (Note 7)	(2,001)
1 January 2018 - as restated	<u>24,165</u>
Increase during the year	432
Increase from open of new branches	1,181
Reversal of provisions from closure of branches	(3,406)
Increase from assumptions changes	<u>4,276</u>
31 December 2018	26,648
Increase during the year	68
Increase from open of new branches	1,831
Reversal of provisions from closure of branches	(1,600)
Decrease from assumptions changes	(2,035)
31 December 2019	<u><u>24,912</u></u>

22. Share capital

On 30 April 2019, the Annual General Meeting of the shareholders of the Company passed the following significant resolutions:

- Decrease its registered share capital from Baht 194,880,000 to Baht 156,319,418 by cancellation of 154,242,328 unissued ordinary shares with a par value of Baht 0.25 each.
- Increase its registered share capital from Baht 156,319,418 to Baht 203,215,243 by issuing 187,583,300 ordinary shares with a par value of Baht 0.25 each to accommodate the offer by right offering and private placement pursuant to the plan for the increase of the Company's registered capital under a general mandate of up to 125,055,534 ordinary shares and 62,527,766 ordinary shares, respectively.
- Allocate additional ordinary shares as discussed in b).

The Company registered the decrease and increase in its registered capital with the Ministry of Commerce on 3 May 2019 and 7 May 2019, respectively.

23. Revaluation surplus

This represents surplus arising from revaluation of land and building. The surplus from revaluation of building is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Balance - beginning of year	51,011	19,235
Add: Revaluation	86,830	31,776
Less: Transfer to retained earnings	(426)	-
Balance - end of year	<u>137,415</u>	<u>51,011</u>

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

24. Statutory reserve

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

25. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Salaries and wages and other employee benefits	369,260	372,985
Depreciation	51,036	52,465
Amortisation expenses	7,503	11,941
Rental expenses from operating lease agreements	277,815	263,986
Raw materials and consumables used	622,450	672,417
Changes in inventories of finished goods	3,514	3,357
Advertising and promotion expenses	16,339	26,475

26. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	2,561	6,162
Income tax expense reported in profit or loss	<u>2,561</u>	<u>6,162</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Deferred tax on gain from revaluation of land and buildings	21,708	7,944
	<u>21,708</u>	<u>7,944</u>

The reconciliation between accounting profit (loss) and income tax expense is shown below.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Accounting loss before tax	(155,843)	(78,450)
Applicable tax rate	20	20
Accounting loss before tax multiplied by income tax rate	(31,169)	(15,690)
Tax loss on which deferred tax asset have not been recognised	32,289	24,578
Effects of:		
Non-deductible expenses	2,337	4,864
Additional expense deductions allowed	(837)	(7,543)
Others	(59)	(47)
Total	<u>1,441</u>	<u>(2,725)</u>
Income tax expense reported in profit or loss	<u>2,561</u>	<u>6,162</u>

The components of deferred tax liabilities are as follows:

	(Unit: Thousand Baht)	
	Statements of financial position	
	<u>2019</u>	<u>2018</u>
Deferred tax liabilities		
Prepaid expenses	51	88
Surplus from revaluation of land and building	34,354	12,753
Accumulated depreciation - plant and equipment	18,251	15,546
Total	<u>52,656</u>	<u>28,387</u>

As at 31 December 2019, the Company has unused tax losses totaling Baht 473 million (2018: Baht 479 million), 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 unused tax losses. The unused tax losses will expire by 2020 - 2024 (2018: 2019 - 2023).

27. Earnings per share

Basic earnings (loss) 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.

28. Segment information

The Company is principally engaged in an operating segment, which is food and beverage outlets. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits (loss) and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

Major customer

For the year 2019 and 2018, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

29. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by One AM Master fund, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to approximately Baht 4.2 million (2018: Baht 3.7 million) were recognised as expenses.

30. Commitment and contingent liabilities

30.1 Operating lease commitments

The Company has entered into several operating lease and service agreements relating to the leases of building spaces. The terms of the agreements are generally 3-25 years.

Future minimum payments required under the above contracts are as follows:

	(Unit: Million Baht)	
	31 December 2019	31 December 2018
Payable		
In up to 1 year	196	242
1 - 5 years	105	160
Over 5 years	-	1

30.2 Bank guarantees

As at 31 December 2019 and 2018, the Company had the letter of guarantees issued by a bank to secure the performance relating to rental and service agreements and electricity usage in the amount of Baht 21.5 million and Baht 18.1 million, respectively.

31. Litigation

As at 31 December 2019, the Company was sued for infringement. The Court of First Instance ordered the Company to pay damages of Baht 0.8 million together with interest at a rate of 7.5% per annum, starting from 30 March 2017. The Company filed an appeal with the Court of Appeal. This case is under consideration by the Court of Appeals. However, the management believes that there will be no significant impact on the Company.

32. Fair value hierarchy

As at 31 December 2019 and 2018, the Company had the assets and liabilities that were measured at fair value or disclosed the fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Land and building	-	-	239	239

	(Unit: Million Baht)			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Land	-	-	95	95

33. Financial instruments

33.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, rental deposits, bank overdrafts, short-term loan, trade and other payables and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable and other receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company 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 trade and other receivables as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts and borrowings bearing interest. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rate 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.

(Unit: Million Baht)

	2019					
	Fixed interest rates					
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
Financial Assets						
Cash and cash equivalent	-	-	12	8	20	0.10 - 0.38
Trade and other receivables	-	-	-	41	41	-
Restricted bank deposits	3	-	-	-	3	0.22
Rental deposits	-	-	-	106	106	-
	<u>3</u>	<u>-</u>	<u>12</u>	<u>155</u>	<u>170</u>	



(Unit: Million Baht)

2019

	Fixed interest rates				Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing		
<u>Financial liabilities</u>						
Bank overdrafts and short-term						
loans from financial institutions	19	-	76	-	95	MOR, MLR, 6.25
Short-term loans	153	-	-	-	153	3.50 - 7.00
Trade and other payables	-	-	-	222	222	-
Long-term loans from financial						
institutions	-	-	24	-	24	MLR - 1.3
Liabilities under hire purchase and						
finance lease agreements	1	3	-	-	4	3.81 - 7.44
	173	3	100	222	498	

(Unit: Million Baht)

2018

	Fixed interest rates				Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing		
<u>Financial Assets</u>						
Cash and cash equivalent	-	-	21	8	29	0.37 - 0.75
Trade and other receivables	-	-	-	24	24	-
Restricted bank deposits	3	-	-	-	3	0.37
Rental deposits	-	-	-	115	115	-
	3	-	21	147	171	

Financial liabilities

Bank overdrafts and short-term						
loans from financial institutions	34	-	38	-	72	MOR, MLR, 5.25
Trade and other payables	-	-	-	257	257	-
Long-term loans from financial						
institutions	-	-	42	-	42	MLR - 1.3
Liabilities under hire purchase and						
finance lease agreements	2	2	-	-	4	5.54 - 7.69
	36	2	80	257	375	

33.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

34. 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 31 December 2019, the Company's debt to equity ratio was 7.6:1 (2018: 2.7:1).

35. Reclassification

The Company has reclassified transactions in the financial statement for the year ended 31 December 2018 to be consistent with the classification in the current year. The reclassifications had no effect to previously reported loss or shareholders' equity.

	(Unit: Thousand Baht)			
	As at 31 December 2018		As at 1 January 2018	
	As reclassified (before restatement)	As previously reported	As reclassified	As previously reported
<u>Statement of financial position</u>				
Trade and other receivables	23,686	26,509	14,260	15,484
Advances	2,823	-	1,224	-
Revenue department payables	-	4,960	-	6,067
Bank overdrafts and short-term loans				
from financial institutions	72,418	37,821	110,030	50,801
Short-term loans	-	34,597	-	59,229
Other current liabilities	12,157	7,197	9,935	3,868
Current portion of liabilities under hire purchase and finance lease agreements	1,740	1,562	2,530	2,530
Liabilities under hire purchase and finance lease agreements, net of current portion	2,067	2,245	3,386	3,386



(Unit: Thousand Baht)

For the year ended 31 December 2018

	As reclassified	
	(before restatement)	As previously reported
<u>Statement of comprehensive income</u>		
Sales	1,498,084	1,491,736
Other income	25,101	24,438
Selling and distribution expenses	751,905	744,894
Other expenses	5,410	11,474
Reversal of allowance for impairment of asset	22,245	28,309

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2020.

General Information

Company	JCK Hospitality Public Company Limited (Former name: Hot Pot Public Company Limited)
Nature of Business	The Company operates the restaurant business, mainly in buffet style, but also has A La Carte restaurants and Casual Dining restaurants which are Suki Shabu Buffet under the concept of “All You Can Eat”, under the brand name of “ Hot Pot Inter Buffet ”; the Japanese style grilled and Shabu buffet under brand “ Daidomon ”; the A la Carte Suki and Shabu restaurant which serves roasted duck with the authentic recipe dipping sauce under brand “ Hot Pot Suki Shabu ”; and Casual Dining restaurants which serve steaks and fusion foods under the brand “ Signature ” and “ Toomato Italian Kitchen ”; the authentic recipe with selected premium grade raw materials imported from Napoli, Italy; and “ Signor Sassi ” which serves the premium Italian dishes A La Carte as listed in menu. Also the Chinese restaurants under the brand “ Zheng Dou ” which serves Dim sum in Hong-Kong Chinese style, brand “ Zheng Dou Express ” which serves the Take Away Hong Kong Style Dim sum to facilitate the rush daily lifestyle; and “ Zheng Dou Grand ” which serves Chinese, seafood and dim sum in the friendly atmosphere; and “ Bonsai ” a Japanese restaurant in Omakase teppan yaki and sushi style which serves Japanese dishes from the high premium grade imported raw materials and prepared by experienced chef from Michelin star restaurants.
Office Location	Head Office located at 18 Soi Sathon 11 Yeak 9 TFD Building, Yannawa, Sathon, Bangkok 10120
Registered Number	0107554000160
Registered Capital	812,860,972 ordinary shares at par value of 0.25 per share, Total amount of Baht 203,215,243
Paid-up Capital	625,277,672 ordinary shares at par value of 0.25 per share, Total amount of Baht 156,319,418
Accounting Period	January 1 – December 31
Website	www.jckhgroup.com
Telephone	(662) 286-9959
Facsimile	(662) 286-9960

References		
Certified Auditor	<p>Miss Supanee Triyanantakul CPA No. 4498 and/or</p> <p>Miss Watoo Kayankannavee CPA No. 5423 and/or</p> <p>Mr. Preecha Arunnara CPA No. 5800</p> <p>EY Office Limited</p> <p>Floor 33th, Lake Ratchada Building,</p> <p>No. 196/136-39, Ratchada Road,</p> <p>Klongtoey, Bangkok 10110</p> <p>Tel: (662) 264-0777</p> <p>Fax: (662) 264-0789-90</p> <p>Email: ey.thailand@th.ey.com</p> <p>Website: https://www.ey.com/th/en/home</p>	
Internal Audit	<p>Miss Ratchaneeporn Thongsunsara</p> <p>Quantum Point Consulting Co.,Ltd</p> <p>256/194 Moo 4 Soi Watcharapol 3 Yeak 1</p> <p>Klongtanon Sub-district, Saimai District, Bangkok 10220</p> <p>Telephone/Facsimile : (662) 994-2092</p> <p>website : -</p>	
The Shares Registrar	<p>Thailand Securities Depository Co., Ltd.</p> <p>93 Ratchadapisek Road, Dindang Sub-district, Dindang District, Bangkok 10400</p> <p>Telephone : (662) 009-9000 Facsimile : (662) 009-9991</p> <p>website: www.set.or.th/tsd</p>	
The Solicitor	<p>The Fareast law office (Thailand) Co.,Ltd</p> <p>24th Floor, 121/74-75 R.S.Tower Building</p> <p>Dindang Sub-district, Dindang District, Bangkok 10310</p> <p>Telephone : (662) 641-3181-88, (662) 248-6711</p> <p>Facsimile : (662) 641-3189-90, (662) 248-6719</p>	
Financial advisor	- None -	
Share Listing	The Company's shares are listed and traded on the Stock Exchange of Thailand.	
The Bankers and Other Financiers	<p>Kasikornbank Public Company Limited</p> <p>The Siam Commercial Bank Company Limited</p> <p>Bangkok Bank Public Company Limited</p> <p>Land and Houses Retail Bank Public Company limited</p>	



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