

ANNUAL REPORT 2018

## THE ROUTE TO DIVERSIFICATION



MK RESTAURANT GROUP PUBLIC COMPANY LIMITED

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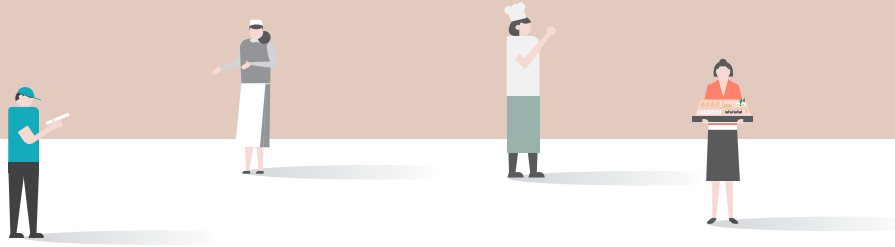
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110

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166

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## VISION

“To serve happiness to our customers through delicious, quality meals and extraordinary restaurant experience while working toward the greater good for our employees, community and environment”

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## MISSION

- > To delight and nourish our customers with healthy, quality and delicious food and excellent service at a reasonable price
- > To understand our customer's changing needs and constantly improve our customer experience
- > To generate a sustainable profit growth for our company's shareholders
- > To create long-term relationships with our business partners
- > To enhance our employee's excellence, continuous development and happiness
- > To contribute to our society through initiatives that align with our corporate social responsibility program





## FINANCIAL HIGHLIGHTS

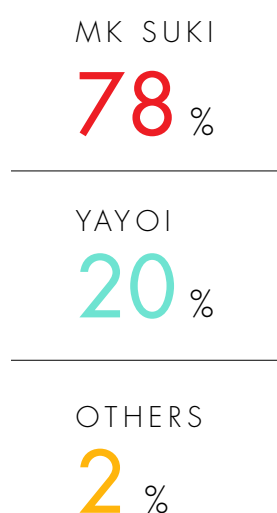
FINANCIAL HIGHLIGHTS	2016	2017	2018
INCOME STATEMENT (MILLION BAHT)			
Revenues from Sales and Services	15,146	16,073	16,770
Total Revenues	15,498	16,458	17,234
Gross Profit	10,193	10,899	11,475
Profit Before Financial costs and Income tax expenses (EBIT)	2,603	2,985	3,133
Net Profit	2,100	2,425	2,574
BALANCE SHEET (MILLION BAHT)			
Total Assets	15,642	16,283	17,174
Total Liabilities	2,265	2,454	2,998
Shareholders' Equity	13,377	13,829	14,176
Paid-up Capital	915	921	921
Net Cash from Operating Activities	3,090	3,575	3,727
FINANCIAL RATIO			
Gross Profit Margin (%)	67.3	67.8	68.4
Net Profit Margin (%)	13.5	14.7	14.9
Return on Equity (%)	15.9	17.8	18.4
Return on Assets (%)	13.7	15.2	15.4
Debt to Equity Ratio (Times)	0.2	0.2	0.2
Current Ratio (Times)	5.4	5.0	4.2
PER SHARE DATA			
Par Value (Baht per Share)	1	1	1
Earnings per Share (Baht)	2.3	2.7	2.8
Dividend per Share (Baht)	2.1	2.3	2.5
Dividend Payout Ratio (%)	91	87	89

### Notes:

Board of Directors had the resolution on February 26, 2019 to propose the 2018 dividend payment per share to the 2019 Annual General Meeting for shareholders' approval on April 29, 2019.

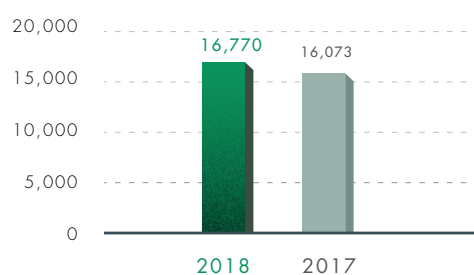


## REVENUE BREAKDOWN BY BUSINESS:

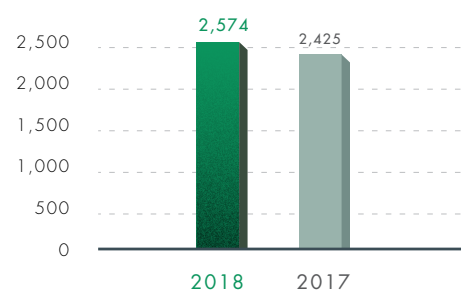


(MILLION BAHT)

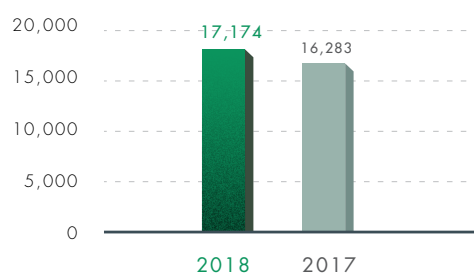
## REVENUES FROM SALES AND SERVICES



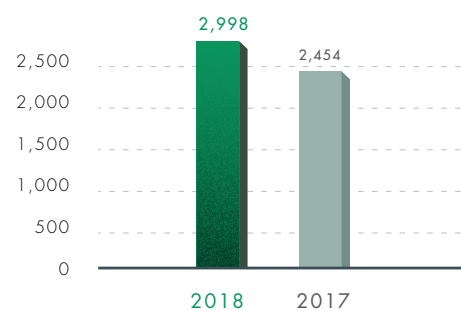
## NET PROFIT



## TOTAL ASSETS



## TOTAL LIABILITIES



## MESSAGE FROM CEO



MR. RIT THIRAKOMEN

CHAIRMAN AND CHIEF  
EXECUTIVE OFFICER

Dear Shareholders,

On behalf of the Board of Directors, I am delighted to report that the Company continued to deliver another good operating performance for the year 2018 despite the challenging operating environment resulting from the rapid changing market trends and customer expectations, the threat from the rapid digital transformation which may affect the business of the Company, and the slowdown of the Thai economy in the second half of 2018 as a result of the eruption of the US-China trade conflict and the plunge in Chinese tourist arrivals following the July tour boat accident in Phuket. Our achievement of consistent good operating results is due largely to the strength of our brands, the dedication and commitment of our employees to deliver the best possible service to customers, the continuing improvement

REVENUE FROM SALES  
AND SERVICES

16,770 million

TOTAL REVENUE

17,234 million

EARNING PER  
SHARE 20182.79  
BahtCOMPARE TO  
20172.65  
Baht

on the taste and quality of our food, and the continuing focus on prudent cost control and operating efficiency. In addition, the Company continued to expand its restaurant network in order to sustain our long term growth as well as to maintain our market leadership. In 2018, the Company opened a total number of 47 new restaurant outlets consisting of 20 MK and MK LIVE Sukiyaki restaurants, 20 Yayoi Japanese restaurants, and another 7 restaurants operated under other brands. I am also pleased to announce that of these newly opened restaurant outlets, four of which are operated under a new format and new brand called “Bizzy Box”. Bizzy Box is a takeaway style restaurant offering hot and ready to eat meals which proved to be well accepted by customers since its launch in July 2018.

In terms of financial performance, revenue from sales and services grew 4.3% to Baht 16,770 million in 2018, while total revenue rose 4.7% to Baht 17,234 million in 2018 largely as a result of gain from disposal of fixed assets. Net income, meanwhile, amounted to Baht 2,574 million in 2018 representing an increase of 6.1% which is higher than the growth rate of total revenue. Earnings per share for 2018 amounted to Baht 2.79, compared with Baht 2.65 for 2017.

In 2018, the Company has made an important strategic move to expand its business by establishing a joint venture company called M-Senko Logistics Company to engage in the business of logistics and warehousing. It is roughly a 50:50 Joint venture between MK Restaurant Group and Senko Group Holdings Company

with a registered and fully paid-up capital of Baht 1,300 million. Senko Group Holdings is the second largest logistics service provider in Japan with special expertise in cold chain logistics. M-Senko started its commercial operations in July 2018 by providing initially logistics services to the Company. It plans to provide logistics and warehousing services to outsiders in the near future. We believe that with the combined strengths of the joint venture partners, M-Senko will be able to grow and achieve its expected operating result in the near future thereby creating additional value to shareholders.

In recognition of the Company’s achievements in its outstanding management excellence practices, the Company was awarded several awards for excellence in 2018 as follows:

1. Thailand Corporate Excellence Awards 2018 in the areas of Innovation Excellence from Thailand Management Association (TMA).

2. The Most Powerful Brand of Thailand 2018 in the category of Chain Restaurant for the fourth consecutive time organized by the Faculty of Commerce and Accountancy, Chulalongkorn University in every two years.

3. No. 1 Brand Thailand 2017-2018 in the category of Chain Restaurant from Marketeer Magazine.

In light of the satisfactory operating performance for the year 2018 and the solid financial position of the Company, the Board of Directors resolved to recommend a full year dividend of Baht 2.50 per share (2017: Baht 2.30). As an interim dividend of Baht 1.20 per share was already

paid by the Company to shareholders during the year, the final dividend of Baht 1.30 per share, subject to the shareholders’ approval at the 2019 Annual General Meeting, will be paid on May 23, 2019 to shareholders who are eligible to receive dividend.

Looking forward to the year 2019, despite the external headwinds arising from the anticipated decline in global economic growth, the US-China trade tensions, rising interest rates, and the Brexit uncertainty, it is expected that the Thai economy can still continue to grow, albeit at a slightly slower pace of 4.0% in 2019 (2018: 4.1%) driven largely by domestic consumption, private and public investments, and the recovery of tourism. Based on the expected positive economic growth momentum as aforementioned, we are confident that with the support of the strong reputation of our brands, the robust and efficient infrastructure, and the dedicated, capable and experienced management team while maintaining our focus on enhancing our customers’ value and dining experiences, we will be able to sustain our successful operating track record in 2019 as well as create even greater value for our shareholders in the years ahead.

Last but not least, on behalf of the Board of Directors of the Company, I wish to take this opportunity to thank our staff for the loyalty, commitment and hard work, our shareholders for their support and encouragement for our constantly growing business, and our customers who have reposed great trust in us and our service and product offerings over the years.



## BOARD OF DIRECTORS





1. MR. RIT THIRAKOMEN  
Chairman of the Board of Directors
2. MR. THANONG CHOTISORAYUTH  
Independent Director
3. MR. SUJINT CHUMPOLKANJANA  
Independent Director
4. DR. KATIYA GREIGARN  
Independent Director and  
Chairman of Corporate Governance,  
Nominating and Compensation Committee
5. DR. ANNOP TANLAMAI  
Independent Director and  
Chairman of the Audit Committee
6. MR. ATTAPON CHODCHOY  
Independent Director  
Member of the Audit Committee and  
Member of Corporate Governance,  
Nominating and Compensation Committee
7. MR. PRAVIT TANTIWASINCHAI  
Director
8. MR. SOMCHAI HANJITKASEM  
Director
9. MRS. VILAI CHATTANRASSAMEE  
Independent Director and Member  
of the Audit Committee
10. MR. SOMCHAI PIPITVIJITKORN  
Director and Member of  
Corporate Governance, Nominating  
and Compensation Committee

## NATURE OF BUSINESS

In 1986, the first MK Suki welcomed its customers for the first time at Central Plaza, Ladprao branch. As not so many restaurants had such a clear position to offer suki menu at that time, the concept of MK restaurant was warmly received by customers. The introduction of sophisticated restaurant management techniques and marketing strategies to run the business led the Company to consistently expand new branches in both Bangkok and other provinces.

### 2018 PERFORMANCE



<b>MK SUKI</b>  <b>438</b> Restaurants Nationwide	<b>YAYOI RESTAURANT</b>  <b>184</b> Restaurants Nationwide	<b>LE SIAM</b>  <b>3</b> Restaurants Nationwide	<b>LE PETIT</b>  <b>3</b> Restaurants Nationwide
<b>MK GOLD</b>  <b>6</b> Restaurants Nationwide	<b>MIYAZAKI RESTAURANT</b>  <b>26</b> Restaurants Nationwide	<b>NA SIAM</b>  <b>1</b> Restaurant Nationwide	<b>BIZZY BOX</b>  <b>4</b> Restaurants Nationwide
<b>MK LIVE</b>  <b>4</b> Restaurants Nationwide	<b>HAKATA RESTAURANT</b>  <b>4</b> Restaurants Nationwide		<b>MK HARVEST</b>  <b>1</b> Restaurant Nationwide







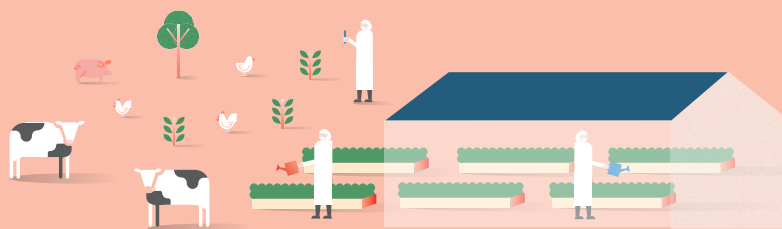
MK Restaurant Group Public Company Limited (the “Company”) was incorporated on July 10, 1989, with an initial capital of Baht 1 million to operate suki restaurants. Aside from this, the Company started opening Japanese restaurants under the “Yayoi” brand and trademark in 2006. In October 2012, the Company operated two more Japanese restaurants under two different trademarks of “Hakata” and “Miyazaki”. The Company also runs Thai restaurant business under

“Na Siam” and “Le Siam” trademarks, grab and go shop under “Bizzy Box” trademark, dessert shop under “MK Harvest” trademark as well as a coffee shop and bakery outlet known as “Le Petit.” Finally, we have our own training institute to train qualified service personnel.

As of December 31, 2018, the Company boasted 448 MK Suki Restaurants (including 6 MK Gold Restaurants and 4 MK Live); 184 Yayoi Japanese restaurants; 4 Hakata

Japanese restaurants; 26 Miyazaki Japanese restaurants; 3 Le Siam Thai restaurants; 1 Na Siam Thai restaurant; 4 Bizzy Box shops; 1 MK Harvest dessert shop and 3 Le Petit coffee shop and bakery nationwide. The Company has also sold MK Suki franchise to overseas operators in Japan, Vietnam and Laos. In addition, a joint-venture company has been set up to operate a restaurant business in Singapore.

## SUKI RESTAURANT BUSINESS



①

Nutritious ingredients  
brought by trusted  
producers

②

Innovation forward for  
supreme quality



③

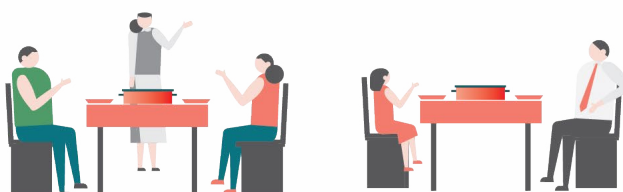
Deliver fresh and  
healthy ingredients  
to our restaurants



④

myMK Application...  
An innovation for customer's  
experience & satisfaction





## MK SUKI RESTAURANT

MK Suki is a restaurant run by the Company offering suki as its main dish. More than 100 items of a variety of meat, meatballs and fresh vegetables are offered as suki for customers to simmer in a cast-iron pot. In addition, MK Suki also offers various other dishes; namely dim sum such as steamed buns, pork dumpling, shrimp dumpling and egg roll as well as a la carte dishes such as MK roasted duck, honey-roasted pork, steamed spare ribs roasted with fermented soybean, Hong Kong slow-cooked beef, Jade noodle, wonton soup and a myriad desserts, ice cream and beverages.

MK Suki positions itself as a family restaurant whose target customers are family, friends and colleagues in medium to high-income brackets. The restaurant highlights its relaxed ambience where everyone can slowly cook his own suki in a pot on the table while taking time chatting and catching up. Customers can also be office workers whose lunch time is limited and therefore are vying for a quality lunch in less than an hour as one of MK Suki's service signatures is fast and efficient service.

As of December 31, 2018, there were 438 MK Suki restaurants around Thailand, most of which are located in shopping malls, modern trade outlets and community malls such as Big C, Tesco Lotus, Central Department Store, Robinson Department Store, The Mall Department Store, all of which share the same characteristic as a place where medium to high-income earners mostly shop.

ITEMS MORE THAN

100

variety of meat, meatballs  
and fresh vegetables

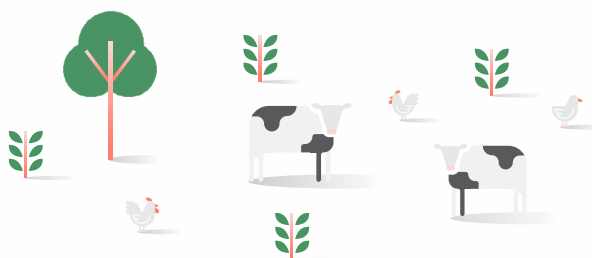




## MK GOLD RESTAURANT

Like MK Suki, MK Gold Restaurant, which is also run by the Company, offers suki as its main dish plus other dishes such as dim sum and a la carte menus. Going beyond the standard, MK Gold's ingredients are top-graded. MK Gold's target customers are original customers of MK Suki Restaurant, who, having earned high incomes, long for premium-graded foods and go to MK Gold Restaurant for entertainment. MK Gold Restaurant's theme of decoration is luxury in gold. The eatery is adorned with elegant and colorful lighting for glittering effect. Dinnerware is porcelain while the Sukiyaki cast-iron pot is golden. The restaurant's store sign, roasted duck kitchen at the front, placemats and staff's uniforms have been meticulously designed to reflect the element of gold and an air of luxury.

As of December 31, 2018, there were six MK Gold restaurants in major central business districts of Bangkok's Siam Paragon, Central World, Saladaeng, Esplanade, Ekamai and Phuket's Jungceylon. Customers may order any dish as they wish and will be charged accordingly. However, buffet is also available at certain branches.

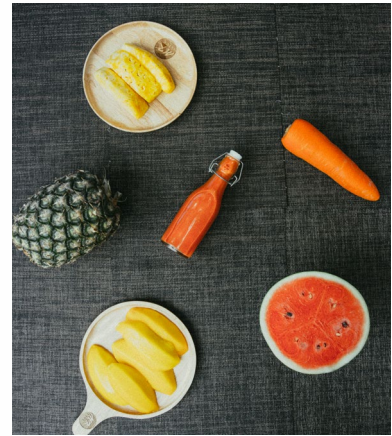


## MK LIVE

MK LIVE is a new brand under hotpot category of MK Restaurant Group Public Company Limited. MK LIVE is positioned to be a concept store of MK Suki restaurant in which its concept was inspired by the core strength of “MK” mother brand and today’s modern customer’s lifestyle.

LIVE means being alive in this concept. There are six main LIVE attributes that MK LIVE designed its restaurant experience upon; LIVE Ingredients, LIVELY Service, LIVE Showcase, LIVE Decoration, LIVE Experiences, and LIVE Bonding. At MK LIVE, both food and beverages menus are completely different from what offered in MK Suki Restaurant, for example, the restaurant is famous for its signature Steamed Shabu and Original Japanese-styled Sukiyaki. The services at MK LIVE are also unique. Staffs can interact with customers in a ‘lively’ way, recommending signature menu and providing information on the origin of each ingredient. In addition, customers can enjoy MK LIVE Showcase where they can see how their food are being prepared by our chefs.

As of December 31 2018, MK LIVE had 4 branches, locating at The EmQuartier Department Store, Mega Bangna, Central Phuket and Icon Siam.



## JAPANESE RESTAURANT BUSINESS

③

A moment of  
happiness in  
a Japanese style



②

A delight  
from originality



①

Where fresh food  
meets delicious  
ingredients





## YAYOI RESTAURANT

Yayoi Restaurant is run by MK Interfood Co., Ltd., our subsidiary, which has been franchised a license to run Japanese restaurant under the Yayoi-ken trademark by Plenus Co., Ltd., a listed company in Japan's stock exchange and one of Japanese's leading restaurant operators. Yayoi opened its first branch in Thailand in 2006.

Yayoi Restaurant is decorated in a bright colorful theme to convey informal and relaxed ambience and provide fast and quality service underlined with freshly-cooked food offered at a reasonable price tag. This very concept is inspired by the Japanese way of living which insists that no matter how fast life is to be, everyday's living must be handled in a refined and sophisticated manner including food. This truly accords with Thai lifestyle which places much priority to the food we eat.



Yayoi Restaurant offers both a la carte Japanese menus and set menus always served with rice, salad and miso soup. Yayoi's recommended menus are pork Tonkatsu with miso sauce, sizzling grilled pork, rice with a variety of beef, Japanese-styled bento, Udon, Ramen and hors d'oeuvres such as Japanese dumpling, Japanese pizza and a myriad of scrumptious desserts and delightful beverages.

Yayoi has regularly collaborated with Japan-based Yayoi-ken's chefs to introduce seasonal menus while retaining the much unique Japanese element in its food. As of December 31, 2018, there were 184 Yayoi Restaurant nationwide.

## HAKATA RESTAURANT

MK Restaurant Group Plc. opened the first Hakata Restaurant at Siriraj Hospital. The eatery offers Japanese ramen of various types and forms as well as Japanese dumpling and beverages. Hakata, Siriraj Branch, is part of the Company's corporate social responsibility (CSR) project as net profit after expenses from the restaurant has been entirely donated to Siriraj Hospital. As of December 31, 2018, MK Restaurant Group Plc. operated four Hakata branches locating at Siriraj Hospital, Central Chiang Mai, Central Hatyai and Don Mueang Airport.



## MIYAZAKI RESTAURANT

It was not until October 2012 when MK Restaurant Group Plc. opened the first Miyazaki Japanese Restaurant at The Scene Town in Town Shopping Center inside Soi Ladprao 94. The restaurant offers Japanese Teppanyaki grilled dishes, desserts and beverages. The Company boasted 26 Miyazaki Restaurant branches as of December 31, 2018.

## THAI RESTAURANT BUSINESS

①

The good old days  
of our family cuisine

②

From originality to  
customer's delicacy



③

The authentic taste  
of Thai food in  
a pleasant ambiance



## NA SIAM THAI RESTAURANT

Run by the Company, Na Siam Thai Restaurant offers a comprehensive Thai menu under a traditional Thai ambience where the atmosphere of the original MK eatery in Siam Square in the old days before the Company started operating suki restaurant business is meticulously preserved. Na Siam Thai Restaurant targets medium to high-end customers who come to enjoy various kinds of chili paste dishes, Thai hot soup of tom yum, curry, sauté vegetables of all kinds, a la carte menus, a variety of noodles, traditional desserts, and beverages. As of December 31, 2018, there was one Na Siam Restaurant on B1 Floor of Central Plaza Bangna Shopping Center.

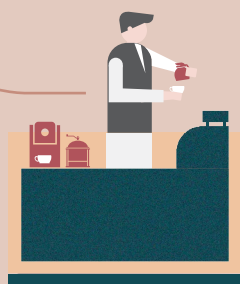
## LE SIAM THAI RESTAURANT

Like Na Siam, Le Siam Thai Restaurant is also operated by MK Restaurant Group Plc. and offers a comprehensive Thai menu. The restaurant is decorated in a luxurious Thai style and offers premium-graded food and beverages. Le Siam targets foreign customers and high-income earners who look for a sophisticated place offering traditional Thai food to entertain. As of December 31, 2018, there were three branches of Le Siam Restaurant at Saladaeng in Bangkok, Jungceylon in Phuket and London Street in Bangkok.

## COFFEE SHOP AND BAKERY BUSINESS

①

Quality beverages from  
high-quality coffee beans



②

Happiness with  
Western-style dish and bakery



③

A service and  
business to support  
those in need.







## LE PETIT

In September 2012, MK Restaurant Group Plc. opened Le Petit, the first coffee shop. Bakery bistro developed on its own formula at Siriraj Hospital. The place offers snacks, bakeries, coffee and other beverages. Le Petit is part of the Company's CSR project as net profit after expenses is entirely donated to the hospital. As of December 31, 2018, there were three branches of Le Petit coffee shop and bakery, locating at Siriraj Hospital, London Street and MK's Head Office.

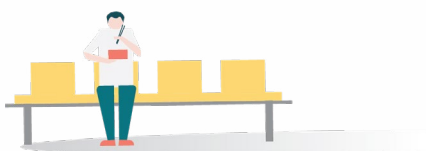


## OTHER BUSINESSES



## GRAB AND GO BUSINESS

"BIZZY BOX" is a one-stop grab and go destination for working adults during their rush meal hours including breakfast, lunch, or dinner. The restaurant offers a selection of freshly-made dishes, favorite menus from different nationalities, for example, Thai, Japanese, Western etc. delicious main and side dishes that customers can have and afford every day. As of December 31, 2018, Bizzy Box has 4 branches locating in Bangkok area.



## BEVERAGE AND DESSERT BUSINESS

MK Harvest is a beverage and dessert restaurant that was inspired by nature. The restaurant offers variety of desserts for example, homemade ice cream, fruit waffles, Thai homemade bualoy parfait etc. MK Harvest also offers beverage menu like coffee, tea, and signature blended menu. As of December 31, 2018, MK Harvest has 1 branch locating on the 6<sup>th</sup> floor of The EmQuartier.

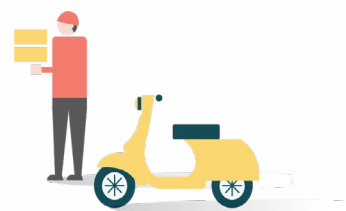


## DELIVERY AND CATERING BUSINESS

MK Restaurant Group Plc. and MK Interfood Co., Ltd. offer home delivery and catering services where food from MK Suki Restaurant and Yayoi Restaurant could be home delivered between 10 am to 9 pm each day (or up to the opening hours of the mall) with a minimum order from both restaurants of Baht 150. However, if fresh food items under MK Suki Restaurant is ordered, the minimum order will start at Baht 199. There is a charge of Baht 40 per trip for home delivery including VAT. Moreover, customers can make order in advance for the seminar or meeting events. Customers can pay by cash or by visa or master credit card of all major banks. They can order food by calling the following numbers or going to the following websites:

Service Areas	Phone Numbers	Website
Bangkok and its vicinity Pattaya, Chonburi Chiang Mai Phuket Nakhon Ratchasima Khon Kaen Nakhon Pathom (only MK Restaurant)	0-2248-5555, 1642	<a href="http://www.mkrestaurant.com">http://www.mkrestaurant.com</a> <a href="http://www.yayoirestaurants.com">http://www.yayoirestaurants.com</a>

Aside from the home delivery service, both MK Suki Restaurant and Yayoi Japanese Restaurant also accept advanced orders and can provide lunch boxes for party, feast or other events. The Company also provides a comprehensive catering service where all equipment and accessories such as suki pot, electronic outlets, chairs and dining tables and competent service personnel are offered and set up for customers to make them feel like they actually dine at MK Suki Restaurant.



## OVERSEAS RESTAURANT BUSINESS

As of December 31, 2018, the Company had the following MK Suki Restaurants and Yayoi Japanese Restaurants overseas:

Countries	Number of MK Suki Restaurants	Number of Yayoi Restaurants	Number of Miyazaki Restaurants	Operated by
Japan	35	-	-	Plenus MK Co., Ltd. (The Company holds 12% of its shares; it obtains the franchise right from the Company)
Singapore	-	8	-	Plenus & MK Pte. Ltd. (The Company holds 50% of its shares; the firm is a joint-venture company)
Vietnam	7	-	-	Global Investment Gate Joint-Stock Company (not relating to the Company; it obtains the franchise right from the Company).
Laos	2	-	1	Premium Food Co., Ltd. (not relating to the Company; it obtains the franchise right from the Company to operate MK Restaurant). V&V Restaurant (not relating to the Company; it obtains the franchise right from the Company to operate Miyazaki restaurant).

## TRAINING CENTER

Founded in 2006, the MK Training Center is run by MK Service Training Co., Ltd. to offer service training and other necessary skills for service personnel of the Company and its subsidiaries. Realizing that human resources are the most valuable asset of the Company, MK Restaurant Group Plc. puts endless energy into the recruitment, selection, retention and development of personnel. It has developed training courses to intensively train personnel of all

departments whether they are full-time or temporary staff at branch restaurants, students, management or executives. Every employee will go through training and capability building courses that the Company specially designed to correspond with their career path.

Located on Km. 3, Bangna-Trad Highway, opposite to Central Plaza Bangna Shopping Center, MK Training Center boasts a variety of training rooms and a comprehensive range of training equipment in the seven-floor

as building. Most courses depend on knowledge and competency of the Company's own staff. Trainers are executives, managers, chiefs of sections and experts at various levels. In addition, there are also third-party experienced trainers in the service industry to share their skills, experiences, thoughts and service mind necessary for the profession. The goal is to encourage all MK personnel to commit to the best possible service to fulfill customer's needs.



# CORPORATE STRUCTURE OF THE COMPANY AND SUBSIDIARIES

## MK RESTAURANT GROUP PUBLIC COMPANY LIMITED (M)



MK SUKI, MK GOLD  
AND MK LIVE RESTAURANTS



THAI RESTAURANTS:  
NA SIAM AND LE SIAM



JAPANESE RESTAURANTS:  
MIYAZAKI AND HAKATA



OTHERS : LE PETIT,  
MK HARVEST, BIZZY BOX



OVERSEAS  
FRANCHISE



<p>MK INTERFOOD CO., LTD. (MKI)</p> <p>100%</p> <p>&gt; Yayoi Japanese Restaurants</p>	<p>MK SERVICE TRAINING CENTER CO., LTD. (MKST)</p> <p>100%</p> <p>&gt; Provide training services</p>	<p>INTERNATIONAL FOOD SUPPLY CO., LTD. (IFS)</p> <p>100%</p> <p>&gt; Food manufacturer &amp; distributor</p>	<p>M-SENKO LOGISTICS CO., LTD.<sup>(1)</sup> (MSL)</p> <p>49.75%</p> <p>&gt; Provide logistics &amp; warehouse services</p>
<p>MARK ONE INNOVATION CENTER CO., LTD. (MKO)</p> <p>100%</p> <p>&gt; Research &amp; development</p>	<p>PLENUS &amp; MK PTE. LTD.<sup>(2)</sup></p> <p>50%</p> <p>&gt; Restaurants in Singapore</p>	<p>PLENUS MK CO., LTD.<sup>(3)</sup></p> <p>12%</p> <p>&gt; MK Suki Restaurants in Japan</p>	

<sup>(1)</sup> Senko Group Holdings Co., Ltd., Runtec Co., Ltd., Senko (Thailand) Co., Ltd. and J-Will International (Thailand) Co., Ltd. hold 29%, 20%, 0.75%, 0.5% respectively.

<sup>(2)</sup> Plenus Co., Ltd. hold 50% of its shares.

<sup>(3)</sup> Plenus Co., Ltd. hold 87.8% and Bridg Co., Ltd. hold 0.2% of its shares.

## NOTABLE EVENTS IN 2018

2018

### MARCH

#### M-SENKO LOGISTICS COMPANY LIMITED

On March 30, 2018 the Company has set up the new joint venture company "M-Senko Logistics Company Limited" in order to operate logistic, warehouse rental, trading and forwarding businesses with the registered share capital of Baht 1,300 million (130 million ordinary shares at a par value of Baht 10 per share). The Company holds 49.75% in this joint venture company.



### FEBRUARY

#### 6<sup>TH</sup> MK BRANCH IN VIETNAM

On February 24, 2018, opened the 6<sup>th</sup> MK Branch in Ho Chi Minh City, Vietnam.

### APRIL

#### MK HARVEST

On April 12, 2018 the Company has launched new dessert cafe under brand "MK Harvest" at "The EmQuartier"

## MAY

MARK ONE INNOVATION CENTER  
COMPANY LIMITED

On May 21, 2018 the Company has set up the new subsidiary "Mark One Innovation Center Company Limited" in order to do the research and development of technology and innovation in food and beverage products with the registered share capital of Baht 60 million (6 million ordinary shares at a par value of Baht 10 per share). The Company holds 100% in this new subsidiary.

## JUNE

## BIZZY BOX

On June 1, 2018, the Company has launched new grab & go concept under brand "Bizzy Box".

## JULY

7<sup>TH</sup> MK BRANCH in Vietnam

On July 26, 2018, opened the 7<sup>th</sup> MK Branch in Ho Chi Minh City, Vietnam.

2019



## OCTOBER

## NO.1 Brand Thailand 2017-2018

On May 21, 2018, the Company has been awarded "NO.1 Brand Thailand 2017-2018" in Chain Restaurant category from "Marketeer Magazine".

The Most Powerful Brand of  
Thailand 2018

On October 3, 2018 the Company has been awarded "The Most Powerful Brand of Thailand 2018" in Chain Restaurant category for the fourth consecutive time from Commerce and Accountancy Faculty, Chulalongkorn University.

2<sup>ND</sup> MK BRANCH in Laos

On October 18, 2018, opened the 2<sup>nd</sup> MK Branch in Vientiane, Laos.

## NOVEMBER

Thailand Corporate Excellence  
Awards 2018

On November 29, 2018, the Company has been awarded "Thailand Corporate Excellence Awards 2018" in the category of "Innovation Excellence" organized by Thailand Management Association (TMA) and Sasin Graduate Institute of Business Administration of Chulalongkorn University.

## RISK FACTORS

Like other businesses, the Company's business is exposed to various risks. The following risks are what the Company feels that if occurred, they may adversely affect the Company's business, financial position and performance in a material manner. In addition, there could be other risks that the Company has no knowledge of at the moment; or feels, following its consideration, that they could not yet be classified as risks that could materially damage the Company's business.

### RISK FROM INTENSE COMPETITION

The restaurant business that the Company is running is indeed a highly-competitive business and competition will be even more intense as days pass by. As a result, the Company's success will depend on its ability to continue to effectively compete with other contenders.

The Company is to compete with a variety of restaurants that include international restaurant chains, well-established local restaurant chains and numerous small-time restaurateurs. In addition, new operators enter the restaurant business each day due largely to the low barrier of entry into this business. As a result, competition in the restaurant business will be based on price and quality of food, variety and value perception of menu, service quality, number and location of outlets, effectiveness in new product development, advertising and sales promotion activities, restaurant

decoration and the way the restaurant is maintained to continue attracting customers and, finally, brand reputation and strength. Failure by the Company to constantly and effectively compete with other contenders in these aspects will have a material and adverse impact to the business and its operation.

However, the fact that the Company continues to see its branch, income and performance expanding for more than two decades indicates that it does have an ability to constantly and effectively compete with other challengers. In other words, the Company has several competitive advantages; namely (1) strong brand recognition as the "MK Brand" is indeed highly recognized and adored by customers; (2) strong financial position which enables the Company to expand business both in the short and long term; (3) capable and experienced

management team which has been in the restaurant business for more than 20 years and which helps making the Company's management effective and efficient; (4) own service training center which enhances management skills of branch managers and, more importantly, trains service staff to provide standardized service at all the Company's restaurants; (5) best strategic locations of more than 500 branches of "MK" and "Yayoi" restaurants nationwide; (6) business size which is large enough to achieve the economy of scale in many areas such as sourcing and procurement, transportation and advertising; and (7) construction of a new and sophisticated central kitchen and a distribution center which will increase the Company's kitchen capability in order to support the future expansion.



## RISK FROM VOLATILITY OF RAW MATERIAL PRICES



Since costs of food are the Company's most important cost item as it accounts for as high as 33 percent of the Company's revenues from sales and services and since most of them are costs of raw materials, changes in raw material prices at a time the Company could not hike its sales prices to compensate for the rise or if it could only partially compensate such rise due to intense competitions or weakening purchasing power will materially and adversely affect the Company's performance.

Most of the Company's raw materials are fresh produce such as meat, seafood, vegetables, fruits, egg, rice and seasoning of which their market prices and quantities fluctuate at any time according to demand and supply. This is especially the case of volumes being produced which could

be negatively affected by unfavorable weather condition, natural disaster or contagious diseases in animals or plants, all of which are beyond the Company's control. When raw material prices are up due to depleting production volumes affected by negative factors mentioned above, the Company is required to buy raw materials at higher price and volume that it has not projected. This could eventually make a negative impact to the Company's performance.

To minimize risk from the fluctuation of raw material prices, the Company has embarked on several measures to properly control the costs of raw materials. Significant measures are (1) estimating demands of raw materials that could materially affect the Company's total costs of raw materials in order to plan the sourcing

for an amount and within a timeframe as required by the Company's sales plan; (2) the estimated demand of raw materials should allow the Company to have a better negotiating power with manufacturers or distributors thanks to a huge volume of raw materials to be bought and a definite delivery schedule; (3) to prevent risk from price fluctuation, a future sales contract will be signed with reliable manufacturers or distributors where parties will be bound to each other within an agreed timeframe such as within three months, six months or a year; and where the contract will clearly specify the prices, volumes that will change hands and delivery dates; (4) the sourcing of raw materials of which prices are seasonally fluctuated and which could be properly stored without materially jeopardizing their quality will be made in advance in preparation for consumption during the period when their prices are up; and (5) a comparative report will be regularly made to inform changes of raw material prices that could make a material impact to the total costs of raw materials as this will be used as a guideline to hike menu prices when necessary and if possible. These measures were carried out to reduce volatility from the change of raw material prices as well as to keep the costs of raw material in control.

## RISK FROM ADDITIONAL STAFF COSTS

The restaurant business is a labor-intensive industry which depends very much on employees especially service staff who will make customers happy through their services. As a result, costs of employee are the second most important cost item of the business only after the costs of food. As a result, if the cost keeps rising and the Company could not hike its sales price to compensate for an increasing employee expense or if it could only partially cover the expense due largely to intense competition or weakening purchasing power or any other factor that may prevent the Company from raising its sales price, this will negatively affect the Company's performance in a material manner.

To minimize the risk from the increase of employee costs as described above, the Company has conducted various measures to keep the cost within an optimal level. The measures are (1) setting and adjusting the number of staff in each restaurant to reflect its traffic volume to maximize efficiency while enabling to maintain quality service to customers at a standard level envisioned by the Company; (2) monitoring each restaurant's staff productivity and ensuring that it is in line with the productivity standard developed by the Company. In addition, to encourage restaurant managers to pay attention to this subject, staff productivity has become one of the Key Performance Indicators (KPI) used in the evaluation

of each restaurant's performance; (3) introducing a computerized technology to the restaurant which will not only enhance staff efficiency but will also improve service quality as the technology will speed up the service and make it more accurate; and (4) staff especially service employees will be constantly trained to enhance performance and standardize service quality. By seriously and incessantly pursuing these measures and by hiking sales prices when necessary and if doable, the Company has managed to control the costs of employees to remain at an optimal level vis-à-vis its revenues and at the same time reduced its loss resulted from staff oversupply and employee underperformance.

## RISK FROM THE SHORTAGE OF BRANCH OPERATIONAL EMPLOYEES

The Company's business is a service business which heavily relies upon people as its driving force. The Company plans to open new branches each year and each branch needs approximately 30 - 40 staffs. As a result, the Company has to recruit a large number of new staff to accommodate new branch opening. Therefore, failure to recruit new staff to accommodate expansion or to replace resigning staff in a timely fashion will materially affect the Company's service and operation.

However, it has committed to resolve this problem by retaining staff to work as long as possible with the Company and by giving priority to the concept of working under the "MK Culture" where employees of all levels are taken care of. Capable staffs are given a chance to rise along their career path to executive positions in the future. In addition, the Company takes a great care by giving employees fair remunerations and welfare as well as skill-enhancing training and by treating them as family members.

As such, the Company continues to attract candidates. New recruits are to attend a training course held by the MK Service Training Center to acknowledge the MK corporate culture and to perform his/her duty based on the Company's standards. So far, the Company has had no problem recruiting new personnel with required qualifications.



## RISK FROM FAILURE TO FIND LEASED SPACE AND TO RENEW THE LEASED SPACE UNDER A CONDITION DEEMED APPROPRIATE BY THE COMPANY

As the competition in the industry is getting intense and as there is an increasing number of restaurateurs entering the market, leased space for new restaurant has become rarer. This could expose the Company to a risk from not being able to find and lease space to open a new branch as planned.

However, the Company has been a business partner with several lessors who operate shopping malls, modern-trade outlets and community malls in Bangkok and provinces. Besides, the Company is Thailand's leading

restaurateur who offers products and services highly desirable by consumer. As a result, this is unlikely to prevent the Company from finding the leased space. Meanwhile, most of the lease agreements offer a lease term of three years at a time which is renewable 3 - 5 times for another three years on each occasion. Failure to renew the lease agreement may affect the Company's operation. Yet, the Company has had a warm and long-lasting relationship with the lessors. Together with its excellent rent payment track record, its compliance

with the lease agreements, the fact that it has never had problem with the lessors and that it has the lease agreements renewed all the time, not mentioning the fact that the Company and the lessors sometimes joined force to resolve problems of unimpressive branches which had to be closed down for the best interest of both parties, the Company therefore is of the opinion that the risk from not finding leased space and not renewing lease agreement should not be an obstacle to continue its business.





## RISK FROM NEW BRANCH OPENING

The Company aims to grow constantly and opening new branch is a factor to achieve the goal. As the competition in this industry has become tougher than before, together with the fact that newcomers step into the industry every day, the Company therefore is exposed to a risk that its new branch may not generate sales up to a target and thereby not yield a satisfying investment return. It needs approximately Baht 8 - 10 million to open a branch. The fund is used for design, construction, mechanical & electricity (M&E) system, furniture, kitchen equipment and other office equipment. The Company plans to constantly expand its MK Suki Restaurant and Yayoi Japanese Restaurant. Locations of newly-opened outlets however may overlap with existing branches located nearby and this could affect the Company's sales and performances in the longer run.

However, to open a new branch, the Company has to do a lot of work

studying the branch opening plan. A newly-opened branch must yield a good investment return based on required criteria. The Development and Engineering Department will be responsible for surveying location, population density, target groups of customers and performance of nearby branches. It will also conduct a financial analysis by looking at, for example, payback period and return on investment (ROI) which must not be less than a required level. This information will be used in considering a new branch opening. In addition, the Company has had experiences in this business for more than 25 years with highly-recognized products and services desirable by customers. At the other end, shopping mall owners, modern-trade outlet and community mall operators are, too, looking for reputable restaurants to lease their space in order to attract customers. That's why the Company has been offered attractive packages of ideal

location, space size and rental term. The Company studies every leased premise being offered as well as conducts a financial analysis before making an investment decision at an appropriate site that could generate high yield. The Company is confident that new branch opening that covers more extensive service areas should increase its capacity to generate higher profits to shareholders and to reduce its operation risk in the long run. In addition, the Company also takes into consideration sales amounts of nearby branches and population density in the same area to ensure that a new entrant will not affect the business of existing branch nearby but rather is an appealing alternative for customers living in the area and works strategically to expand the Company's service areas to help maintain its market share.



## RISK FROM FAILURE TO RENEW THE YAYOI FRANCHISE

MK Interfood Co., Ltd. (“MKI”) has been licensed to operate a Japanese restaurant in Thailand by Plenus Co., Ltd. under the “Yayoi” branch. The franchise term is three years and is renewable for three years on each occasion unless either party notifies the other to terminate the agreement 180 days before each expiration date. As a result, termination of the franchise agreement could prevent the Company from continuing the Yayoi restaurant business which will inevitably affect the Company’s operation.

The Company has already operated the Yayoi Japanese Restaurant business for over than ten years.

As of December 31, 2018, it had a total of 184 Yayoi branches. So far, it has strictly complied with the terms and conditions of the franchise agreement where menus and operation procedures of “Yayoi Ken” under the franchise system of the rights owner and its know-how are actively implemented in the business. Others include style of the restaurant, menu change, choices of raw materials, product development, staff training, commercial and production operation as well as on-time payment of the franchise fee. In addition, the Company is truly committed to expand the Yayoi branch as evident in 2018 where 20

new branches were opened with more planned openings in the future. More importantly, Yayoi Restaurant’s operation has been growing quite steadily. Besides, the Company and Plenus Co., Ltd. are strong business alliances who have joined force to run MK Suki Restaurant overseas. With a long-lasting relationship between us and the fact that the Company has duly complied with conditions in the concerned agreement, the Company is of the view that it should be trusted to continue having the franchise contract renewed.

## RISK FROM THE INFORMATION TECHNOLOGY (IT) SYSTEM

To enhance the Company’s customer’s service capacity, it has introduced the IT system in the food ordering process where the system will directly and immediately send orders to the kitchen to shorten service time and to minimize errors. The IT system is also a crucial component of the Company’s home delivery service as it receives orders from customers before sending them to various branches to execute delivery. The system is also prominent in other management processes. If the

system is malfunctioned or in case of an unforeseeable event that may paralyze the system, this could affect the Company’s operation.

Having realized the importance of the IT system, the Company has adopted a guideline to modernize the technology with a focus at systems considered crucial to its business; namely accounting, raw material sourcing and procurement, inventory management, product distribution and communication system between the head office and branches nationwide.

The enhanced IT system should gather information and deliver it to executives who need it for analysis and for making crucial decisions. As a result, the Company is confident that as the system has been constantly enhanced, in case of malfunction, the Company will still be able to continue its business as every unit and function does have both manuals and standard operating procedures (SOP) that will help them resolve problems and thereby allow the business to continue running.

## RISK FROM OVERSEAS INVESTMENT

The Company has invested abroad through two joint-venture firms in which it holds 12 percent in Plenus MK Co., Ltd.'s shares to operate MK Suki Restaurant in Japan and 50 percent in Plenus & MK Pte. Ltd.'s shares to run the restaurant in Singapore. Each country is exposed to various risk factors such as economic and political conditions, laws, tax and exchange rates. As a result, in case of an event with material impact to business operation in a concerned country, it will inevitably affect the Company's operation.

Yet, the Company conducts an overseas investment study where it surveys the market and looks at

population density and target groups of customers as well as other economic factors such as GDP, inflation rate, exchange rates, political stability, investment policy governing foreign entities and tax rates. The Company also conducts financial analysis for ratios and figures which must not be lower than its threshold required for overseas investment. In addition, by having a strong partner like Plenus Co., Ltd. who is Japan's largest bento lunchbox business operator boasting a network of more than 2,900 branches as well as the owner of the ready-to-serve Yayoi Ken Restaurant which commands an overnight success in Japan, the Company therefore

is confident in Plenus Co., Ltd.'s leadership vision and management style as well as its potential to make MK Suki brand recognized and to expand MK Suki branches all over Japan. As a result, the Company is of the view that careful investment planning and strong business partnership will help reduce the risk. In addition, by expanding the business into countries enjoying a high growth rate with a high density of population who have high purchasing power, this could be a great opportunity for the Company to grow even more and also the opportunity to diversify the operation risk.

## RISK FROM EPIDEMIC

So far, there have been several bouts of outbreaks that hit the restaurant business hard. For example, in 2002, Bovine Spongiform Encephalopathy or the mad cow disease struck the US and Europe. Three years later, several countries suffered from the bird flu (H5N1) outbreak before the world witnessed the infectious disease of swine influenza (H1N1) in Mexico in 2008. The rampant epidemic did erode customer's confidence to consume meat, chicken and pork, all

of which are major raw materials of all restaurants under the MK Group. Future epidemic, if any, therefore may affect the Company's revenues.

The Company places a high priority to the selection of raw materials which will be supplied by selected quality manufacturers and distributors. Every piece of raw materials will have a traceability where product can be traced back throughout the entire food chain from step one to the final stage whether it's about the origin of

food, production and transportation. That's why the Company is convinced that every piece of its raw materials meets the standard, is hygienic and, is safe without contaminant. In addition, the Company has the Quality Control Department to verify product quality while the operation of the two central kitchens has been certified by international quality assurance systems which among a few include ISO, HACCP and GMP.

## RISK FROM NATURAL DISASTERS AND ACCIDENTS

Thailand's major flood which started in late July 2011 and last until the end of the year extensively damaged the Thai economy during the latter half of 2011. Water inundated farming areas in the upper Central Plain and industrial sites in the lower Central Plain including seven industrial estates in Ayutthaya and Pathum Thani provinces. The Company's central kitchen at Nava Nakorn (CK 3) located at Nava Nakorn Industrial Estate, too, was under the water and had to be closed before part of the production was relocated to the central kitchen at Bangna (CK4), which was able to boast enough production capacity to accommodate demands of all existing branches. However, the Company has already eyed an ideal site for its new central kitchen (CK5). Meanwhile, 55 MK Suki Restaurants and 13 Yayoi Japanese Restaurants suffered from the 2011 tragic flood where they were forced to shut down for an average of 0.5 - 2 months. Most, however, were not damaged as they were located in shopping malls and modern-trade outlets which had effective flood-protection measures. Yet, the flood did temporarily suspend the operation of certain suppliers which in effect led to a shortage of certain raw materials for a period of time and this inevitably affected the Company's sales revenues.

Yet, having realized the effect of natural disaster to its business, the Company has planned protective measures to handle the risk. This includes buying casualty insurance, formulating an emergency operation plan, training staff to handle natural disaster incidents, building a new central kitchen at an ideal site, adding a distribution center to its portfolio to diversify risk, approving an emergency fund to assist employees and communicating with all parties of the management's readiness to bolster confidence of shareholders, employees, suppliers and customers that the Company can indeed continue operating and that it's ready should there be a natural disaster risk.

As for a plan to handle the shortage of certain products the Sourcing and Procurement Department will select every manufacturer and distributor who can produce products that meet the Company's required standard before closely communicating with them to learn which product they can produce, their production capacity and volumes and dates they can deliver such product. The Sourcing and Procurement Department will coordinate with the central kitchen to encourage direct and clear communication to every branch of shortage items, replacement items and expected delivery time if the product cannot be delivered normally. The communication is to

ensure that branches learn how to effectively manage inventories while staff at every branch may directly communicate with customers. While it's true that the 2011 major flood did prevent the Company from providing a full-scaled service, yet, the Company managed to return the business to normalcy as quickly as possible. All customers understood what happened and continued trusting the Company, which convinces the Company that it can and is ready to handle the risk.



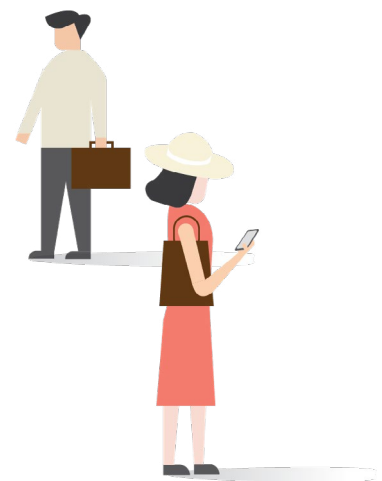
Aside from being prepared to protect itself from possible flood and to handle the disaster if occurred, the Company has taken out several types of casualty insurance policies such as accident insurance, third-party liability insurance and property insurance to make itself ready for future incidents.

## RISK ARISING FROM THE COMPANY'S MAJOR SHAREHOLDERS WHO ARE ALSO SENIOR EXECUTIVES OF THE COMPANY TOGETHER HOLDING MORE THAN 50% OF THE COMPANY'S TOTAL ISSUED SHARE CAPITAL

At the closing date of the Company's share register on December 28, 2018, it is noted that the Company's major shareholders who are also senior executives of the Company together held 617,038,924 shares which accounted for 67.04% of the total issued share capital of the Company of 920,878,100 shares. Of the shares held by the major shareholders, 123,059,333 shares or 13.4% were held by Mr. Rit Thirakomen, 182,396,802 shares or 19.8% were held by Mrs. Yupin Thirakomen who is Mr. Rit Thirakomen's wife and 164,087,977 shares or 17.8% were held by Mrs. Yupin Thirakomen on behalf of the estate of Mr. Somnuk Hanjitsakem, Mrs. Yupin Thirakomen's deceased brother who died on June 11, 2014. The remaining 147,494,812 shares or 16.0% were held by Mr. Somchai Hanjitsakem who is another brother of Mrs. Yupin Thirakomen. As a result of such shareholdings, the aforementioned major shareholders who are also senior executives of the Company are able to control the vote on almost every resolutions at the meeting of shareholders such as the election of directors of the Company or other important resolutions which require the majority vote of shareholders except in the case where it is required by law or the articles of association

of the Company that a vote of not less than three-fourths of the votes of shareholders is needed to pass such resolution. Thus, other shareholders of the Company may face the risk of being unable to gather enough votes in order to examine and to balance the power of major shareholders in respect of the matters presented by the major shareholders to the shareholders' meeting for consideration.

However, the afore-mentioned major shareholders who are also senior executives of the Company are the founder of the Company since 1986 and the prime movers responsible for the Company's continuing growth as shown by the Company's impressive performance as well as the strong financial status since the Company's inception to the present, lasting for almost 30 years. It is clear evidence that the afore-mentioned major shareholders who are also senior executives of the Company are qualified to continue to lead the Company to achieve further growth and successful performance in the future. Nevertheless, in order to create sustainable growth and value added to the Company, the afore-mentioned major shareholders who are also senior executives of the Company decided to bring the Company listed on the Stock Exchange of Thailand in



2013 to ensure that the Company is effectively and transparently managed under the good corporate governance principles. Being the listed company in the Stock Exchange of Thailand, the Company must comply by the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand which require that the Company must have the audit committee comprising of all independent directors and other committees as deemed necessary in order to assist the Board of Directors in the corporate governance of the Company to adhere to the good





corporate governance principles. Presently, the Company is comprised of 2 committees including the Audit Committee which consists of 3 directors, all of them are independent directors, and the Corporate Governance, Nominating and Compensation Committee which consists of 2 independent directors out of all 3 directors and the chairman of the committee shall be the independent director. The roles and responsibilities of the committees are clearly defined and written to ensure that the committees perform their duties efficiently and in accordance

with the principles of good corporate governance especially the matter of the transparent disclosure of accurate and complete information, the assessment of the transactions that may cause the conflict of interest, and the compliance with the laws and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission in order to create the confidence to shareholders on the balance of power among the major shareholders who are also senior executives of the Company.

STATEMENTS OF THE FINANCIAL POSITION  
AND OPERATING PERFORMANCE  
FOR THE YEAR 2018



## REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board of Directors of MK Restaurant Group Public Company Limited is responsible for the financial statements of the Company and its subsidiaries which have been prepared in accordance with generally accepted accounting standards in Thailand under Accounting Act B.E. 2543 and the Securities and Exchange Act B.E. 2535. The policies pursued are deemed appropriate and applied consistently with adequate disclosure of important information in the notes to the financial statements which the auditors has reviewed and expressed opinions in the auditor's report.

The Board of Directors has appointed the Audit Committee comprising of the independent directors to supervise the financial report, internal control system for the purpose of efficiency and effectiveness and align with the financial reporting standard in Thailand and international Best Practice to ensure that the accounting records are accurate, complete and timely to prevent fraud and materially irregular operations. The opinion of the Audit Committee regarding to these matters appears in the Report of Audit Committee in this Annual Report.

The Board of Directors has confidence that the internal control and the internal audit systems of the Company and its subsidiaries present the financial position, results and cash flow accurately.



(Mr. Rit Thirakomen)  
Chairman of the Board of Directors

## REPORT OF THE AUDIT COMMITTEE

The Audit Committee appointed by the Company's Board of Directors consists of three independent directors. Chaired by Dr. Annop Tanlamai, the Committee has Mrs. Vilai Chattanrassamee and Mr. Attapon Chodchoy as two audit members with Mr. Pasakorn Lila serving as the Committee's secretary. The qualifications of all Audit Committee's members have passed the criteria laid down by the Office of the Securities and Exchange Commission (SEC). The Audit Committee has carried out its work within the scope of duties and responsibilities specified in the Audit Committee Charter.

In 2018, the Audit Committee convened six meetings with the Company's executives, internal auditors, and the auditors. In addition, the Audit Committee met the auditors without the presence of the Company's Management in order to discuss and share opinions to ensure that the auditor works independently. The work of the Audit Committee during 2018 can be summarized as follows:

### 1. Review of quarterly financial statements and full year financial statement for the year 2018:

The Audit Committee reviewed the quarterly financial statements and full year financial statement for the Company and its subsidiaries to ensure the accuracy aligned with Thai Financial Reporting Standards (TFRS) as well as the connected transactions and transaction that may have a conflict of interest with executives, internal audit department and auditors. The Audit Committee inquired and received explanations from executives of the Company's finance and accounting units as well as the auditors concerning the accuracy of the Company's financial statements and consolidated financial statements, and also the adequacy of

information disclosure and notes to the financial statements. After the review, the Audit Committee agreed with the auditors that fairly the financial statements were accurate in all material aspects and were reliable in accordance with the generally accepted accounting standard.

### 2. Review of internal-control operations and system:

The Audit Committee reviewed the internal control based on the report from the internal audit department together with executives every quarter to consider the business operation, use of resources, asset management, fraud, the reliability of financial reports, and compliance with laws and regulations. The Audit Committee did not find any material defect. The Audit Committee also reviewed the auditor's report

including the Company's internal control and information technology system which also indicated that there was no any material defect, all branches and all units have efficient processes. The internal audit department works independently to assess all major systems of the Company based on the approved audit plan and report directly to the Audit Committee.

### 3. Review of compliance with laws and regulations:

The Audit Committee reviewed the compliance with internal-audit team and relevant executives. The review showed the audited units proceeded in line with prescribed laws and regulations. They also kept abreast of any change in law, accounting standard and relevant issues through quarterly consultations with external auditor. Updated



knowledge of laws, regulations and relevant issues allowed the Company to understand the changed requirements well for proper compliance. In 2018, there was no issue regarding the non-compliance with laws and requirements of the Stock Exchange of Thailand and relevant regulatory agencies.

**4. Review and disclosure of connected transactions or transactions that may cause conflict of interest:** The Audit Committee had the opinion that the connected transactions by the Company in 2018 were done based on normal business practice, reasonable, in the best interest of the Company's business and aligned with the Stock Exchange of Thailand's requirement. These connected transactions were transparent, with related information disclosed fully and accurately.

**5. Promotion of Good Corporate Governance:** the Audit Committee has placed much importance on the good corporate governance and reviewed the Company's corporate governance policy annually. In addition, the Audit Committee encouraged executives and employees of the Company to follow the policy as good corporate governance shall boost the Company's efficiency

and create morality, transparency and more social responsibility. The Audit Committee also reviewed the Company's operation according to the compliance with the Securities and Exchange Act, the regulations of the SEC and SET, and other relevant laws related to the Company's business. The Audit Committee concluded that the Company fully complied with the aforementioned regulatory requirements in all material aspects.

**6. Consider the appointment of the auditor:** The Audit Committee reviewed the performance of auditor during the past year on the basis of his/her/their reliability, independence, competency and abilities to provide services, counseling on accounting standards, auditing, and certifying financial statements in a timely manner. Based on the review, the Audit Committee recommended to the Board of Directors that EY Office Limited be appointed as the Company's auditor for the year 2019. The appointment will be subjected to the approval from the 2019 Annual General Meeting of Shareholders.

In conclusion, after having thoroughly carried out its duties as defined in the Audit Committee

Charter, the Audit Committee has the opinion that the Company accurately reported its financial information and operations; that not only the Company had internal-control system and internal audit in place but it also complied with relevant laws, rules and regulations; and that its connected transactions were duly disclosed and the Company's operations responded to the principle of good corporate governance in an adequate, transparent and reliable manner. With cooperation from executives, employees and all related parties, it enables the business operation under the good corporate governance system is effective, efficient, transparent and creates much confidence for all stakeholders.



Dr. Annop Tanlamai  
Chairman of the Audit Committee

## INDEPENDENT AUDITOR'S REPORT

### INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MK Restaurant Group Public Company Limited

#### OPINION

I have audited the accompanying consolidated financial statements of MK Restaurant Group Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of MK Restaurant Group Public Company Limited for the same period.

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

#### BASIS FOR OPINION

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

#### 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 matters and how audit procedures respond for each matter are described below.

#### REVENUE RECOGNITION

Revenues from sales and services are the Group's main transactions that have significant volume of transactions and amounts, and directly affect profit

or loss of the Group. The Group has numerous sales and services 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 Group 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 Group.

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

## OTHER INFORMATION

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

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going

concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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



evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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



Wichart Lokatekrawee  
Certified Public Accountant  
(Thailand) No. 4451

EY Office Limited  
Bangkok: 26 February 2019

## STATEMENTS OF FINANCIAL POSITION

MK Restaurant Group Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	725,203,243	409,621,832	621,568,344	331,539,955
Short-term investments	8	9,086,421,642	9,336,129,839	8,306,345,420	8,719,125,103
Trade and other receivables	6, 9	98,583,034	75,815,284	239,219,569	194,918,683
Inventories	10	329,091,107	350,345,201	301,468,500	328,054,301
Other current assets		340,078,813	404,657,837	300,881,763	330,576,094
<b>Total current assets</b>		<b>10,579,377,839</b>	<b>10,576,569,993</b>	<b>9,769,483,596</b>	<b>9,904,214,136</b>
<b>Non-current assets</b>					
Investments in subsidiaries	11	-	-	691,479,812	631,479,842
Investments in joint ventures	12	720,191,033	75,875,225	744,831,853	98,081,853
Other long-term investments	13	1,235,773,144	793,720,094	1,235,773,144	793,720,094
Property, plant and equipment	14	3,738,080,163	4,012,251,004	2,985,350,264	3,273,227,436
Intangible assets	15	89,302,478	85,501,823	84,019,114	80,641,986
Leasehold rights	16	248,520,507	266,392,170	233,912,045	249,765,514
Deferred tax assets	23	119,693,057	73,415,240	110,147,480	64,538,903
Deposits		442,769,984	399,003,600	337,581,018	307,515,714
<b>Total non-current assets</b>		<b>6,594,330,366</b>	<b>5,706,159,156</b>	<b>6,423,094,730</b>	<b>5,498,971,342</b>
<b>Total assets</b>		<b>17,173,708,205</b>	<b>16,282,729,149</b>	<b>16,192,578,326</b>	<b>15,403,185,478</b>

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

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	6, 17	1,945,410,377	1,627,926,195	1,745,298,666	1,436,591,547
Income tax payable		288,953,094	208,144,792	248,604,535	176,374,985
Current portion of deferred income of membership fee		44,795,771	39,962,594	35,477,601	29,390,090
Other current liabilities		232,932,743	232,820,179	191,733,283	195,341,205
<b>Total current liabilities</b>		<b>2,512,091,985</b>	<b>2,108,853,760</b>	<b>2,221,114,085</b>	<b>1,837,697,827</b>
<b>Liabilities and shareholders' equity</b>					
<b>Non-current liabilities</b>					
Deferred income of membership fee - net of current portion		152,705	11,618,345	152,705	8,793,234
Provision for long-term employee benefits	18	465,500,611	320,030,716	431,647,931	292,809,902
Other non-current liabilities		19,900,217	13,585,521	21,530,951	15,216,255
<b>Total non-current liabilities</b>		<b>485,553,533</b>	<b>345,234,582</b>	<b>453,331,587</b>	<b>316,819,391</b>
<b>Total liabilities</b>		<b>2,997,645,518</b>	<b>2,454,088,342</b>	<b>2,674,445,672</b>	<b>2,154,517,218</b>

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

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
<b>Liabilities and shareholders' equity (continued)</b>					
<b>Shareholders' equity</b>					
Share capital	19				
Registered					
920,878,100 ordinary shares of					
Baht 1 each (31 December 2017					
: 925,850,000 ordinary shares					
of Baht 1 each)		920,878,100	925,850,000	920,878,100	925,850,000
Issued and fully paid					
920,878,100 ordinary shares of					
Baht 1 each (31 December					
2017: 920,878,100 ordinary					
shares of Baht 1 each)		920,878,100	920,878,100	920,878,100	920,878,100
Share premium		8,785,027,903	8,785,027,903	8,785,027,903	8,785,027,903
Capital reserve for share-based		656,331,057	656,331,057	656,331,057	656,331,057
payment transactions	20				
Retained earnings					
Appropriated - statutory reserve	21	92,585,000	92,585,000	92,585,000	92,585,000
Unappropriated		3,717,674,184	3,367,262,132	3,065,451,568	2,794,015,238
Other component of shareholders'					
equity		3,566,443	6,556,615	(2,140,974)	(169,038)
<b>Total shareholders' equity</b>		<b>14,176,062,687</b>	<b>13,828,640,807</b>	<b>13,518,132,654</b>	<b>13,248,668,260</b>
<b>Total liabilities and shareholders' equity</b>		<b>17,173,708,205</b>	<b>16,282,729,149</b>	<b>16,192,578,326</b>	<b>15,403,185,478</b>

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



## INCOME STATEMENTS

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
<b>Revenues</b>					
Sales and service income		16,770,437,131	16,072,821,597	14,751,853,720	14,174,533,577
Interest income		120,711,441	113,154,343	120,637,267	112,404,560
Dividend income	11	-	-	307,999,895	234,999,895
Other income		342,610,746	271,767,942	454,541,975	386,653,476
<b>Total revenues</b>		<b>17,233,759,318</b>	<b>16,457,743,882</b>	<b>15,635,032,857</b>	<b>14,908,591,508</b>
<b>Expenses</b>					
Cost of sales and services	22	5,294,998,439	5,173,596,160	5,523,105,628	5,320,959,340
Selling expenses		7,668,500,503	7,219,232,540	6,196,767,905	5,863,064,517
Administrative expenses		1,137,361,034	1,079,528,303	933,641,973	875,636,418
Other expenses		-	-	-	51,125,647
<b>Total expenses</b>		<b>14,100,859,976</b>	<b>13,472,357,003</b>	<b>12,653,515,506</b>	<b>12,110,785,922</b>
<b>Profit before share of loss from investments in joint ventures and income tax expenses</b>		<b>3,132,899,342</b>	<b>2,985,386,879</b>	<b>2,981,517,351</b>	<b>2,797,805,586</b>
Share of loss from investments in joint ventures	12	(1,415,956)	(21,845,641)	-	-
<b>Profit before income tax expenses</b>		<b>3,131,483,386</b>	<b>2,963,541,238</b>	<b>2,981,517,351</b>	<b>2,797,805,586</b>
Income tax expenses	23	(557,950,748)	(538,694,922)	(484,510,730)	(478,412,234)
<b>Profit for the year</b>		<b>2,573,532,638</b>	<b>2,424,846,316</b>	<b>2,497,006,621</b>	<b>2,319,393,352</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		2,573,532,638	2,424,846,316	2,497,006,621	2,319,393,352
<b>Earnings per share</b>					
Basic earnings per share	24				
Profit attributable to equity holders of the Company		2.79	2.65	2.71	2.53
Diluted earnings per share					
Profit attributable to equity holders of the Company		2.79	2.63	2.71	2.52

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

## STATEMENTS OF COMPREHENSIVE INCOME

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
<b>Profit for the year</b>		2,573,532,638	2,424,846,316	2,497,006,621	2,319,393,352
<b>Other comprehensive income:</b>					
<i>Other comprehensive income reclassified or to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		(1,018,236)	(360,987)	-	-
Loss on changes in value of available for-sale investments	8	(2,464,921)	(211,298)	(2,464,921)	(211,298)
Transferred the effect of changes in value of available-for-sale investments disposed during the period to profit and loss	8	-	4,657,120	-	4,657,120
Less: Income tax effect	23	492,985	(889,164)	492,985	(889,164)
Gain (loss) on changes in value of available-for-sale investments - net of income tax		(1,971,936)	3,556,658	(1,971,936)	3,556,658
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial losses		(15,862,207)	-	(19,332,172)	-
Less: Income tax effect	23	2,846,279	-	3,866,434	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(13,015,928)	-	(15,465,738)	-
<b>Other comprehensive income for the year</b>		(16,006,100)	3,195,671	(17,437,674)	3,556,658
<b>Total comprehensive income for the year</b>		2,557,526,538	2,428,041,987	2,479,568,947	2,322,950,010
<b>Total comprehensive income attributable to:</b> Equity holders of the Company		2,557,526,538	2,428,041,987	2,479,568,947	2,322,950,010

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

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements										
Other component of shareholders' equity										
Other comprehensive income										
Retained earnings										
	Note	Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Appropriated - statutory reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currencies	Deficit on changes in value of available-for-sale investments	Total other components of shareholders' equity	Total shareholders equity
Balance as at 1 January 2017		914,849,400	8,785,027,903	626,325,025	92,585,000	2,955,082,401	7,086,640	(3,725,696)	3,360,944	13,377,230,673
	Profit for the year	-	-	-	-	2,424,846,316	-	-	-	2,424,846,316
	Other comprehensive income for the year	-	-	-	-	-	(360,987)	3,556,658	3,195,671	3,195,671
Total comprehensive income for the year		-	-	-	-	2,424,846,316	(360,987)	3,556,658	3,195,671	2,428,041,987
Ordinary shares issued from exercised warrants	19, 20	6,028,700	-	-	-	-	-	-	-	6,028,700
Recognition of expenses against capital reserve for share-based payment transactions	20	-	-	30,006,032	-	-	-	-	-	30,006,032
Dividend paid	26	-	-	-	-	(2,012,666,585)	-	-	-	(2,012,666,585)
Balance as at 31 December 2017		920,878,100	8,785,027,903	656,331,057	92,585,000	3,367,262,132	6,725,653	(169,038)	6,556,615	13,828,640,807
Balance as at 1 January 2018		920,878,100	8,785,027,903	656,331,057	92,585,000	3,367,262,132	6,725,653	(169,038)	6,556,615	13,828,640,807
	Profit for the year	-	-	-	-	2,573,532,638	-	-	-	2,573,532,638
	Other comprehensive income for the year	-	-	-	-	(13,015,928)	(1,018,236)	(1,971,936)	(2,990,172)	(16,006,100)
Total comprehensive income for the year		-	-	-	-	2,560,516,710	(1,018,236)	(1,971,936)	(2,990,172)	2,557,526,538
Dividend paid		-	-	-	-	(2,210,104,658)	-	-	-	(2,210,104,658)
Balance as at 31 December 2018	26	920,878,100	8,785,027,903	656,331,057	92,585,000	3,717,674,184	5,707,417	(2,140,974)	3,566,443	14,176,062,687

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

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

(Unit: Baht)

## Separate financial statements

Other component of shareholders' equity									
Other comprehensive income									
Retained earnings									
	Note	Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Appropriated - statutory reserve	Unappropriated	Deficit on changes in value of available-for-sale investments	Total shareholders equity	
Balance as at 1 January 2017		914,849,400	8,785,027,903	626,325,025	92,585,000	2,487,288,366	(3,725,696)	12,902,349,998	
Profit for the year		-	-	-	-	2,319,393,352	-	2,319,393,352	
Other comprehensive income for the year		-	-	-	-	-	3,556,658	3,556,658	
Total comprehensive income for the year		-	-	-	-	2,319,393,352	3,556,658	2,322,950,010	
Ordinary shares issued from exercised warrants	19, 20	6,028,700	-	-	-	-	-	6,028,700	
Recognition of expenses against capital reserve for share-based payment transactions	20	-	-	30,006,032	-	-	-	30,006,032	
Dividend paid	26	-	-	-	-	(2,012,666,480)	-	(2,012,666,480)	
Balance as at 31 December 2017		920,878,100	8,785,027,903	656,331,057	92,585,000	2,794,015,238	(169,038)	13,248,668,260	
Balance as at 1 January 2018		920,878,100	8,785,027,903	656,331,057	92,585,000	2,794,015,238	(169,038)	13,248,668,260	
Profit for the year		-	-	-	-	2,497,006,621	-	2,497,006,621	
Other comprehensive income for the year		-	-	-	-	(15,465,738)	(1,971,936)	(17,437,674)	
Total comprehensive income for the year		-	-	-	-	2,481,540,883	(1,971,936)	2,479,568,947	
Dividend paid	26	-	-	-	-	(2,210,104,553)	-	(2,210,104,553)	
Balance as at 31 December 2018		920,878,100	8,785,027,903	656,331,057	92,585,000	3,065,451,568	(2,140,974)	13,518,132,654	

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



## CASH FLOW STATEMENTS

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Profit before tax	3,131,483,386	2,963,541,238	2,981,517,351	2,797,805,586
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Gain on sales of investments	(69,664,282)	(71,567,757)	(62,129,146)	(65,272,617)
Loss (gain) on revaluation of short-term investments	15,008,920	(10,438,892)	15,945,271	(9,711,995)
Unrealised gain (loss) on exchange	780,287	(5,474,876)	780,287	(5,474,876)
Amortised premium on investments in available-for-sale securities	1,659,812	159,642	1,659,812	159,642
Allowance for impairment loss on investment in joint venture	-	-	-	51,125,647
Share of loss from investments in joint ventures	1,415,956	21,845,641	-	-
Loss on damaged inventories	4,255,517	3,077,541	4,255,517	3,077,541
Amortisation of prepaid expenses	17,357,110	25,777,440	14,986,576	18,823,629
Depreciation and amortisation	819,177,869	854,298,254	656,618,738	697,050,960
Loss (gain) on disposals and write-off of equipment and intangible assets	(21,974,191)	19,201,205	(28,658,687)	11,285,635
Expenses for share-based payment transactions	-	30,006,032	-	25,530,397
Provision for long-term employee benefits	145,251,200	41,392,099	134,517,300	36,175,988
Reduction of inventory to net realisable value (reversal)	82,716	(61,537)	-	-
Realisation of gift voucher, net of sales and cash received during the year	(20,795,062)	(16,639,799)	(19,998,652)	(16,055,919)
Realisation of deferred income, net of sales and cash received during the year	(42,313,771)	(36,620,928)	(29,390,090)	(32,027,724)
Dividend income	-	-	(307,999,895)	(234,999,895)
Interest income	(120,711,441)	(113,154,343)	(120,637,267)	(112,404,560)
Profit from operating activities before changes in operating assets and liabilities	3,861,014,026	3,705,340,960	3,241,467,115	3,165,087,439

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

## CASH FLOW STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities (continued)</b>				
Operating assets (increase) decrease				
Trade and other receivables	(9,018,116)	(375,203)	(30,551,252)	(444,074)
Inventories	16,915,861	(29,518,213)	22,330,284	(26,791,456)
Other current assets	11,875,979	(31,780,792)	(21,134,759)	(19,311,633)
Deposits	(43,766,384)	(28,017,082)	(30,065,304)	(18,295,836)
Operating liabilities increase (decrease)				
Trade and other payables	255,882,002	242,339,071	248,883,658	218,342,406
Other current liabilities	11,386,306	33,908,548	7,241,479	29,804,334
Deferred income	35,681,308	39,340,381	26,837,072	28,438,121
Provision for long-term employee benefits	(6,122,192)	(20,911,180)	(5,862,192)	(20,611,180)
Other non-current liabilities	6,314,696	1,501,797	6,314,696	1,501,797
Cash from operating activities	4,140,163,486	3,911,828,287	3,465,460,797	3,357,719,918
Cash received from interest income	106,961,807	141,660,846	106,887,633	140,128,803
Cash paid for income tax	(520,080,999)	(478,769,924)	(453,530,338)	(428,183,925)
<b>Net cash from operating activities</b>	<b>3,727,044,294</b>	<b>3,574,719,209</b>	<b>3,118,818,092</b>	<b>3,069,664,796</b>

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

## CASH FLOW STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from investing activities</b>				
Decrease in short-term loan to related party	-	-	-	1,000,000
Decrease (increase) in short-term investments and other long-term investments	(93,313,104)	(833,688,905)	61,286,895	(560,388,904)
Cash paid for investments in joint ventures	(646,750,000)	-	(646,750,000)	-
Cash paid for investment in subsidiaries	-	-	(59,999,970)	(180,000,000)
Cash paid for purchases of plant and equipment	(517,086,188)	(619,374,684)	(352,777,678)	(448,511,318)
Cash paid for computer software	(20,069,674)	(6,404,045)	(18,820,237)	(6,059,403)
Cash paid for leasehold rights	(24,589,830)	(24,960,000)	(24,589,830)	(24,960,000)
Proceeds from disposals of equipment	100,450,571	3,443,889	114,965,775	16,165,517
Dividend income	-	-	307,999,895	234,999,895
<b>Net cash used in investing activities</b>	<b>(1,201,358,225)</b>	<b>(1,480,983,745)</b>	<b>(618,685,150)</b>	<b>(967,754,213)</b>
<b>Cash flows from financing activities</b>				
Cash received from exercised warrants	-	6,028,700	-	6,028,700
Dividend paid	(2,210,104,658)	(2,012,666,585)	(2,210,104,553)	(2,012,666,480)
<b>Net cash used in financing activities</b>	<b>(2,210,104,658)</b>	<b>(2,006,637,885)</b>	<b>(2,210,104,553)</b>	<b>(2,006,637,780)</b>
<b>Net increase in cash and cash equivalents</b>	<b>315,581,411</b>	<b>87,097,579</b>	<b>290,028,389</b>	<b>95,272,803</b>
Cash and cash equivalents at beginning of year	409,621,832	322,524,253	331,539,955	236,267,152
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b>725,203,243</b>	<b>409,621,832</b>	<b>621,568,344</b>	<b>331,539,955</b>
<b>Supplemental disclosure of cash flows information</b>				
<b>Non-cash items</b>				
Accounts payable for purchases of plant and equipment	47,666,708	96,988,403	46,384,568	66,800,868

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### 1. GENERAL INFORMATION

MK Restaurant Group Public Company Limited (“the Company”) was incorporated as a limited company under Thai laws and subsequently registered the change of its status to a public limited company under the Public Limited Companies Act, and domiciled in Thailand. The Company is principally engaged in sales of foods and beverages through restaurants, under the trademark “MK Restaurants”. The registered office of the Company is at 1200 Debaratna Road, Bangnatai, Bangna, Bangkok.

As at 31 December 2018, the Company had operated 490 branches (2017: 473 branches).

### 2. BASIS OF PREPARATION

2.1 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 notes on accounting policies.

#### 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of MK Restaurant Group Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) as follows:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 Percent	2017 Percent
Subsidiaries (held by the Company)				
MK Interfood Company Limited	Restaurant	Thailand	100	100
MK Service Training Center Company Limited	Training service provider	Thailand	100	100
International Food Supply Company Limited	Manufacture and distribution of foods	Thailand	100	100
Mark One Innovation Center Company Limited	Research, development of technology and innovation of food and beverage products	Thailand	100	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investments in subsidiaries and joint venture under the cost method.

### 3. NEW FINANCIAL REPORTING STANDARDS

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017)

which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

#### **(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019**

The Federation of Accounting Professions issued a number of revised

and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years 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 management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as 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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

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

### 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

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

### (c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

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

model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards,

interpretations and guidance which are currently effective will be cancelled.

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

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Revenue recognition

#### *Sales and service income*

These mainly represent revenues from sales of foods and beverages through the restaurants which are recognised upon goods being delivered and services being rendered. Sales and service income are the invoiced value, excluding value added tax, of goods supplied and services rendered after deducting discounts and allowances.

#### *Membership fee*

Income from membership cards is recognised on a straight-line basis over the membership period.

#### *Interest income*

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

#### *Dividends*

Dividends are recognised when the

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

right to receive the dividends is established.

### *Other income*

Other income is recognised on an accrual basis.

### **4.2 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 three months or less and not subject to withdrawal restrictions.

### **4.3 Trade accounts receivable**

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

### **4.4 Inventories**

Finished goods are valued at the lower of cost (first-in, first-out method) and net realisable value. Cost is defined as all the costs of production including labour cost and attributable factory overheads.

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.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

### **4.5 Investments**

a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

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

e) Investment in joint venture is accounted for in the consolidated financial statements using the equity method.

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

The fair value of unit trusts is determined from their net asset value. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association.

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

### **4.6 Property, plant and equipment and depreciation**

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

Land improvement	5 years
Building	20 years
Leasehold improvement	Lease term
Utility system	10 years
Kitchen utensils and operating equipment	5 years
Machinery and equipment	5 years and 8 years
Furniture, fixtures and office equipment	3 years and 5 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

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 the income statement when the asset is derecognised.

### 4.7 Intangible assets

Intangible assets are carried at

cost less accumulated amortisation and accumulated impairment losses (if any).

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

A summary of intangible assets with finite useful lives is as below.

	Useful lives
Computer software	5 years and 10 years

### 4.8 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 costs on the straight-line basis over the lease period and included in determining income.

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

### 4.10 Operating leases

Leases of assets which do not transfer substantially all the risks and rewards of ownership to the lessee are classified as operating leases. Operating lease payments are

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

recognised as expenses in the income statement on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

### 4.11 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

### 4.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment,

intangible assets and leasehold rights 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 and its subsidiaries 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 the income statement.

### 4.13 Equity-settled share-based payment transactions

The Company recognises share-based payment transactions as expenses in the income statement when services from employees are rendered, based on the fair value of

the share options on the grant date. The expenses are recorded over the vesting period, in accordance with the conditions regarding length of service rendered by employees stipulated in the share-based payment plan, together with a corresponding increase in "Capital reserve for share-based payment transactions" in shareholders' equity.

### 4.14 Employee benefits

#### Short-term benefits

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

#### Post-employment benefits and other long-term employee benefits

##### *Defined contribution plans*

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

##### *Defined benefit plans and other long-term employee benefits*

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefit plan, namely long service awards.

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

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

Actuarial gains and losses arising from other long-term employee benefits are recognised immediately in the income statement.

### 4.15 Provisions

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

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

At each reporting date, the Company and its subsidiaries review and reduce 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 and its subsidiaries

record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

### 4.17 Derivatives

#### Forward exchange contracts

Forward exchange contracts are stated at fair value, which is calculated by reliable financial institutions. Gains or losses arising from changes in the fair value of the contracts are recognised in the income statement.

### 4.18 Fair value measurement

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

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

readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (both bank and counterparty), liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the disclosures of fair value hierarchy.

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

### 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

could differ from these estimates. Significant judgements and estimates are as follows:

#### Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

#### Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not

#### Property, plant and equipment and depreciation

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

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.

#### Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

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

### Equity-settled share-based payment transactions

In estimating fair value for share-based payment transactions, the management is required to exercise

judgement and to apply various assumptions, including the expected life of the share options, share price volatility and dividend yield.

### Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 6. RELATED PARTY TRANSACTIONS

During the years, the Company and its subsidiaries 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 its subsidiaries and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2018	2017	2018	2017	
<b>Transactions with subsidiaries</b> (eliminated from the consolidated financial statements)					
Sales of goods	-	-	1,210	1,101	Cost plus margin
Sublease and subservice income	-	-	23	24	At the rate stipulated in the agreements
Management service income	-	-	124	119	At the rate stipulated in the agreements
Dividend income	-	-	308	235	At the declared rate
Sales of fixed assets	-	-	14	13	Net book value plus margin
Rental income	-	-	6	5	At the rate stipulated in the agreements
Purchases of goods	-	-	231	152	Market price
Training expenses	-	-	139	110	Market price

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
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(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2018	2017	2018	2017	
<b>Transactions with related companies</b>					
Sales of fixed assets	69	-	69	-	Market price
Royalty fee income	5	5	5	5	At the rate stipulated in the agreements
Operation support service income	3	-	3	-	At the rate stipulated in the agreements
Management service income	1	-	1	-	At the rate stipulated in the agreements
Rental income	5	-	5	-	At the rate stipulated in the agreements
Sales of goods	1	-	1	-	Cost plus margin
Royalty fee expenses	58	55	-	-	At the rate stipulated in the agreements
Rental expenses for operating equipment	44	44	29	29	Market price
Rental expenses for land and construction	36	33	36	33	At the rate stipulated in the agreement
Logistic expenses	98	-	98	-	At the rate stipulated in the agreement

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Trade and other receivables - related parties (Note 9)</b>				
Subsidiaries	-	-	148,861,955	129,770,000
Related companies (related by common directors)	2,944,197	510,011	2,814,192	510,011
<b>Total trade and other receivables - related parties</b>	<b>2,944,197</b>	<b>510,011</b>	<b>151,676,147</b>	<b>130,280,011</b>
<b>Trade and other payable - related parties (Note 17)</b>				
Subsidiaries	-	-	42,835,949	35,540,560
Related companies (related by common directors)	45,346,692	10,601,718	36,600,514	3,979,299
<b>Total trade and other payable - related parties</b>	<b>45,346,692</b>	<b>10,601,718</b>	<b>79,436,463</b>	<b>39,519,859</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
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### SIGNIFICANT AGREEMENTS WITH RELATED PARTIES

#### Franchise agreement for use of trademark, servicemark and license to operate

On 10 February 1994, the Company entered into a franchise agreement with Plenus-MK Limited, a related party in Japan, in order to grant the latter the right to use the trademark and the servicemark of “MK Restaurants” in its operating of the Thai-style Sukiyaki restaurants in Japan. A monthly royalty fee is charged at a rate stipulated in the agreement. The agreement shall continue for a term of three years, and thereafter shall be automatically renewed on a three-year basis until being terminated by either party by giving a written notice 180 days prior to the expiration of such contract.

#### Management service agreements

The Company entered into a management service agreement with MK Interfood Company Limited (“MKI”), whereby the Company agreed to provide management service to MKI in areas of branch operations, business development, engineering, procurement, marketing, accounting and finance, human resources and quality assurance. MKI agreed to pay management fee to the Company at

a rate of Baht 10 million per month. The agreement is effective from 1 January 2018 to 31 December 2018 (2017: at a rate of Baht 9 million per month). The agreement shall be automatically extended for another two years until MKI gives a written notice of termination three months prior to its expiration.

The Company entered into a management service agreement with MK Service Training Center Company Limited (“MKS”), whereby the Company agrees to provide management service to MKS in areas of procurement, accounting and finance, human resources and service training. MKS agrees to pay management fee to the Company at a rate of Baht 0.15 million per month. The agreement is effective from 1 January 2018 to 31 December 2018 (2017: at a rate of Baht 0.8 million per month). The agreement shall be automatically extended for another one year until MKS gives a written notice of termination three months prior to its expiration.

The Company entered into a management service agreement with Food Supply Company Limited (“IFS”), whereby the Company agrees to provide management service to IFS in areas of procurement, accounting and finance, human resources and quality assurance. IFS agrees to pay management fee to the Company at a

rate of Baht 0.16 million per month. The agreement is effective from 1 January 2018 to 31 December 2018 (2017: at a rate of Baht 0.15 million per month). The agreement shall be automatically extended for another one year until IFS gives a written notice of termination three months prior to its expiration.

The Company entered into a management service agreement with M-Senko Logistics Company Limited (“M-Senko”), whereby the Company agrees to provide management service to M-Senko in areas of procurement, accounting and finance, human resources and service training. M-Senko agrees to pay management fee to the Company at a rate of Baht 0.22 million per month. The agreement is effective from 1 July 2018 to 31 August 2019.

#### Sublease and subservice agreements

The Company entered into several sublease and subservice agreements, granting six leasehold rights to MK Interfood Company Limited (“MKI”). Sublease and subservice fees are charged according to the terms of the agreements. The agreements are effective for a period of three years and will be renewed automatically for another three years unless MKI has breached them.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### **Building lease agreement**

On 1 February 2016, the Company entered into a lease agreement for lease of building to International Food Supply Co., Ltd. ("IFS"), under which IFS agrees to pay rental to the Company at a rate of Baht 0.54 million per month. The lease agreement is for a period of 6 years, from 1 May 2016 to 30 April 2022. Subsequently, on 17 May 2016, the Company and IFS agrees to adjust the rental space and the rental rate to be Baht 0.37 million per month.

On 15 June 2017, the Company and IFS agrees to adjust the rental space and the rental to be Baht 0.46 million per month.

### **Land and construction lease thereon agreement**

On 1 December 2014, the Company entered into a lease agreement for lease of land and construction thereon with Global Asset Development Co., Ltd., whereby the latter agrees to lease land and construction thereon under six title deeds to the Company and the Company agrees to pay the rental to Global Asset Development Co., Ltd. in a total amount of Baht 1.69 million per month, from 1 January 2015 to 31 December 2017. In addition, the Company shall give a written notice to extend the agreement at least 90 days prior to the expiry date.

On 16 November 2017, the Company and Global Asset Development Co., Ltd. entered into a new lease agreement, whereby the latter agrees to lease land and construction thereon to the Company and the Company agrees to pay the rental to Global Asset Development Co., Ltd. in a total amount of Baht 1.94 million per month, from 1 January 2018 to 31 December 2020. In addition, the Company shall give a written notice to extend the agreement at least 90 days prior to the expiry date.

### **Operation support service agreement**

The Company entered into a operation support service agreement with M-Senko Logistics Company Limited ("M-Senko"), whereby the Company agrees to provide service of truck parking and office area, utilities and truck repair and maintenance to M-Senko. M-Senko agreed to pay service fee to the Company at a rate of Baht 1.28 million per month. The agreement is effective from 1 July 2018 to 31 August 2019.

### **Land and distribution center building lease agreement**

On 1 March 2013, the Company entered into a lease agreement for lease of land and distribution center building with Global Asset

Development Co., Ltd., whereby the latter agrees to lease land and distribution center building to the Company and the Company agrees to pay the rental to Global Asset Development Co., Ltd. at the rate stipulated in the agreement. The lease agreement is for a period of 20 years, from 1 November 2013 to 31 October 2033. The agreement states that the Company shall begin to pay the monthly rent from 1 November 2013 onwards. In addition, the Company shall give a written notice to extend the agreement at least 90 days prior to the expiry date.

On 18 April 2016, the Company entered into additional lease agreement for lease of land with Global Asset Development Co., Ltd., whereby the latter agrees to lease land to the Company and the Company agrees to pay the rental to Global Asset Development Co., Ltd. at the rate stipulated in the agreement. The lease agreement is for a period of 17 years and 6 months, from 1 May 2016 to 31 October 2033. The agreement states that the Company shall begin to pay the monthly rent from 1 May 2016 onwards. In addition, the Company shall give a written notice to extend the agreement at least 90 days prior to the expiry date.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### Warehousing and logistics service agreement

The Company entered into a warehousing and logistics service agreement with M-Senko Logistics Company Limited ("M-Senko"),

whereby the latter agrees to provide the service for the warehousing and logistics to the Company and the Company agrees to pay the service fee at the rate stipulated in the agreement. The agreement is effective from 1 July 2018 to 30 June 2019.

### Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements/ Separate financial statements	
	2018	2017
Short-term employee benefits	145	131
Post-employment benefits	11	3
Share-based payment	-	5
<b>Total</b>	<b>156</b>	<b>139</b>

During the year 2018, the Company has not paid post-employment benefits to its directors and management (2017: Paid post-employment benefits to its directors and management of approximately Baht 15 million).

### 7. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	179,098,229	143,447,079	152,285,727	121,779,125
Bank deposits	546,105,014	266,174,753	469,282,617	209,760,830
<b>Total</b>	<b>725,203,243</b>	<b>409,621,832</b>	<b>621,568,344</b>	<b>331,539,955</b>

As at 31 December 2018, bank deposits in savings accounts carried interests between 0.10 and 0.40 percent per annum (2017: 0.10 and 0.40 percent per annum).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### 8. Short-term investments

8.1 As at 31 December 2018 and 2017, short-term investments consisted of the following:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Fixed deposits	6,000,000,000	4,500,000,000	6,000,000,000	4,500,000,000
Fixed deposits managed by assets management companies (Note 8.3)	-	325,636,663	-	325,636,663
Investments in trading securities (Note 8.2)	3,086,421,642	4,510,493,176	2,306,345,420	3,893,488,440
<b>Total</b>	<b>9,086,421,642</b>	<b>9,336,129,839</b>	<b>8,306,345,420</b>	<b>8,719,125,103</b>

As at 31 December 2018, fixed deposits carried interests between 1.45 and 1.96 percent per annum (2017: 1.60 and 2.06 percent per annum).

8.2 As at 31 December 2018 and 2017, investments in trading securities are summarised below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Units of investments in local open-end funds - cost	3,071,968,036	4,481,030,650	2,293,916,716	3,865,114,465
Add: Gain on change in value	14,453,606	29,462,526	12,428,704	28,373,975
<b>Total short-term investments in trading securities - fair value</b>	<b>3,086,421,642</b>	<b>4,510,493,176</b>	<b>2,306,345,420</b>	<b>3,893,488,440</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries

For the year ended 31 December 2018

Movements of investments in trading securities for the years ended 31 December 2018 and 2017 are summarised below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Balance at beginning of year	4,510,493,176	2,254,991,095	3,893,488,440	1,968,308,397
Purchases	23,403,440,219	20,313,712,188	20,431,840,219	17,633,912,187
Sales	(24,862,304,014)	(18,116,512,187)	(22,045,304,013)	(15,760,012,187)
Gain on sales of investments	49,801,181	47,863,188	42,266,045	41,568,048
Gain (loss) on change in value	(15,008,920)	10,438,892	(15,945,271)	9,711,995
Balance at end of year	3,086,421,642	4,510,493,176	2,306,345,420	3,893,488,440

8.3 As at 31 December 2018 and 2017, investments in private funds are summarised below.

(Unit: Baht)

	Consolidated financial statements/ Separate financial statements	
	2018	2017
Deposits at financial institutions		
Fixed deposits	325,520,000	971,018,880
Deposits at financial institutions	325,520,000	971,018,880
Investments in available-for-sale securities		
Overseas marketable corporate bonds	639,000,000	-
Local corporate bond	261,889,363	148,549,175
Less: Accumulated loss on change in value	(2,676,219)	(211,298)
Add: Unrealised gain on exchange	12,040,000	-
Investments in available-for-sale securities - fair value	910,253,144	148,337,877
Total investments in private funds	1,235,773,144	1,119,356,757
Classified as:		
Short-term investments (Note 8)	-	325,636,663
Other long-term investments (Note 13)	1,235,773,144	793,720,094

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

Movements of investments in available-for-sale securities for the years ended 31 December 2018 and 2017 are summarise below.

(Unit: Baht)

	Consolidated financial statements/ Separate financial statements	
	2018	2017
Balance at beginning of year	148,337,877	1,070,088,224
Reversal of unrealised gain on exchange at beginning of year	-	(31,470,000)
Reversal of loss on change in value at beginning of year	-	4,657,120
Purchases	867,378,170	148,549,175
Sales during the year - at cost		
Proceeds from sales	(115,198,496)	(1,066,979,913)
Gain on sales	160,514	23,704,569
Total	(115,037,982)	(1,043,275,344)
Loss on change in value	(2,464,921)	(211,298)
Unrealised gain on exchange	12,040,000	-
Balance at end of year	910,253,144	148,337,877

The Company had set up private funds for investments which are managed by asset management companies. The investments include bonds in local and overseas markets. These investments are classified as available-for-sale investments.

As at 31 December 2018, the Company had assessed the fair value of available-for-sale investments by referring to the value quoted by the asset management company in which the fair value had decreased by Baht 2.46 million (2017: Baht 0.21 million). The change in the fair value of such securities is recorded in other comprehensive income in the statement of comprehensive income.

As at 31 December 2018, the Company presented investments in private funds due more than 1 year totaling Baht 1,235.8 million (2017: Baht 793.7 million) as "Other long-term investments" under non-current assets in the statement of financial position.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries

For the year ended 31 December 2018

### 9. TRADE AND OTHER RECEIVABLES

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Trade accounts receivable - related parties</b>				
Aged on the basis of due dates				
Not yet due	684,355	-	132,509,402	113,750,530
Total trade accounts receivable - related parties	684,355	-	132,509,402	113,750,530
<b>Trade accounts receivable - unrelated parties</b>				
Aged on the basis of due dates				
Not yet due	32,679,441	29,492,686	26,374,926	23,501,643
Total trade accounts receivable - unrelated parties	32,679,441	29,492,686	26,374,926	23,501,643
Total trade accounts receivable	33,363,796	29,492,686	158,884,328	137,252,173
<b>Other receivables</b>				
Other receivables - related parties	2,259,842	510,011	19,166,745	16,529,481
Advances	10,718,233	11,421,934	9,824,747	10,084,575
Accrued interest receivable	33,355,070	19,605,436	33,355,070	19,605,436
Others	18,886,093	14,785,217	17,988,679	11,447,018
Total other receivables	65,219,238	46,322,598	80,335,241	57,666,510
Total trade and other receivables	98,583,034	75,815,284	239,219,569	194,918,683



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### 10. INVENTORIES

(Unit: Baht)

#### Consolidated financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	209,720,117	222,415,319	(107,534)	(24,818)	209,612,583	222,390,501
Raw materials	39,007,582	45,990,959	-	-	39,007,582	45,990,959
Supplies	80,470,942	81,963,741	-	-	80,470,942	81,963,741
<b>Total</b>	<b>329,198,641</b>	<b>350,370,019</b>	<b>(107,534)</b>	<b>(24,818)</b>	<b>329,091,107</b>	<b>350,345,201</b>

(Unit: Baht)

#### Separate financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	187,160,082	205,143,926	-	-	187,160,082	205,143,926
Raw materials	36,624,604	43,094,479	-	-	36,624,604	43,094,479
Supplies	77,683,814	79,815,896	-	-	77,683,814	79,815,896
<b>Total</b>	<b>301,468,500</b>	<b>328,054,301</b>	<b>-</b>	<b>-</b>	<b>301,468,500</b>	<b>328,054,301</b>

During the current year, a subsidiary reduced cost of inventories by Baht 0.08 million, to reflect the net realisable value. This was included in cost of sales. (2017: a subsidiary reversed the write-down of cost of inventories by Baht 0.06 million, to reduce the amount of inventories recognised as expenses during the year).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### 11. INVESTMENTS IN SUBSIDIARIES

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

(Unit: Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received for the year ended 31 December	
	2018	2017	2018 (Percent)	2017 (Percent)	2018	2017	2018	2017
MK Interfood Company Limited	400,000,000	400,000,000	100	100	299,049,977	299,049,977	279,999,951	199,999,965
MK Service Training Center Company Limited	35,000,000	35,000,000	100	100	52,429,895	52,429,895	27,999,944	34,999,930
International Food Supply Company Limited	280,000,000	280,000,000	100	100	279,999,970	279,999,970	-	-
Mark One Innovation Center Company Limited	60,000,000	-	100	-	59,999,970	-	-	-
<b>Total</b>					<b>691,479,812</b>	<b>631,479,842</b>	<b>307,999,895</b>	<b>234,999,895</b>

On 14 May 2018, the Meeting of the Board of Directors of the Company passed a resolution to approve the incorporation of Mark One Innovation Center Co., Ltd. ("a subsidiary") with the registered share capital of Baht 60 million (6 million ordinary shares at a par value of Baht 10 per share) being engaged in the research and development of technology and innovation of food and beverage products. The Company holds 100 percent in this new subsidiary company.

On 11 May 2017, the Meeting of the Board of Directors of the Company passed a resolution to approve an additional investment in International Food Supply Company Limited ("the subsidiary") of Baht 180 million. The registered share capital of such subsidiary increased from Baht 100 million to Baht 280 million (28 million ordinary shares, at Baht 10 per share), in which the Company's shareholding remains at 100 percent. Such subsidiary registered the share capital increase with the Ministry of Commerce on 1 June 2017.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

## 12. INVESTMENTS IN JOINT VENTURES

### 12.1 Details of investments in joint ventures

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of this investment are as follows:

Joint venture	Nature of business	Paid-up capital	Shareholding percentage	Consolidated financial statements			Separate financial statements		
				2018 (Percent)	2017 (Percent)	Carrying amount based on equity method	Cost	Allowance for impairment loss	Carrying amount based on cost method - net
				2018 (Percent)	2017 (Percent)	2018	2017	2018	2017
Plenus and MK Pte Ltd.	Restaurant	12.5 million Singapore dollar	50.00	50.00	50.00	73,134,386	75,875,225	(51,125,647)	(51,125,647)
M-Senko Logistics Co., Ltd.	Logistic	Baht 1,300 million	49.75	-	-	647,056,647	-	-	-
						720,191,033	75,875,225	(51,125,647)	(51,125,647)
<b>Total</b>						795,957,500	149,207,500	744,831,853	98,081,853

(Unit: Baht)

On 2 April 2018 and 28 May 2018, the Company invested in M-Senko Logistics Company Limited by purchasing of 64,675,000 ordinary share (at a par value of Baht 10 per share) in the amount of Baht 646.8 million. As a result, the Company holds 49.75 percent interest in this company.

During the year 2017, the Company recorded allowance for impairment loss of investment in Plenus and MK Pte Ltd. of Baht 51.1 million since the Company's management considered that there is an indicator of impairment loss of investment.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### 12.2 Share of loss

During the years, share of gain (loss) from investments in joint ventures in the consolidated financial statements was as follows:

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements	
	2018	2017
Plenus and MK Pte Ltd.	(1,723)	(21,846)
M-Senko Logistics Co., Ltd.	307	-
	(1,416)	(21,846)

### 12.3 Summarised financial information about joint ventures

Summarised information about financial position

(Unit: Thousand Baht)

As at 31 December			
	M-Senko Logistics Co., Ltd.	Plenus and MK Pte Ltd.	
	2018	2018	2017
Current assets	774,786	94,226	80,529
Non-current assets	579,216	89,913	108,106
Total assets	1,354,002	184,139	188,635
Current liabilities	43,444	27,198	26,213
Non-current liabilities	9,941	10,672	10,672
Total liabilities	53,385	37,870	36,885
<b>Net assets</b>	<b>1,300,617</b>	<b>146,269</b>	<b>151,750</b>
Shareholding percentage (%)	49.75	50.00	50.00
Share of net assets	647,057	73,134	75,875
<b>Carrying amounts of joint ventures based on equity method</b>	<b>647,057</b>	<b>73,134</b>	<b>75,875</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
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Summarised information about comprehensive income

(Unit: Thousand Baht)

As at 31 December			
	M-Senko Logistics Co., Ltd.	Plenus and MK Pte Ltd.	
	2018	2018	2017
Revenue	98,416	297,829	298,279
Other income	10,404	4,121	3,600
Cost of sales and services	(104,092)	(77,103)	(81,009)
Selling and administrative expenses	(4,111)	(228,292)	(264,561)
Profit (loss) for the year	617	(3,445)	(43,691)
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>617</b>	<b>(3,445)</b>	<b>(43,691)</b>
Shareholding percentage (%)	49.75	50.00	50.00
Comprehensive income as shareholding percentage	307	(1,723)	(21,846)
<b>Share of profit (loss) from investments in joint ventures</b>	<b>307</b>	<b>(1,723)</b>	<b>(21,846)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### 13. OTHER LONG-TERM INVESTMENTS

(Unit: Thousand Baht)

	Consolidated Financial Statements/ Separate Financial Statements	
	2018	2017
<u>Investments in private funds (Note 8.3)</u>		
Fixed deposits	325,520,000	645,382,217
Investments in available-for-sale securities	910,253,144	148,337,877
Total investments in private funds	1,235,773,144	793,720,094
<u>Other investment</u>		
Oversea non-marketable securities - cost	7,278,275	7,278,275
Less: Allowance for impairment	(7,278,275)	(7,278,275)
Other investment - net	-	-
Other long-term investments - net	1,235,773,144	793,720,094

As at 31 December 2018, fixed deposits carried interest at 2.56 percent per annum (2017: 2.01 and 2.06 percent per annum)



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

## 14. PROPERTY, PLANT AND EQUIPMENT

(Unit: Baht)

### Consolidated financial statements

	Land	Land improve- ment	Building	Leasehold improvement	Utility systems	Kitchen utensils and operating equipment	Machinery and equipment	Furniture, fix- tures and office equipment	Motor vehicles	Construction in progress and equipment under installation	Total
<b>Cost</b>											
1 January 2017	333,100,308	22,132,653	526,164,716	2,435,133,803	2,255,228,466	1,728,830,553	147,921,707	2,614,366,734	250,218,283	39,347,508	10,352,444,731
Additions	-	105,000	639,360	30,890,442	21,760,731	107,648,314	12,704,659	85,680,118	1,112,500	309,377,183	569,918,307
Transfers in (out)	-	-	790,927	102,580,581	76,805,442	12,219,158	4,507,318	67,474,415	16,491,306	(280,869,147)	-
Disposals/write-off	-	(33,525)	-	(20,338,301)	(31,328,220)	(14,953,055)	(59,000)	(23,315,919)	(8,087,710)	-	(98,115,730)
31 December 2017	333,100,308	22,204,128	527,595,003	2,548,266,525	2,322,466,419	1,833,744,970	165,074,684	2,744,205,348	259,734,379	67,855,544	10,824,247,308
Additions	-	232,960	1,732,512	23,948,606	22,611,710	141,218,496	11,167,563	53,651,211	830,000	309,359,838	564,752,896
Transfers in (out)	-	-	(588,833)	110,998,650	87,681,139	16,510,591	27,093,986	97,043,263	2,843,216	(341,588,012)	-
Disposals/write-off	(8,024,493)	-	(12,514,266)	(38,093,445)	(32,904,318)	(47,354,930)	-	(72,662,871)	(175,647,852)	(4,413,302)	(391,615,477)
31 December 2018	325,075,815	22,437,088	516,224,416	2,645,120,336	2,399,854,950	1,944,119,127	203,342,233	2,822,236,951	87,759,743	31,214,068	10,997,384,727
<b>Accumulated depreciation</b>											
1 January 2017	-	17,196,616	286,175,064	828,016,667	1,173,460,968	1,318,681,347	67,528,845	2,128,663,125	173,134,586	-	5,992,857,218
Depreciation for the year	-	3,118,295	23,330,568	152,774,554	181,016,637	168,404,472	26,528,489	210,674,566	30,685,646	-	796,533,227
Depreciation on disposals /write-off	-	(25,828)	-	(9,811,194)	(23,620,311)	(12,221,639)	(58,256)	(22,577,645)	(7,190,942)	-	(75,505,815)
31 December 2017	-	20,289,083	309,505,632	970,980,027	1,330,857,294	1,474,864,180	93,999,078	2,316,760,046	196,629,290	-	6,713,884,630
Depreciation for the year	-	1,821,913	22,842,026	158,003,929	179,945,112	152,810,997	30,245,005	197,259,448	17,518,927	-	760,447,357
Depreciation on disposals /write-off	-	-	(3,905,137)	(22,637,562)	(22,539,867)	(43,224,147)	-	(75,115,266)	(145,717,118)	-	(313,139,097)
31 December 2018	-	22,110,996	328,442,521	1,106,346,394	1,488,262,539	1,584,451,030	124,244,083	2,438,904,228	68,431,099	-	7,161,192,890

MK Restaurant Group Public Company Limited and its subsidiaries  
 For the year ended 31 December 2018

(Unit: Baht)

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# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

(Unit: Baht)

Separate financial statements											
	Land	Land improve- ment	Building	Leasehold improvement	Utility systems	Kitchen utensils and operating equipment	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and equipment under installation	Total
<b>Cost</b>											
1 January 2017	311,361,198	22,132,653	467,188,355	2,116,878,722	1,914,754,524	1,287,998,315	120,291,891	2,259,109,738	249,524,526	47,500,011	8,796,739,933
Additions	-	105,000	639,360	27,273,159	16,313,144	80,551,919	10,850,404	72,291,775	1,112,500	190,194,406	399,331,667
Transfers in (out)	-	-	790,927	71,287,901	51,990,594	5,072,432	-	43,607,285	16,491,306	(189,240,445)	-
Disposals/write-off	-	(33,525)	-	(14,338,705)	(25,628,288)	(21,474,954)	(59,000)	(20,581,994)	(8,087,710)	(5,847,645)	(96,051,821)
31 December 2017	311,361,198	22,204,128	468,618,642	2,201,101,077	1,957,429,974	1,352,147,712	131,083,295	2,354,426,804	259,040,622	42,606,327	9,100,019,779
Additions	-	232,960	1,650,780	19,949,821	18,741,747	93,890,215	7,276,314	50,860,771	830,000	205,729,638	399,162,246
Transfers in (out)	-	-	(588,833)	78,113,414	54,961,429	6,204,519	800,000	68,379,069	2,843,216	(210,712,814)	-
Disposals/write-off	(8,024,493)	-	(12,514,266)	(33,672,175)	(29,472,093)	(55,635,068)	-	(71,848,439)	(175,647,852)	(4,413,302)	(391,227,688)
31 December 2018	303,336,705	22,437,088	457,166,323	2,265,492,137	2,001,661,057	1,396,607,378	139,159,609	2,401,818,205	87,065,986	33,209,849	9,107,954,337
<b>Accumulated depreciation</b>											
1 January 2017	-	17,196,616	266,050,751	733,225,541	1,022,960,485	1,014,521,422	66,179,937	1,881,035,937	172,530,581	-	5,173,701,270
Depreciation for the year	-	3,118,295	20,381,749	130,252,430	148,808,908	114,829,772	23,515,616	170,554,112	30,639,246	-	642,100,128
Depreciation on disposals /write-off	-	(25,828)	-	(7,777,763)	(20,851,728)	(12,434,011)	(58,256)	(20,267,437)	(7,190,942)	-	(68,605,965)
31 December 2017	-	20,289,083	286,432,500	855,700,208	1,150,917,665	1,116,917,183	89,637,297	2,031,322,612	195,978,885	-	5,747,195,433
Depreciation for the year	-	1,821,913	19,893,162	133,106,579	146,073,591	101,911,722	24,331,773	156,121,063	17,472,527	-	600,732,330
Depreciation on disposals /write-off	-	-	(3,905,137)	(21,318,140)	(21,203,818)	(42,109,776)	-	(70,666,611)	(145,717,118)	-	(304,920,600)
31 December 2018	-	22,110,996	302,420,525	967,488,647	1,275,787,438	1,176,719,129	113,969,070	2,116,777,064	67,734,294	-	6,043,007,163

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

(Unit: Baht)

Separate financial statements											
	Land	Land improve- ment	Building	Leasehold improvement	Utility systems	Kitchen utensils and operating equipment	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and equipment under installation	Total
Allowance for impairment loss											
1 January 2017	-	-	-	-	-	79,596,910	-	-	-	-	79,596,910
31 December 2017	-	-	-	-	-	79,596,910	-	-	-	-	79,596,910
31 December 2018	-	-	-	-	-	79,596,910	-	-	-	-	79,596,910
Net book value											
31 December 2017	311,361,198	1,915,045	182,186,142	1,345,400,869	806,512,309	155,633,619	41,445,998	323,104,192	63,061,737	42,606,327	3,273,227,436
31 December 2018	303,336,705	326,092	154,745,798	1,298,003,490	725,873,619	140,291,339	25,190,539	285,041,141	19,331,692	33,209,849	2,985,350,264
Depreciation for the year											
2017 (Baht 147.0 million included in producing cost, and the balance in selling and administrative expenses)											642,100,128
2018 (Baht 135.1 million included in producing cost, and the balance in selling and administrative expenses)											600,732,330

As at 31 December 2018 and 2017, certain equipment items of the Company and its subsidiaries 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 4,322 million and Baht 3,960 million, respectively (the Company only: Baht 3,755 million and Baht 3,503 million, respectively).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### 15. INTANGIBLE ASSETS

Details of intangible assets which are computer software are as follows:

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
<b>Cost</b>		
1 January 2017	174,855,447	166,432,351
Additions	6,404,045	6,059,403
Write-off	(246,744)	(193,244)
31 December 2017	181,012,748	172,298,510
Additions	20,069,674	18,820,237
31 December 2018	201,082,422	191,118,747
<b>Accumulated amortisation</b>		
1 January 2017	80,001,064	76,903,503
Amortisation for the year	15,721,426	14,940,969
Amortisation on write-off	(211,565)	(187,948)
31 December 2017	95,510,925	91,656,524
Amortisation for the year	16,269,019	15,443,109
31 December 2018	111,779,944	107,099,633
<b>Net book value</b>		
31 December 2017	85,501,823	80,641,986
31 December 2018	89,302,478	84,019,114
<b>Amortisation for the year</b>		
2017	15,721,426	14,940,969
2018	16,269,019	15,443,109

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries

For the year ended 31 December 2018

### 16. LEASEHOLD RIGHTS

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
<b>Cost</b>		
1 January 2017	1,098,582,290	1,062,202,531
Additions	24,960,000	24,960,000
31 December 2017	1,123,542,290	1,087,162,531
Additions	24,589,830	24,589,830
Disposals	(36,532,575)	(36,532,575)
31 December 2018	1,111,599,545	1,075,219,786
<b>Accumulated amortisation</b>		
1 January 2017	815,106,519	797,387,154
Amortisation for the year	42,043,601	40,009,863
31 December 2017	857,150,120	837,397,017
Amortisation for the year	42,461,493	40,443,299
	(36,532,575)	(36,532,575)
31 December 2018	863,079,038	841,307,741
<b>Net book value</b>		
31 December 2017	266,392,170	249,765,514
31 December 2018	248,520,507	233,912,045
<b>Amortisation for the year</b>		
2017	42,043,601	40,009,863
2018	42,461,493	40,443,299



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### 17. TRADE AND OTHER PAYABLES

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts payable - related party	-	-	30,978,281	26,549,881
Trade accounts payable - unrelated parties	614,691,752	470,865,552	599,123,615	458,241,773
Other payables - related parties	45,346,692	10,601,718	48,458,182	12,969,978
Other payables - unrelated parties	115,372,328	99,637,763	105,776,798	92,678,174
Accounts payable for purchases of plant and equipment	148,666,610	96,988,403	116,700,356	66,800,868
Accrued expenses	989,598,275	934,774,279	814,152,594	765,689,404
Derivative contract payable	9,923,973	-	9,923,973	-
Others	21,810,747	15,058,480	20,184,867	13,661,469
<b>Total</b>	<b>1,945,410,377</b>	<b>1,627,926,195</b>	<b>1,745,298,666</b>	<b>1,436,591,547</b>

### 18. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

#### 18.1 Defined contribution plans

The Company, its subsidiaries and their permanent employees have jointly registered a provident fund scheme under Provident Fund Act B.E. 2530. Such fund is monthly contributed by both the employees, the Company and its subsidiaries at rates of 2 percent of the employees' basic salaries. The fund, which is managed by TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2018, the contributions of the Company and its subsidiaries amounting to Baht 33.7 million (2017: Baht 35.3 million) and of the Company amounting to Baht 28.9 million (2017: Baht 31.1 million) were recognised as expenses.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### 18.2 Defined benefit plans and other long-term employee benefits

(Unit: Baht)

Consolidated financial statements			
	Employee retirement benefits	Other long-term employee benefits	Total
Provision for long-term employee benefits as at 1 January 2017	266,101,881	33,447,916	299,549,797
Included in profit or loss:			
Current service cost	25,351,032	6,222,127	31,573,159
Interest cost	8,736,041	1,082,899	9,818,940
Benefits paid during the year	(15,791,180)	(5,120,000)	(20,911,180)
Provision for long-term employee benefits as at 31 December 2017	284,397,774	35,632,942	320,030,716
Included in profit or loss:			
Current service cost	26,035,788	7,379,215	33,415,003
Past service cost	103,559,622	-	103,559,622
Interest cost	9,793,278	1,192,303	10,985,581
Actuarial loss (gain)			
Demographic assumptions changes	-	(1,276,361)	(1,276,361)
Financial assumptions changes	-	348,787	348,787
Experience adjustments	-	(1,781,432)	(1,781,432)
Included in other comprehensive income:			
Actuarial loss (gain)			
Demographic assumptions changes	1,222,722	-	1,222,722
Financial assumptions changes	(57,623)	-	(57,623)
Experience adjustments	14,697,108	-	14,697,108
Transferred out	(8,875,143)	(646,177)	(9,521,320)
Benefits paid during the year	(1,322,192)	(4,800,000)	(6,122,192)
Provision for long-term employee benefits as at 31 December 2018	429,451,334	36,049,277	465,500,611

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

(Unit: Baht)

### Separate financial statements

	Employee retirement benefits	Other long-term employee benefits	Total
Provision for long-term employee benefits as at 1 January 2017	247,627,910	29,617,184	277,245,094
Included in profit or loss:			
Current service cost	22,068,071	5,067,140	27,135,211
Interest cost	8,089,443	951,334	9,040,777
Benefits paid during the year	(15,791,180)	(4,820,000)	(20,611,180)
Provision for long-term employee benefits as at 31 December 2017	261,994,244	30,815,658	292,809,902
Included in profit or loss:			
Current service cost	22,516,306	6,140,543	28,656,849
Past service cost	97,025,504	-	97,025,504
Interest cost	9,021,937	1,022,003	10,043,940
Actuarial loss (gain)			
Demographic assumptions changes	-	131,822	131,822
Financial assumptions changes	-	306,437	306,437
Experience adjustments	-	(1,647,252)	(1,647,252)
Included in other comprehensive income:			
Actuarial loss (gain)			
Demographic assumptions changes	7,496,531	-	7,496,531
Financial assumptions changes	(59,741)	-	(59,741)
Experience adjustments	11,895,382	-	11,895,382
Transferred out	(8,509,720)	(639,531)	(9,149,251)
Benefits paid during the year	(1,322,192)	(4,540,000)	(5,862,192)
Provision for long-term employee benefits as at 31 December 2018	400,058,251	31,589,680	431,647,931

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries

For the year ended 31 December 2018

Line items in the income statements under which long-term employee benefit expenses are recognised are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cost of sales and services	15,074,513	3,861,355	13,702,440	3,427,436
Selling expenses	97,774,851	31,678,406	92,855,265	27,311,964
Administrative expenses	32,401,836	5,852,338	27,959,595	5,436,588
<b>Total expenses recognised in the income statements</b>	<b>145,251,200</b>	<b>41,392,099</b>	<b>134,517,300</b>	<b>36,175,988</b>

The Company and its subsidiaries expect to pay Baht 12.30 million for long-term employee benefits during the next year (separate financial statements: Baht 11.76 million) (2017: Baht 6.14 million, separate financial statements: Baht 6.01 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefits is 19 years (Separate financial statements: 19 years) (2017: 22 years, separate financial statements: 22 years).

Significant actuarial assumptions are summarised below.

(Unit: % per annum)

	Consolidated financial statements/ Separate financial statements	
	2018	2017
Discount rate	3.3	3.5
Future salary increase rate (depending on age of employees)	4.0 - 5.5	4.0 - 6.0

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below.

**31 December 2018**

(Unit: Million Baht)

	Consolidated financial statements			
	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Employee retirement benefits	(41.0)	49.1	48.1	(41.0)
Other long-term employee benefits	(1.7)	1.8	-	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

(Unit: Million Baht)

### Separate financial statements

	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Employee retirement benefits	(38.0)	45.6	44.6	(38.0)
Other long-term employee benefits	(1.5)	1.6	-	-

31 December 2017

(Unit: Million Baht)

### Consolidated financial statements

	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Employee retirement benefits	(38.7)	47.4	46.4	(38.7)
Other long-term employee benefits	(1.7)	1.9	-	-

(Unit: Million Baht)

### Separate financial statements

	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Employee retirement benefits	(35.1)	42.9	42.0	(35.1)
Other long-term employee benefits	(1.4)	1.6	-	-

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment. Provision of long-term employee benefits of the Company and its subsidiaries increased as a result of the change. The Company and its subsidiaries reflect the effect of the change by immediately recognising past service costs, of approximately Baht 103.6 million and Baht 97 million in the consolidated financial statements and separate financial statements, respectively, as expenses in the income statement of the current year ended 31 December 2018.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### 19. SHARE CAPITAL

19.1 On 27 April 2018, the Annual General Meeting of the Company's shareholders passed the resolutions to approve the reduction of the registered share capital of the Company of Baht 4.97 million from Baht 925.85 million (925.85 million ordinary share of Baht 1 each) to Baht 920.88 million (920.88 million ordinary shares of Baht 1 each) in order to cut the registered shares that have not been issued.

19.2 As at 31 December 2017, the Company's issued and paid-up share capital had increased from Baht 914.85 million (914.85 million ordinary shares of Baht 1 each) to Baht 920.88 million (920.88 million ordinary shares of Baht 1 each) as a result of the exercise of the warrants (M-WA) to ordinary shares amounting to Baht 6.03 million (6.03 million ordinary shares of Baht 1 each).

The Company registered the corresponding increase in its issued and paid-up share capital with the Ministry of Commerce on 10 October 2017.

### 20. WARRANTS

On 18 September 2012, the Extraordinary Meeting of Shareholders

of the Company passed a special resolution to issue and offer 20,000,000 registered warrants (the warrants are exercisable within 5 years after the warrants are issued with the exercise price of Baht 1 per 1 ordinary share) to the management including the management in the director position and employees of the Company and/or employees of the subsidiaries of the Company at free of charge. Such warrants identify the name of the holder and are non-transferable unless being transferred as inheritance or transferred to heirs or legal representatives or transferred in any case deemed appropriate by a committee. The warrants are to be a reward for the work of the management and staff as well as for the warrant holders to take part in the Company's ownership. The Company will allocate the warrants to its owners within one year from the date of approval for issuance of warrants from the meeting of shareholders of the Company.

On 26 February 2013, the Meeting of the Board of Directors of the Company passed a resolution to amend type of warrants to be specific name and non-transferrable warrants. The transfer of warrant can be conducted

only in the case when the management and employees pass away.

On 7 August 2013, the Company allocated and issued 20,000,000 warrants to the management including the management in the director position and employees of the Company and/or employees of the subsidiaries of the Company at free of charge ("ESOP" or "M-WA"). The exercise period is within 5 years commencing on 7 August 2013, and the warrants can be exercised to acquire the new ordinary shares of the Company for totaling 17 times. The warrants are first exercisable after 1 year since the date that the Company allotted and issued the warrants, with the first exercise date falling on 30 September 2014. The following exercise dates fall on the last working days of March, June, September and December and the last exercise date is 6 August 2018.

The exercise ratio is 1 warrant per 1 new ordinary share, and the exercise price is Baht 1 per share. The warrants are exercisable under the following conditions.

- Up to 10 percent of all allotted warrants are exercisable after 12 months from the allotted date.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

- Additional 20 percent of all allotted warrants are exercisable after 24 months from the allotted date.
- Additional 30 percent of all allotted warrants are exercisable after 36 months from the allotted date.
- The remainder of unexercised warrants is exercisable without limitation after the 48 months from the allotted date until the warrants expire.
- In the event that a warrant holder no longer holds a position of management or employee of the Company and/or employee of the subsidiaries of the Company due to retirement according to the Company's regulations, such management or employee is entitled to exercise warrants until the expiry date.
- In case a warrant holder passes away, heirs or legatees (as the case may be) of such holder is entitled to exercise warrants to acquire ordinary shares in an amount of the warrants that are exercisable in accordance with the exercising period until the expiry date.
- If a warrant holder is transferred to

another unit or another company as approved by the Board of Directors whereby such director, management or employee has remained to be management or employee of the Company and/or of the subsidiaries of the Company as at the exercise date, such management or employee is entitled to exercise warrants until the expiry date.

The estimated fair value of each share option granted is Baht 42.40 - 46.38, which was calculated by applying the Black-Scholes-Merton formula. The model inputs were the share price at price determination date of Baht 49, exercise price of Baht 1, expected volatility of 38.3%, expected dividend yield of 3%, contractual life of 1 - 5 years, and a risk-free interest rate of 3.5% per annum.

During the year ended 31 December 2017, the Company and its subsidiaries recorded expenses related to the ESOP or M-WA scheme of Baht 30 million and for the Company of Baht 25.5 million as employee related expenses in the income statements, together with a corresponding increase in "Capital reserve for share-

based payment transactions" in the shareholders' equity.

At present, director, management and employees of the Company and its subsidiaries have fully exercised the warrants. There are no outstanding of warrants.

### 21. STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 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. At present, the statutory reserve has fully been set aside.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries

For the year ended 31 December 2018

### 22. EXPENSES BY NATURE

Significant expenses classified by nature are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Salaries, wages and other employee benefits	4,941,799,838	4,688,656,190	4,079,637,268	3,895,044,826
Raw materials and consumables used	2,391,768,287	2,342,473,909	2,177,124,888	2,169,395,567
Rental and service expenses from operating lease agreements	1,683,627,933	1,553,566,007	1,349,675,503	1,262,286,422
Depreciation and amortisation	819,177,869	854,298,254	656,618,738	697,050,960
Utilities expenses	724,734,913	686,944,023	570,734,036	540,211,525
Advertising expenses	394,148,015	298,401,201	274,456,311	204,876,292
Repair and maintenance expenses	141,062,094	157,260,420	109,295,711	127,108,969
Training expenses	4,641,885	3,225,663	139,786,912	111,410,636
Property tax expenses	91,351,720	81,924,470	74,634,154	67,462,600
Travelling expenses	37,228,083	42,667,640	29,135,135	33,379,567
Changes in finished goods	12,695,202	(10,704,962)	17,983,844	(10,824,627)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### 23. INCOME TAX

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Current income tax:</b>				
Current income tax charge	597,977,517	477,439,096	523,738,512	418,038,636
Adjustment in respect of income tax of previous year	2,911,784	-	2,021,376	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(42,938,553)	61,255,826	(41,249,158)	60,373,598
<b>Income tax expenses reported in the income statements</b>	<b>557,950,748</b>	<b>538,694,922</b>	<b>484,510,730</b>	<b>478,412,234</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax relating to change in value of available-for-sale investments	492,985	(889,164)	492,985	(889,164)
	2,846,279	-	3,866,434	-
<b>Income tax charged to other comprehensive income</b>	<b>3,339,264</b>	<b>(889,164)</b>	<b>4,359,419</b>	<b>(889,164)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

The reconciliation between accounting profit and income tax expenses for the years ended 31 December 2018 and 2017 is presented below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accounting profit before tax	3,131,483,386	2,963,541,238	2,981,517,351	2,797,805,586
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	626,296,677	592,708,248	596,303,470	559,561,117
Adjustment in respect of income tax of previous year	2,911,784	-	2,021,376	-
Effects of:				
Income not subject to tax	-	-	(61,599,979)	(46,999,979)
Promotional privileges (Note 23.2)	(7,638,877)	-	-	-
Non-deductible expenses	4,357,094	11,208,516	3,039,912	16,645,189
Unrecognised tax losses of subsidiary	823,320	181,922	-	-
Additional expense deductions allowed	(68,799,250)	(65,403,764)	(55,254,049)	(50,794,093)
Total	(71,257,713)	(54,013,326)	(113,814,116)	(81,148,883)
Income tax expenses reported in the income statements	557,950,748	538,694,922	484,510,730	478,412,234

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
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The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Baht)

Statement of financial position as at 31 December				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Deferred tax assets</b>				
Allowance for impairment of assets	19,622,335	19,622,335	15,919,382	15,919,382
Provision for long-term employee benefits	92,149,662	63,607,061	86,329,586	58,561,980
Unrealised loss on changes in value of available-for-sale investments	535,244	42,260	535,244	42,260
Derivative contract payable	1,984,795	-	1,984,795	-
Others	8,073,170	3,792,436	7,864,214	3,561,563
<b>Total</b>	<b>122,365,206</b>	<b>87,064,092</b>	<b>112,633,221</b>	<b>78,085,185</b>
<b>Deferred tax liabilities</b>				
Unrealised gain on changes in value of trading securities investments	2,672,149	5,777,365	2,485,741	5,674,795
Derivative contract receivable	-	7,871,487	-	7,871,487
<b>Total</b>	<b>2,672,149</b>	<b>13,648,852</b>	<b>2,485,741</b>	<b>13,546,282</b>
<b>Net deferred tax assets</b>	<b>119,693,057</b>	<b>73,415,240</b>	<b>110,147,480</b>	<b>64,538,903</b>

As at 31 December 2018, the subsidiary has deductible temporary differences and unused tax losses totaling Baht 44.6 million (2017: Baht 29.7 million), on which deferred tax assets have not been recognised as the subsidiary considers that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses of the subsidiary amounting to Baht 41.9 million will expire by 2023.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### 23.2 Promotional privileges

The subsidiary has received promotional privileges from the Board of Investment. Subject to the imposed conditions, the significant privileges are as follows:

#### International Food Supply Company Limited

Certificate No.	58-2617-1-00-1-0
1. Certificate date	18 December 2015
2. Promotional privileges for	Manufacture of foods and semi-frozen foods
3. The significant privileges are:	
3.1 Exemption from import duty on machinery as approved by the Board.	Granted
3.2 Exemption from corporate income tax on net income from promoted operations, not over a hundred percent of investments excluding cost of land and working capital, for a period of six years from the date on which the income is first derived from such operations.	Granted
3.3 Exemption from income tax on dividends paid from the profit of the promoted operations, throughout the period in which the corporate income tax is exempted.	Granted
4. Date of first earning of operating income	7 July 2016

The subsidiary's operating revenues for the years ended 31 December 2018 and 2017 are from the promoted operations.

## 24. EARNINGS PER SHARE

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

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### 24.1 Weighted average number of ordinary shares

(Unit: Thousand shares)

Consolidated financial statements/Separate financial statements		
	2018	2017
Balance brought forward	920,878	914,849
Add: The weighted average number of ordinary shares issued during the year	-	1,371
Weighted average number of ordinary shares	920,878	916,220

### 24.2 Reconciliation of diluted earnings per share

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

Consolidated Financial Statements						
For the years ended 31 December						
	Profit for the period		Weighted average number of ordinary shares		Earnings per share	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand shares	2017 Thousand shares	2018 Baht	2017 Baht
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	2,573,533	2,424,846	920,878	916,220	2.79	2.65
<b>Effect of dilutive potential ordinary shares</b>						
Warrants (M-WA)			-	4,617		
<b>Diluted earnings per share</b>						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	2,573,533	2,424,846	920,878	920,837	2.79	2.63

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

Separate Financial Statements						
For the years ended 31 December						
	Profit for the period		Weighted average number of ordinary shares		Earnings per share	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand shares	2017 Thousand shares	2018 Baht	2017 Baht
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	2,497,007	2,319,393	920,878	916,220	2.71	2.53
<b>Effect of dilutive potential ordinary shares</b>						
Warrants (M-WA)			-	4,370		
<b>Diluted earnings per share</b>						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	2,497,007	2,319,393	920,878	920,590	2.71	2.52

### 25. OPERATING SEGMENT INFORMATION

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

The Company and its subsidiaries are engaged in two business segments which are restaurant business and other businesses that support restaurant business including training service provider and manufacture and distribution of foods and research and development of technology and innovation of food and beverage products. Their operations are carried on in geographical areas of Thailand. However, the restaurant business in Thailand is the main business segment and the segment information that has been considered based on a quantitative basis is over 90 percent of operating segments and geographical areas. For this reason, the chief operating decision maker considers aggregating the operating segments into one reportable segment of restaurant operation.

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 and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### MAJOR CUSTOMERS

For the years 2018 and 2017, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

### 26. DIVIDENDS

Dividends declared during the years ended 31 December 2018 and 2017 consist of the following:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<b>Year 2018</b>				
Final dividend on 2017 profit	Annual General Meeting of the shareholders on 27 April 2018	1,105	1.2	23 May 2018
Interim dividends on the profit for the six-month period ended 30 June 2018	Board of Directors' meeting on 9 August 2018	1,105	1.2	7 September 2018
Total		2,210	2.4	
<b>Year 2017</b>				
Final dividend on 2016 profit	Annual General Meeting of the shareholders on 26 April 2017	1,006	1.1	23 May 2017
Interim dividends on the profit for the six-month period ended 30 June 2017	Board of Directors' meeting on 10 August 2017	1,006	1.1	8 September 2017
Total		2,012	2.2	

### 27. COMMITMENTS AND CONTINGENT LIABILITIES

#### 27.1 Capital commitments

As at 31 December 2018, the Company and its subsidiaries had significant outstanding capital commitments in respect of agreements related to leasehold rights and purchase of machinery and equipment of Baht 59.6 million (the Company only: Baht 59.6 million) (2017: 23.3 million, the Company only: Baht 21.9 million).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### 27.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the leases of building space and equipment and other service agreements. The terms of the agreements are generally between 3 and 20 years. Future minimum payments required under these non-cancellable operating lease and service contracts were as follows:

(Unit: Million Baht)		
	As at 31 December	
	2018	2017
Payable within:		
Less than 1 year	1,582	1,383
1 to 5 years	1,588	1,448
More than 5 years	242	285

### 27.3 Futures contracts

The Company has entered into futures contracts with many local companies, whereby the Company and those companies have agreed quantity, schedule, place and price of goods to be delivered. The Company has agreed to pay for the goods at the rates stipulated in the contracts.

### 27.4 Bank guarantees

As at 31 December 2018, there were outstanding letters of guarantee issued by the banks on behalf of the Company and its subsidiaries of approximately Baht 21.2 million (2017: Yen 19.5 million and Baht 21.3 million), in respect of certain performance bonds as required in the normal course of businesses. These included letters of guarantee amounting to Baht 8.3 million (2017: Yen 19.5 million and Baht 8.3 million) to guarantee payments due to creditors and Baht 12.9 million (2017: Baht 13.0 million) to guarantee electricity use.

### 27.5 Guarantees to related party

As at 31 December 2018, the Company had guaranteed bank credit facilities of International Food Supply Co., Ltd. ("a subsidiary") of Baht 45 million (2017: Baht 45 million).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### 28. FAIR VALUE HIERARCHY

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets and liabilities that were measured at fair value based on levels of inputs as follows:

(Unit: Million Baht)

Consolidated financial statements								
	Level 1		Level 2		Level 3		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>Assets measured at fair value</b>								
Investments in trading securities - debt instruments	-	-	3,086	4,510	-	-	3,086	4,510
Available-for-sale investment - debt instruments	-	-	910	148	-	-	910	148
Derivatives - forward exchange contracts - gain	-	-	-	39	-	-	-	39
<b>Liabilities measured at fair value</b>								
Derivatives - forward exchange contracts - loss	-	-	10	-	-	-	10	-

(Unit: Million Baht)

Separate financial statements								
	Level 1		Level 2		Level 3		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>Assets measured at fair value</b>								
Investments in trading securities - debt instruments	-	-	2,306	3,893	-	-	2,306	3,893
Available-for-sale investment - debt instruments	-	-	910	148	-	-	910	148
Derivatives - forward exchange contracts - gain	-	-	-	39	-	-	-	39
<b>Liabilities measured at fair value</b>								
Derivatives - forward exchange contracts - loss	-	-	10	-	-	-	10	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

### 29. FINANCIAL INSTRUMENTS

29.1 Financial risk management  
The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, investments, and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

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

#### Interest rate risk

The Group's exposure to interest rate risk relates primarily to its bank deposits that bear floating interest rates or fixed interest rates which are close to the market rate. The interest rate risk is therefore expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below.

(Unit: Million Baht)

#### Consolidated financial statements as at 31 December 2018

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 4 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	529	196	725	0.10 - 0.40
Short-term investments	6,000	-	-	3,086	9,086	1.45 - 1.96
Trade and other receivables	-	-	-	99	99	-
Other long-term investments	-	1,236	-	-	1,236	2.01 - 2.74
	6,000	1,236	529	3,381	11,146	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	1,945	1,945	-
	-	-	-	1,945	1,945	



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
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(Unit: Million Baht)

### Consolidated financial statements as at 31 December 2017

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 4 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	262	148	410	0.10 - 0.40
Short-term investments	4,826	-	-	4,510	9,336	1.60 - 2.06
Trade and other receivables	-	-	-	76	76	-
Other long-term investments	-	794	-	-	794	2.01 - 2.36
	4,826	794	262	4,734	10,616	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	1,628	1,628	-
	-	-	-	1,628	1,628	

(Unit: Million Baht)

### Separate financial statements as at 31 December 2018

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 4 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	452	170	622	0.10 - 0.40
Short-term investments	6,000	-	-	2,306	8,306	1.45 - 1.96
Trade and other receivables	-	-	-	239	239	-
Other long-term investments	-	1,236	-	-	1,236	2.01 - 2.74
	6,000	1,236	452	2,715	10,403	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	1,745	1,745	-
	-	-	-	1,745	1,745	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
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(Unit: Million Baht)

### Separate financial statements as at 31 December 2017

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 4 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	203	129	332	0.10 - 0.40
Short-term investments	4,826	-	-	3,893	8,719	1.60 - 2.06
Trade and other receivables	-	-	-	195	195	-
Other long-term investments	-	794	-	-	794	2.01 - 2.36
	4,826	794	203	4,217	10,040	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	1,436	1,436	-
	-	-	-	1,436	1,436	

## FOREIGN CURRENCY RISK

The Group's exposure to foreign currency risk arises mainly from short-term investments and purchase transactions that are denominated in foreign currencies.

As at 31 December 2018 and 2017, the balances of financial assets and liabilities denominated in foreign currencies were summarised below.

Foreign Currency	Consolidated financial statements		Separate financial statements		Exchange rate as at 31 December	
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
<b>Financial assets</b>						
US dollar	30.1	20.0	30.1	20.0	32.2848	32.5146
Yen	1.6	1.6	1.6	1.6	0.2892	0.2860
Dirham	-	36.0	-	36.0	-	8.8531
<b>Financial liabilities</b>						
Yen	21.9	36.7	2.5	-	0.2970	0.2936

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MK Restaurant Group Public Company Limited and its subsidiaries  
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The Group had the following outstanding forward exchange contracts:

(Unit: Million Baht)

Foreign Currency	Consolidated financial statements/Separate financial statements	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
<b>As at 31 December 2018</b>			
Sold amount			
US dollar	30.0	31.95 - 32.62	June and October 2020
Bought amount			
Yen	2.5	0.2952	January 2019
<b>As at 31 December 2017</b>			
Sold amount			
US dollar	20.0	33.864 - 34.286	May and July 2018
Dirham	36.0	8.9905	October 2018

### 29.2 Fair values of financial instruments

Since the majority of the Group'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 the statements of financial position.

### 30. Capital management

The primary objective of the Group's capital management is to ensure that it has an appropriate capital structure in order to support its business and

maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 0.21:1 (2017: 0.18:1) and the Company's was 0.20:1 (2017: 0.16:1).

### 31. Events after the reporting period

On 26 February 2019, the meeting of the Board of Directors of the Company No. 1/2019 passed the following resolutions.

- To approve the payment of final dividend for 2018 to the Company's shareholders at Baht 1.3 per share or a total dividend of Baht 1,197.1 million.

The payment of dividend will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

### 32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PERFORMANCE OVERVIEW

In 2018, the Company and its subsidiaries recorded total incomes of Baht 17,234 million, up by Baht 776 million or an increase of 4.7 percent from the previous year. The increase of Baht 698 million was mainly due to the continued expansion of MK Suki and Yayoi restaurant outlets, and partly to the increase of same-store sales since the Company launched marketing activities and new menus in order to continuously stimulate sales throughout the year. In addition, due to the lower cost of major raw material in the year 2018, the Company and its subsidiaries recorded the gross profit of Baht 11,475 million, up by 5.3% from the prior year. As a result, the Company and its subsidiaries recorded the net profit of Baht 2,574 million, up by Baht 149 million or an increase of 6.1 percent.

### REVENUES FROM SALES AND SERVICES

	2017		2018		% Increase (Decrease)
	Million Baht	%	Million Baht	%	
MK Suki/ MK Gold/ MK Live	12,686	78.9	13,125	78.3	3.5
Yayoi Japanese Restaurant	3,025	18.8	3,256	19.4	7.6
Other Restaurants*	362	2.3	389	2.3	7.4
<b>Revenues from Sales and Services</b>	<b>16,073</b>	<b>100.0</b>	<b>16,770</b>	<b>100.0</b>	<b>4.3</b>

\*Other Restaurants are Miyazaki, Hakata, Na Siam, Le Siam, Bizzy Box and Le Petit

In 2018, the Company and its subsidiaries recorded revenues from sales and services of Baht 16,770 million, up by Baht 698 million or an increase of 4.3 percent from the previous year. The increase was partly due to the continued expansion of MK Suki and Yayoi restaurant outlets, and partly to the increase of same-store sales. In addition, more than 98 percent of the total incomes generated by the Company and its subsidiaries were from sales and services incomes of MK Suki, MK Gold and MK Live Restaurants operated by the Company as well as Yayoi Japanese Restaurant run by MK Interfood Co., Ltd. Yet, while sales and service incomes from the suki business tended to fall, those from the Yayoi Japanese Restaurant were likely to increase because Yayoi Japanese Restaurant has higher growth rate than MK Suki Restaurant.

## PERFORMANCE OF THE COMPANY'S SUKI RESTAURANT BUSINESS (MK SUKI, MK GOLD AND MK LIVE)

	2017	2018
<b>Number of Branches – Suki Restaurant</b>		
Net newly-opened outlets	11	13
Number of Branches at the end of fiscal period	435	448
<b>Financial Performance and Growth Rate – Suki Restaurant</b>		
Revenues from Sales and Services (Million Baht)	12,686	13,125
Total Sales Growth Rate (%)	4.9	3.5
Same-Store Sale Growth (%)	1.7	0.5

## REVENUES FROM SALES AND SERVICES - SUKI RESTAURANT BUSINESS

In 2018, the Company recorded Baht 13,125 million total sales and services incomes from the suki restaurant business, up by Baht 439 million or an increase of 3.5 percent, primarily from the 13 new branches expansion (2017: 11 branches) and growth of the same-store sales.

## PERFORMANCE OF THE COMPANY'S YAYOI JAPANESE RESTAURANT BUSINESS

	2017	2018
<b>Number of Branches – Yayoi Japanese Restaurant</b>		
Net newly-opened outlets	7	19
Number of Branches at the end of fiscal period	165	184
<b>Financial Performance and Growth Rate – Yayoi Japanese Restaurant</b>		
Revenues from Sales and Services (Million Baht)	3,025	3,256
Total Sales Growth Rate (%)	11.7	7.6
Same-Store Sale Growth (%)	3.6	-0.2

## REVENUES FROM SALES AND SERVICES - YAYOI JAPANESE RESTAURANT BUSINESS

In 2018, the Company recorded Baht 3,256 million as sales and services revenues from Yayoi Japanese Restaurant which represented a 7.6 percent increase from the year before. The increase of Yayoi's incomes was largely from the increase of Yayoi's branches where in 2018, the net number of Yayoi branches rose by 19 although there was a slightly decrease in Same-Store Sale growth at 0.2. Due to a strong positive responses to the Yayoi brand, the Company continued to expand the Japanese restaurant branch in residential areas in Bangkok, its vicinity and in the provinces to meet consumer's demands.

## OTHER REVENUES

In 2018, the Company recorded Baht 463 million as other revenues which mainly comprising of interest income amounted Baht 121 million, increased by Baht 8 million due mainly to the increase of fixed and saving deposits, and other income amounted Baht 342 million, increased by Baht 71 million, which mainly came from the increase in revenue from member card fees. This was because during the year 2018, the Company had launched the member card loyalty program to allow membership customers to earn and accumulate points from their spending at MK restaurant and be able to redeem the points for various discounts and privileges. This caused the Company to have a large number of customers who came to apply for membership cards. Moreover, the increases in other income were from an increase in sales support income collected from business partners according to the agreed sales promotion campaigns as well as an increase in gain from sales of assets during the year.

## COSTS OF SALES AND SERVICES

More than 90 percent of the Company's costs of sales and services were costs of food and beverages. Other costs included transportation, storage and warehousing expenses, depreciation of factory buildings and machinery and utilities expenses. The Company has an efficient sourcing and

production process where orders of raw materials and finished products for the suki restaurants, Yayoi Japanese restaurants and other eateries have been centralized to profit from the economy of scale so that huge orders can be made at a time while simultaneously enabling the Company to command better purchasing power with distributors. At the other end, the fact that almost all of the manufacturing is done through the central kitchen not only results in an economy scale production but also helps the Company standardizing its food quality. The Company also actively manages inventories of raw materials and finished products by estimating demands of each branch on a daily basis and therefore could effectively control food delivered to each branch and waste generated from them each day. The centralized management of raw materials and finished products helps managing delivery costs more effectively.

## GROSS PROFIT

For the year 2018, gross profit of the Company and its subsidiaries amounted to Baht 11,475 million, or up by 5.3 percent year-on-year. Gross profit as a percentage of revenues from sales and services also increased from 67.8 percent for the year 2017 to 68.4 percent for the year 2018. The increase of gross profit as a percentage of revenues from sales

and services was due largely to the lower costs of major raw materials and better management of production costs.

## SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses consist mainly of employee expenses, rents, utilities, advertising and sales promotion, restaurant supplies, depreciation and amortization. For the year 2018, selling and administrative expenses of the Company and its subsidiaries was Baht 8,806 million or increased by Baht 507 million of by 6.1 percent compared to last year mainly resulting from the reasons as follows;

1. An increase in personnel expenses related to the provision for the compensation in the case of retirement and dismissal of employees according to a Draft Amendment of the Labor Protection Act amounted Baht 92 million

2. An increase in marketing and sales promotion expenses. Since during the year 2018, the Company had a lot of marketing and sales promotion activities for both MK and Yayoi brands, such as online advertising, television, various publications and new menus promotion throughout the year. Moreover, during the year, to promote Yayoi brand, the Company had engaged BNK48 as a presenter in various marketing activities.

3. An increase in rental cost and salaries and wages due to the expansion of new restaurant outlets.

As a result, selling and administrative expenses as a percentage of total revenues increased from 50.4 percent for the year 2017 to 51.1 percent for the year 2018.

## NET PROFITS

As a result of the various factors which affected the operating results of the Company and its subsidiaries as mentioned above, net profit of the Company and its subsidiaries increased from Baht 2,425 million for the year 2017 to Baht 2,574 million for the year 2018, representing an increase of Baht 149 million or up by 6.1 percent.

## FINANCIAL POSITION

As of December 31, 2018, the Company recorded total assets of Baht 17,174 million, which represented an increase of Baht 891 million or up by 5.5 percent from at the end of 2017 due mainly to the following:

1. An increase in investment in joint venture. In 2018, the Company invested Baht 647 million or 49.75% in M-Senko Logistics Co., Ltd, a joint venture company operating in distribution center and logistics business currently providing logistics service to the Company

2. An increase in long-term investments amounted Baht 442 million

3. An increase in cash and cash equivalents amounted Baht 316 million

4. A decrease in short-term investments amounted Baht 250 million

5. A decrease in property, plant and equipment amounted Baht 274 million due largely to the depreciation and amortization expenses incurred during the year as well as disposal of assets.

As of December 31, 2018, the Company's total liabilities were Baht 2,998 million which was up by Baht 544 million or 22.1 percent from the prior year due mainly to an increase of Baht 317 million from account payable and other payables, an increase of Baht 145 million from provision for long-term employee benefits, and an increase of Baht 81 million from income tax payable.

As of December 31, 2018, the Company's shareholders' equity recorded Baht 14,176 million, increased Baht 347 million from the prior year mainly due to an increase of retained earnings amounted Baht 350 million.

## CASH FLOWS

Type of cash flows	(Unit: Million Baht)	
	2017	2018
Net cash from operating activities	3,575	3,727
Net cash used in investing activities	(1,481)	(1,201)
Net cash used in financing activities	(2,007)	(2,210)
<b>Increase (decrease) of net cash and cash equivalent</b>	<b>87</b>	<b>316</b>

In 2018, the Company recorded Baht 3,727 million net cash from operating activities which increased by Baht 152 million or 4.3 percent from the prior year. Most of which were from an increase in operating profit before changes in operating assets and liabilities, a decrease in inventories and other current assets, and an increase in trade and other payables.

Meanwhile, the Company spent Baht 1,201 million net cash in investing activities, decreased by Baht 280 million from last year. This is mainly from cash paid from investment in a new joint venture company, short-term and long-term investments and the purchase of property, plant and equipment as a result of the branch expansion.

In 2018, the Company recorded Baht 2,210 million net cash used in financing activities which were up by Baht 203 million due primarily to the higher of dividend payment when compared to last year.

As a result of cash movements in operating activities, investing activities and financing activities, the Company's cash and cash equivalents in 2018 increased by Baht 316 million.



## FINANCIAL RATIOS ANALYSIS

Financial Ratios	Unit	Consolidated Financial Statements	
		2017	2018
Liquidity Ratios			
Liquidity Ratio (current ratio)	times	5.0	4.2
Quick Ratio	times	4.6	3.9
Cash Ratio	times	1.8	1.6
Account Receivables Turnover Ratio	times	563	534
Average Collection Period	days	1	1
Inventory Turnover Ratio	times	23.8	24.5
Average Sale Period	days	15	15
Account Payables Turnover Ratio	times	11.7	9.8
Payment Period	days	31	37
Cash Cycle	days	(15)	(22)
Profitability Ratios			
Gross Profit Margin	%	67.8	68.4
Operating Profit Margin	%	16.2	15.9
Operating Cash Flow to Operating Profit Ratio	%	137.5	139.6
Net Profit Margin	%	14.7	14.9
Return on Equity	%	17.8	18.4
Efficiency Ratios			
Return on Assets	%	15.2	15.4
Return on Fixed Assets	%	72.8	80.4
Total Asset Turnover Ratio	times	1.0	1.0
Financial Policy Ratios			
Debt to Equity Ratio	times	0.2	0.2
Interest-bearing Debt to Equity Ratio	times	0.0	0
Interest Coverage Ratio	times	N/A	N/A
Obligation Coverage Ratio (Cash Basis)	times	1.3	1.3

## LIQUIDITY RATIOS

As of December 31, 2018, the Company had strong liquidity ratios. The current ratio for the year 2018 was 4.2 times which slightly decreased from 5.0 times in 2017. Moreover, due to the nature of the Company's business which immediately collected cash after its sales and services, the Company's average collection period was very brief; namely 1 day while trade payables from the purchase of raw and finished products would be made later thanks to the credit term policy which the payment period was around 37 days. The average sale period was around 15 days. Thus, the Company recorded a cash surplus causing its cash cycle to be negative, namely (22) days.

## PROFITABILITY RATIOS

In 2018, the Company's profitability ratios improved compared to last year. Return on Equity (ROE) was 18.4 percent, up from 17.8 percent in 2017. This was due mainly to an increase of net profit amounted Baht 149 million. In addition, the Company recorded the higher gross profit margin and net profit margin of 68.4% and 14.9% respectively compared to last year which represented the improvement of the Company's ability to generate profit.

## EFFICIENCY RATIOS

As for the Company's Return on

Assets (ROA), as of December 31, 2018, ROA was at 15.4 percent. This was slightly up from 15.2 percent in 2017 as a result of the increase of net profit was higher than an increase of assets.

## CAPITAL STRUCTURE

As of December 31, 2018 the Company's debt to equity ratio (D/E) was 0.2 times, which was stable compared to the year before since the Company had no financial debt and had cash surplus from the capital increase and the share premiums from the issuance of capital-increase shares.

## FACTORS THAT MAY AFFECT THE COMPANY'S OPERATIONS IN THE YEAR 2019

In the year 2019, the competition situation in the restaurant business still faces challenges due to the uncertainty of economic situation, the purchasing power of the consumers which has not yet recovered and mainly from the middle to high income people, and the slow growth of tourism business. In addition, the consumer behavior has been changed that people tend to go eating out less often and they also have plenty of choices for eating, such as street food - delivery for taking away to have meal at home. As a result, all the restaurant operators includ-

ing the restaurant chains and other general restaurants need to fine-tune their strategies, create their flexibility and strengths and apply the new technologies or innovations in order to compete in the market as well as to serve the customers' needs.

However, the Company and its subsidiaries still aim to grow continuously by focusing on the expansion of both MK Suki and Yayoi restaurant outlets. The Company's strategy for the branch expansion is to choose a location that can reach new customer bases or new areas with low competition such as main towns in upcountry. In addition, the Company will also emphasize on the expansion of Bizzy Box, a new brand of the Company, to office buildings or center of business districts to meet the urban lifestyle that is hustling and need quick and easy food but fresh and clean at a reasonable price. In addition to the branch expansion strategy, the Company also focuses on engaging with new business partners who will provide food delivery services for the Company as well as organizing marketing and sales promotion activities through more online channels in order to respond to the change of consumer behavior.

## CONNECTED TRANSACTIONS

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)		Necessity and Rationale
			2017	2018	
1. Global Asset Development Co., Ltd. (GAD)	Three directors and executives and major shareholders of the Company; namely, Mrs. Yupin Thirakomen, Mr. Rit Thirakomen and Mr. Somchai Hanjitsakem are GAD's major shareholders holding 82.9% of its shares (combining shares held by Mr. Rit, Mrs. Yupin and Mrs. Yupin on behalf of the estate of Mrs. Thongkam Mekto and Mr. Somnuk Hanjitsakem) and 17.1% respectively.	Account Preparation	0.02	0.02	<ul style="list-style-type: none"> <li>The account preparation fee for GAD was Baht 15,000.</li> <li>The fee was determined on the basis of estimated service time and costs of staff required in the service.</li> </ul> <p><b>Audit Committee's opinion:</b> The account preparation fee for GAD was charged on the basis of the costs of staff involving in this service which did not deprive the Company of any interest. The transaction therefore was considered reasonable and necessary.</p>
	Common directors; namely, Mr. Rit Thirakomen and Mr. Somchai Hanjitsakem.	Rent for land	35.72	38.77	<ul style="list-style-type: none"> <li>The monthly rent of Baht 1,940,687 a month was paid for a new office building.</li> <li>The monthly rent of Baht 1,049,510 a month was paid for the new central kitchen (CK5) on Bangna-Trad Road.</li> </ul> <p><b>Audit Committee's opinion:</b> The land rent was a normal transaction. The rate was comparable to market rates of nearby properties. The transaction was considered reasonable and for the best interest of the Company.</p>
2. MK Worldwide Co., Ltd. (MKWW)	Three directors and executives and major shareholders of the Company; namely, Mrs. Yupin Thirakomen, Mr. Rit Thirakomen and Mr. Somchai	Account Preparation	0.02	0.02	<ul style="list-style-type: none"> <li>The Account preparation fee for MKWW was Baht 15,000.</li> <li>The fee was determined on the basis of estimated service time and cost of staff required in the service.</li> </ul>

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)		Necessity and Rationale
			2017	2018	
	<p>Hanjitkasem are MKWW's major shareholders holding 85% of its shares (combining shares held by Mr. Rit and Mrs. Yupin Thirakomen) and 15% respectively.</p> <p>Common directors; namely, Mr. Rit Thirakomen and Mr. Somchai Hanjitkasem.</p>				<p><b>Audit Committee's opinion:</b></p> <p>The account preparation fee for MKWW was charged on the basis of the costs of staff involving in this service which did not deprive the Company of any interest. The transaction therefore was considered reasonable and necessary.</p>
3. Superior Food Service Co., Ltd. (SFS)	<p>The Company's executive and major shareholder; namely Mrs. Yupin Thirakomen, is SFS's director and major shareholder holding 65% of its shares.</p> <p>Common director; namely, Mr. Somchai Hanjitkasem.</p>	Rent for dishwasher and ice-making	56.40	56.25	<ul style="list-style-type: none"> <li>This involved rent of dishwashers for all branches of both MK Suki and Yayoi Restaurant. SFS was one of several service providers chosen by the Company. SFT's price was not different from what other service providers proposed.</li> <li>This involved rent of ice-making machines for all branches of both MK Suki and Yayoi Restaurants. SFS was the only supplier offering the rent of ice-making machines with after-sales maintenance service.</li> </ul> <p><b>Auditor Committee's opinion:</b></p> <p>This equipment rent was a normal transaction where the pricing had been compared with what was quoted by other service providers. The transaction therefore was reasonable and was carried out for the Company's best interest.</p>

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)		Necessity and Rationale
			2017	2018	
4. KV Electronic Co., Ltd. (KVE)	<p>Dr. Katiya Greigarn, its director, is KVE's authorized director and major shareholder holding 60% of its shares.</p> <p>Common director; namely, Dr. Katiya Greigarn.</p>	IT advisory fee	0.90	0.84	<ul style="list-style-type: none"> <li>The Company hired KVE as an IT consultant for Baht 70,000 a month fee which was not different from what other service providers had proposed.</li> </ul> <p><b>Auditor Committee's opinion:</b> This hiring-of-service transaction was a normal transaction of the Company of which the IT system required constant upgrades to cope with its business expansion. The consulting fee was made in relation to quotations made by other service providers. The transaction therefore was reasonable and for the Company's best interest.</p>
5 SE-Education Public Company Limited (SE-ED)	<p>Two directors and major shareholders namely Mr. Rit Thirakomen and Mr. Thanong Chotisorayuth are SE-ED shareholders holding 7.1% and 2.5% of its shares respectively.</p> <p>Common directors; namely Mr. Thanong Chotisorayuth (SE-ED's authorized signatory) and Mr. Pravit Tantiwasinchai.</p>	Sponsorship fee	0.42	0.43	<ul style="list-style-type: none"> <li>Sponsorship fee for the Youth Camp.</li> </ul> <p><b>Audit Committee's opinion:</b> This item was the Company's normal transaction. The transaction therefore was considered reasonable.</p>
6 National Food Retail Co., Ltd. (NFR)	Two directors and executives and major shareholders of the Company; namely, Mrs. Yupin Thirakomen and Mr. Rit Thirakomen are NFR's major shareholders holding 99.9% of its shares (combining shares held by Mr. Rit, Mrs. Yupin and Mrs. Yupin on behalf of Mr. Somnuk Hanjitkasem).	Account Preparation	0.02	0.02	<ul style="list-style-type: none"> <li>The Account preparation fee for NFR was Baht 15,000.</li> <li>The fee was determined on the basis of estimated service time and cost of staff required in the service.</li> </ul> <p><b>Audit Committee's opinion:</b> The account preparation fee for NFR was charged on the basis of the costs</p>

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)		Necessity and Rationale
			2017	2018	
	Common director; namely, Mr. Somchai Hanjitasem.				of staff involving in this service which did not deprive the Company of any interest. The transaction therefore was considered reasonable and necessary.
7. M-Senko Logistics Co., Ltd. (MSL)	Joint venture business and the Company hold 49.75% of its shares.	Logistic service fee	-	97.87	<ul style="list-style-type: none"> <li>The Company hired MSL as a logistic provider for all branches of both MK Suki and Yayoi Restaurant. The fee was determined on the basis of distance and capacity.</li> </ul> <p><b>Auditor Committee's opinion:</b> This item was a normal transaction where the pricing had been compared with what was quoted by other service providers. The transaction therefore was reasonable and was carried out for the Company's best interest.</p>
		Sales of assets	-	68.45	<ul style="list-style-type: none"> <li>The Company sold vehicles to MSL. The selling prices were defined by independent appraiser.</li> </ul> <p><b>Auditor Committee's opinion:</b> The selling price were defined by independent appraiser. The transaction therefore was reasonable and fair.</p>
		Operation support service fee	-	9.26	<ul style="list-style-type: none"> <li>The Company provided the operation support service including property rent, utilities and maintenance for MSL to operate logistic business.</li> </ul> <p><b>Audit Committee's opinion:</b> This service was for the purpose of optimizing resource sharing. The transaction therefore was reasonable and for the best interest of the Company.</p>

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)		Necessity and Rationale
			2017	2018	
		Sales of product	-	1.57	<ul style="list-style-type: none"> <li>This involved sales of products to MSL at the market price and conditions.</li> </ul> <p><b>Audit Committee's opinion:</b> The transaction in which products were sold was the Company's normal transaction at the market price. The transaction therefore was reasonable and fair.</p>
		Management fee	-	1.29	<ul style="list-style-type: none"> <li>The Company provide services including human resources, accounting and finance, information technology, procurement and training for MSL. The service fee was Baht 215,000 a month.</li> <li>The fee was determined on the basis of estimated service time and cost of staff required in the service.</li> </ul> <p><b>Audit Committee's opinion:</b> This service was for the purpose of optimizing resource sharing. The transaction therefore was reasonable and fair.</p>
8 Mrs. Yupin Thirakomen	The Company's executive and major shareholder	Rent of property	0.40	0.40	<ul style="list-style-type: none"> <li>The premise was rented as a home delivery call center and Chokchai sub-branch.</li> </ul> <p><b>Audit Committee's opinion:</b> The property rent was for the Company's business and was carried out after the location had been considered appropriate to service customers. The rent was comparable to rents offered in the same location. The transaction therefore was reasonable and for the best interest of the Company.</p>



## NECESSITY AND RATIONALITY BEHIND THE TRANSACTIONS

The Company and subsidiaries have conducted connected transactions with prudence taking into consideration the best interest of the Company and its shareholders. All connected transactions of the Company and subsidiaries carried out with persons having potential conflict of interest therefore were normal, necessary and reasonable to be executed to support normal business course of the Company itself and the subsidiaries. Conditions in these connected transactions were made on the basis of normal business conditions and aligned with market prices. In addition, the transactions were executed in the same manner if done at arm's length with customers having the same or similar nature. Regarding money borrowed from related companies, the Company and subsidiaries did so only to increase liquidity when required.

## CONNECTED TRANSACTION APPROVAL PROCEDURE

The Company approved connected transactions on the basis of the best interest of itself and the subsidiaries. The approval had to go through a review process based on related regulations of both itself and its subsidiaries and through related committees which included senior management of the Company and subsidiaries who would review impacts and ensured that the pricing was appropriate as in normal business conditions as if the transaction was executed at arm's length. The significant connected transactions will be approved by the Board of Director. The Company has sought approval in principle regarding business agreements with general business conditions in a transaction between the Company and its subsidiaries vs. director, executive or related persons. Details are as follows: as the Company and subsidiaries may have transaction with each other in the future, that's why the Company has sought an approval in principle to allow the management to approve such transaction as long as it contains the same business agreement normal people would execute with contractual parties under the same circumstance and as long as there is no influence from the fact that one is a director, executive or a related person over a business negotiation. The Company will submit a summary of transactions being executed and report to the meeting of the Audit Committee and the Board of Directors on a quarterly basis. If a company director, executive director, managing director or anyone with potential conflict of interest has an interest or conflict of interest, the director will not be authorized to approve the transaction for the Company or its subsidiaries as stipulated by the SEC and/or the SET. The Company will disclose major connected transactions in Notes to Financial Statements audited by the auditor of the Company and its subsidiaries.

## FUTURE POLICY ON CONNECTED TRANSACTIONS

The Company and its subsidiaries have a policy to execute connected transactions at present and in the future with persons having potential conflict of interest where they will be treated as if they were customers in general. This will be carried out through a fair price policy and will also correspond with business conditions in general. The transactions will also be executed through a clear, transparent and fair approval process which corresponds to the principles of corporate governance (CG) as well as rules and regulations of the Company and its subsidiaries. Finally, the transactions must be done in accordance with approval authority governing the execution of connected transactions.

## SHAREHOLDER AND MANAGEMENT STRUCTURE

### ORDINARY SHARES

As of December 31, 2018, the Company was registered with Baht 920,878,100 capital which as divided into 920,878,100 ordinary shares at Baht 1 par value per share. Of this, Baht 920,878,100 was paid-up capital divided into 920,878,100 shares at Baht 1 par value per share.

### SHAREHOLDERS

Top ten shareholders in the shareholder registration book as of December 28, 2018 were as follows:

LIST OF SHAREHOLDERS	NO. OF SHARES	%
Mrs. Yupin Thirakomen	182,396,802	19.8
Mrs. Yupin Thirakomen on behalf of the estate of Mr. Somnuk Hanjtkasem <sup>(1)</sup>	164,087,977	17.8
Mr. Somchai Hanjtkasem <sup>(2)</sup>	147,494,812	16.0
Mr. Rit Thirakomen <sup>(3)</sup>	123,059,333	13.4
Aunt Thongkam MK Foundation <sup>(4)</sup>	31,265,983	3.4
Bualuang Long-term Equity Fund	23,058,000	2.5
Social Security Office	17,731,000	1.9
N.C.B. TRUST LIMITED-NORGES BANK 11	15,087,600	1.6
Bualuang Long-term Equity Fund 75/25	12,304,800	1.3
Tisco Master Pooled Fund	7,365,700	0.8

Remark:

- (1) Mr. Somnuk Hanjtkasem is a deceased brother of Mrs. Yupin Thirakomen.
- (2) Mr. Somchai Hanjtkasem is a brother of Mrs. Yupin Thirakomen.
- (3) Mr. Rit Thirakomen is a spouse of Mrs. Yupin Thirakomen.
- (4) Aunt Thongkam MK Foundation was founded by Mrs. Yupin Thirakomen and Mr. Somchai Hanjtkasem, a daughter and a son of Mrs. Thongkam Mekto. Mrs. Yupin Thirakomen and Mr. Somchai Hanjtkasem are the chairman and vice chairman of Aunt Thongkam MK Foundation respectively.

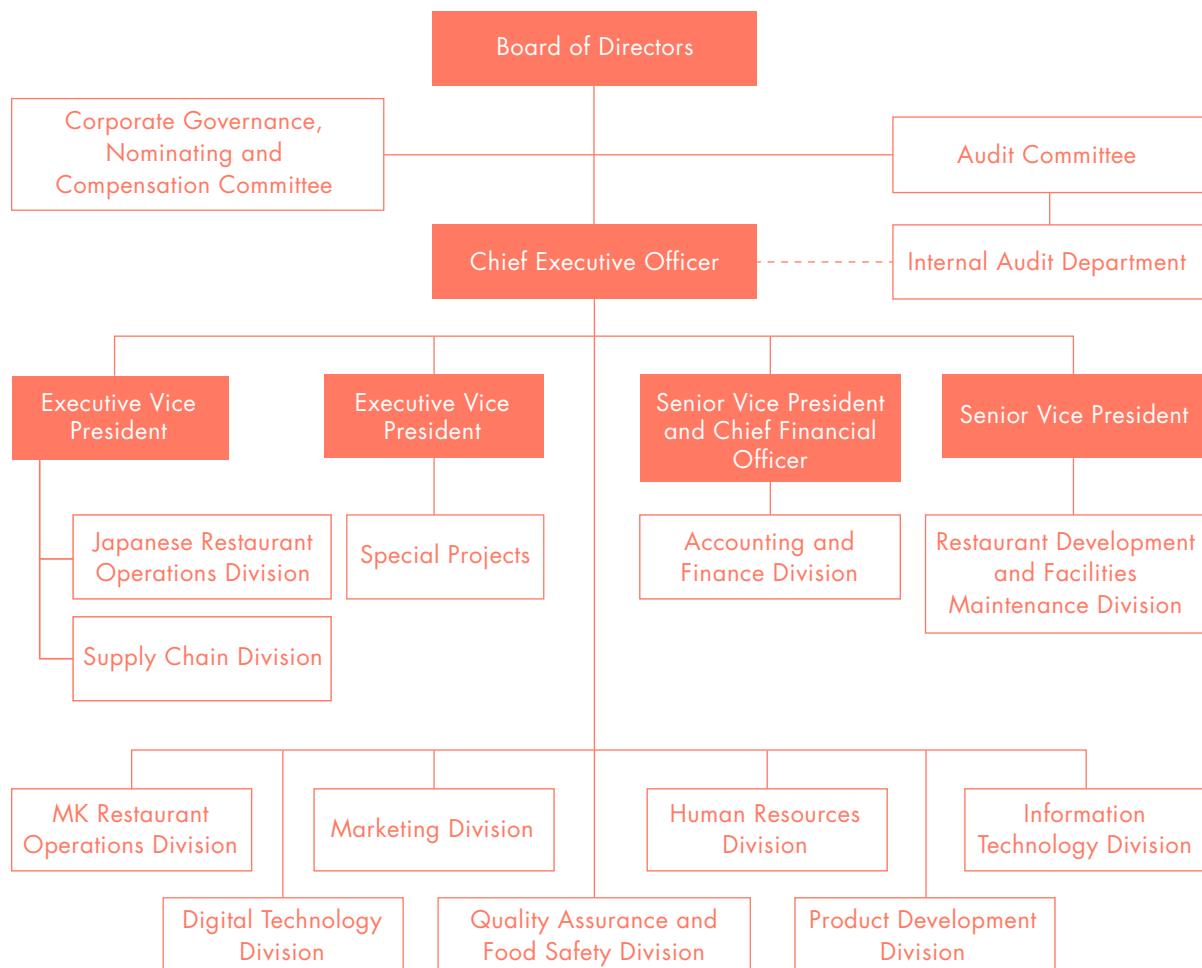
## DIVIDEND POLICY

The Company and subsidiaries will pay no less than 50 percent of net profit after corporate income tax and statutory reserves as dividend based however mainly on consolidated financial statements.

Yet, the Company and subsidiaries may pay dividend at a lower rate than what's stated above or it may abstain from dividend payment subject to economic condition, performance, financial position, liquidity of the Company and its subsidiaries and an extent to which the Company and its subsidiaries require working capital to manage and expand business.

## MANAGEMENT STRUCTURE OF MK RESTAURANT GROUP PUBLIC COMPANY LIMITED

As of December 31, 2018, the management structure was as follows:



The Company's management structure consists of the Board of Directors and the Audit Committee. Details of their components, qualifications and clearly-divided roles and responsibilities are as follows.

## BOARD OF DIRECTORS

As of December 31, 2018, the Board of Directors consisted of 10 directors as follows:

1.	Mr. Rit Thirakomen	Chairman
2.	Mr. Somchai Hanjirkasem	Director
3.	Mr. Somchai Pipitvijitkorn	Director
		Member of Corporate Governance, Nominating and Compensation Committee
4.	Dr. Annop Tanlamai	Independent Director
		Chairman of Audit Committee
5.	Mrs. Vilai Chattanrassamee	Independent Director
		Member of Audit Committee
6.	Mr. Attapon Chodchoy	Independent Director
		Member of Audit Committee
		Member of Corporate Governance, Nominating and Compensation Committee
7.	Mr. Thanong Chotisorayuth	Independent Director
8.	Dr. Katiya Greigarn	Independent Director
		Chairman of Corporate Governance, Nominating and Compensation Committee
9.	Mr. Sujint Chumpolkajana	Independent Director
10.	Mr. Pravit Tantiwasinchai	Director

## AUTHORIZED DIRECTORS

Authorized directors who may sign on behalf of the Company are Mr. Rit Thirakomen, Mr. Somchai Hanjitasem, Mr. Pravit Tantiwasinchai, Mr. Somchai Pipitvijitkorn totaling two persons together with the Company's seal.

## ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

1. To manage the Company in accordance with the laws, the Company's objectives, its Articles of Association and resolutions of the Shareholders' Meeting with integrity and care to protect the Company's interest.

2. To consider and approve key business matters such as vision and mission of the Company, strategy, financial targets, risks, major plans of action and budget with an annual revision and approval.

3. To monitor and follow-up the compliance of management on approved policies and plans.

4. To govern long-term business operations, including executive development plan and management succession plan.

5. To set and approve a written corporate governance policy for the Company and review and enforce the policy regularly, at least annually.

6. To ensure that a written code of business conduct be in place and all directors, executives and employees understand business ethical standards of the Company. To closely monitor the enforcement of the code of business conduct.

7. To consider any conflict of interest thoroughly. There should be clear guidelines on the approval of transactions with conflict of interests so that the transactions are conducted for the best interests of the Company and all shareholders. The person who has conflict of interest should not participate in decision-making process. The Board should also monitor the regulation regarding criteria, procedures and disclosure of transactions with conflict of interests.

8. To oversee and ensure that the Company has efficient risk management and to review and evaluate the efficiency of risk management regularly and wherever there is change in risk level.

9. To ensure that an internal control system is in place, including financial, compliance, and policy controls, and to assign an independent person or department to audit and report at least annually.

10. The annual report should contain a statement from the Board of Directors or the audit committee on the adequacy of the Company's internal controls and risk management.

11. To set up the clear procedures on whistle-blowing for related parties or stakeholders and publish them on the Company's website or directly report to the Company. One channel is via independent directors or the audit committee, who should arrange an investigation and report findings to the Board.

12. To have clear procedures on governing its subsidiaries in order to protect investor benefits including assigning directors of its subsidiaries to be the director of its subsidiaries to ensure the alignment of the parent company's policy and under the Securities and Exchange laws or SET regulations.

13. To attend the meeting of Board of Directors and Shareholders unless in case of force majeure where absent directors shall notify Chairman of the Board or Company Secretary before the meeting.

14. To evaluate once a year of its work, functions and performance.

## AUDIT COMMITTEE

As of December 31, 2018, the Audit Committee consisted of three directors as follows:

1.	Dr. Annop Tanlamai	Independent Director & Chairman of the Audit Committee
2.	Mrs. Vilai Chattanrassamee	Independent Director & Member of the Audit Committee
3.	Mr. Attapon Chodchoy	Independent Director & Member of the Audit Committee

The three members of the Audit Committee are knowledgeable and experienced persons in finance and accounting.

## ROLES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

1. To verify that the Company has accurately and adequately reported its financial position.

2. To verify that the Company has proper and effective internal control and internal audit systems and to review the independence of internal audit function of the Company; to approve the appointment, transfer and termination of head of the internal audit function or any other functions responsible for internal auditing.

3. To verify the Company's compliance with the laws on securities and exchange, the SET's regulations and laws relating to the Company's business.

4. To review and discuss the Company's major risk with the management and to discuss measures the management has put in place to monitor and control the risk.

5. To review, select and nominate independent person as the Company's auditor and to propose his/her remunerations; to attend the

meeting with the auditor without the management's presence at least once a year.

6. To review connected transactions or those with potential conflict of interest that they comply with the laws and the SET's requirements to ensure that the transactions are reasonable and carried out for the best interest of the Company.

7. To prepare the Audit Committee's report and submit it to the Board of Directors after each meeting of the Audit Committee.

8. To prepare the Audit Committee's report for disclosure in the annual report. This report must be signed by Chairman of the Audit Committee and must consist of the following information to the least:

(a) Opinion on the accuracy, completion and reliability of the Company's financial statements

(b) Opinion on the adequacy of the Company's internal control system

(c) Opinion on legal compliance with the laws on securities and exchange, the SET's regulations or laws relating to the Company's business

(d) Opinion regarding the soundness of the auditor

(e) Opinion regarding transactions with potential conflict of interest

(f) Number of meetings organized by the Audit Committee and an attendance record of each member

(g) Opinion or observation in general that the Audit Committee receives from its performance under the Charter

(h) Other items that the Audit Committee feels that shareholders and investors should know within its scopes of roles and responsibilities designated by the Board.

9. To do other things as designated by the Board upon the Audit Committee's approval.

10. During its performance, if the Audit Committee finds or is suspicious of the following action which could materially affect the Company's financial position and performance, it must report the incident to the Board for remedy purpose within a deadline deemed appropriate by the Audit Committee

(a) Transactions that could lead to conflict of interest

(b) Corruption or unusual or material defects in the internal control system

(c) Violation against the laws on securities and exchange, the SET's regulations or laws relating to the Company's business if the Board or the executives fail to amend it within the timeframe under paragraph one before reporting it to the SEC or the SET.

11. During its performance, the Audit Committee may seek advice from third-party independent advisor or expert in relevant profession if considered necessary and appropriate at the Company's expense. When performing its duties mentioned above, the Audit Committee is directly liable to the Board of Directors who shall remain responsible for the Company's operation to the third party.

## CORPORATE GOVERNANCE, NOMINATING AND COMPENSATION COMMITTEE

As of December 31, 2018, the Corporate Governance, Nominating and Compensation Committee consisted of three directors as follows:

1.	Dr. Katiya Greigarn	Chairman
2.	Mr. Attapon Chodchoy	Member
3.	Mr. Somchai Pipitvijitkorn	Member

## ROLES AND RESPONSIBILITIES OF THE CORPORATE GOVERNANCE, NOMINATING AND COMPENSATION COMMITTEE

### CORPORATE GOVERNANCE

1. To develop and recommend the best practice of the corporate governance principles for the Company to the Board of Directors for approval. The corporate governance principles should be consistent with SET's corporate governance principles.

2. To oversee the Company's operations to ensure the consistency

with the Company's corporate governance principles as approved by the Board of Directors.

3. To review, compare the corporate governance principles of the Company with the international best practice and SET's principles and recommend changes as necessary to the Board of Directors.

4. To review the business philosophy, code of conduct for the business operation, directors, and employees as well as other related principles and recommend changes as necessary to the Board of Directors.

5. To perform any other duty regarding the corporate governance matters as designated by the Board of Directors.



## NOMINATION

1. To search for individuals qualified to become members of the Board of Directors as well as the Chief Executive Officer. The nominees for the Chief Executive Officer and members of the Board of Directors in order to replace the vacancies caused from any matters except retiring by rotation shall be approved by the Board of Directors or be proposed by the Board of Directors to the Annual General Meeting of Shareholders for approval if necessary.

2. In order to search for individuals qualified to become members of the Board of Directors as well as the Chief Executive Officer as mentioned in no.1, the Committee shall perform as follows:

2.1. Define the required qualifications and characteristics for the directors and the Chief Executive Officer by taking into consideration

various attributes such as knowledge, experience, expertise in required matter, leadership skill, integrity and accountability, professional, maturity and stability as well as ability to express their opinion differently and independently, etc.

2.2. Consider and ensure the qualification of candidates nominated to be independent directors of the Company.

2.3. Consider the time dedication to perform duties as a director. The number of meeting attendance shall be considered for the retiring directors to be re-appointed for another term while the number of existing board memberships with other companies shall be considered for the new candidate.

2.4. Examine carefully the qualifications of the candidates to ensure their qualifications complied

with the laws and regulations of government agencies.

3. Review and make recommendation to the Board of Directors for the size and the composition of the Board of Directors to achieve the efficiency in the Board of Directors. For example, there should be enough qualified members to be assigned by the Board of Directors for members of other sub-committee. In addition, to achieve the prudence decisions in any matters, the Board of Directors shall comprise of directors with knowledge, capability, experience, and expertise in various aspects. Furthermore, the number of independent directors shall be considered to conform to the good corporate governance principles.

4. To perform any other duty regarding the nominating matters as designated by the Board of Directors.

## COMPENSATION

1. To consider the remuneration for the Board of Directors, the sub-committee assigned by the Board of Directors, and the Chief Executive Office and recommend to the Board of Directors or the Annual General Meeting of Shareholders for approval. The remunerations are including (a) Retainer which is the monthly compensation (b) Attendance fee which is the compensation paid

only for the directors attending the meeting (c) Incentive which based on the Company's performance such as annual bonus (d) Other benefits as specified by the Board of Directors.

2. In order to create the transparency, fairness, and reasonability, the Committee shall consider the remuneration according to the following principles and guidelines:

2.1 The compensation should be reasonable and attractive enough to retain the qualified directors and executive management. The compensation shall be compared with that of other companies with good corporate governance principles and having the same size measured by company's size such as sales size, asset size, etc., profitability and complexity.

2.2 The remuneration of directors should commensurate with the duties and responsibilities of each director. Directors with more responsibilities should receive additional compensation for their increased responsibilities. The director who is the members of the sub-committee should receive the additional compensation. The chairman of the Board of Directors and the chairman of the sub-committee should receive the compensation more than the member of the Board of Directors or the member of the sub-committee.

2.3 The compensation which is paid to directors in accordance with the annual performance of the Company, such as directors' annual bonus, should be linked to the payment of dividends to shareholders. If no dividend payments were paid to shareholders in any one year, the

directors would also not be paid their annual bonus in that year.

2.4 Executives of the Company who also serve as directors of the Company shall not be paid any additional compensation in their capacity as the directors of the Company.

3. To review and recommend on an annual basis the remuneration of directors based on the principles and guideline mentioned above to the Board of Directors to consider before propose to the Annual General Meeting of Shareholders for approval.

4. To evaluate the Chief Executive Officer's performance in order to set the Chief Executive Officer's compensation based upon these evaluation on an annual basis and propose to the Board of Directors for approval. The Committee shall evaluate the Chief Executive Officer's performance with consideration of the Company's

performance, the performance of other important duties and the sustainable return to the Company and shareholders. In addition, the Committee shall compare with the performance of other comparable companies in the same industry.

5. To perform any other duty regarding the compensation matters as designated by the Board of Directors.

## THE MANAGEMENT TEAM

As of December 31, 2018, the Company had five executives. Their names and titles are as follows:

1.	Mr. Rit Thirakomen	Chief Executive Officer
2.	Mr. Somchai Hanjitsakem	Executive Vice President
3.	Mrs. Yupin Thirakomen	Executive Vice President
4.	Mr. Kiatkong Kungwanwong	Senior Vice President
5.	Mrs. Sudarut Patvivatsiri	Senior Vice President

## ROLES AND RESPONSIBILITIES OF CHIEF EXECUTIVE OFFICER (CEO)

CEO is the Company's top executive who has authority, roles and responsibilities to manage the Company's affairs as entrusted by the Board and he directly reports to the Board. The CEO's authority, roles and responsibilities as designated by the Board shall include the following:

1. To manage the Company's affairs to be in compliance with the laws, objectives, Articles of Association and resolutions of the Shareholders' Meeting as well as with policy, regulations, orders and resolutions of the Board of Directors.

2. To perform duty with integrity and care for the best interest of the Company. When performing its duties mentioned above, the Audit Committee is directly liable to the Board of Directors who shall remain responsible for the Company's operation to the third party.

3. To adopt business plan, investment plan and annual budget of the Company and to amend the plan and budget during the year if necessary to correspond to a material situation change before submitting the amendment to the Board for approval.

4. To control and monitor the operation according to business plan, investment plan and budget approved by the Board to achieve the goal.

5. To submit an operation report; the Company's monthly, quarterly and annual financial report and other related information deemed crucial for the review of the Company's operation to the Board for acknowledgement or approval.

6. To promptly report the Board in case of an incident or any event that may likely and materially make a negative impact to the Company's performance or its financial position or reputation in the future; to propose measures or offer advice to remedy such incident for the Board's approval.

7. To formulate or improve the executive organizational structure; to determine roles and responsibilities of senior executives under the CEO's line of command and to submit it to the Board for approval.

8. To formulate or amend a table of authority and submit it for the Board's approval.

9. To efficiently supervise the Company's operation and daily activities; to supervise employees for strict compliance with policies, regulations, orders and resolutions of the Board of Directors.

10. To command all employees and staff; to employ, appoint, transfer, exercise disciplinary actions and terminate their employment. However, any action affecting employees in

the position of director or higher shall be reported to the Board for acknowledgment.

11. To issue regulations regarding the Company's operation; to adopt, change, amend or terminate regulations, orders or announcements regarding the Company's operation without conflicting with or against regulations or orders of the Board of Directors.

12. To authorize other persons to perform or do anything on his behalf as deemed appropriate subject however to the CEO's scopes of authority.

13. To approve or act in other matters as stated in the table of authorization already approved by the Board.

14. To perform any other duty as designated by the Board of Directors from time to time.

However, the CEO's exercise of his authority as described above is not allowed if the CEO or a person with potential conflict of interest as defined in the notifications of the SEC and the SET has any interest or may have a conflict of interest in any other manner with the Company or subsidiaries unless it's an approval of a normal business transaction with general business conditions and unless the Board has already approved the matter in principle according to the laws on securities and exchange.

## CORPORATE'S SECRETARY

The Board of Directors reviewed and appointed the Corporate's Secretary at the Board of Directors' Meeting No. 1/2017 where Mrs. Sudarut Patvivatsiri, with her proper experience and qualifications, was designated as Corporate's Secretary to do the following:

1. To perform duty with care, prudence and integrity for the best interest of the Company and to comply with the laws, objectives and Articles of Association of the Company and resolutions of the Board of Directors and Shareholders' meetings.

2. To manage the meetings of the Board of Directors and Shareholders so that they are in compliance with the laws, the Company's regulations and its best practices.

3. To record the minutes of the meetings of the Board of Directors and Shareholders including to inform resolutions of these two meetings to the management and monitor the compliance with such resolutions through CEO.

4. To prepare and keep the following documents:

4.1 Registration of Directors

4.2 Invitation letter to attend the Board of Directors' meeting, minutes of the Board of Directors' meeting and the Company's annual report

4.3 Invitation letter to attend the Shareholders' meeting and minutes of the Shareholders' Meeting.

5. To keep and maintain a report of interest as filed by directors and executives.

6. To disclose information and reports under his responsibility to supervisory agencies based on the authorities' regulations.

7. To communicate shareholders' rights and the Company's information to shareholders.

8. To provide recommendations and information relating to laws and regulations that the Board is required to know and comply with; and to regularly monitor accurate compliance.

9. To oversee activities of the Board of Directors to ensure that directors can effectively perform their duties.

Table of the Board's meeting attendance in 2018

LIST OF DIRECTORS	BOARD OF DIRECTORS	AUDIT COMMITTEE	CORPORATE GOVERNANCE, NOMINATING AND COMPENSATION COMMITTEE
1. Mr. Rit Thirakomen	5/5	-	-
2. Mr. Somchai Hanjitkasem	5/5	-	-
3. Mr. Somchai Pipitvijitkorn	5/5	-	2/2
4. Dr. Annop Tanlamai	5/5	5/6	-
5. Mrs. Vilai Chattanrassamee	5/5	6/6	-
6. Mr. Attapon Chodchoy	5/5	6/6	2/2
7. Mr. Thanong Chotisorayuth	5/5	-	-
8. Dr. Katiya Greigarn	5/5	-	2/2
9. Mr. Sujint Chumpolkajana	5/5	-	-
10. Mr. Pravut Tantiwasinchai	5/5	-	-

## REMUNERATIONS OF DIRECTORS AND EXECUTIVES

### REMUNERATIONS FOR THE BOARD OF DIRECTORS AND THE SUB-COMMITTEES

The Company sets appropriate remuneration for members of the Board of Directors and Sub-Committees at the rates which comparable to those of leading companies listed in the SET and other companies in the same industries. Remunerations for the Board and Sub-Committees are also considered the operating performance of the Company before proposed for approval in the Shareholder's Meeting.

### DIRECTOR'S REMUNERATIONS

In 2018, the Company paid Baht 8,529,000 to its directors. However, based on the rules governing director's remunerations, executive director was remunerated for his status as an executive only and not as a director.

Table of Director's Remunerations

NAME	REMUNERATIONS			
	BOARD OF DIRECTORS	AUDIT COMMITTEE	CORPORATE GOVERNANCE, NOMINATING AND COMPENSATION COMMITTEE	TOTAL
1. Mr. Rit Thirakomen	-	-	-	-
2. Mr. Somchai Hanjirkasem	-	-	-	-
3. Mr. Somchai Pipitvijitkorn	1,017,000	-	30,000	1,047,000
4. Dr. Annop Tanlamai	1,017,000	108,000	-	1,125,000
5. Mrs. Vilai Chattanrassamee	1,017,000	90,000	-	1,107,000
6. Mr. Attapon Chodchoy	1,017,000	90,000	30,000	1,137,000
7. Mr. Thanong Chotisorayuth	1,017,000	-	-	1,017,000
8. Dr. Katiya Greigarn	1,017,000	-	45,000	1,062,000
9. Mr. Sujint Chumpolkajana	1,017,000	-	-	1,017,000
10. Mr. Pravitt Tantiwasinchai	1,017,000	-	-	1,017,000
<b>Total</b>	<b>8,136,000</b>	<b>288,000</b>	<b>105,000</b>	<b>8,529,000</b>

## EXECUTIVE'S REMUNERATIONS

In 2018, the Company paid Baht 64,619,242 worth of salaries, bonuses and other remunerations to its executives.

Table of Executives' Remunerations

TYPE OF REMUNERATIONS	NO. OF EXECUTIVES	REMUNERATIONS (BAHT)
Salary	5	43,613,448
Bonus	5	16,422,808
Other remunerations*	5	4,582,986
<b>Total</b>	<b>5</b>	<b>64,619,242</b>

\*Other remunerations including gas, medical expenses, provident fund and retirement fund etc.

## OTHER REMUNERATIONS

-None-

## AUDIT FEE

For the year 2018, the Company paid the audit fee amounted Baht 2,130,000.

## NON-AUDIT FEE

For the year 2018, the non-audit fee which were the witness for asset destruction and other expenses such as the travel expenses etc. amounted Baht 480,184.52.



## GOOD CORPORATE GOVERNANCE





## GOOD CORPORATE GOVERNANCE

Being in a food and service business, MK Restaurant Group Public Company Limited operates restaurant chains in Thailand and abroad where the service reaches a large number of customers. The Company has been recognized not only for quality and safe food but also great service which have solidly driven its growth so far. Aside from running the business on this fundamental, the Board of Directors also places an extremely high priority to corporate governance (CG). In other words, as the Company firmly believes in the CG principles, CG rules and regulations have been applied in the operation while CG policy is adopted to manage the business and supervise internal functions. The goal, after all, is to ensure that the business is run efficiently and effectively to achieve its objectives.

The essence of the CG is to commit to integrity, transparency and fairness when doing business to reinforce confidence among shareholders, investors, customers, staff and all stakeholders. Our personnel are encouraged to be aware of the principles and to commit to moral practices when conduct the service business. As this reflects the Company's standards of management, it should be favorable to our business and further enhance our recognition here and abroad. That's why the Board of Directors has adopted the CG policy which corresponds to the CG principles for the business to grow sustainably and for us to remain trusted by our shareholders, investors, customers, staff and all stakeholders.



(Mr. Rit Thirakomen)  
Chairman of the Board of Directors

## MK RESTAURANT GROUP PLC.'S CORPORATE GOVERNANCE

To make the Company an efficient organization when it comes to business operation, corporate governance practices and management excellence where shareholders are treated with the best interest and stakeholders are taken into consideration while the Company's business is carried out with transparency and accountability, the Board of Directors has adopted the following corporate governance (CG) policy for itself, the Company's executives and employees to adhere to. Details are as follows.

1. The Board of Directors, executives and employees will perform duty with transparency and integrity towards the organization and other colleagues.

2. The Board of Directors' first priority is customers, to be followed, respectively, by welfare and happiness of employees and best interest of the organization and business partners.

3. The Board of Directors strives to perform its duty with responsibility and independence. Roles and responsibilities of chairman of the Board, Chief Executive Officer and every executive are clearly defined.

4. The Board of Directors strives to be respectable. It will be a leader in ethical practice and a role model for corporate governance compliance.

5. The Board of Directors will devote to the Company without considering their personal interests. Its actions will be mainly based on outcomes affecting the organization

and the public at large.

6. The Board of Directors will disclose the Company's financial and non-financial information in an adequate and timely fashion for shareholders and stakeholders to equally access the information.

7. Shareholders will be equally treated for the rights to information and will be offered appropriate channels to communicate with the Company.

8. The Board may appoint a specific committee to carefully screen important matters as deemed appropriate. There will also be an appropriate selection process to recruit important executives of all levels as well as a transparent and fair nomination process.

## THE IMPORTANCE OF CORPORATE GOVERNANCE

1. To strengthen and standardize the management process while making the process accountable which should enhance the Company's competitiveness, prevent and do away with potential conflict of interest.

2. To bolster confidence of both local and international investors as the CG should let everyone equally share the interest.

3. To become a tool for the Company to measure its performance and examine its work process to improve its efficiency and achieve its goals.

## THE CORPORATE GOVERNANCE POLICY

### SECTION 1: SHAREHOLDERS' RIGHTS

The Board of Directors is aware of shareholders' rights to own and control the Company through the Board of Directors appointed to perform duty on their behalf and to make decisions on the Company's major changes. That's why the Board of Directors has encouraged shareholders to exercise their rights based on the following fundamental rights of shareholders:

#### 1. Shareholders' Meeting

1.1 The Board will ensure that the Company discloses information, identifies date and time of the meeting and meeting agendas with supporting explanations and rationale in each agenda in an invitation letter to attend the Annual General Meeting of Shareholders (AGM) and the Extraordinary General Meeting of Shareholders (EGM) as well as posts the information on its website. The Company will refrain from doing anything that will restrict shareholders from studying the Company's information.

1.2 The Board will facilitate the Shareholders' Meeting which will be held at a place large enough to accommodate shareholders in Bangkok or nearby provinces not too far away to deter shareholders from travelling to.

1.3 The Company will allow shareholders to propose meeting agenda or send questions to the Company before the meeting day

through available channels such as the Company's website.

1.4 The Company will allow shareholders who are unable to attend the meeting themselves to appoint a proxy who may vote on their behalf where absent shareholders will receive documents and explanations on how to appoint a legal proxy. Simultaneously, the Company will propose independent directors as a choice to be appointed as a proxy.

#### 2. Procedures on the Shareholders' Meeting Date

2.1 The Company will introduce technology at the Shareholders' Meeting to register shareholders, count votes and present voting results to allow the meeting to proceed fast, correctly and accurately.

2.2 The Company will allow shareholders to pose questions to Chairman of the Board and chairman of sub-committees in matters relating to the meeting.

2.3 Shareholders are entitled to vote separately in each proposed agenda. For an election of member of the Board, shareholders are entitled to vote for each individual director.

2.4 The Company will appoint an independent person to count or check votes at both the AGM and the EGM before disclosing voting result to the meeting and recording it in the minutes of the meeting.

2.5 Chairman of the meeting shall appropriately manage the meeting session while encouraging shareholders to express their views and ask related questions to the meeting under a relevant meeting agenda.

#### 3. Minutes of the Meeting and disclosure of resolutions of the Shareholders' Meeting

3.1 Voting procedures and presentation of counted votes will be explained to the meeting before it starts. Shareholders will be allowed to ask questions or raise an issue. In addition, questions and answers and voting results of each agenda indicating the number of shareholders who have voted yes, no or abstention will be recorded. A list of directors present at the meeting and absent from the meeting will also be recorded.

3.2. The Company will disclose to the public voting results of each meeting agenda at both the AGM and the EGM on the next business day on the Company's website.

## SECTION 2: EQUAL TREATMENT OF SHAREHOLDERS

Realizing the importance of equal and fair treatment to all shareholders, the Board of Directors has done the following:

### 1. Giving information prior to the Shareholders' Meeting

1.1 The Board of Directors will have the Company submit a meeting schedule, meeting agendas and the Board's opinions to the Stock Exchange of Thailand (SET) as well as post them on the Company's website at least 28 days before the date of the shareholders' meeting.

1.2 The Board will have the Company notify shareholders all rules and regulations to be applied at the meeting including how to adopt a resolution and voting rights of different classes of shares held by shareholders.

1.3 An invitation letter to attend the Shareholders' Meeting will be entirely made both in Thai and English.

### 2. Protecting the rights of minority shareholders

2.1 The Board of Directors will adopt clear rules to allow minority shareholders to propose additional meeting agendas in advance prior to the meeting day for the purpose of fairness and transparency when deciding whether or not the agenda proposed by minority shareholders will be added into existing meeting

agendas.

2.2 The Board of Directors will adopt procedures to allow minority shareholders to nominate a person as a director. For example, a nomination can be made through the Nomination Committee 3 - 4 months prior to the Shareholders' Meeting where qualification sheets and consents from the nominee will also be submitted.

2.3 The Board of Directors will proceed with the meeting based on the agendas notified in the invitation letter to attend the Shareholders' Meeting and will not add any meeting agenda during the meeting without notifying shareholders in advance.

2.4 The Board of Directors will allow shareholders to appoint a director on an individual basis.

### 3. Protection against the use of insider information

To promote equal access to information and to prevent the use of insider information for the benefit of directors, executives and employees including their spouse and children not yet legally matured as well as to strengthen our CG practice, the Company has adopted the insider information policy as follows:

3.1 Directors, executives and employees including their spouses and children not yet legally matured who have access to material information and the Company's financial statements not yet disclosed to the public are

prohibited to disseminate or disclose the information to other persons both in and outside the organization. In addition, there shall be the Chinese Wall among departments to prevent premature disclosure of material information not yet disclosed to the public unless such department is required by its duty to access the information which it shall take a good care of the information the same way the information owner does. This however excludes the disclosure of information to the supervising authorities.

3.2 The Company's directors, executives and employees including their spouses and children who are minors who have access to the Company's material information and its financial statements are prohibited to buy, sell, transfer or take transfer the Company's securities within one month prior to the disclosure of the Company's financial statements to the public and 24 hours after the release (Blackout Period). The Company will inform all concerned persons of the blackout period 14 days prior to such period.

### 4. Director's interest

4.1 At the Board of Directors' meeting, a director having an interest in a meeting agenda must report his interest to the meeting for the Board's acknowledgment. He/she has to leave the meeting room during the agenda.

4.2 The Board of Directors has a duty to review and resolve an issue of potential conflict of interest and connected transactions for the benefit of the Company and all stakeholders

where it may designate the Audit Committee to review the issue and express an opinion regarding the transaction with potential conflict of interest and any item relating to

the Company's transaction. The Audit Committee should inform the Board von a quarterly basis.

### SECTION 3: ROLES OF STAKEHOLDERS

The Board of Directors has given priority to the rights of all groups of stakeholders; namely customers, suppliers, competitors, creditors, the society, employees and shareholders. Realizing its roles and responsibilities, the Board has formulated the Code of Conduct and best practices for employees to be aware of the stakeholders, to be faithful to their duties and to refrain from corruption. In order to protect the interest of all parties in an honest and fair manner, various groups of stakeholders are treated as follows:

#### Customers

The Company commits to make customers satisfactory and confident in us. It will develop quality products and provide excellent services to customers. It will also facilitate customers. The Company is responsible for customers through a department set up to follow up with customers grievances to further improve its services.

#### Suppliers

The Company commits to create

a mutual relationship with suppliers through which both may share reciprocal benefits and which the Company may honestly maintain supplier's rights in the service business because it places high priority to supplier's integrity. In addition, the Company also focuses at keeping supplier's information confidential.

#### Competitors

The Company aims to compete on quality and service efficiency for the best interest of customers. It will not destroy competitor's reputation just for the Company's interest. Simultaneously, the Company considers other firms both as a supplier and a person sharing the same profession who has mutually committed to the ratification governing the profession.

#### Creditor

The Company treats creditors fairly and strictly complies with the terms and conditions of contracts. In case that the Company is not able to comply with the terms and conditions, the Company shall inform the creditors in advance in order to find

the solutions to prevent the damages.

#### Society

Realizing that the Company is a component in a society, the Board of Directors has instructed the Management to adopt the CSR (corporate social responsibility) policy to provide assistance and support and to create something beneficial for communities and the society. In addition, employees are urged to be aware of their responsibilities to every sector of the society.

#### Employees

Equal opportunity is given to employees at all levels. Human resources management is carried out on the basis of ethics and fairness. Remunerations, welfare and the provident fund will be provided for employee's secured future. The Company also pays attention to the development of human resources regardless of their levels both in terms of knowledge and skill enhancement as well as work attitude. The Company will take care of safety and healthcare issues of factory workers. All employees will be subject to a competency

evaluation system. Besides, the Key Performance Indicators (KPIs) have been introduced to evaluate employee's performance vis-à-vis the Company's goals.

### Shareholders

The Company commits to maintain the interest of shareholders for their maximum satisfaction through remarkable returns and a steady

growth. In addition, information will be accurately and transparently disclosed to investors and shareholders in an accurate and reliable manner. All shareholders are given a chance to equally exercise their rights.

## SECTION 4: DISCLOSURE OF INFORMATION AND TRANSPARENCY

1. The Board of Directors has a duty to equally disclose all financial and non-financial information in a timely and reliable manner to shareholders and stakeholders via the Company's annual report, the SET's electronic notification system and the Company's website. Information to be disclosed will cover what's stated in the SET's best practices which requires the Company to disclose significant and necessary information on a regular basis in Thai and English through the SET's communication channels and on the Company's website.

2. The Company has set up the Investor Relations Unit to coordinate with institutional investors, securities analysts and shareholders of the Company to provide them with the Company's performance and investment information through a convenient, fast and easy-to-access channel of communication.

3. Significant information with effect to the Company's securities price or which could affect investment decision or make an impact to shareholders' rights and benefits will only be disclosed after the information has been officially disseminated to the SET.

4. The Board of Directors is responsible for reporting its liability to the financial statements where such report must be published with the Annual Report. It is to report remunerations of each director in the annual report and to disclose the number of meetings held annually.

5. The Board of Directors has entrusted the Audit Committee to oversee the Management Discussion and Analysis (MDA) in conjunction with financial statements on a quarterly basis. This includes reviewing an auditing fee which shall also be disclosed in the annual report.

6. The Board of Director is required to disclose a policy under which remunerations are paid to directors and senior executives that can reflect each individual's roles and responsibilities. The disclosure shall include nature or characteristics of the remunerations as well as what each director receives from his/her directorship of subsidiary companies.

7. The Board of Directors must report changes in the Company's shareholding ratio based on the regulations of the Securities and Exchange Commission (SEC) and the SET.

8. The Board of Directors requires the Audit Committee to examine and oversee risk management where a risk assessment analysis will be conducted and risk is to be kept at an acceptable level.

## SECTION 5: RESPONSIBILITIES OF THE BOARD OF DIRECTORS

### 1. Components and qualifications of the Board of Directors and appointment

1.1 The Board of Directors shall consist of no fewer than five members but not exceeding 12. This however depends on what the Shareholders' Meeting may determine from time to time. Of this, at least half shall be independent directors.

1.2 Directors shall possess qualifications and shall not have prohibited characteristics as stated in the laws on public limited company. Nor shall they possess any feature that indicates the lack of qualifications to be trusted to manage a business whose shares are held by the public under the laws and the SEC's notification on securities and exchange.

1.3 The Board of Directors shall adopt rules and regulations that carefully allow directors to hold positions at other companies taking into consideration how efficient directors who work for several firms will be and how reassuring that directors can adequately dedicate themselves for the Company. As such, each director may hold position complementary to the nature of the Company's business in no more than five listed companies. In other words, efficiency of a person as the Company director may fall if he/she holds directorship in too many companies. In addition, the rule must be disclosed to the public.

1.4 The Board of Directors will assign Company Secretary to inform legal and regulatory advice that it had better learn. The Company Secretary will oversee the Board's activities and coordinate with other parties to ensure compliance with the Board's resolutions. The Company Secretary shall be a law or accounting graduate or has attended training relating to the Company Secretary's functions.

1.5 The Board of Directors may appoint an unlimited number of sub-committee as necessary to help it screen and oversee work under its responsibility.

1.6 Members of the Board shall be appointed with transparency. The Nomination Committee shall start a nomination process where a person with appropriate qualifications will be nominated as the Company's director together with detailed resume. The Nomination Committee will then submit a list of nominees to the Board who will propose them to the Shareholders' Meeting for approval and appointment.

1.7 Resumes of all directors will be posted on the Company's website.

1.8 Newly-appointed directors will attend an orientation session within three months after the appointment in which information proven beneficial and necessary to their performance will be presented to them.

1.9 The Board of Directors will clearly adopt a policy and procedures

governing the way the Company's CEO and senior executives hold directorship at other companies. This will include types of directorship and a number of companies they may sit at. All of this is subject to the Board's approval.

1.10 The Board of Directors has designated the Company Secretary to summarize and brief new information to new directors via the Board of Directors' Manual. New directors will make a company visit to better understand the Company's business.

### 2. Roles and responsibilities of the Chairman of the Board of Directors

The following are major roles and responsibilities of the Chairman of the Board of Directors:

2.1. Set the Board meeting agenda and ensure Board members receive accurate, complete, timely, and clear information prior to the meeting in order to make decision properly.

2.2. Be the leader and chair the Board of Directors

2.2.1. Conduct the meeting according to the agenda, the Company's Articles of Association and applicable laws.

2.2.2. Allocate sufficient time for discussion and encourage all members to participate and share opinion independently and carefully by taking into account all stakeholders.

2.2.3. Conclude the meeting's solutions and action plan clearly.

2.2.4. Setup the Board meeting without the presence of the executive directors.

2.3. Oversee, monitor and ensure that the Board performs duties efficiently and achieves the Company's objectives.

2.4. Chair the meeting of shareholders according to the agenda, the Company's Articles of Association, and relevant laws by allocating time appropriately and providing opportunities for shareholders to express their opinions equitably and ensuring that shareholders' enquiries are responded appropriately and transparently.

2.5. Support and be a role model in compliance with the principles of good corporate governance and the Company's code of conduct.

2.6. Strengthen the relationship between the Board of Directors and the management and support the management's duty in accordance with the Company's policy.

2.7. Oversee to ensure the transparency of disclosure and management in the event of conflict of interest.

2.8. Oversee to ensure that the Board of Directors has appropriate structure and composition.

2.9. Oversee that the Board of Directors, Sub-Committees, and each

individual member perform duties efficiently and effectively.

### 3. Specific committee

One of the Board of Directors' duties is to thoroughly and effectively review and approve important matters relating to the Company's operation. As a result, the Board has decided to set up the following specific committees:

3.1. The Audit Committee - At least three independent directors are appointed as members of the Audit Committee, one of whom must be knowledgeable in finance and accounting. They shall be independent as defined in the SET's announcement and according to the definition of independent director specifically for company. The Audit Committee will audit internal control system, financial reporting system and risk management and will select and appoint auditor.

3.2. The Corporate Governance, Nomination and Compensation Committee - All members are appointed from the Board of Directors. At least three of them shall be independent non-executive directors and at least 50% of them as well as the chairman of the committee shall be the independent director. Moreover, the chairman of the Board of Directors should not be the chairman or the member of the Corporate Governance, Nomination and Compensation Committee.

### 4. The Board of Directors' Meeting and information provided for the Meeting

4.1 The Board of Directors will schedule meeting dates of the Board of Directors in advance on an annual basis. The Company Secretary will inform each director accordingly.

4.2 The Board of Directors will receive information relating to the meeting in advance. The Company Secretary will prepare an invitation letter to attend the meeting plus meeting agendas and supporting documents at least five days before the meeting date to allow the Board enough time to study the information before attending the meeting unless it's an emergency meeting.

4.3 Chairman of the Board shall approve meeting agendas where he is to consult with the CEO. Each director has liberty to propose a matter into the meeting agendas. The Company Secretary will gather proposed agendas from each director.

4.4 Directors having an interest in an agenda are required to abstain from voting or refrain from expressing opinion in the agenda. At the Board of Directors' meeting, if a director is having an interest in an agenda, Chairman of the Board will ask the director to comply with the policy by acknowledging his interest in the agenda to the meeting before he/she is invited to step out of the meeting during the agenda.



4.5 The Board of Directors has designated the Company Secretary to record a minutes of the meeting in a complete, accurate and timely fashion. The minutes must be clear in terms of meeting results and opinions of the Board for further use as reference.

## 5. Remunerations of the Board and CEO

The Board of Directors and CEO may not set their own remunerations since this is obviously a conflict of interest. To do so, the Corporate Governance, Nominating and Compensation Committee will determine the rates and propose them for the Board to approve before the matter is presented to shareholders for their approval based on the Board's performance.

5.1 The Corporate Governance, Nominating and Compensation Committee has a duty to provide advice regarding remunerations of the Board and CEO to the Board of Directors. Other advice includes structure/components of the remunerations proven fair to the Board's responsibilities and in line with its performance at an amount that can effectively retain qualified directors in the same industry. Meanwhile, structure/components of the remunerations shall be clear, transparent and easy to understand.

5.2 Shareholders are entitled to review rules and policies regarding remunerations of each director annually. The Board of Directors is

to submit director's remunerations to shareholders who will review the information as part of the meeting agendas at the Annual General Meeting of Shareholders (AGM).

5.3 The Board of Directors and senior executives are required to report principles and rationale regarding director's remunerations in the Company's Annual Report and its financial statements.

## 6. Performance Assessment

6.1 The Company has stipulated the performance assessment for the Board of Directors and Sub-Committees at least once a year on a yearly basis in order to improve each of the committee's performance and enhance their efficiency. The assessment is divided into two types, namely the performance assessment of the Board of Directors as a whole and the self-assessment. An assessment of the Board of Directors and Sub-Committees will be based on the guideline as suggested by SET. Adjustment will be made to suit the Company's nature of business.

6.2 The Corporate Governance, Nominating and Compensation Committee has the responsibility to assess CEO's performance by considering the Company's operating result compared with other companies having comparable size in the same industry, the implementation of the Company's policies and the overall

socio-economic circumstances. By taking into account those information, the Corporate Governance, Nominating and Compensation Committee will consider the CEO's remuneration and propose to the Board of Directors.

## 7. Succession plan

7.1. The Board of Directors has entrusted CEO and the management to adopt a succession plan for executives and positions in line operation.

7.2. The Board of Directors has designated CEO to regularly report actions under the development and succession plan so that the Company is constantly ready for a successor in case the CEO could no longer perform his duty.

7.3. The Board will ensure that a system is in place to properly select responsible personnel.

## 8. Enhancement of directors and executives

8.1. The Board will promote and facilitate CG training to enhance knowledge on this subject.

8.2. The Board will regularly attend knowledge-enhancement courses organized by supervisory agencies where the Company Secretary is designated to coordinate with directors to inform them of relevant courses.

# CORPORATE SOCIAL RESPONSIBILITY



## CORPORATE SOCIAL RESPONSIBILITY

Forward-looking business leaders are working across sectors to map a collective route towards sustainability, prioritizing key technologies, reviewing resource management efficiency and developing new skill profiles to gear up for a transition. Reflecting the founder's values and compassion throughout its 33 years in operation, MK Restaurant Group Public Company Limited has continued to place a strong emphasis on good corporate governance, ethical principles and long-term commitment to be a responsible business. Through engaging in socially responsible internal management practices and sharing some of its profits with external partners, the Company believes that a stable, competitive performance and sustainability go hand-in-hand. Aligned with its vision, "To serve happiness to our customers through delicious, quality meals and extraordinary restaurant experience while working toward the greater good for our employees, community and environment," the Company is dedicated to integrating both CSR-in-process and CSR-after-process into various aspects of its business practice.

### CSR-IN-PROCESS

Traditional business and CSR tend to be more focused on one or the other separately. MK Restaurant Group Public Company Limited believes that companies could bring business and society together if they redefine their purpose as creating "shared value." The concept of CSR-in-process and CSR-after-process builds on the idea that economic value can be generated in a way that also produces value for the society and reconnects company sustainable success with social progress.

### GOVERNANCE

Corporate governance is essential in business because it is a system

that instills policies and rules for maintaining cohesiveness of an organization. Good corporate governance holds a company accountable for its financial, legal and ethical conducts as well as drives an organization towards organizational excellence.

### FAIR BUSINESS PRACTICE

To ensure fair and transparent business practice, MK Restaurant Group Public Company Limited has laid down policies to treat suppliers fairly and equally. In other words, the Company requires that remunerations and benefits involved be on the basis of equality and fairness to suppliers as well as all parties involved in the whole supply chain.

The Company also has a policy to proceed in line with fair competition framework. The Company is committed to engage with its suppliers to solve significant issues fairly and timely. In addition, the Company shall neither violate nor acquire through unscrupulous means trade secrets of its competitors and never seek its competitors' confidential information via dishonest or improper methods. Strictly, the Company shall not damage its competitors' reputation with false and malicious accusations.

## ANTI-CORRUPTION PRACTICE

Corruption is a national issue that roots deep within the Thai society. It lowers economic growth, erodes trust, discourages investment, and marginalizes markets. Due to this persisting problem, heavy economic burden is put on the poor and social and economic development has only been able to progress at a slow pace. In a bid to effectively combat this problem, leaders from both government and private sectors have joined forces to pursue corruption-free practice on a serious and continued basis. Such cooperation has also been embraced by the business sector.

Listed on The Stock Exchange of Thailand (SET), MK Restaurant Group Public Company Limited makes it an important mission to set good example

of corruption-free practice for other members in the private sector. The Company is committed to conducting its business in line with good ethics, corporate governance, transparency and accountability that is free from any form of corruption. In order to hold itself accountable, the Company has pledged under the Declaration on Thailand's Private Sector Collective Action Coalition against Corruption on September 23, 2014. The chairman and CEO of the Company also established an anti-corruption panel on October 24, 2014 for the purpose of suppressing corruption with greater efficiency. The panel is tasked with the responsibility to review the Company's anti-corruption measures and formulate practical guidelines

on anti-corruption. In 2015, the anti-corruption policy and guideline, developed by the anti-corruption panel, was approved by the Board of Directors and enacted as guidance for directors, management teams and employees. In addition, on August 18, 2017, the Company has certified to be a member of Thailand's Private Sector Collective Action Coalition against Corruption which the certification is valid for 3 years.

In addition to setting a policy against corruption, the Company has also instilled in its employees an attitude of not taking bribes, money or gift from other parties. In the event that employees must accept gifts on special occasions, all received items shall be commonly redistributed.

## RESPECT FOR HUMAN RIGHTS

"MK Culture" serves as a key value and guideline for the Company's promotion of respect for human rights. As the driving force behind the Company's operation, the MK Culture instills respect, teamwork and management style that unites all members to work toward shared goals. The Company treats all its employees equally and does not discriminate on

the basis of social class, ethnicity, nationality, domicile, complexion, sexual preference and religion. The Company is well aware that these factors are not indicators of human value and firmly believes that all humans have honor, dignity, rights and liberty.

The Company also runs a program which employs staff with hearing

impairment, intellectual disability and communication disorders. Along with the hope to help them attain a better quality of life and empower them with capabilities and job opportunities, the Company is confident that the disabled community holds a potential to contribute to the society within the scope of their capabilities.

## FAIR LABOR TREATMENT

Recognizing that employees are valuable assets, the Company treats all employees fairly and commits to provide fair compensation, remunerations, transfers, promotions, as well as opportunities for personal development as follows:

(1) The Company is polite to its employees and respects their individuality as well as human dignity

(2) The Company offers fair remunerations to its employees

(3) The Company provides safe working environment to its employees both in terms of their lives and their property

(4) Any appointment, transfer, reward or punishment for the Company's employees are done, in good faith, based on their knowledge,

abilities, and qualifications

(5) The Company recognizes the importance of human resource development, thus offering comprehensive and regular opportunities for its employees to enhance their knowledge and abilities

(6) The Company listens to employees' opinions and recommendations when they are based on their occupational knowledge

(7) The Company strictly complies with laws and regulations related to its employees

(8) The Company refrains from any unfair action, which otherwise could affect employees' job security, intimidate employees or put them under pressure

With the emphasis on occupational

safety, the Company makes sure that all its workplaces and processing plants are equipped with adequate tools and protocols to ensure employee safety and provide good work environment. Additionally, the Company established an Employee Relations Department to provide employees with a channel to seek counseling or discuss grievances.



## EMPLOYEE ENGAGEMENT

People are an organization's key driver. A strong and healthy workforce raises productivity, rates of retention and customer satisfaction. Empowered and engaged employees have potential to introduce creativity and bottoms-up innovation. In line with its intention to promote good health for its employees, the Company organizes sports and health-focused recreational activities to emphasize to employees the importance of good health and the principle of eating well. Moreover, these activities also contribute to stress release from work. The activities held in the year 2018 are as follows:

(1) With an aim to raise awareness on the benefits of good health and nutrition, the Company started the Fat to Fit Healthy Body Project to help employees with high BMI Index combat obesity and learn the benefits of exercise and of eating well. Through the project, it promotes simple everyday fitness to employees company-wide. The Company also made available for free to its employees a gym at its headquarter and sponsored exercise equipment.

(2) The Company also held Chair ball Competition at the Headquarter in order to create the unity among departments as well as Zumba Class in which professional trainers were brought in to lead the activity. The Company also provided the health checkup program for employees attending the class in order to measure the muscle index and the health fitness.

(3) MK Soccer League 2018. The

tournament has been held for the third consecutive time in order to promote exercise and tighten the relationship between executives and employees. Special programs during the tournament include a friendly match between senior executives and factory management team, with the highlight being a free kick competition with the CEO, Mr. Rit Thirakomen. To engage a wider range of employees, the Company also include a cheerleading competition, which created a fun and lively atmosphere for all participants at the event.

(4) MK Running Charity Mini-marathon 2018. Organized for the first time on December 14, 2018, the Company transformed the MK Central Kitchen (CK5) into a runner's track. The Company donated all runner's subscription fee without deducting expense to The Operation Smile Foundation, a foundation with a mission to help children with cleft lip syndrome. There are more than 500 employees joining this activity with the donation amounted Baht 300,000.

(5) The Company also allocates a sports budget to encourage business units in different locations to exercise, allowing employees to pick and choose activities that match their needs. For example, in-house mini-marathon at the Central Kitchen (CK5) and football field rental for Maintenance division.

(6) This year, the Company also held the biggest competition of the year, the MK Olympics 2018, where restaurant staff from all over the

country competed for the Gold Medal title. The Gold Medal is given to staff in each position that is able to best meet restaurant standards without compromising on quality and food safety. Not only that this competition reward operation staff with their high performance, the competition also helped raise awareness company-wide on the emphasis of food standards and quality. For MK brand, the awards include Best Branch Manager, Best Front of House, Best Dessert Kitchen, Best Suki Kitchen, Best Roasted Duck Kitchen, and Best Dishwashing Station. For Yayoi brand, the awards include Best Store Manager and Best Japanese Kitchen. For Miyazaki brand, the award includes Best Teppanyaki Chef. For Le Petit brand, the award includes Best Barista. For Hakata brand, the award includes Best Ramen Kitchen.

(7) The Company believes in career development and internal promotion. In collaboration with partner universities, the Company offers educational loans to employees who wish to pursue an advanced degree. Under this program, employees not only get a chance to earn a bachelor's degree, but also gain an opportunity to excel in their career path.

(8) The Company also annually awards scholarships to employees' family. With the intention to open a wider opportunity for our employee's family and enable a higher quality of life, the Company awarded 1,324 scholarships, totaling at Baht 5.95 million in 2018.



## RESPONSIBILITY TO CONSUMERS

Aligned with its vision, MK Restaurant Group Public Company Limited aims to delight and nourish our customers with quality food and excellent service. Food at the Company comes from a simple idea. It wants to serve quality ingredients with great taste. With this idea, the Company has always placed a special focus on customer's health and food safety. The Company employs expert team to ensure compliance of food safety standards at all stages, starting from ingredient delivery, handling, cooking and food delivery to storage and preparing at each location.

The Company also provides training to all its employees so that they understand and adhere to the Company's standards. The Company has been certified by various institutions:

- ISO 9001:2015 certification: certifies that MK central kitchens use quality management and food safety systems that are on par with international standards

- Hazard Analysis Critical Control Point (HACCP) certification: ensures food safety by verifying critical control points and procedures in food manufacturing industry. HACCP standards apply to all organizations that handle food, from primary producers to retailers

- Good Manufacturing Practices (GMP) certification: certifies for quality products by validating manufacturing processes, equipment and delivery process to end consumers

- Fruit/Vegetable Contaminant Testing certification from the Department of Medical Sciences, the Public Health Ministry: certifies the Company's qualification to conduct contaminant tests on fresh vegetables and fruits in a systematic manner

- Food Safety certification from the Department of Medical Sciences, the Public Health Ministry: certifies the Company's qualification to conduct contaminant tests (borax, salicylic acid, sodium hydrosulfite, formalin and pesticide) on food items

- "Q Restaurant" certification from a program of the National Bureau of Agricultural Commodity and Food Standards, Ministry of Agriculture and Cooperatives: encourages restaurants to use Q products, or materials produced in line with good manufacturing practices, to ensure product safety

- "No MSG" project certification, the Food Institute, the Ministry of Industry: awarded this certification after the Food Institute inspected the Company's food handling systems and conducted tests on food samples, seasonings and sauces. Lab results showed all MK dishes are free from MSG or Monosodium Glutamate. The Food Institute has now granted "No MSG" certification signboard to all MK branches

Additionally, the Company closely monitors the level of polar compounds in cooking oil used for deep-frying. No reuse is allowed when the level exceeds safety limits. To further demonstrate

its commitment to the health of the community, the Company makes sure only to sell its used cooking oil for the production of biodiesel.

Guided by this same principle to take care of its customer's health, the Company has worked with Mahidol University's Food Institute to develop a calorie-calculation program. This program counts the calorie of what customers have eaten in their meal at MK restaurant, and at the end of each meal, provides a slip showing the calorie intake of each diner. Health-conscious customers particularly value this data because the provided nutritional information assists them in controlling their diets.

## ENVIRONMENTAL CARE

The Company tries to minimize its environmental impact throughout its supply chain. For the purpose of protecting the ecological system and the environment of communities in which it operates, the following actions have been taken:

- Stringent process is put in place to dispose of infected waste. Infected waste is only disposed of at the microbiological lab within the Company's factory, applying a sterilization method at a temperature of 121 degrees Celsius

- The Company treats its wastewater with water-quality tests to ensure that it passes proper standards under the Factory Act of B.E. 2535, the Ministry of Industry, before any

discharge to public waterways

- The Company strictly complies with the standards of the Department of Industrial Works, international standards, and all applicable laws and regulations. A policy is set in place to track and reduce energy usage at its central kitchens and restaurant outlets

- Since late 2013, the Company has started installing and replacing LED light bulbs at its branches as LED bulbs are more energy efficient and durable

- To improve energy efficiency in our logistics system, the Company conducted a fleet optimization program. The logistics team did a study to redraw delivery routes in

order to minimize fuel usage and maximize carriage space. The Company has also enacted a speed limit policy and installed technology to monitor its fleet so that its speed range falls between 80 – 90 kilometers per hour. Its drivers have been trained fuel-saving driving technique. All delivery vehicles are equipped with GPS (Global Positioning System) devices, which allow the Company to conveniently manage its logistics network

- The Company continues to encourage its employees to use available resources with prudence through daily actions; for example, recycling paper, saving water, reducing electricity usage and separating garbage

## COMMUNITY DEVELOPMENT

True to the Company's belief in the value of CSR-in-process, the Company builds on the idea of integrating social value with the way its value chain functions and tries to connect its business success with social progress.

### **(1) Sourcing fresh produce from The Royal Project Foundation**

The Company tries to locally source its produce. Since 2015, it has been

doing contract farming with the Royal Project Foundation. More than half of its produce supply is currently being sourced from farms under the Royal Project Foundation in Chiang Mai. The Company's partnership with the foundation goes beyond being just buyer and seller. It has been engaged with the Royal Project Foundation in social development projects and has funded to help farming communities

### **(2) Providing educational scholarship and career opportunities for vocational students under the Dual Education System Project**

Hand in hand with the Office of Vocational Education Commission (Ovec) and 65 participating colleges, the Company offers educational scholarships and job opportunities for vocational students under the Dual Education System Project.



This collaboration between educational institutions and business organizations integrates vocational education with on-the-job training right on business premise to ensure students acquire practical knowledge, abilities and qualifications required by entrepreneurs prior to their graduation. This project is open to students of vocational-certificate, high-vocational-certificate and bachelor degree levels to gain a real-world work experience in the service sector. The Company participates in the program full-loop from recruiting, creating mutual understanding with teachers, parents, and students, supervising students during the term, funding for academic terms and living expenses, providing prep curriculum before training and organizing commencement ceremony. In 2018, over 1,135 students graduated from the program and 49 from the graduating class further their career with the Company.

The Company's collaboration with vocational colleges has extended further. In 2018 the Company with Ovec, kicked off the Vocational Classroom Thailand 4.0 Project, a public-private collaboration to align vocational curriculum with the national strategy. In line with the Thailand 4.0 strategy, the project

offers work experience in the strategic value-added service industry along with additional opportunities to learn through specialized tracks. Since 2015, the Company has been engaged with Chiang Rai Vocational College to explore its community need and funded a training center, "MK Brain Center", with a goal to provide the community a restaurant service learning space that closely simulates a real working place and offers service training classes as well as related curriculums. In 2018, MK donated Vocational Classroom Thailand 4.0 to two colleges including Srisaket Technical College and Surin Vocational College by built the learning room for electrical and bakery room which will be ready for use in March 2019.

### **(3) Providing job opportunities for students with disabilities**

The Company tries its best to support and empower communities with disabilities by offering job opportunities to students from more than 18 institutions, including schools for the hearing impaired, Panyanukun schools and schools for students with communication disorders. In line with the Company's hope to help students with disabilities attain a better quality of life, the Company applies MK Training Center's

dual-education curriculum for senior secondary education in providing service training to these students in order to help them acquire necessary skills. As part of the course, students and parents are oriented, toured around training site and participated in on-the-job training at restaurant outlets. Following training, students are open to options to apply for a job at the Company if they wish to earn more income and experience. Visits by the Company's Employee Relations unit are conducted regularly to ensure students' smooth transition and to specially address any unique issues that may arise. At present, the Company provides career opportunities to 200 students with disabilities.

## INNOVATIONS

Ever since the start of its journey, the Company has always put a focus on design and process innovation. In the past, one of the main causes for explosions and fires in Thailand were related to gas. Concerned with worker and customer safety, the Company tackled the issue of gas stove, invented its own electric suki pots, and was able to ban gas usage in both front of house and kitchen operations in all restaurants. This red suki pot has also since then grown to become the signature icon. The Company has continued to improve the design of its pot and eventually introduced an induction system, which completely prevents the risk of an electric shock.

In order to alleviate the problem of limited tabletop space, MK has

also created an innovative serving plate called “condo.” Inspired by the design of a condominium, the condo plates can be stacked high on top of one other. They not only immensely helped free up table space, but also help control food safety standards.

MK Restaurant Group Public Company Limited equips all its branches with the PDA system. The system made the work of its service staff smoother by automating the food-ordering process, thereby increasing staff efficiency, reducing human error and cutting down customer wait time. The Company has also partnered with Bangkok University to fund a student research program in inventing a serving robot. The inventive program not only has

brought a unique and fun experience to the restaurants through its serving robots, but also allowed the student team to hone technical skills, practice real world problem-solving and enable them to see the project come to life.

As the digital trend has arrived, MK Restaurant Group Public Company Limited continues to challenge itself to come up with innovations that redefine our service experience. The Company has experimented with customer self-ordering system since 2013 and constantly advanced the capability of the program. At present, self-order tablets have been installed in over 110 branches and are smoothly servicing customer orders.

## CSR-AFTER-PROCESS

Aligned with its vision, the Company is dedicated to create a positive impact on the communities it serves. In partnership with Aunty Thongkam Foundation, MK Restaurant Group Public Company Limited annually extends assistance to various organizations. In 2018, the Company and Foundation donated over Baht

50 million. The projects that the Company supports include:

- Allocated budget internally to groups of employees who wish to volunteer their time for social works. In 2018 MK allocated baht 300,000 for volunteer projects initiated by more than 10 divisions of MK Restaurant Group PCL.

- Supported various organizations and foundations in 4 core missions as follows:

### **Mission 1: Improving Family's Nutrition**

We believe that eating well is the basis of good health. The Foundation supports and partners with

organizations that combat nutritional deficiencies for disadvantaged communities and teach families about nutrition as well as help to integrate the concept into everyday life. The projects are as follows:

- The Thai Red Cross AIDS Research Centre
- Chulabhorn Royal Academy (Cancer Institution)
- Yuvabadhana Foundation (Food for Good Project)

#### **Mission 2: Fostering Healthcare for Underserved Communities**

As part of our company's commitment to improving health, we support healthcare organizations that are devoted to aiding underserved communities. Our grants support underfunded public hospital, district health hospital, community hospital, and research institution as follows:

- Faculty of Medicine, Chulalongkorn University (for the purpose of research)
- Prachuap Khirikhun Hospital (Purchase medical equipment in operation room)
- Khamtakla Hospital (Purchase medical equipment)
- Faculty of Business Administration, Thammasat University, BBA Charity Concert #12 (Net income after deducting expense was donated

to the hospital to purchase medical equipment)

With an ambition to deliver a good quality of life through its food service business, the Company has also committed to donate a hundred percent of its net income after deducting expense, from its four restaurants (MK Restaurant, Yayoi, Hakata Ramen and Le Petit) established at Siriraj Hospital's Piyamaharajkarun Building, to the hospital foundation.

#### **Mission 3: Nurturing Young Leaders**

With energy and passion, young people have a lot to contribute to their communities. Our donations and grants program helps give youth the opportunity to fulfill their potential and make a difference by reinforcing their efforts to make the world a better place as follows:

- Unicef Foundation
- Pothichaitongpittayakom School
- Bannokkamin Foundation
- Duengprateep Foundation
- Blixpop (Imaginative toy designed for children with disabilities)

#### **Mission 4: Special Project**

Every year, Thailand suffers from natural disasters such as flash floods and draught. The Foundation reserves

part of its funds to provide emergency aid to those who are in most need.

In addition, the Foundation also supports disaster prevention projects that help agricultural communities mitigate natural disasters and improve access to water resources as follows:

- The Royal Project Foundation
- Sunlight Foundation (Wat Pratumvanaram)
- Sponsor food including:
  - Business Administration of Siam University (Foundation for the Blind)
  - Thairarthon (Act Center) Khon Kean province
  - Rescue team to help The Moo-Pa Academy (Chiang Rai province)

Moreover, the Company also supported food in activity called "Opportunity-OKAS" for Contemplative Education Center of Mahidol University. This project has the purpose to help re-integrate inmates back into society.

## REPORT OF THE CORPORATE GOVERNANCE, NOMINATING, AND COMPENSATION COMMITTEE

The Corporate Governance, Nominating and Compensation Committee (the “Committee”) was established by the Board of Directors of the Company (the “Board”) on November 11, 2015 for the purpose of assisting the Board in the oversight of the Company’s corporate governance, nomination and compensation functions. Pursuant to the Company’s Charter of the Corporate Governance, Nominating and Compensation Committee (the “Charter”), the Committee shall be comprised of at least three Board members appointed by the Board and not less than half of the members and the Chairman of the Committee shall be independent directors. The term of office of the member of the Committee is 3 years starting from the appointed date. In case of member substitution, the substitute member shall hold office only for the remaining term of office of the member whom he/she replaces. The current Committee consists of three Board members as follows:

- |                               |                                   |
|-------------------------------|-----------------------------------|
| 1. Dr. Katiya Greigarn        | Independent Director and Chairman |
| 2. Mr. Attapon Chodchoy       | Independent Director and Member   |
| 3. Mr. Somchai Pipitvijitkorn | Director and Member               |

To perform its duties as specified in the Charter, during February 12, 2018 to February 5, 2019, two meetings were held by the Committee and the results of the meetings may be summarized as follows:

1. As the Committee is required to review the compensation of the Chief Executive Officer (CEO) on an annual basis, the annual payment of bonus for 2018 and the salary adjustment for the year 2019 of the CEO were considered by the Committee based on the evaluation of the yearly operating performance of the Company as a whole, the CEO’s performance in other key functions as well as the creation of long term returns to the Company. In addition, the appropriateness of the CEO’s total compensation was also reviewed by the Committee based on the comparison of the CEO’s compensation with the compensation of executives in comparable positions of other organizations having comparable size which may be measured in terms of total sales or total assets. The meeting concluded that the current compensation of the CEO was appropriate whereas the annual payment of bonus for 2018 and the salary adjustment for the year 2019 of the CEO should be in line with the resolution of the Board in respect of the annual payment of bonus and the salary adjustment for executives of the Company.

2. As required by the Charter, the compensations of directors of the Company and members of the sub-committees established by the Board were reviewed based on the guidelines stated in the Charter. The Committee concluded that the current monthly retaining fee for the Company directors and the attendance fee for the members of the audit committee and other sub-committees were still appropriate. For the Directors' compensation in the form of bonus, the meeting recommended that the annual bonus for the Company's directors for the year 2018 should vary proportionally to the change of the annual dividend for the year 2018 to be proposed to the 2019 Annual General Meeting of Shareholders for approval.

3. In respect of the nomination of qualified persons to replace the directors retiring by rotation, the Committee reviewed the candidates' qualifications in accordance with the guidelines provided in the Charter and recommended that the retiring directors namely, Dr. Katiya Greigarn, Mr. Attapon Chodchoy, Mr. Sujint Chumpolkajana and Mr. Pravit Tantiwasinchai, be reappointed as the directors of the Company for another term because they meet the required qualifications, attended Board meetings regularly, and were able to provide constructive and useful recommendations to the meetings.



Dr. Katiya Greigarn

Chairman of the Corporate Governance,  
Nominating and Compensation Committee

## INTERNAL CONTROL & RISK MANAGEMENT

The Board of Directors has placed much importance on internal-control system on a continued basis since we believe that the good internal control system leads to a good operation process, good organization structure and good system and helps the Company to achieve the goals and objectives efficiently and effectively. It also helps to reduce and prevent the risk that might occur in the business. The Audit Committee is assigned to supervise in order to ensure that the internal control of the Company is satisfied for the business. The internal-control division has the duty to audit operations systems of each unit based on the annual audit plan and report directly to the Audit Committee. It aims to ensure that the operations of the Company are effective and efficient; that the Company's resources are used efficiently for maximum benefits; that the Company's assets are well protected and maintained; and that any risk of mistake is minimized and damages are prevented. The audits are also carried out to supervise the Company's operations, to ensure that financial statements are accurate, reliable, and prepared in a timely manner, as well as to ensure compliance with policies, rules, regulations and laws so as to prevent any damage from being done to the Company. In addition, the Board of Directors performs the internal control assessment of the Company every year based on the guidelines from the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) which comprised of five components including Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities. There is no significant defect found to the Company's internal control. In addition, the Audit Committee also has the responsibility to appoint the auditor and fix the audit fee as well as ensure the accuracy of information disclosure for the related transactions and the transactions that may have a conflict of interest.

### 1. CONTROL ENVIRONMENT

The Company's organizational structure is properly designed to support the good internal control. Also, the Company's business goals and key performance indicators (KPIs) are clearly defined to ensure the efficiency of work and the alignment of the Company's target. The authority delegation manuals and the operation manuals for all functions are clearly defined and written. The Company's targets are communicated through all divisions and functions. Efforts also have been made to promote

good attitudes, honesty and ethics among staffs at all levels in the Company. In addition, the Company has continued to reinforce the good corporate governance principles to all executives and employees.

### 2. RISK ASSESSMENT

The Company has continue to place much importance on the risk management which may affect its business and prevent from achieving its goals. The Board of Directors had the resolution to setup the risk management working panel comprising of the managements from various functions responsible for defining, measuring and monitoring the risks regularly and report to the Board of Directors. The risk management detail is described in the "Risk Factors" topic.

### 3. CONTROL MEASURES

The Company has adequate and proper control measures. It has formulated policies and guidelines in a way that clearly prescribes the scope of duties, authority and power to approve and delegation of duties. Control measures also include manuals that offer work guideline at every stage, as well as audits of financial statements and reports on the Company's nonfinancial operating results to ensure compliance with rules and regulations. All the accounting transactions are recorded accurately and completely. The accounting information and documents are retained systematically and legally. The internal audit and quality control departments have the responsibilities to check and ensure the accuracy in order to prevent and reduce the mistake that may occur. The information systems are also implemented to improve the work efficiency. The Company also implemented the human resource management system, the evaluation of employee performance and human development to ensure that employees have the knowledge of work and can perform their work efficiently. In addition, the management must propose the transaction with the parties that may have conflict of interest to the Audit Committee in order to consider the suitability of the transaction and propose to the Board of Directors for approval.

### 4. INFORMATION SYSTEM AND COMMUNICATIONS

The Company recognizes the important of the information systems and communications, therefore the information systems are continuously improved to ensure the accuracy, up to date and effectiveness. The systems have stored information and kept documents in an efficient manner to ensure the data accuracy and adequacy for the management and stakeholders to utilize it. The Company also has the policy for the information security and data utilization in order to prevent the risk from information technology and prepare for the new technology in the future. In addition, the Company's Investor Relations Unit is in place to coordinate with investors ensuring that they can get information on the Company's operations and investments promptly and conveniently through highly accessible channels such as Company's website, e-mail, call center, etc. The whistle-blowing or complaints from outside also are reported via these channels.

### 5. MONITORING SYSTEM

Assigned by the Board of Directors, the Audit Committee is responsible for monitoring and assessing the Company's internal control system driven by the internal audit department based on the annual internal-audit plans approved by the Audit Committee and reported to the Audit Committee and executives quarterly. In addition, the Audit Committee has invited the Company's auditor to its meeting to review and acknowledge the results of financial-statement audits and internal-control issues which no significant issues found.

## DETAILS OF ALL DIRECTORS AND EXECUTIVES

### DETAILS OF DIRECTORS AND EXECUTIVES

#### 1. MR. RIT THIRAKOMEN

Position	<ul style="list-style-type: none"> <li>Chairman of the Board of Directors</li> <li>Chief Executive Officer</li> <li>Director (Authorized Signature)</li> </ul>
Date of the First Appointment as Director	<ul style="list-style-type: none"> <li>June 2012</li> </ul>
Age	<ul style="list-style-type: none"> <li>67 years</li> </ul>
M Shareholding	<ul style="list-style-type: none"> <li>Held personally 123,059,333 shares or 13.4%</li> <li>Held by spouse or minor children 182,396,802 shares or 19.8%</li> </ul>
Family Relationship	<ul style="list-style-type: none"> <li>Spouse of Mrs. Yupin Thirakomen</li> </ul>
Education	<ul style="list-style-type: none"> <li>Bachelor's Degree (Electrical Engineering), Chulalongkorn University</li> </ul>
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>Director Accreditation Program (DAP) 97/2012</li> </ul>
Experience	<ul style="list-style-type: none"> <li><b>Positions in Listed Companies</b> <ul style="list-style-type: none"> <li>2012-Present Chairman of the Board of Directors and Chief Executive Officer, MK Restaurant Group Pcl.</li> <li>1989-2012 Director, MK Restaurant Group Pcl.</li> <li>1986-2012 Managing Director, MK Restaurant Group Pcl.</li> <li>1987-1999 Chairman of the Board of Directors, SE-EDUCATION Pcl.</li> <li>1974-1987 Managing Director, SE-EDUCATION Pcl.</li> </ul> </li> <li><b>Positions in Non-Listed Companies</b> <ul style="list-style-type: none"> <li>2018-Present Director, Mark One Innovation Center Co., Ltd.</li> <li>2016-Present Director, Unity Global Development Co., Ltd.</li> <li>2015-Present Director, International Food Supply Co., Ltd.</li> <li>2012-Present Director, Hanthi Unity Group Co., Ltd.</li> <li>2006-Present Director, MK Interfood Co., Ltd.</li> <li>2006-Present Director, MK Service Training Center Co., Ltd.</li> <li>1999-Present Director, Global Asset Development Co., Ltd.</li> <li>1994-Present Director, MK Worldwide Co., Ltd.</li> <li>1991-Present Director, Totems Co., Ltd.</li> <li>1990-Present Director, Precision Manufacturing Co., Ltd.</li> </ul> </li> </ul>



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## 2. MR. SOMCHAI HANJITKASEM

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Position	<ul style="list-style-type: none"> <li>• Director</li> <li>• Director (Authorized Signature)</li> <li>• Executive Vice President</li> </ul>
Date of the First Appointment as Director	<ul style="list-style-type: none"> <li>• June 2012</li> </ul>
Age	<ul style="list-style-type: none"> <li>• 57 years</li> </ul>
M Shareholding	<ul style="list-style-type: none"> <li>• Held personally 147,494,812 shares or 16.0%</li> <li>• Held by spouse or minor children (None)</li> </ul>
Family Relationship	<ul style="list-style-type: none"> <li>• Brother of Mrs. Yupin Thirakomen</li> </ul>
Education	<ul style="list-style-type: none"> <li>• Bachelor's Degree, Bangkok University</li> <li>• Master's Degree (MS), Abilene Christian University, USA</li> </ul>
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP) 97/2012</li> <li>• Director Accreditation Program (DAP) 6/2003</li> <li>• Financial Statements for Directors (FSD) 9/2004</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• <b>Positions in Listed Companies</b> <ul style="list-style-type: none"> <li>2015-Present Executive Vice President, MK Restaurant Group Pcl.</li> <li>1989-Present Director, MK Restaurant Group Pcl.</li> <li>2012-2015 Managing Director, MK Restaurant Group Pcl.</li> <li>1992-2012 Executive Vice President, MK Restaurant Group Pcl.</li> </ul> </li> <li>• <b>Positions in Non-Listed Companies</b> <ul style="list-style-type: none"> <li>2018-Present Director, Mark One Innovation Center Co., Ltd.</li> <li>2016-Present Director, M HQ Co., Ltd.</li> <li>2016-Present Director, M Performance Co., Ltd.</li> <li>2015-Present Director, International Food Supply Co., Ltd.</li> <li>2012-Present Director, Hanthi Unity Group Co., Ltd.</li> <li>2007-Present Director, Shellhut Entertainment Co., Ltd.</li> <li>2006-Present Director, MK Interfood Co., Ltd.</li> <li>2006-Present Director, MK Service Training Center Co., Ltd.</li> <li>2005-Present Director, Superior Food Service Co., Ltd.</li> <li>2004-Present Director, Dawiburi Villa Owner Association Co., Ltd.</li> <li>1999-Present Director, Global Asset Development Co., Ltd.</li> <li>1996-Present Director, Superior Solution and Service Co., Ltd.</li> <li>1994-Present Director, MK Worldwide Co., Ltd.</li> <li>1994-Present Director, National Food Retail Co., Ltd.</li> </ul> </li> </ul>

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### 3. MR. SOMCHAI PIPITVIJITKORN

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Position	<ul style="list-style-type: none"> <li>• Director</li> <li>• Director (Authorized Signature)</li> <li>• Member of Corporate Governance, Nomination and Compensation Committee</li> </ul>
Date of the First Appointment as Director	<ul style="list-style-type: none"> <li>• June 2012</li> </ul>
Age	<ul style="list-style-type: none"> <li>• 79 years</li> </ul>
M Shareholding	<ul style="list-style-type: none"> <li>• Held personally (None)</li> <li>• Held by spouse or minor children 3,700,000 shares or 0.4%</li> </ul>
Family Relationship	<ul style="list-style-type: none"> <li>• Uncle of Mr. Rit Thirakomen</li> </ul>
Education	<ul style="list-style-type: none"> <li>• Bachelor's Degree (Accounting) (Second Class Honors), Chulalongkorn University</li> <li>• Master's Degree (Business Administration), Michigan State University, USA</li> </ul>
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>• Director Compensation Survey 2004</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• <b>Positions in Listed Companies</b> <ul style="list-style-type: none"> <li>2012-Present Director, MK Restaurant Group Pcl.</li> <li>2003-Present Director, Sahaviriya Steel Industries Pcl.</li> <li>2009-2014 Chairman of the Board of Directors, Bangsaphan Barmill Pcl.</li> <li>2004-2009 Director, Bangsaphan Barmill Pcl.</li> <li>1986-1998 Director, Siam City Cement Pcl.</li> <li>1984-1999 Director, Bank of Ayudhya Pcl.</li> <li>1983-1999 Director, The Ayudhya Life Assurance Pcl.</li> </ul> </li> <li>• <b>Positions in Non-Listed Companies</b> <ul style="list-style-type: none"> <li>2004-Present Director, Sahaviriya Plate Mill Pcl.</li> <li>2009-2012 Director, Thai Cold Rolled Sheet Pcl.</li> </ul> </li> </ul>

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#### 4. DR. ANNOP TANLAMAI

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Position	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Chairman of Audit Committee</li> </ul>
Date of the First Appointment as Director	<ul style="list-style-type: none"> <li>• June 2012</li> </ul>
Age	<ul style="list-style-type: none"> <li>• 68 years</li> </ul>
M Shareholding	<ul style="list-style-type: none"> <li>• Held personally (None)</li> <li>• Held by spouse or minor children (None)</li> </ul>
Family Relationship	<ul style="list-style-type: none"> <li>• -None-</li> </ul>
Education	<ul style="list-style-type: none"> <li>• Bachelor's Degree (Mechanical Engineering), Chulalongkorn University</li> <li>• Master's Degree (Engineering Management), University of Missouri, USA</li> <li>• MBA (Quantitative Business Analysis), Indiana University, USA</li> <li>• Ph.D. (Engineering Management), University of Missouri, USA</li> <li>• Director Certification Program (DCP) 154/2011</li> </ul>
Related Training Program held by Thai Institute of Directors Association (IOD)	
Experience	<ul style="list-style-type: none"> <li>• <b>Positions in Listed Companies</b> <ul style="list-style-type: none"> <li>2012-Present Independent Director and Chairman of Audit Committee, MK Restaurant Group Pcl.</li> <li>2015-Present Director and Member of Audit Committee, Bangkok Expressway and Metro Pcl.</li> <li>2011-2015 Director and Member of Audit Committee, Bangkok Expressway Pcl.</li> </ul> </li> <li>• <b>Positions in Non-Listed Companies</b> <ul style="list-style-type: none"> <li>2016-Present Dean of Business Administrative Faculty, Chitralada Institute of Technology</li> <li>2016-2017 Director, Tor Or Co., Ltd.</li> <li>2006-2017 Director, Ex.19 Co., Ltd.</li> <li>2012-2016 Dean, College of Management Mahidol University</li> <li>2007-2011 Dean, Faculty of Commerce and Accountancy, Chulalongkorn University</li> <li>1999-2007 Director of the Master of Business Administration (MBA) Program, Faculty of Commerce and Accountancy Chulalongkorn University</li> <li>1995-1999 Head of Department of Commerce, Faculty of Commerce and Accountancy, Chulalongkorn University</li> <li>1989-1995 Director of the Master of Business Administration (MBA) Program, Faculty of Commerce and Accountancy, Chulalongkorn University</li> </ul> </li> </ul>

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## 5. DR. KATIYA GREIGARN

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Position	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of Corporate Governance, Nomination and Compensation Committee</li> </ul>
Date of the First Appointment as Director	<ul style="list-style-type: none"> <li>June 2012</li> </ul>
Age	<ul style="list-style-type: none"> <li>66 years</li> </ul>
M Shareholding	<ul style="list-style-type: none"> <li>Held personally (None)</li> <li>Held by spouse or minor children (None)</li> </ul>
Family Relationship	<ul style="list-style-type: none"> <li>Uncle of Mr. Rit Thirakomen</li> </ul>
Education	<ul style="list-style-type: none"> <li>Bachelor's Degree (Electrical Engineering), Chulalongkorn University</li> <li>Master's Degree (Electrical Engineering), University of Missouri – Rolla, USA</li> <li>Ph.D. (Electrical Engineering), University of Missouri – Rolla, USA</li> </ul>
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>Director Accreditation Program (DAP) 37/2005</li> <li>Financial Statements for Directors (FSD) 3/2008</li> <li>Advanced Audit Committee Program (AACP) 34/2011</li> <li>Director Certification Program (DCP) 110/2008</li> <li>Director Certification Program Update (DCPU) 5/2015</li> </ul>
Experience	<ul style="list-style-type: none"> <li><b>Positions in Listed Companies</b> <ul style="list-style-type: none"> <li>2012-Present Independent Director, MK Restaurant Group Pcl.</li> <li>2017-Present Independent Director, Kulthorn Kirby Pcl.</li> <li>2007-Present Independent Director and Chairman of Audit Committee, Premier Marketing Pcl.</li> <li>2011-2018 Independent Director and Chairman of Audit Committee, Planet Communications Asia Pcl.</li> <li>2005-2014 Independent Director and Chairman of Audit Committee, Premier Technology Pcl.</li> </ul> </li> <li><b>Positions in Non-Listed Companies</b> <ul style="list-style-type: none"> <li>2013-Present Director, Lynx Corporation Co., Ltd.</li> <li>2008-Present Director, Mekfah Development Co., Ltd.</li> <li>2008-Present Director, Viptel Co., Ltd.</li> <li>2002-Present Director, Sab Udom Properties Co., Ltd.</li> <li>1988-Present Director and Managing Director, KV Electronics Co., Ltd.</li> </ul> </li> </ul>

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## 6. MR. THANONG CHOTISORAYUTH

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Position	<ul style="list-style-type: none"> <li>• Independent Director</li> </ul>
Date of the First Appointment as Director	<ul style="list-style-type: none"> <li>• June 2012</li> </ul>
Age	<ul style="list-style-type: none"> <li>• 65 years</li> </ul>
M Shareholding	<ul style="list-style-type: none"> <li>• Held personally (None)</li> <li>• Held by spouse or minor children 91,900 shares or 0.0%</li> </ul>
Family Relationship	<ul style="list-style-type: none"> <li>• -None-</li> </ul>
Education	<ul style="list-style-type: none"> <li>• Bachelor's Degree (Electrical Engineering), Chulalongkorn University</li> <li>• Master's Degree (Education in Educational Administration), Chulalongkorn University</li> <li>• Honorary Doctorate in Business Administration, National Institute of Development Administration</li> </ul>
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>• Director Certification Program (DCP) 33/2003</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• <b>Positions in Listed Companies</b> <ul style="list-style-type: none"> <li>2012-Present Independent Director, MK Restaurant Group Pcl.</li> <li>1993-Present Director, SE-EDUCATION Pcl.</li> <li>1987-2018 Managing Director, SE-EDUCATION Pcl.</li> </ul> </li> <li>• <b>Positions in Non-Listed Companies</b> <ul style="list-style-type: none"> <li>2013-Present Director, BaesLab Co., Ltd.</li> <li>2010-Present Director, Plearnpattana School, Plearn Patt Co., Ltd.</li> <li>2006-Present Chairman of Executive Directors, Plearnpattana School, Plearn Patt Co., Ltd.</li> <li>2001-Present Director, SE-ED Book Center Co., Ltd.</li> <li>1984-Present Director, M&amp;E Co., Ltd.</li> </ul> </li> </ul>

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## 7. MRS. VILAI CHATTANRASSAMEE

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Position	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Member of Audit Committee</li> </ul>
Date of the First Appointment as Director	<ul style="list-style-type: none"> <li>• June 2012</li> </ul>
Age	<ul style="list-style-type: none"> <li>• 65 years</li> </ul>
M Shareholding	<ul style="list-style-type: none"> <li>• Held personally (None)</li> <li>• Held by spouse or minor children (None)</li> </ul>
Family Relationship	<ul style="list-style-type: none"> <li>• -None-</li> </ul>
Education	<ul style="list-style-type: none"> <li>• Bachelor's Degree (Accounting), Chulalongkorn University</li> <li>• Master's Degree (Accounting), Thammasart University</li> <li>• Certified Public Accountant</li> </ul>
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>• Fellow (FIOD)</li> <li>• DCP Refresher 2/2006</li> <li>• Director Certification Program (DCP) 13/2001</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• <b>Positions in Listed Companies</b> <ul style="list-style-type: none"> <li>2012-Present Independent Director and Member of Audit Committee, MK Restaurant Group Pcl.</li> <li>2017-Present Independent Director and Chairman of Audit Committee, Sahathai Terminal Pcl.</li> <li>2015-Present Independent Director, Chairman of Audit Committee, and Member of Corporate Governance Committee, BCPG Pcl.</li> <li>2013-2015 Independent Director and Member of Audit Committee, Shun Thai Rubber Gloves Industry Pcl.</li> <li>2010-2012 Independent Director and Member of Audit Committee, Asian Seafoods Coldstorage Pcl.</li> </ul> </li> <li>• <b>Positions in Non-Listed Companies</b> <ul style="list-style-type: none"> <li>2018-Present Advisor of Audit Committee, Metropolitan Waterworks Authority</li> <li>2018-Present Member of Sub-Committee of Procurement and Administrative Government Policy, The Comptroller General's Department</li> <li>2017-Present Director, Sahathai Steel Pipe Pcl.</li> <li>2016-Present Member of Audit Committee, King Mongkut's Institute of Technology Ladkrabang</li> <li>2016-Present Independent Observer of Integrity Pact, Anti-Corruption Organization of Thailand</li> <li>1997-Present Director, Horton International Co., Ltd.</li> <li>1992-Present Director, Executive Search Services Co., Ltd.</li> <li>2011-2017 Secretary General, Federation of Accounting Professions under the Royal Patronage of His Majesty The King</li> </ul> </li> </ul>

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## 8. MR. ATTAPON CHODCHOY

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Position	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Member of Audit Committee</li> <li>• Member of Corporate Governance, Nomination and Compensation Committee</li> </ul>
Date of the First Appointment as Director	<ul style="list-style-type: none"> <li>• June 2012</li> </ul>
Age	<ul style="list-style-type: none"> <li>• 62 years</li> </ul>
M Shareholding	<ul style="list-style-type: none"> <li>• Held personally (None)</li> <li>• Held by spouse or minor children (None)</li> </ul>
Family Relationship	<ul style="list-style-type: none"> <li>• -None-</li> </ul>
Education	<ul style="list-style-type: none"> <li>• Bachelor's Degree (Cost Accounting), Chulalongkorn University</li> </ul>
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>• Director Certification Program (DCP) 54/2005</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• <b>Positions in Listed Companies</b> <ul style="list-style-type: none"> <li>2012-Present Independent Director and Member of Audit Committee, MK Restaurant Group Pcl.</li> <li>2013-Present Independent Director and Member of Audit Committee, M Pictures Entertainment Pcl.</li> <li>1982-1999 Director and Chief Finance Officer, Minor Corporation Pcl.</li> </ul> </li> <li>• <b>Positions in Non-Listed Companies</b> <ul style="list-style-type: none"> <li>2018-Present Director and Chairman of Audit Committee, Veranda Resort Pcl.</li> <li>2012-Present Financial Advisor, Unique Plastic Industry Co., Ltd.</li> <li>2017-2018 Director and Chairman of Audit Committee, Veranda Resort And Spa Co., Ltd.</li> <li>2001-2011 Director and Director of Finance Department, Molnlycke Health Care (Thailand) Co., Ltd.</li> <li>1999-2001 Director of Accounting and Finance Department, The British Dispensary (L.P.) Co., Ltd.</li> </ul> </li> </ul>

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## 9. MR. SUJINT CHUMPOLKANJANA

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Position	<ul style="list-style-type: none"> <li>Independent Director</li> </ul>
Date of the First Appointment as Director	<ul style="list-style-type: none"> <li>June 2012</li> </ul>
Age	<ul style="list-style-type: none"> <li>67 years</li> </ul>
M Shareholding	<ul style="list-style-type: none"> <li>Held personally 4,200,500 shares or 0.5%</li> <li>Held by spouse or minor children (None)</li> </ul>
Family Relationship	<ul style="list-style-type: none"> <li>-None-</li> </ul>
Education	<ul style="list-style-type: none"> <li>Bachelor's Degree (Electrical Engineering), Chulalongkorn University</li> </ul>
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>Director Accreditation Program (DAP) 97/2012</li> </ul>
Experience	<ul style="list-style-type: none"> <li><b>Positions in Listed Companies</b></li> <li>2018-Present Independent Director, MK Restaurant Group Pcl.</li> <li>2012-2018 Director, MK Restaurant Group Pcl.</li> <li>2012-2014 Executive Vice President – Restaurant Development Division, MK Restaurant Group Pcl.</li> <li>2006-2012 Executive Vice President – International Business Development Division, MK Restaurant Group Pcl.</li> <li>1992-2006 Vice President, MK Restaurant Group Pcl.</li> </ul>

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## 10. MR. PRAVIT TANTIWASINCHAI

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Position	<ul style="list-style-type: none"> <li>• Director</li> <li>• Director (Authorized Signature)</li> </ul>
Date of the First Appointment as Director	<ul style="list-style-type: none"> <li>• June 2012</li> </ul>
Age	<ul style="list-style-type: none"> <li>• 62 years</li> </ul>
M Shareholding	<ul style="list-style-type: none"> <li>• Held personally 3,862,800 shares or 0.4%</li> <li>• Held by spouse or minor children (None)</li> </ul>
Family Relationship	<ul style="list-style-type: none"> <li>• -None-</li> </ul>
Education	<ul style="list-style-type: none"> <li>• Bachelor's Degree (Accounting-Finance and Banking), Chulalongkorn University</li> <li>• Graduate Diploma (Auditing), Chulalongkorn University</li> </ul>
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP) 97/2012</li> <li>• Director Accreditation Program (DAP) 6/2003</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• <b>Positions in Listed Companies</b> <ul style="list-style-type: none"> <li>2017-Present Director, MK Restaurant Group Pcl</li> <li>2017-Present Independent Director and Chairman of Audit Committee, SE-EDUCATION Pcl.</li> <li>1999-2017 Independent Director and Member of Audit Committee, SE-EDUCATION Pcl.</li> <li>2015-2016 Chief Financial Officer, MK Restaurant Group Pcl.</li> <li>2012-2016 Director and Corporate Secretary, MK Restaurant Group Pcl.</li> <li>2006-2015 Executive Vice President – Accounting and Finance Division, MK Restaurant Group Pcl.</li> <li>1994-2006 Director of Accounting and Finance Department, MK Restaurant Group Pcl.</li> </ul> </li> </ul>

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## 11. MRS. YUPIN THIRAKOMEN

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Position	<ul style="list-style-type: none"> <li>Executive Vice President</li> </ul>
Date of the First Appointment as Director	<ul style="list-style-type: none"> <li>-</li> </ul>
Age	<ul style="list-style-type: none"> <li>62 years</li> </ul>
M Shareholding	<ul style="list-style-type: none"> <li>Held personally 182,396,802 shares or 19.8%</li> <li>Held by spouse or minor children 123,059,333 shares or 13.4%</li> </ul>
Family Relationship	<ul style="list-style-type: none"> <li>Spouse of Mr. Rit Thirakomen</li> <li>Sister of Mr. Somchai Hanjitkasem</li> </ul>
Education	<ul style="list-style-type: none"> <li>Honorary Master's Degree (Business Administration), Kalasin Rajabhat University</li> </ul>
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>-None-</li> </ul>
Experience	<ul style="list-style-type: none"> <li><b>Positions in Listed Companies</b> <ul style="list-style-type: none"> <li>2015-Present Executive Vice President, MK Restaurant Group Pcl.</li> <li>2012-2015 Managing Director-Japanese Food Restaurant Group, MK Restaurant Group Pcl.</li> <li>2006-2012 Executive Vice President – Supply Chain and Japanese Restaurant, MK Restaurant Group Pcl.</li> <li>1986-2006 Vice President, MK Restaurant Group Pcl.</li> </ul> </li> <li><b>Positions in Non-Listed Companies</b> <ul style="list-style-type: none"> <li>2018-Present Director, Mark One Innovation Center Co., Ltd.</li> <li>2016-Present Director, Unity Global Development Co., Ltd.</li> <li>2015-Present Director, International Food Supply Co., Ltd.</li> <li>2014-Present Director, Health Plus Creation Co., Ltd.</li> <li>2012-Present Director, Hanthi Unity Group Co., Ltd.</li> <li>2005-Present Director, Superior Food Service Co., Ltd.</li> <li>1999-Present Director, Global Asset Development Co., Ltd.</li> <li>1996-Present Director, Superior Solution and Service Co., Ltd.</li> <li>1994-Present Director, National Food Retail Co., Ltd.</li> </ul> </li> </ul>

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## 12. MR. KIATKONG KUNGWANWONG

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Position	<ul style="list-style-type: none"> <li>• Senior Vice President – Development and Maintenance Division</li> </ul>				
Date of the First Appointment as Director	<ul style="list-style-type: none"> <li>• -</li> </ul>				
Age	<ul style="list-style-type: none"> <li>• 51 years</li> </ul>				
M Shareholding	<ul style="list-style-type: none"> <li>• Held personally 30,000 shares or 0.0%</li> <li>• Held by spouse or minor children 400,000 shares or 0.0%</li> </ul>				
Family Relationship	<ul style="list-style-type: none"> <li>• -None-</li> </ul>				
Education	<ul style="list-style-type: none"> <li>• Bachelor's Degree (Mechanical Engineering), Kasetsart University</li> </ul>				
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>• -None-</li> </ul>				
Experience	<ul style="list-style-type: none"> <li>• <b>Positions in Listed Companies</b></li> </ul> <table> <tr> <td>2017-Present</td><td>Senior Vice President – Development and Maintenance Division, MK Restaurant Group Pcl.</td></tr> <tr> <td>2012-2017</td><td>Vice President – Development and Engineering Department, MK Restaurant Group Pcl.</td></tr> </table>	2017-Present	Senior Vice President – Development and Maintenance Division, MK Restaurant Group Pcl.	2012-2017	Vice President – Development and Engineering Department, MK Restaurant Group Pcl.
2017-Present	Senior Vice President – Development and Maintenance Division, MK Restaurant Group Pcl.				
2012-2017	Vice President – Development and Engineering Department, MK Restaurant Group Pcl.				

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### 13. MRS. SUDARUT PATVIVATSIRI

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Position	<ul style="list-style-type: none"> <li>• Senior Vice President – Accounting and Finance Division</li> <li>• Corporate Secretary</li> </ul>
Date of the First Appointment as Director	• -
Age	• 46 years
M Shareholding	<ul style="list-style-type: none"> <li>• Held personally 880,000 shares or 0.1%</li> <li>• Held by spouse or minor children (None)</li> </ul>
Family Relationship	• Niece of Mr. Rit's Mother
Education	<ul style="list-style-type: none"> <li>• Bachelor's Degree (Statistics), Chulalongkorn University</li> <li>• Master's Degree (Business Administration), University of Illinois at Urbana-Champaign, USA</li> </ul>
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>• Company Secretary Program (CSP) 82/2017</li> <li>• Board Reporting Program (BRP) 25/2018</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• <b>Positions in Listed Companies</b> <ul style="list-style-type: none"> <li>2017-Present Senior Vice President – Accounting and Finance Division, MK Restaurant Group Pcl.</li> <li>2013-2017 Vice President – Accounting and Finance Department, MK Restaurant Group Pcl.</li> </ul> </li> <li>• <b>Positions in Non-Listed Companies</b> <ul style="list-style-type: none"> <li>2018-Present Director, MK Interfood Co., Ltd.</li> <li>2018-Present Director, M-Senko Logistics Co., Ltd.</li> </ul> </li> </ul>

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## CHANGE IN M SHARES HELD BY DIRECTORS AND EXECUTIVES

No.	Name	Position	M shares held as of December 29, 2017	M shares held as of December 28, 2018	Increase/ (Decrease) in M Shares held	Percentage of shares held (%)
1	<b>Mr. Rit Thirakomen</b>	Chairman of the Board of Directors, Chief Executive Officer	140,059,333	123,059,333	(17,000,000)	13.4%
	Spouse and minor children		199,396,802	182,396,802	(17,000,000)	19.8%
2	<b>Mr. Somchai Hanjitkasem</b>	Director	164,494,812	147,494,812	(17,000,000)	16.0%
	Spouse and minor children	Executive Vice President	-	-	-	-
3	<b>Mr. Somchai Pipitvijitkorn</b>	Director	-	-	-	-
	Spouse and minor children		3,700,000	3,700,000	0	0.40%
4	<b>Dr. Annop Tanlamai</b>	Independent Director	-	-	-	-
	Spouse and minor children	Chairman of Audit Committee	-	-	-	-
5	<b>Dr. Katiya Greigarn</b>	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
6	<b>Mr. Thanong Chotisorayuth</b>	Independent Director	-	-	-	-
	Spouse and minor children		0	91,900	91,900	0.0%
7	<b>Mrs. Vilai Chattanrassamee</b>	Independent Director	-	-	-	-
	Spouse and minor children	Member of Audit Committee	-	-	-	-
8	<b>Mr. Attapon Chodchoy</b>	Independent Director	-	-	-	-
	Spouse and minor children	Member of Audit Committee	-	-	-	-
9	<b>Mr. Sujint Chumpolkanjana</b>	Independent Director	4,200,500	4,200,500	0	0.5%
	Spouse and minor children		1,500,000	-	(1,500,000)	-
10	<b>Mr. Pravitt Tantiwasinchai</b>	Director	4,112,800	3,862,800	(250,000)	0.4%
	Spouse and minor children		-	-	-	-
11	<b>Mrs. Yupin Thirakomen</b>	Executive Vice President	199,396,802	182,396,802	(17,000,000)	19.8%
	Spouse and minor children		140,059,333	123,059,333	(17,000,000)	13.4%
12	<b>Mr. Kiatkong Kungwanwong</b>	Senior Vice President	21,100	30,000	8,900	0.0%
	Spouse and minor children		400,000	400,000	0	0.0%
13	<b>Mrs. Sudarut Patvivatsiri</b>	Senior Vice President	920,000	880,000	(40,000)	0.1%
	Spouse and minor children		-	-	-	-

## GENERAL CORPORATE INFORMATION AND OTHER REFERENCES

<b>Company Name</b>	<b>:</b>	<b>MK Restaurant Group Public Company Limited</b>
Primary Business	:	Restaurant
Head Office	:	1200 Debaratna Road, Bangnatai, Bangna, Bangkok 10260
Registration No.	:	0107555000317
Homepage	:	<a href="http://www.mkrestaurant.com">www.mkrestaurant.com</a>
Telephone	:	+66 2836 1000
Fax	:	+66 2836 1099

### Share Capital as of December 31, 2018

Registered Capital	:	Baht 920,878,100 comprising of 920,878,100 shares with a par value of Baht 1 each
Issued and Paid-up Capital	:	Baht 920,878,100 comprising of 920,878,100 shares with a par value of Baht 1 each
Registrar	:	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building 93 Rachadapisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel: +66 2009 9000 Fax: +66 2009 9991
Auditors	:	EY Office Limited 33 <sup>rd</sup> Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110 Tel: +66 2264 0777 Fax: +66 2264 0789





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Bangnatai, Bangna, Bangkok 10260  
Telephone : +66 2836 1000 | Fax : +66 2836 1099



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