

A COMPLETE HAPPINESS SERVED ON YOUR TABLE

—
MK RESTAURANT GROUP PUBLIC COMPANY LIMITED



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VISION & MISSION

1

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.”

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



“A MEAL FILLED WITH MEMORIES”

Taking the lead in Thailand's food retail

The entry of “Laem Charoen Seafood” strengthens MK Restaurant Group’s restaurant portfolio. The extended seafood category completes togetherness moment for the meal occasions and creates another delicious and healthy choice for customers.



“DELIVERING FRESHNESS EVERYDAY FROM OUR CENTRAL KITCHEN”

Creating happiness for every moment

MK Group never stops developing our food portfolio. We always explore new tastes and markets, improve our products and services, and upgrade our standards to meet customers' various demand. From the famous suki restaurants, MK Group has added Japanese, Western, Thai, and Seafood categories to the services aiming at creating happiness and enjoyment for all family members.



FINANCIAL HIGHLIGHTS

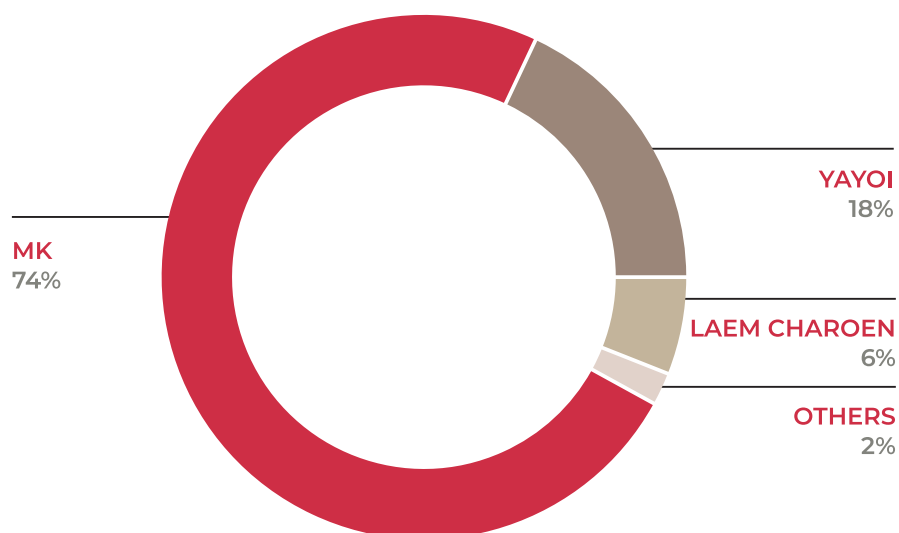
6

FINANCIAL HIGHLIGHTS	2018	2019	2020
INCOME STATEMENT (Million Baht)			
Revenues from Sales and Services	16,770	17,409	13,361
Total Revenues	17,234	17,739	13,622
Gross Profit	11,475	11,926	8,784
Profit Before Financial costs and Income tax expenses (EBIT)	3,131	3,164	1,125
Net Profit	2,574	2,604	907
BALANCE SHEET (Million Baht)			
Total Assets	17,174	17,942	20,353
Total Liabilities	2,998	3,315	6,506
Shareholders' Equity	14,176	14,627	13,847
Paid-up Capital	921	921	921
Net Cash from Operating Activities	3,727	3,434	2,092
FINANCIAL RATIO			
Gross Profit Margin (%)	68.4	68.5	65.7
Net Profit Margin (%)	14.9	14.7	6.7
Return on Equity (%)	18.4	18.3	6.5
Return on Assets (%)	15.4	14.8	4.7
Debt to Equity Ratio (Times)	0.2	0.2	0.5
Current Ratio (Times)	4.2	3.5	2.9
PER SHARE DATA			
Par Value (Baht per Share)	1.00	1.00	1.00
Earnings per Share (Baht)	2.79	2.83	0.99
Dividend per Share (Baht)	2.50	2.60	1.00
Dividend Payout Ratio (%)	89	92	101

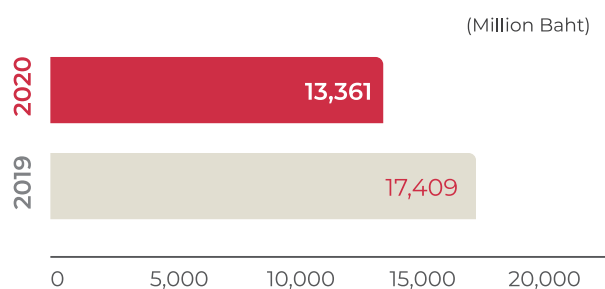
Notes:

Notes: Board of Directors had the resolution on February 24, 2021 to propose the 2020 dividend payment per share to the 2021 Annual General Meeting for shareholders' approval on April 27, 2021.

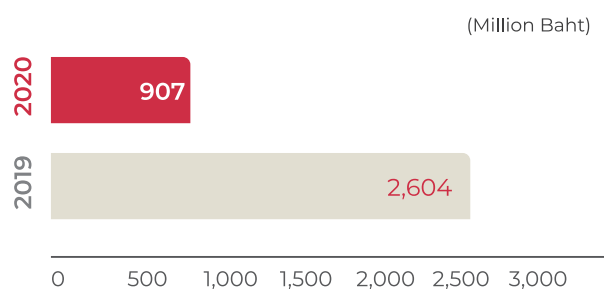
REVENUE BREAKDOWN BY BUSINESS



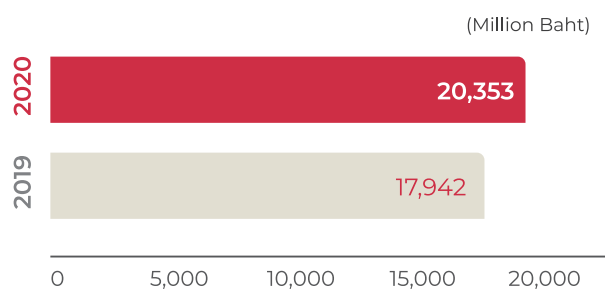
REVENUES FROM SALES AND SERVICES



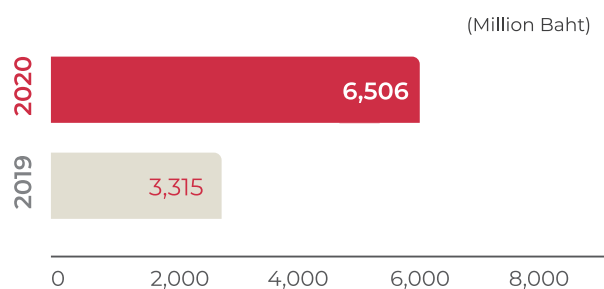
NET PROFIT



TOTAL ASSETS



TOTAL LIABILITIES





MESSAGE FROM CEO

8



“With the anticipated more favorable business environment and the strengths of the Company including strong financial position, robust and efficient infrastructure, strong “MK” brand, and the management team with good operating experience under the COVID-19 restrictions, I am confident that the Company will be able to overcome the tough challenges and achieve a better operating result in 2021.”

MR. RIT THIRAKOMEN

**CHAIRMAN AND CHIEF
EXECUTIVE OFFICER**

Dear Shareholders

In 2020, the Company faced the unprecedented pressure and challenges as a result of the COVID-19 pandemic. The COVID-19 was first detected in Wuhan, China in late 2019 and subsequently in March 2020, the World Health Organization declared COVID-19 a global pandemic as the virus spread rapidly worldwide. To contain the extensive and rapid spread of COVID-19, travel and mobility restrictions and lockdowns were implemented by most countries. Self-preventive practices, such as social distancing, mask-wearing, and frequent hand washing have also been strongly suggested and applied. These restrictions resulted in devastating impacts on the economy, including hospitality and tourism industries (e.g., airlines, hotels, and restaurants).

Thailand reported its first case of COVID-19 infection in January 2020. However, the number of infections surged in mid-March resulting from several transmission clusters, the

largest of which occurred at Lumpinee boxing stadium. The spike and the wide spread of the virus prompted the government to take similar stringent actions as practiced in other countries in order to mitigate this public health crisis. These disease control measures and other mandated operational restrictions such as restriction on operating hours, restriction on seating capacity and temporary closure of restaurant stores, severely affected the business and operating results of the Company. Although the Company managed to make a net profit of Baht 340 million in the first quarter of 2020, the Company suffered a substantial loss of Baht 247 million in the second quarter of 2020 due largely to the mandated restaurant store closures from March 22 to May 16. The restaurant operating results were also impacted by the additional expenses related to the implementation of operational changes intended to comply

with government requirements as well as to safeguard the health and safety of our employees and customers which are regarded as our top priority. They are also intended to increase customers' confidence by providing a safe environment for customers to dine in our restaurants. These operational changes included increased cleaning and sanitization, installation of counter screens, and purchasing personal protective equipment. To alleviate the impact resulting from the temporary restaurant store closures and other restrictions, the Company adapted its marketing strategy to focus more heavily on selling through takeaway and delivery channels by collaborating with third party food delivery service providers. This strategy shift resulted in the strong increase in sales from these channels which helped to compensate partly for the sales loss due to restaurant store closures. Meanwhile, the Company took stricter action in the control of expenses particularly manpower and rental expenses by adjusting manpower allocation to meet the changing condition. The Company also negotiated with the property owners to seek rent reduction particularly for the period of restaurant closure. As result of the easing of the COVID-19 control measures by the government and the reopening of restaurant stores on May 17, the Company's operating result recovered strongly from a second quarter loss to register a net profit of Baht 465 million in the third quarter of 2020. However, the operating result of the Company for the fourth quarter of 2020 suffered a setback again as it registered a lower net profit of Baht 349 million as compared to the previous quarter. This was due largely to a new outbreak occurred in mid-December resulting from a new transmission cluster linked to the central shrimp market in Samut Sakhon province. The new outbreak has since spread to other provinces.

In terms of financial performance for the fiscal year 2020, total revenue of the Company for the year 2020 amounted to Baht 13,622 million, down by 23.2 percent year on year. Net income for the year 2020 fell 65.1 percent year on year to Baht 907 million while earnings per share also dropped from Baht 2.83 per share for 2019 to Baht 0.99 per share for 2020.

With respect to COVID-19 related corporate social responsibility activities, I am pleased to inform you that the Company provided funding for medical projects related to COVID-19 and other assistances to the staff of hospitals during 2020 as follows:

- Donated 100,000 surgical masks during the shortage period to Siriraj Hospital and Ramathibodi Hospital.
- Provided joint funding for the research and development of COVID-19 rapid diagnostic tests to the Faculty of Medicine, Chulalongkorn University.
- Provided joint funding for the construction of 6 negative pressure rooms and the related medical equipment to Ramathibodi Hospital.

- Provided joint funding for the construction of 3 negative pressure rooms to Buddhachinaraj Hospital.
- Provided research grant to the Center of Excellence in Clinical Virology, and funding for the procurement of real-time PCR thermal cycler to detect COVID-19 to Chulalongkorn Hospital, The Thai Red Cross Society.
- Distributed free lunch boxes jointly with Aunty Thongkam Foundation for a total of 7,400 boxes per day for a period two months to the staffs of 35 hospitals and public health agencies in 22 provinces nationwide.

In view of the significant decrease in the Company's net profit for the year 2020, the Board of Directors has thus resolved to recommend a decrease in a full year dividend of Baht 1.00 per share (2019: Baht 2.60). As an interim dividend of Baht 0.50 per share was already paid to shareholders, the final dividend of Baht 0.50 per share, subject to the approval of shareholders at the 2021 Annual General Meeting, will be paid to shareholders who are eligible to receive dividends on May 25, 2021.

Looking ahead, the Company will continue to face tough challenges in 2021 due to the occurrence of a new outbreak in mid-December 2020 and the future uncertainties related to COVID-19 pandemic. Furthermore, the Company's operations will continue to be affected by the on-going restrictions and the customers' lingering concern about their safety of dining in restaurants. However, in view of the government's increasing efficiency in controlling the spread of the disease and the fact that a number of countries started to roll out anti-virus vaccinations including Thailand which planned to roll out its vaccinations in February 2021, it is expected that the COVID-19 situation will be brought under control soon which will lead to the relaxation or lifting of the disease control measures by the government. With this anticipated more favorable business environment and the strengths of the Company including strong financial position, robust and efficient infrastructure, strong "MK" brand, and the management team with good operating experience under the COVID-19 restrictions, I am confident that the Company will be able to overcome the tough challenges and achieve a better operating result in 2021.

Lastly, on behalf of the Board of Directors, I would like to take this opportunity to thank our shareholders, joint venture partners, suppliers, customers, and all other relevant parties for their continued support and trust. Especially, I would like to express my sincere gratitude to our employees for their dedication and concerted effort in overcoming the most challenging crisis in our company's history.

TOTAL REVENUES

13,622

Million Baht

NET PROFIT

907

Million Baht

EARNINGS PER SHARE

0.99

Baht



BOARD OF DIRECTORS

10



1.



2.



3.



4.



5.



6.



7.

1. MR. RIT THIRAKOMEN

Chairman of the Board of Directors

2. MR. THANONG CHOTISORAYUTH

Independent Director

3. MR. SUJINT CHUMPOLKANJANA

Independent Director

4. MR. PRAVIT TANTIWASINCHAI

Director

5. MR. SOMCHAI HANJITKASEM

Director

6. DR. KATIYA GREIGARN

Independent Director

Member of Audit Committee

Chairman of Corporate Governance,

Nominating and Compensation Committee

7. MRS. VILAI CHATTANRASSAMEE

Independent Director

Member of Audit Committee

Member of Corporate Governance,

Nominating and Compensation Committee

8. DR. ANNOP TANLAMAI

Independent Director

Chairman of Audit Committee

9. MR. SOMCHAI PIPITVIJITKORN

Director

Member of Corporate Governance,

Nominating and Compensation Committee



8.

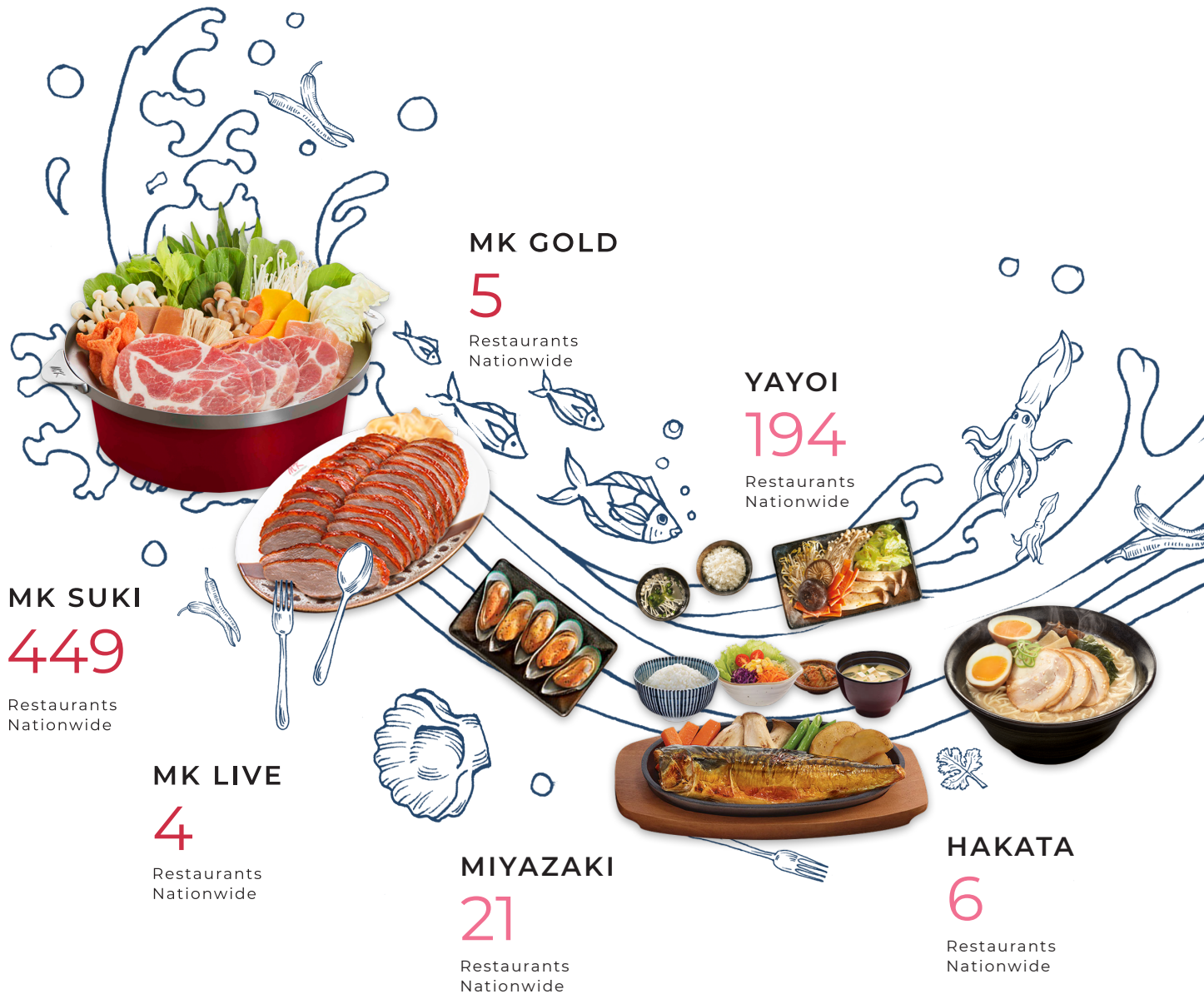


9.



NATURE OF BUSINESS

12



2020
PERFORMANCE

MK HARVEST**1**

Restaurant

NA SIAM**1**

Restaurant

BIZZY BOX**6**Restaurants
Nationwide**LE PETIT****3**Restaurants
Nationwide**LAEM CHAROEN
SEAFOOD****29**Restaurants
Nationwide**LE SIAM****3**Restaurants
Nationwide

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.

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. In addition, in late 2019 the Company invested in 65% of shares in Laem Charoen Seafood Company Limited which operates Laem Charoen Seafood restaurants.

As of December 31, 2020, the Company boasted 458 MK Suki Restaurants

(including 5 MK Gold Restaurants and 4 MK Live); 194 Yayoi Japanese restaurants; 29 Laem Charoen Seafood restaurants; 6 Hakata Japanese restaurants; 21 Miyazaki Japanese restaurants; 3 Le Siam Thai restaurants; 1 Na Siam Thai restaurant; 6 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.

HOTPOT RESTAURANT BUSINESS



The suki restaurant business operated by the Company can be classified into three categories as follows:

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, 2020, there were 449 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.

THAILAND
MK SUKI

449

Restaurants
Nationwide

LAOS

2

Restaurants
Nationwide

VIETNAM

8

Restaurants
Nationwide

JAPAN

26

Restaurants
Nationwide



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, 2020, there were 5 MK Gold restaurants in major central business district areas including Siam Paragon, 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.

THAILAND
MK GOLD

5

Restaurants
Nationwide

MK LIVE RESTAURANT

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, 2020, MK LIVE had 4 branches, locating at The EmQuartier Department Store, Mega Bangna, Icon Siam, and Central World.

THAILAND
MK LIVE

4

Restaurants
Nationwide



JAPANESE RESTAURANT BUSINESS

16

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, 2020, there were 194 Yayoi Restaurants nationwide.



THAILAND
YAYOI

194

Restaurants
Nationwide

SINGAPORE
YAYOI

11

Restaurants
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, 2020, MK Restaurant Group Plc. operated 6 Hakata branches locating at Siriraj Hospital, Central Chiang Mai, Central Hatyai, Don Mueang Airport, Central Westgate and The Mall Ngamwongwan.

THAILAND
HAKATA

6

Restaurants
Nationwide

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 21 Miyazaki Restaurant branches as of December 31, 2020.

THAILAND
MIYAZAKI

21

Restaurants
Nationwide

THAI RESTAURANT BUSINESS



LAEM CHAROEN SEAFOOD RESTAURANT

Laem Charoen Seafood Restaurant is the Thai seafood restaurant which originated from Rayong province and distinguished by its quality, freshness and unique taste. The most popular menu is deep fried seabass with fish sauce. It also offers various seafood menus including fish, shrimp, squid, crab and shellfish. As of December 31, 2020, there were 29 branches of Laem Charoen Seafood Restaurant.

NA SIAM 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, 2020, there was 1 Na Siam Restaurant on B1 Floor of Central Plaza Bangna Shopping Center.

THAILAND
**LAEM CHAROEN
SEAFOOD**

29

Restaurants
Nationwide

THAILAND
NA SIAM

1

Restaurant



LE SIAM 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, 2020, there were 3 branches of Le Siam Restaurant at Saladaeng in Bangkok, Jungceylon in Phuket and London Street in Bangkok.

THAILAND
LE SIAM

3

Restaurants
Nationwide

GRAB AND GO BUSINESS



BIZZY BOX

“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, 2020, Bizzy Box has 6 branches locating in Bangkok area.



THAILAND BIZZY BOX

6

Restaurants
Nationwide

COFFEE SHOP AND BAKERY BUSINESS



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, 2020, there were 3 branches of Le Petit coffee shop and bakery, locating at Siriraj Hospital, London Street and MK’s Head Office.

THAILAND LE PETIT

3

Restaurants
Nationwide



BEVERAGE AND DESSERT BUSINESS



MK HARVEST

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, 2020, MK Harvest has 1 branch locating on the 6th floor of The EmQuartier.



THAILAND MK HARVEST

1

Restaurant

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. The customer can order food via the following channels:

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.

MK DELIVERY



0-2248-5555,
1642

Phone Numbers

0-2248-5555,
1642

Website

<http://www.mkrestaurant.com>
<http://www.yayoirestaurants.com>

OVERSEAS RESTAURANT BUSINESS



As of December 31, 2020, 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	26	-	-	Plenus MK Co., Ltd. (The Company holds 12% of its shares; it obtains the franchise right from the Company)
Singapore	-	11	-	Plenus & MK Pte. Ltd. (The Company holds 50% of its shares; the Firm is a joint-venture company)
Vietnam	8	-	-	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-floors

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



23

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

MK INTERFOOD
CO., LTD. (MKI)



100%

Yayoi Japanese
Restaurants

MK SERVICE
TRAINING CENTER
CO., LTD. (MKST)



100%

Provide training
services

INTERNATIONAL
FOODSUPPLY
CO., LTD. (IFS)



100%

Food manufacturer
& distributor

M-SENKO
LOGISTICS CO.,
LTD.⁽¹⁾ (MSL)



49.75%

Provide logistics &
warehouse services

CATAPULT
CO., LTD. (CTP)



100%

Invest in restaurant
business

MARK ONE
INNOVATION
CENTER
CO., LTD. (MKO)



100%

Research &
development

PLENUS & MK PTE.
LTD.⁽²⁾



50%

Restaurants in
Singapore

PLENUS MK
CO., LTD.⁽³⁾



12%

MK Suki Restaurants
in Japan

LAEM CHAROEN
SEAFOOD CO., LTD.



65%

Laem Charoen
Seafood Restaurants

⁽¹⁾ Senko Group Holdings Co., Ltd., Runtec Co., Ltd. and Senko (Thailand) Co., Ltd. hold 34.14%, 14.86%, 1.25% respectively.

⁽²⁾ Plenus Co., Ltd. hold 50% of its shares.

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

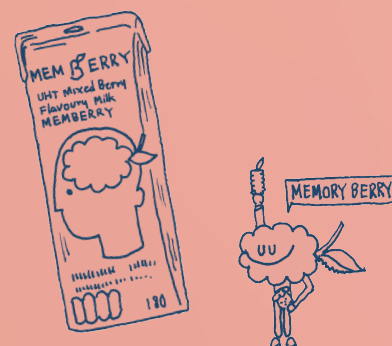
★ NOTABLE EVENTS IN 2020

24

JULY

NO.1 Brand Thailand 2019-2020

On July 30, 2020, the Company has been awarded **“NO.1 Brand Thailand 2019-2020”** in Chain Restaurant category from **“Marketeer Magazine”**.



2019



AUGUST

Memberry Milk

In August 2020, the Company has launched new product **“Memberry Milk”**, UHT mixed berry flavored milk.

SEPTEMBER

Money & Banking Awards 2020

On September 18, 2020, the Company has been awarded **"Best Public Company of the Year 2020"** in the category of **"Agro and Food Industry"** from **"Money & Banking Awards 2020"** event organized by Money & Banking Magazine.



2020

NOVEMBER

Organization supporting work for disabled persons for the year 2020

On November 27, 2020, the Company has been recognized as **"Organization supporting work for disabled persons for the year 2020"** from **Department of Empowerment of Persons with Disabilities**.

! RISK FACTORS

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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 600 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 32-33 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 Restaurant Development and Facilities Maintenance 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, 2020, it had a total of 194 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. 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 ARISING FROM COVID-19 PANDEMIC

In late 2019, a novel strain of coronavirus, known as COVID-19, was first detected in Wuhan, China. Subsequently in March 2020, the World Health Organization declared COVID-19 a global pandemic as the virus spread rapidly worldwide. To contain the extensive and rapid spread of COVID-19, travel and mobility restrictions and lockdowns were implemented by most countries. Self-preventive practices, such as social distancing, mask-wearing, and hand-washing have also been strongly suggested and applied. These restrictions resulted in devastating impacts on the economy, including hospitality and tourism industries (e.g., restaurants and hotels).

Thailand reported its first case of COVID-19 infection in January 2020. However, the number of infections surged in mid-March resulting from several transmission clusters, the largest of which occurred at Lumpinee boxing stadium. The spike and the continued spread of the virus prompted the government to take similar stringent actions as practiced in other countries

in order to mitigate this public health crisis. As a result, the rate of new infections dropped steadily and in mid-May, the government began to gradually relax or lift the restrictions. However, after months of successful containment, the COVID-19 situation began to relapse in mid-December resulting from a new outbreak linked to a seafood market in Samut Sakhon province. The new outbreak has since spread to other provinces. In response to the new outbreak, the government has re-imposed restrictions that were previously lifted or reduced but without lockdown.

As a result of the COVID-19 outbreak and the virus control measures implemented by the government as well as the increased public perceptions of the risks associated the COVID-19 pandemic, the business and result of operations of the Company for the fiscal year 2020 were severely affected especially in the second quarter of 2020 due to the mandated restaurant store closures from March 22 to May 16. The Company's operations were also adversely affected by other requirements such as restrictions on operating hours and limiting dine-in capacity. In addition, the Company has made operational changes intended to safeguard employees and customers in response to COVID-19, including increased cleaning and sanitization, installation of counter screens and purchasing protective equipment, which resulted in the increase of restaurant operating costs and reduced restaurant-level margins. We cannot

predict the duration, scope or severity of the COVID-19 pandemic going forward. However, it is expected that the COVID-19 pandemic will continue to negatively impact the Company's business and results of operations and such impact could be material based on its longevity and severity.

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.



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 directors. Chaired by Dr. Annop Tanlamai, the Committee has Mrs. Vilai Chattanrassamee and Dr. Katiya Greigarn as two audit members with Mr. Pasakorn Lila serving as the Committee's secretary. All directors are independent directors and have qualifications as specified by 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 and emphasized on the internal control system and good corporate governance.

In 2020, 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 2020 can be summarized as follows:

1. Review of quarterly financial statements and full year financial statement for the year 2020: The Audit Committee reviewed the quarterly financial statements and full year financial statements 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. The Audit Committee also brought the auditor's observations and suggestions to improve the operation process to be more efficient. 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.

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 were done based on normal business practice, reasonable, in the best interest of the Company's business and transparent. These connected transactions were disclosed transparently and accurately and aligned with the Stock Exchange of Thailand's requirement.

5. Promotion of Good Corporate Governance: the Audit Committee has placed much importance on the good corporate governance and encouraged executives and employees of the Company to follow the policy as good corporate governance shall boost the Company's efficiency and create morality, and transparency. 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. In addition, the Audit Committee also reviewed the self-assessment for Thailand's Private Sector Collection Action Coalition against Corruption and proposed to Thai Institute of Directors (IOD). The Company was certified to renew a membership of Thailand's Private Sector Collective Action Coalition against Corruption which the certification is valid for 3 years (until September 30, 2023).

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 2021. The appointment will be subjected to the approval from the 2021 Annual General Meeting of Shareholders.

In conclusion, for the year 2020, the Audit Committee has performed its duties as stated in the Audit Committee Charter and regularly reported the results to the Board of Directors. The Audit Committee has the opinion that the Company accurately reported its financial information and operations; that the Internal Audit department

had experience and covered various aspects; 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 December 31, 2020, 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 December 31, 2020, 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.

EMPHASIS OF MATTERS

1. I draw attention to Note 1.2 to the consolidated financial statements regarding COVID-19 pandemic, in this situation the Group had been unable to sell products and provide services to customers who would like to dine in the restaurants since March 22, 2020 as it had to comply with the lockdown measures that aimed to prevent the spread of the disease. However, products can be picked up from branches and delivered to customers. Subsequently, the government has eased the lockdown measures and the Group has returned to normal operations since May 17, 2020. However, the COVID-19 pandemic has affected all sectors; therefore, the number of customers who come to use services has not returned to normal levels. This is significantly impacting the Groups' financial position operating results, and cash flows at present, and is expected to do so in the future. The Group's management has continuously monitored ongoing developments and assessed the financial impact

in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

2. I draw attention to Note 3 to the consolidated financial statements. In the fourth quarter of 2020, the Company has assessed the financial impacts of the uncertainties of the COVID-19 pandemic on the valuation of assets, provisions and contingent liabilities. As a result, in preparing the consolidated and separate financial statements for the year ended December 31, 2020, the Company has decided to discontinue application of the relief measures relating to measurement of impairment of goodwill, which the Company elected to apply under the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 pandemic issued by the Federation of Accounting Professions. This has no significant impact on the Company's consolidated and separate financial statements.

However, the Company has elected to continue to apply the temporary relief measures on accounting alternatives relating to reduction in lease payments by lessors. This has no significant impact on the Company's consolidated and separate financial statements.

My opinion is not modified in respect of the above two matters.

KEY AUDIT MATTERS

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

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

Key audit 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.

Impairment of Goodwill

I have focused my audit on the impairment of goodwill, as disclosed in Note 17 to the financial statements, because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

In addition, I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. I also tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets,

by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the average costs of the Group and of the industry and involving expert to assist in the assessment of this information by comparing it to external sources based on an expert's knowledge and past experience, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosure made with respect to impairment assessment for goodwill.

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.



Mr. Wichart Lokatekrawee
 Certified Public Accountant (Thailand)
 No. 4451

EY Office Limited
 Bangkok: February 24, 2021

STATEMENTS OF FINANCIAL POSITION



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MK RESTAURANT GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	8	509,452,008	808,107,695	383,587,704	508,643,560
Short-term investments	4, 9	-	7,225,069,278	-	6,437,426,824
Trade and other receivables	7, 10	110,000,215	157,845,146	196,807,720	276,424,868
Inventories	11	418,164,039	358,098,079	378,378,219	309,863,744
Other current financial assets	4, 12	7,153,654,136	-	6,255,937,743	-
Other current assets	4	118,623,229	191,141,984	85,179,267	152,449,893
Total current assets		8,309,893,627	8,740,262,182	7,299,890,653	7,684,808,889
Non-current assets					
Other non-current financial assets	4, 12	825,806,858	-	825,806,858	-
Investments in subsidiaries	13	-	-	2,761,479,762	2,761,479,762
Investments in joint ventures	14	895,039,974	902,043,320	912,947,457	912,947,457
Other long-term investments	4, 15	-	1,218,838,142	-	1,218,838,142
Property, plant and equipment	4, 16	3,253,668,194	3,769,143,405	2,478,229,407	2,866,865,660
Right-of-use assets	21	3,956,249,695	-	3,067,677,304	-
Goodwill	13, 17	1,477,657,048	1,477,657,048	-	-
Intangible assets	4, 18	919,273,423	976,996,122	82,304,219	115,344,587
Leasehold rights	4, 19	-	205,964,426	-	193,374,157
Deferred tax assets	28	181,838,109	121,586,397	148,218,676	108,501,318
Deposits		534,004,815	529,095,947	356,721,363	357,223,848
Total non-current assets		12,043,538,116	9,201,324,807	10,633,385,046	8,534,574,931
Total assets		20,353,431,743	17,941,586,989	17,933,275,699	16,219,383,820

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

STATEMENTS OF FINANCIAL POSITION

(continued)

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MK RESTAURANT GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	7, 20	1,312,171,112	1,855,307,507	1,113,071,511	1,512,781,209
Deferred income of membership fee		21,064,471	36,477,189	14,925,394	24,057,813
Current portion of lease liabilities	4, 21	1,126,492,433	-	831,564,448	-
Current portion of liabilities under finance lease agreements	4, 22	-	12,849,656	-	12,849,656
Income tax payable		145,405,922	278,647,215	142,496,724	217,593,661
Other current liabilities		239,990,186	283,314,646	181,207,104	220,420,247
Total current liabilities		2,845,124,124	2,466,596,213	2,283,265,181	1,987,702,586
Liabilities and shareholders' equity					
Non-current liabilities					
Lease liabilities, net of current portion	4, 21	2,564,580,262	-	2,017,022,828	-
Liabilities under finance lease agreements net of current portion	4, 22	-	38,502,572	-	38,502,572
Provision for long-term employee benefits	23	718,466,074	617,352,274	630,148,174	553,721,258
Deferred tax liabilities	28	165,270,362	170,985,763	-	-
Other non-current liabilities	4	212,547,040	21,461,956	156,486,222	21,663,402
Total non-current liabilities		3,660,863,738	848,302,565	2,803,657,224	613,887,232
Total liabilities		6,505,987,862	3,314,898,778	5,086,922,405	2,601,589,818

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

STATEMENTS OF FINANCIAL POSITION

(continued)

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MK RESTAURANT GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Liabilities and shareholders' equity					
(continued)					
Shareholders' equity					
Share capital					
Registered					
920,878,100 ordinary shares					
of Baht 1 each		920,878,100	920,878,100	920,878,100	920,878,100
Issued and fully paid					
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 payment					
transactions		656,331,057	656,331,057	656,331,057	656,331,057
Retained earnings					
Appropriated - statutory reserve	24	92,585,000	92,585,000	92,585,000	92,585,000
Unappropriated		3,064,100,985	3,844,557,041	2,391,531,234	3,160,649,715
Other component of					
shareholders' equity		4,076,922	7,098,631	-	2,322,227
Equity attributable to owners					
of the Company		13,522,999,967	14,306,477,732	12,846,353,294	13,617,794,002
Non-controlling interests of					
the subsidiaries		324,443,914	320,210,479	-	-
Total shareholders' equity		13,847,443,881	14,626,688,211	12,846,353,294	13,617,794,002
Total liabilities and					
shareholders' equity		20,353,431,743	17,941,586,989	17,933,275,699	16,219,383,820

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

INCOME STATEMENTS

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MK RESTAURANT GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Revenues					
Sales and service income		13,360,876,148	17,408,959,581	11,119,294,555	15,163,808,622
Dividend income	13	-	-	-	352,499,843
Other income		260,634,488	330,138,147	431,733,180	479,091,386
Total revenues		13,621,510,636	17,739,097,728	11,551,027,735	15,995,399,851
Expenses	27				
Cost of sales and services		4,577,203,543	5,482,624,603	4,428,111,382	5,654,149,285
Selling and distribution expenses		6,765,532,533	7,901,861,167	5,185,426,828	6,361,222,446
Administrative expenses		1,181,435,713	1,281,077,006	851,667,426	1,007,449,581
Other expenses	14	-	-	-	55,759,396
Total expenses		12,524,171,789	14,665,562,776	10,465,205,636	13,078,580,708
Profit from operating activities		1,097,338,847	3,073,534,952	1,085,822,099	2,916,819,143
Finance income	25	33,747,167	131,732,290	33,598,728	131,491,944
Share of loss from investments in joint ventures	14	(6,303,864)	(41,091,701)	-	-
Finance cost	26	(73,296,526)	(690,344)	(57,531,895)	(690,344)
Profit before income tax expenses		1,051,485,624	3,163,485,197	1,061,888,932	3,047,620,743
Income tax expenses	28	(139,879,619)	(553,253,624)	(153,126,616)	(482,021,042)
Profit for the year		911,606,005	2,610,231,573	908,762,316	2,565,599,701
Profit attributable to:					
Equity holders of the Company		907,372,570	2,603,590,376	908,762,316	2,565,599,701
Non-controlling interests of the subsidiaries		4,233,435	6,641,197		
		911,606,005	2,610,231,573		
Earnings per share	29				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.99	2.83	0.99	2.79

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

STATEMENTS OF COMPREHENSIVE INCOME

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MK RESTAURANT GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit for the year		911,606,005	2,610,231,573	908,762,316	2,565,599,701
Other comprehensive income:					
Other comprehensive income reclassified or to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of financial statements in foreign currency		(699,482)	(931,013)	-	-
Gain on changes in value of available-for-sale investments		-	5,579,000	-	5,579,000
Transferred the effect of changes in value of available-for-sale investment disposed during the period to profit or loss		(2,902,783)	-	(2,902,783)	-
Less: Income tax effect	28	580,556	(1,115,799)	580,556	(1,115,799)
Gain (loss) on investments designated at fair value through other comprehensive income - net of income tax		(2,322,227)	4,463,201	(2,322,227)	4,463,201
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial losses	23.2	(37,018,840)	(102,805,823)	(25,385,490)	(95,152,677)
Less: Income tax effect	28	6,762,619	20,377,874	5,077,098	19,030,535
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(30,256,221)	(82,427,949)	(20,308,392)	(76,122,142)
Other comprehensive income for the year		(33,277,930)	(78,895,761)	(22,630,619)	(71,658,941)
Total comprehensive income for the year		878,328,075	2,531,335,812	886,131,697	2,493,940,760
Total comprehensive income attributable to:					
Equity holders of the Company		874,094,640	2,524,694,615	886,131,697	2,493,940,760
Non-controlling interests of the subsidiaries		4,233,435	6,641,197	-	-
		878,328,075	2,531,335,812		

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 2020

(Unit: Baht)

	Separate financial statements						
	Retained earnings						Total shareholders equity
	Note	Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Appropriated - statutory reserve	Unappropriated	
							Other component of shareholders' equity Other comprehensive income Fair value reserve of investments at FVOCI
Balance as at 1 January 2019		920,878,100	8,785,027,903	656,331,057	92,585,000	3,065,451,568	13,518,132,654
Profit for the year		-	-	-	-	2,565,599,701	2,565,599,701
Other comprehensive income for the year		-	-	-	-	(76,122,142)	(71,658,941)
Total comprehensive income for the year		-	-	-	-	2,489,477,559	2,493,940,760
Dividend paid	31	-	-	-	-	(2,394,279,412)	(2,394,279,412)
Balance as at 31 December 2019		920,878,100	8,785,027,903	656,331,057	92,585,000	3,160,649,715	13,617,794,002
Balance as at 1 January 2020		920,878,100	8,785,027,903	656,331,057	92,585,000	3,160,649,715	13,617,794,002
Profit for the year		-	-	-	-	908,762,316	908,762,316
Other comprehensive income for the year		-	-	-	-	(20,308,392)	(22,630,619)
Total comprehensive income for the year		-	-	-	-	888,453,924	886,131,697
Dividend paid	31	-	-	-	-	(1,657,572,405)	(1,657,572,405)
Balance as at 31 December 2020		920,878,100	8,785,027,903	656,331,057	92,585,000	2,391,531,234	12,846,353,294

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

CASH FLOW STATEMENTS

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MK RESTAURANT GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before tax	1,051,485,624	3,163,485,197	1,061,888,932	3,047,620,743
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Gain on sales of investments	(111,768,413)	(63,862,879)	(103,906,252)	(51,130,679)
Gain on revaluation of investments in debt instruments	(18,829,978)	(15,593,630)	(19,120,201)	(14,559,940)
Unrealised gain (loss) on exchange	23,026,554	(22,095,047)	23,026,554	(22,095,048)
Amortised premium on investments in available-for-sale securities	-	1,704,002	-	1,704,002
Allowance for impairment loss on investment in joint venture	-	-	-	55,759,396
Share of loss from investments in joint ventures	6,303,864	41,091,701	-	-
Loss on damaged inventories	2,783,970	3,068,429	2,783,970	3,068,429
Amortisation of prepaid expenses	22,452,249	26,898,820	18,650,723	22,470,881
Depreciation and amortisation	2,136,979,493	777,055,959	1,551,722,439	604,746,026
Reduction in lease payments by lessors	(277,482,225)	-	(193,335,055)	-
Loss on disposals and write-off of equipment, right-of-use assets and intangible assets	29,402,139	27,451,552	14,938,856	20,999,559
Provision for long-term employee benefits	79,039,169	58,527,808	64,684,461	51,301,647
Reduction of inventory to net realisable value (reversal)	-	(107,534)	-	-
Realisation of gift voucher, net of sales and cash received during the year	(16,867,465)	(22,854,432)	(15,911,135)	(21,654,582)
Realisation of deferred income, net of sales and cash received during the year	(36,477,189)	(44,795,771)	(24,057,812)	(35,477,601)
Dividend income	-	-	-	(352,499,843)
Interest income	(33,747,167)	(131,584,195)	(33,598,728)	(131,491,944)
Interest expenses	91,965,087	690,344	70,832,851	690,344
Profit from operating activities before changes in operating assets and liabilities	2,948,265,712	3,799,080,324	2,418,599,603	3,179,451,390

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

CASH FLOW STATEMENTS

(continued)

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MK RESTAURANT GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Trade and other receivables	(4,027,683)	(14,848,892)	27,744,534	(11,763,926)
Inventories	(62,849,930)	(20,783,377)	(71,298,445)	(11,463,673)
Other current assets	(36,964,683)	209,570,432	(41,194,103)	211,055,906
Deposits	(4,908,868)	(30,916,019)	502,485	(19,642,830)
Operating liabilities increase (decrease)				
Trade and other payables	(490,321,217)	(103,516,906)	(365,852,281)	(178,653,393)
Other current liabilities	(26,456,995)	52,501,503	(23,302,008)	50,341,546
Deferred income	21,064,471	34,879,203	14,925,393	23,905,108
Provision for long-term employee benefits	(14,944,209)	(24,311,958)	(13,643,035)	(24,380,997)
Other non-current liabilities	13,277,628	196,914	5,739,757	132,452
Cash from operating activities	2,342,134,226	3,901,851,224	1,952,221,900	3,218,981,583
Cash received from interest income	85,619,781	106,142,822	85,471,342	106,050,571
Cash paid for income tax	(335,811,614)	(573,754,557)	(262,283,257)	(493,471,018)
Net cash from operating activities	2,091,942,393	3,434,239,489	1,775,409,985	2,831,561,136

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

CASH FLOW STATEMENTS

(continued)

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MK RESTAURANT GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
Decrease in investments in debt instruments and fixed deposits	657,096,555	1,885,808,873	759,598,556	1,879,609,215
Cash paid for investments in joint ventures	-	(223,875,000)	-	(223,875,000)
Cash paid for investment in subsidiaries	-	(1,939,453,967)	-	(2,069,999,950)
Cash paid for purchases of plant and equipment	(302,172,388)	(658,967,945)	(197,939,293)	(487,922,632)
Cash paid for intangible assets	(13,423,935)	(26,141,789)	(8,383,735)	(24,733,720)
Cash paid for leasehold rights	-	(404,321)	-	(404,321)
Proceeds from disposals of equipment and intangible assets	1,630,970	5,978,682	10,966,841	24,620,057
Dividend income	-	-	-	352,499,843
Net cash from (used in) investing activities	343,131,202	(957,055,467)	564,242,369	(550,206,508)
Cash flows from financing activities				
Cash paid to settle liabilities under lease liabilities	(1,076,156,877)	-	(807,135,805)	-
Dividend paid	(1,657,572,405)	(2,394,279,570)	(1,657,572,405)	(2,394,279,412)
Net cash used in financing activities	(2,733,729,282)	(2,394,279,570)	(2,464,708,210)	(2,394,279,412)
Net increase (decrease) in cash and cash equivalents	(298,655,687)	82,904,452	(125,055,856)	(112,924,784)
Cash and cash equivalents at beginning of year	808,107,695	725,203,243	508,643,560	621,568,344
Cash and cash equivalents at end of year (Note 8)	509,452,008	808,107,695	383,587,704	508,643,560
Supplemental disclosure of cash flows information				
Non-cash items				
Accounts payable for purchases of plant and equipment	48,822,294	101,637,472	38,902,848	72,760,265
Increase in right-of-use assets	902,860,372	-	674,348,414	-
Equipment and computer software under finance lease agreements	-	50,661,883	-	50,661,883

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 2020

1. GENERAL INFORMATION

1.1 Corporate 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 2020, the Group had operated 722 branches (the Company only: 499 branches) (2019: 733 branches, the Company only: 508 branches).

1.2 The COVID-19 Pandemic

The COVID-19 Pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more.

In this situation the Group had been unable to sell products and provide services to customers who would like to dine in the restaurants since 22 March 2020 as it had to comply with the lockdown measures that aimed to prevent the spread of the disease. However, products can be picked up from branches and delivered to customers. Subsequently, the government has eased the lockdown measures and the Group has returned to normal operations since 17 May 2020. However, the COVID-19 pandemic has affected all sectors; therefore, the number of customers who come to use services has not returned to normal levels. This is significantly impacting the Group's financial position, operating results, and cash flows at present, and is expected to do so in the future. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgment in respect of various issues as the situation has evolved.

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, 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	
			2020	2019
			Percent	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	100
Catapult Company Limited	Invest in food business	Thailand	100	100
Subsidiaries (held by Catapult Company Limited)				
Laemcharoen Seafood Company Limited	Restaurant	Thailand	65	65

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.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

g) The excess of the fair value of net assets at the date of the acquisition of the subsidiaries over related cost of investment is accounted as "Goodwill" in the consolidated statement of financial positions.

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 Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7
TFRS 9

Accounting standard:

TAS 32

Financial Reporting Standard Interpretations:

TFRIC 16

TFRIC 19

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

These standards do not have any significant impact on the Group's financial statements.

TFRS 16 Leases

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

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

Financial Instruments: Disclosures
Financial Instruments

Financial Instruments: Presentation

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

The Group recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4.

Accounting Guidelines on Temporary Relief Measures for Accounting Alternatives Dealing with the Impact of COVID-19 Pandemic

The Federation of Accounting Professions issued the Accounting Guidelines on Temporary Relief Measures for Accounting Alternatives Dealing with the Impact of COVID-19 Pandemic. The objective is to relieve the impact from adoption on certain financial reporting standards and provide clarification on accounting treatments during the uncertainty situation.

The accounting guidelines was announced in the Royal Gazette on 22 April 2020 and effective for the financial statements periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating consisted of the following:

- The impact of COVID-19 pandemic is not included in estimating future cash flows for testing of the impairment of goodwill.

- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.

In the fourth quarter of 2020, the Group has assessed some of the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of impairment of goodwill. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of the temporary relief measures on accounting alternatives relating to impairment of goodwill. This has no significant impact on the Group's financial statements.

However, the Group elected to continue to apply the following temporary relief measures on accounting alternatives:

- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.

The management of the Group has evaluated to continue to apply the temporary relief measures on accounting alternatives relating to reduction in lease payments by lessors and believe that there has no significant impact on the Group's financial statements.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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 Group has evaluated that these standards do not have any significant impact on the Group's financial statements in the year when they are adopted.

4. CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS

As described in Note 3 to the financial statements, during the current period, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

Consolidated financial statements

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	The impacts of			
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Assets				
Current assets				
Short-term investments	7,225,069	(7,225,069)	-	-
Other current financial assets	-	7,313,050	-	7,313,050
Other current assets	191,142	(87,981)	-	103,161
Non-current assets				
Other non-current financial assets	-	1,218,838	-	1,218,838
Other long-term investments	1,218,838	(1,218,838)	-	-
Property, plant and equipment	3,769,144	-	(26,974)	3,742,170
Intangible assets	976,996	-	(23,709)	953,287
Right-of-use assets	-	-	4,434,166	4,434,166
Leasehold rights	205,965	-	(205,965)	-
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	-	-	1,088,852	1,088,852
Current portion of liabilities under finance lease agreements	12,850	-	(12,850)	-
Non-current liabilities				
Lease liabilities, net of current portion	-	-	2,955,203	2,955,203
Liabilities under finance lease agreements, net of current portion	38,503	-	(38,503)	-
Other non-current liabilities	21,462	-	184,816	206,278

(Unit: Thousand Baht)

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Separate financial statements

The impacts of

	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Assets				
Current assets				
Short-term investments	6,437,427	(6,437,427)	-	-
Other current financial assets	-	6,525,408	-	6,525,408
Other current assets	152,450	(87,981)	-	64,469
Non-current assets				
Other non-current financial assets	-	1,218,838	-	1,218,838
Other long-term investments	1,218,838	(1,218,838)	-	-
Property, plant and equipment	2,866,866	-	(22,151)	2,844,715
Intangible assets	115,345	-	(23,709)	91,636
Right-of-use assets	-	-	3,421,087	3,421,087
Leasehold rights	193,374	-	(193,374)	-
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	-	-	846,009	846,009
Current portion of liabilities under finance lease agreements	12,850	-	(12,850)	-
Non-current liabilities				
Lease liabilities, net of current portion	-	-	2,258,131	2,258,131
Liabilities under finance lease agreements, net of current portion	38,503	-	(38,503)	-
Other non-current liabilities	21,663	-	129,066	150,729

4.1 Financial instruments

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

Consolidated financial statements					
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
Financial assets as at 1 January 2020					
Cash and cash equivalents	808,108	-	-	808,108	808,108
Trade and other receivables	157,845	-	-	157,845	157,845
Other current financial assets	7,313,050	7,313,050	-	-	7,313,050
Other non-current financial assets	1,218,838	-	918,588	300,250	1,218,838
Total financial assets	9,497,841	7,313,050	918,588	1,266,203	9,497,841

(Unit: Thousand Baht)

Separate financial statements					
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
Financial assets as at 1 January 2020					
Cash and cash equivalents	508,643	-	-	508,643	508,643
Trade and other receivables	276,425	-	-	276,425	276,425
Other current financial assets	6,525,408	6,525,408	-	-	6,525,408
Other non-current financial assets	1,218,838	-	918,588	300,250	1,218,838
Total financial assets	8,529,314	6,525,408	918,588	1,085,318	8,529,314

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

4.2 Leases

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Upon initial application of TFRS 16 the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	3,499,423	2,810,667
Add: Option to extend lease term	604,204	343,630
Less: Short-term leases and leases of low-value assets	(810)	(810)
Contracts reassessed as service contracts	(110,115)	(100,700)
Increase in lease liabilities due to TFRS 16 adoption	3,992,702	3,052,787
Liabilities under finance lease agreements as at 31 December 2019	51,353	51,353
Lease liabilities as at 1 January 2020	4,044,055	3,104,140
Weighted average incremental borrowing rate (percent per annum)	1.39 - 3.18	1.39 - 3.18
Comprise of:		
Current lease liabilities	1,088,852	846,009
Non-current lease liabilities	2,955,203	2,258,131
	4,044,055	3,104,140

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Right-of-use building space	4,388,306	3,375,227
Furniture, fixtures and office equipment	22,151	22,151
Intangible assets	23,709	23,709
Total right-of-use assets	4,434,166	3,421,087

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Revenue and expense 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 calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Dividends

Dividends are recognised when the right to receive the dividends is established.

Other income

Other income is recognised on an accrual basis.

5.2 Cash and cash equivalents

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

5.3 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.

5.4 Investments in subsidiaries and joint ventures

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and joint ventures are accounted for in the separate financial statements using the cost method.

5.5 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:

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 10 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.

5.6 Goodwill

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

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

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where

the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

5.7 Intangible assets

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

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

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

5.8 Related party transactions

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

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

5.9 Leases

Accounting policy adopted since 1 January 2020

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the

underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

	Useful lives
Computer software	5 years and 10 years
Trademark	30 years

Right-of-use building space	3 - 9 years
Kitchen utensils and operating equipment	Lease term
Furniture, fixture and office equipment	5 years
Intangible assets	5 years
Leasehold right	Lease term

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Accounting policies adopted before 1 January 2020

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

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

The Group as a lessor Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from

operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

5.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group'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.

5.11 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use asset and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks

specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group 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.

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

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Group treat these severance payment obligations as a defined benefit plan. In addition, the Group provides 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.

5.13 Provisions

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

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

At each reporting date, the Group reviews 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 Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.15 Financial instruments

Accounting policies adopted since 1 January 2020

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the income statements when the asset is

derecognised, modified or impaired.

Financial assets at FVOCI (debt instruments)

The Group measures financial assets at FVOCI if the financial asset is held to collect contractual cash flows and selling and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statements and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the income statements.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statements.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in the income statements.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are

recognised in the income statements when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statements.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statements.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition,

ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due, and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Accounting policies adopted before 1 January 2020

Trade accounts receivable

Trade accounts receivable are

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

Investments

a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in the income statements.

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 the income statements 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 interest rate method with the amortised/accreted amount presented as an adjustment to the interest income.

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

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

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the income statements.

5.16 Derivatives

The Group uses derivatives, such as forward currency contracts, to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

5.17 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 Group applies 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 Group measures 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 measured at fair value.

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

Level 1 - Use of quoted market prices in an observable active market

for such assets or liabilities

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

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

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

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Leases

Determining the lease term with extension and termination options - The Group as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Group as a lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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 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.

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.

Goodwill and intangible assets

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

Deferred tax assets

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

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.

7. RELATED PARTY TRANSACTIONS

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2020	2019	2020	2019	
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Sales of goods	-	-	929	1,157	Cost plus margin
Sublease and subservice income	-	-	23	24	At the rate stipulated in the agreements
Management service income	-	-	177	155	At the rate stipulated in the agreements
Dividend income	-	-	-	353	At the declared rate
Sales of fixed assets	-	-	9	19	Net book value plus margin
Rental income	-	-	6	6	At the rate stipulated in the agreements
Purchases of goods	-	-	211	248	Market price
Training expenses	-	-	128	165	Market price
Royalty fee expenses	-	-	2	-	At the rate stipulated in the agreements
Transactions with related companies					
Sales of goods	1	5	1	5	Cost plus margin
Sales of fixed assets	-	3	-	3	Market price
Royalty fee income	3	5	3	5	At the rate stipulated in the agreements
Management service income	4	3	4	3	At the rate stipulated in the agreements
Operation support service income	7	9	7	9	At the rate stipulated in the agreements
Rental and service income	-	8	-	8	At the rate stipulated in the agreements
Royalty fee expenses	43	58	43	-	At the rate stipulated in the agreements
Rental expenses for operating equipment	42	44	25	28	Market price
Rental expenses for land and n constructio	28	36	28	36	At the rate stipulated in the agreement
Logistic expenses	160	192	160	192	At the rate stipulated in the agreement
Service expenses	97	35	74	28	Contractually agree prices
Warehousing service expenses	147	43	147	43	At the rate stipulated in the agreement

As at 31 December 2020 and 2019, the balances of the accounts between the Company and its subsidiaries and those related parties are as follows:

(Unit: Baht)

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	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade and other receivables - related parties (Note 10)				
Subsidiaries	-	-	113,502,566	140,018,146
Related companies (related by common directors)	1,908,713	4,854,175	1,905,931	4,754,022
Total trade and other receivables - related parties	1,908,713	4,854,175	115,408,497	144,772,168
Trade and other payable - related parties (Note 20)				
Subsidiaries	-	-	36,235,829	38,000,076
Related companies (related by common directors)	48,803,410	63,793,969	40,526,164	53,122,145
Total trade and other payable - related parties	48,803,410	63,793,969	76,761,993	91,122,221

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 13.5 million per month. The agreement is effective from 1 January 2020 to 31 December 2020 (2019: at a rate of Baht 12.5 million per month). The agreement shall be automatically extended for another one year 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 agreed to provide management service to MKS in areas of procurement, accounting and finance, human resources and service training. MKS agreed to pay management fee to the Company at a rate of Baht 0.24 million per month. The agreement is effective from 1 January 2020 to 31 December 2020 (2019: at a rate of Baht 0.17 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 International Food Supply Company Limited ("IFS"), whereby the Company agreed to provide management

service to IFS in areas of procurement, accounting and finance, human resources and quality assurance. IFS agreed to pay management fee to the Company at a rate of Baht 0.25 million per month (2019: at a rate of Baht 0.20 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 management service agreements with M-Senko Logistics Company Limited ("M-Senko"), whereby the Company agreed to provide management service to M-Senko in areas of procurement, accounting and finance, human resources and service training. M-Senko agreed to pay management fee to the Company and at a rate of Baht 0.31 million per month. This agreement is effective from 1 September 2019 to 31 December 2020 (for the period as from 1 July 2018 to 31 August 2019: at a rate of Baht 0.22 million per month and for the period as from 1 September 2019 to 31 August 2020: at a rate of Baht 0.31 million per month).

The Company entered into a management service agreement with Laemcharoen Seafood Company Limited ("LCS"), whereby the Company agreed to provide management service to LCS in areas of procurement, accounting and finance, human resources and service training. LCS agreed to pay management fee to the Company at a rate of Baht 0.78 million per month. The agreement is effective from 1 December 2019 to 31 December 2020. The agreement shall be automatically extended for another two years until LCS gives a written notice of termination at least 90 days prior to its expiration.

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.

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 agreed 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 agreed to adjust the rental space and the rental to be Baht 0.46 million per month.

On 28 October 2020, the Company entered into a lease agreement for lease of building to M-Senko Logistics Company Limited ("M-Senko"), under which M-Senko agrees to pay rental to the Company at a rate of Baht 0.02 million per month. The lease agreement is for a period of one year, from 1 November 2020 to 31 October 2021.

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 operation support service agreements with M-Senko Logistics Company Limited ("M-Senko"), whereby the Company agreed 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 0.53 million per month, effective from 1 September 2020 to 31 December 2020 (for the period as from 1 July 2018 to 31 August 2019: at a rate of Baht 1.28 million per month and for the period as from 1 September 2019 to 31 August 2020: at a rate of Baht 0.48 million).

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.

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 expired on 30 June 2021.

Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements/ Separate financial statements	
	2020	2019
Short-term employee benefits	143	158
Post-employment benefits	7	5
Total	150	163

During the year 2020, the Company has paid post-employment benefits to its directors and management of approximately Baht 3.3 million (2019: Baht 2.3 million).

8. CASH AND CASH EQUIVALENTS

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash	115,414,732	195,051,954	92,288,399	158,534,019
Bank deposits	394,037,276	613,055,741	291,299,305	350,109,541
Total	509,452,008	808,107,695	383,587,704	508,643,560

As at 31 December 2020, bank deposits in savings accounts carried interests between 0.05 and 0.125 percent per annum (2019: 0.10 and 0.37 percent per annum).

9. SHORT-TERM INVESTMENTS

68 9.1 As at 31 December 2019, short-term investments consisted of the following:

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
Fixed deposits	1,600,000,000	1,600,000,000
Investments in trading securities (Note 9.2)	5,625,069,278	4,837,426,824
Total	7,225,069,278	6,437,426,824

As at 31 December 2019, fixed deposits carried interests between 1.70 and 1.95 percent per annum.

9.2 As at 31 December 2019, investments in trading securities are summarised below.

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
Units of investments in local open-end funds - cost	5,595,022,042	4,810,438,180
Add: Gain on change in value	30,047,236	26,988,644
Total short-term investments in trading securities - fair value	5,625,069,278	4,837,426,824

The impact of the adoption of Financial reporting standards related to Financial Instruments in 2020 is that the short-term investments were reclassified and presented in the statement of financial position under captioned of "Other financial assets" as mentioned in Note 12.

10. TRADE AND OTHER RECEIVABLES

(Unit: Baht) 69

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade accounts receivable				
- related parties				
Aged on the basis of due dates				
Not yet due	120,648	206,810	92,837,399	116,881,794
Total trade accounts receivable				
- related parties	120,648	206,810	92,837,399	116,881,794
Trade accounts receivable				
- unrelated parties				
Aged on the basis of due dates				
Not yet due	61,699,996	62,908,026	44,544,121	43,876,390
Total trade accounts receivable				
- unrelated parties	61,699,996	62,908,026	44,544,121	43,876,390
Total trade accounts receivable	61,820,644	63,114,836	137,381,520	160,758,184
Other receivables				
Other receivables - related parties	1,788,065	4,647,365	22,571,098	27,890,374
Advances	7,772,669	10,516,343	6,963,000	9,486,420
Accrued interest receivable	6,923,829	58,796,443	6,923,829	58,796,443
Others	31,695,008	20,770,159	22,968,273	19,493,447
Total other receivables	48,179,571	94,730,310	59,426,200	115,666,684
Total trade and other receivables	110,000,215	157,845,146	196,807,720	276,424,868

11. INVENTORIES

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(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Finished goods	235,650,579	226,873,972	207,049,549	189,659,884
Raw materials	59,306,179	41,978,234	56,157,986	36,344,360
Supplies	123,207,281	89,245,873	115,170,684	83,859,500
Total	418,164,039	358,098,079	378,378,219	309,863,744

12. OTHER FINANCIAL ASSETS

As at 31 December 2020, other financial assets consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Other financial assets at amortised cost		
Fixed deposits	1	1
Other financial assets at FVTPL		
Investments in debt instruments	7,967,145	7,069,429
Derivatives-forward exchange contracts	12,315	12,315
Total other financial assets at FVTPL	7,979,460	7,081,744
Equity instruments designated at FVOCI		
Non-listed equity instruments	-	-
Total equity instruments designated at FVOCI	-	-
Total other financial assets	7,979,461	7,081,745
Consisted of :		
Other current financial assets	7,153,654	6,255,938
Other non-current financial assets	825,807	825,807

13. INVESTMENTS IN SUBSIDIARIES

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

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(Unit: Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received for the year ended 31 December	
	2020	2019	2020 (Percent)	2019 (Percent)	2020	2019	2020	2019
MK Interfood Company Limited	400,000,000	400,000,000	100	100	299,049,977	299,049,977	-	299,999,947
MK Service Training Center Company Limited	35,000,000	35,000,000	100	100	52,429,895	52,429,895	-	52,499,896
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	60,000,000	100	100	59,999,970	59,999,970	-	-
Catapult Company Limited	2,070,000,000	2,070,000,000	100	100	2,069,999,950	2,069,999,950	-	-
Total					2,761,479,762	2,761,479,762	-	352,499,843

13.2 Details of investments in subsidiary that have material non-controlling interests

(Unit: Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit allocated to non-controlling interests during the year	
	2020 (Percent)	2019 (Percent)	2020	2019	2020	2019
Laemcharoen Seafood Company Limited	35	35	324,443,914	320,210,479	4,233,435	6,641,197

13.3 Summarised financial information that based on amounts before inter-company elimination about subsidiary that have material non-controlling

Summarised information about financial position

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(Unit: Baht)

		Laemcharoen Seafood Company Limited	
		2020	2019
Current assets		176,862,045	228,117,072
Non-current assets		203,389,621	195,401,140
Current liabilities		90,446,103	179,066,126
Non-current liabilities		28,418,170	16,693,190

Summarised information about comprehensive income

(Unit: Baht)

		Laemcharoen Seafood Company Limited	
		For the year ended 31 December 2020	For the period as from 29 November 2019 (the date on which the Company obtains control) to 31 December 2019
Revenue		759,246,596	116,949,750
Profit		34,957,136	18,974,849
Other comprehensive income		-	-
Total comprehensive income		34,957,136	18,974,849

13.4 On 13 May 2019, the Meeting of the Board of Directors of the Company passed a resolution to approve the incorporation of Catapult Company Limited ("a subsidiary") with the registered share capital of Baht 1 million (0.1 million ordinary shares, at Baht 10 per share) being engaged in the invest in food business. The Company holds 100 percent in this new subsidiary company.

13.5 On 6 September 2019, the Meeting of the Board of Directors of the Company passed the following resolutions.

- To approve that Catapult Company Limited ("the subsidiary") invests in ordinary shares of Laemcharoen Seafood Company Limited in proportion of 65 percent, or equivalent to the estimated investment value of Baht 2,060 million. The investment is subject to the completion of the significant conditions precedents specified.

- To approve an additional investment in Catapult Company Limited ("the subsidiary") of Baht 2,069 million, The registered share capital of such subsidiary will be increased from Baht 1 million to Baht 2,070 million (207 million ordinary shares, at Baht 10 per share), in which the Company's shareholding remains at 100 percent. The subsidiary registered to change in its share capital with Ministry of Commerce on 1 November 2019.

13.6 On 8 November 2019, Catapult Company Limited (“a subsidiary”) entered into a business acquisition agreement to purchase ordinary shares of Laemcharoen Seafood Company Limited from existing shareholders. The objectives of this business acquisition are to increase its branch network throughout locally and internationally, achieve significant synergy for the current business and expand the customer base.

On 28 November 2019, a subsidiary acquired 1,202,890 ordinary shares (at Baht 100 per share) of Laemcharoen Seafood Company Limited from existing shareholders for total of Baht 2,060 million. The payment was made on 29 November 2019.

The Group assessed the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. The assessment was completed in the fourth quarter of 2019 and within the period of twelve months from the acquisition date allowed by Thai Financial Reporting Standard No. 3 (revised 2018) “Business Combinations”.

Fair value amount of assets acquired and the liabilities of Laemcharoen Seafood Company Limited as at the acquisition date are as follows.

(Unit: Thousand Baht)

Cash and cash equivalents	120,546
Trade and other receivables	18,972
Inventories	11,184
Other current assets	2,505
Building improvement and equipment	136,276
Intangible assets	858,310
Other non-current assets	55,410
Trade and other payables	(70,367)
Income tax payable	(27,088)
Deferred income of membership fee	(1,445)
Other current liabilities	(20,735)
Provision for long-term employee benefits	(14,830)
Deferred tax liabilities	(171,462)
Other non-current liabilities	(1,364)
Net assets	895,912
Non-controlling interests	(313,569)
Fair value of net assets	582,343
Cash paid for acquisition	2,060,000
Goodwill	1,477,657
Acquisition cost of investment in subsidiary	2,060,000
Less: Cash and cash equivalents of subsidiary	(120,546)
Net cash paid for acquisition of investment in subsidiary	1,939,454

The consolidated income statement for the year ended 31 December 2019 included revenue and profit of Laemcharoen Seafood Company Limited as from the acquisition date were Baht 117 million and Baht 19 million, respectively.

If the business combinations had taken place at the beginning of the period, revenue and profit of Laemcharoen Seafood Company Limited would have been included in the consolidated income statements for the year ended 31 December 2019 were Baht 826.6 million and Baht 120 million, respectively.

14. INVESTMENTS IN JOINT VENTURES

14.1 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			
				Carrying amount based on equity method	Cost	Allowance for impairment loss	Carrying amount based on cost method - net		
				2020	2019	2020	2019	2020	2019
Plenus and MK Pte Ltd.	Restaurant	12.5 million Singapore dollar	50.00 (Percent)	45,596,421	42,322,457	149,207,500	149,207,500	42,322,457	42,322,457
M-Senko Logistics Co., Ltd.	Warehousing and logistic services	Baht 1,750 million	49.75	849,443,553	859,720,863	870,625,000	870,625,000	870,625,000	870,625,000
Total				895,039,974	902,043,320	1,019,832,500	1,019,832,500	912,947,457	912,947,457

(Unit: Baht)

On 13 August 2019, the Meeting of the Board of Directors of the Company passed a resolution to approve an additional investment in M-Senko Logistics Company Limited of Baht 223.9 million. The registered share capital of such joint venture increased to Baht 1,750 million (175 million ordinary shares, at Baht 10 per share). The Company's shareholding remains at 49.7 percent. Such joint venture registered the change in its share capital with the Ministry of Commerce on 4 October 2019.

During the year 2019, the Company recorded allowance for impairment loss of investment in Plenus and MK Pte Ltd. of Baht 55.8 million since the Company's management considered that there is an indicator of impairment loss of investment.

14.2 Share of gain (loss)

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

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(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements	
	2020	2019
Plenus and MK Pte Ltd.	3,973	(29,881)
M-Senko Logistics Co., Ltd.	(10,277)	(11,211)
	(6,304)	(41,092)

14.3 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.	
	2020	2019	2020	2019
Current assets	372,587	660,698	63,461	46,065
Non-current assets	1,423,594	1,150,684	151,655	223,403
Total assets	1,796,181	1,811,382	215,116	269,468
Current liabilities	57,288	66,373	23,887	33,805
Non-current liabilities	31,468	16,926	100,037	151,018
Total liabilities	88,756	83,299	123,924	184,823
Net assets	1,707,425	1,728,083	91,192	84,645
Shareholding percentage (%)	49.75	49.75	50.00	50.00
Share of net assets	849,444	859,721	45,596	42,322
Carrying amounts of joint ventures based on equity method	849,444	859,721	45,596	42,322

Summarised information about comprehensive income

(Unit: Thousand Baht)

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	As at 31 December			
	M-Senko Logistics Co., Ltd.		Plenus and MK Pte Ltd.	
	2020	2019	2020	2019
Revenue	346,428	256,659	252,887	306,290
Other income	13,486	6,661	50,670	1,846
Cost of sales and services	(308,370)	(260,647)	(64,825)	(73,622)
Selling and administrative expenses	(66,123)	(25,207)	(230,785)	(294,276)
Profit (loss) for the year	(14,579)	(22,534)	7,947	(59,762)
Other comprehensive income	(6,078)	-	-	-
Total comprehensive income	(20,657)	(22,534)	7,947	(59,762)
Shareholding percentage (%)	49.75	49.75	50.00	50.00
Comprehensive income as shareholding percentage	(10,277)	(11,211)	3,973	(29,881)
Share of gain (loss) from investments in joint ventures	(10,277)	(11,211)	3,973	(29,881)

15. OTHER LONG-TERM INVESTMENTS

As at 31 December 2019, other long-term investments are summarised below.

(Unit: Baht)

	Consolidated financial statements/ Separate financial statements
Investments in private funds	
Fixed deposits	300,250,000
Investments in available-for-sale securities	918,588,142
Total investments in private funds	1,218,838,142
Other investment	
Overseas non-marketable securities - cost	7,278,275
Less: Allowance for impairment	(7,278,275)
Other investment - net	-
Other long-term investments - net	1,218,838,142

As at 31 December 2019, fixed deposits carried interest at 2.56 percent per annum.

16. PROPERTY, PLANT AND EQUIPMENT

(Unit: Baht)

Consolidated financial statements											
	Land	Land improvement	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
Cost											
1 January 2019	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
Additions	-	-	454,237	16,451,080	16,022,779	137,523,360	20,053,720	88,745,699	1,121,495	334,520,531	614,892,901
Equipment acquired under financial lease agreements	-	-	-	-	-	-	-	24,470,363	-	-	24,470,363
Increase from business combinations	-	-	-	-	-	-	-	-	-	-	-
(Note 13.6)	-	-	-	148,089,758	1,912,765	1,731,469	-	1,098,210	-	158,375	152,990,577
Transfers in (out)	-	-	1,965,661	28,763,994	135,267,864	38,600,636	1,124,000	120,946,972	4,653,365	(331,322,492)	-
Disposals/write-off	-	-	-	(47,583,296)	(40,903,758)	(204,029,837)	(554,100)	(80,346,056)	(4,834,343)	-	(378,251,390)
31 December 2019	325,075,815	22,437,088	518,644,314	2,790,841,872	2,512,154,600	1,917,944,755	223,965,853	2,977,152,139	88,700,260	34,570,482	11,411,487,178
Reclassify to right-of-use assets	-	-	-	(6,008,206)	-	-	-	(24,470,364)	-	-	(30,478,570)
Additions	-	-	438,799	3,598,011	10,359,758	80,467,585	2,492,463	43,001,093	-	113,077,849	253,435,558
Transfers in (out)	-	-	1,536,210	42,763,886	30,857,884	8,527,210	1,129,100	35,539,371	-	(120,353,661)	-
Disposals/write-off	-	-	-	(30,258,540)	(27,075,323)	(21,778,029)	(2,904,800)	(55,688,187)	-	(1,049,673)	(138,754,552)
31 December 2020	325,075,815	22,437,088	520,619,323	2,800,937,023	2,526,296,919	1,985,161,521	224,682,616	2,975,534,052	88,700,260	26,244,997	11,495,689,614

(Unit: Baht)

Consolidated financial statements											
	Land	Land improvement	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
Accumulated depreciation											
1 January 2019	-	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
Increase from business combinations (Note 13.6)	-	-	-	16,660,206	15,740	27,182	-	11,579	-	-	16,714,707
Depreciation for the year	-	67,592	22,833,422	153,736,090	185,119,841	150,344,838	18,679,875	172,493,052	7,887,859	-	711,162,569
Depreciation on disposals/write-off	-	-	-	(31,297,784)	(31,969,298)	(199,370,171)	(279,600)	(77,980,523)	(3,940,691)	-	(344,838,067)
31 December 2019	-	22,178,588	351,275,943	1,245,444,906	1,641,428,822	1,535,452,879	142,644,358	2,533,428,336	72,378,267	-	7,544,232,099
Reclassify to right-of-use assets	-	-	-	(1,185,142)	-	-	-	(2,319,656)	-	-	(3,504,798)
Depreciation for the year	-	67,592	20,278,586	173,595,453	188,514,680	140,124,374	17,062,588	162,156,078	6,966,396	-	708,765,747
Depreciation on disposals/write-off	-	-	-	(13,038,287)	(16,260,548)	(20,239,029)	(2,904,798)	(53,140,640)	-	-	(105,583,302)
31 December 2020	-	22,246,180	371,554,529	1,404,816,930	1,813,682,954	1,655,338,224	156,802,148	2,640,124,118	79,344,663	-	8,143,909,746

(Unit: Baht)

Consolidated financial statements											
	Land	Land improvement	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 2019	-	-	-	-	-	98,111,674	-	-	-	-	98,111,674
31 December 2019	-	-	-	-	-	98,111,674	-	-	-	-	98,111,674
31 December 2020	-	-	-	-	-	98,111,674	-	-	-	-	98,111,674
Net book value											
31 December 2019	325,075,815	258,500	167,368,371	1,545,396,966	870,725,778	284,380,202	81,321,495	443,723,803	16,321,993	34,570,482	3,769,143,405
31 December 2020	325,075,815	190,908	149,064,794	1,396,120,093	712,613,965	231,711,623	67,880,468	335,409,934	9,355,597	26,244,997	3,253,668,194
Depreciation for the year											
2019 (Baht 120.8 million included in producing cost, and the balance in selling and administrative expenses)											711,162,569
2020 (Baht 115.7 million included in producing cost, and the balance in selling and administrative expenses)											708,765,747

(Unit: Baht)

Separate financial statements											
	Land	Land improvement	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
Cost											
1 January 2019	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
Additions	-	-	318,437	13,752,752	9,036,767	106,285,854	7,773,020	64,765,534	1,121,495	243,814,840	446,868,699
Equipment acquired under financial lease agreements	-	-	-	-	-	-	-	24,470,363	-	-	24,470,363
Transfers in (out)	-	-	-	89,144,738	67,041,468	6,913,416	1,124,000	68,790,896	4,653,365	(237,667,883)	-
Disposals/write-off	-	-	-	(40,238,733)	(35,869,313)	(211,439,382)	-	(77,094,892)	(4,834,343)	(8,307,979)	(377,784,642)
31 December 2019	303,336,705	22,437,088	457,484,760	2,328,150,894	2,041,869,979	1,298,367,266	148,056,629	2,482,750,106	88,006,503	31,048,827	9,201,508,757
Reclassify to right-of-use assets	-	-	-	-	-	-	-	(24,470,364)	-	-	(24,470,364)
Additions	-	-	130,799	2,516,813	7,438,107	56,705,098	217,813	34,714,675	-	64,191,502	165,914,807
Transfers in (out)	-	-	24,210	24,533,371	14,626,212	1,253,532	-	23,936,611	-	(64,373,936)	-
Disposals/write-off	-	-	-	(19,564,692)	(16,302,735)	(21,351,940)	(2,904,800)	(51,437,545)	-	(2,565,726)	(114,127,438)
31 December 2020	303,336,705	22,437,088	457,639,769	2,335,636,386	2,047,631,563	1,334,973,956	145,369,642	2,465,493,483	88,006,503	28,300,667	9,228,825,762
Accumulated depreciation											
1 January 2019	-	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
Depreciation for the year	-	67,592	19,828,936	135,952,027	144,686,933	96,423,000	11,805,461	127,615,553	7,841,459	-	544,220,961
Depreciation on disposals/write-off	-	-	-	(26,658,112)	(27,812,408)	(199,607,966)	-	(74,162,760)	(3,940,691)	-	(332,181,937)

(Unit: Baht)

Separate financial statements											
	Land	Land improvement	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
31 December 2019	-	22,178,588	322,249,461	1,076,782,562	1,392,661,963	1,073,534,163	125,774,531	2,170,229,857	71,635,062	-	6,255,046,187
Reclassify to right-of-use assets	-	-	-	-	-	-	-	(2,319,656)	-	-	(2,319,656)
Depreciation for the year	-	67,592	17,142,940	135,026,458	142,998,675	83,708,487	8,282,996	112,462,502	6,919,996	-	506,609,646
Depreciation on disposals/write-off	-	-	-	(9,780,570)	(11,294,066)	(14,411,874)	(2,904,798)	(49,945,424)	-	-	(88,336,732)
31 December 2020	-	22,246,180	339,392,401	1,202,028,450	1,524,366,572	1,142,830,776	131,152,729	2,230,427,279	78,555,058	-	6,670,999,445
Allowance for impairment loss											
1 January 2019	-	-	-	-	-	79,596,910	-	-	-	-	79,596,910
31 December 2019	-	-	-	-	-	79,596,910	-	-	-	-	79,596,910
31 December 2020	-	-	-	-	-	79,596,910	-	-	-	-	79,596,910
Net book value											
31 December 2019	303,336,705	258,500	135,235,299	1,251,368,332	649,208,016	145,236,193	22,282,098	312,520,249	16,371,441	31,048,827	2,866,865,660
31 December 2020	303,336,705	190,908	118,247,368	1,133,607,936	523,264,991	112,546,270	14,216,913	235,066,204	9,451,445	28,300,667	2,478,229,407
Depreciation for the year											

2019 (Baht 105.7 million included in producing cost, and the balance in selling and administrative expenses)

544,220,961

2020 (Baht 98.6 million included in producing cost, and the balance in selling and administrative expenses)

506,609,646

As at 31 December 2020 and 2019, certain equipment items of the Group 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 5,083 million and Baht 4,753 million, respectively (the Company only: Baht 4,259 million and Baht 4,089 million, respectively).

17. GOODWILL

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The Group has determined recoverable amounts of its cash generating units (CGUs) based on value in use calculation using cash flow projections from financial budgets approved by the management covering a five-year period.

Key assumptions used in value in use calculations summarise as follows:

(Unit: Percent per annum)

Long-term revenue growth rate	1.8
Discount rate	11.4

The management has considered the growth rate from policy, business plan, expected overall market growth rate, and discount rate which are the rates before income tax which relate to the specific risk in that operating segment.

The management has considered and believed that no impairment was required for goodwill.

18. INTANGIBLE ASSETS

Details of intangible assets which are as follows:

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
Cost		
1 January 2019	201,082,422	191,118,747
Additions	26,141,789	24,733,720
Computer software acquired under financial lease agreements	26,191,520	26,191,520
Increase from business combinations (Note 13.6)	858,310,234	-
Write-off	(93,456)	(93,456)
31 December 2019	1,111,632,509	241,950,531
Reclassify to right-of-use assets	(26,191,520)	(26,191,520)
Additions	13,423,935	8,383,735
Write-off	-	(500,000)
31 December 2020	1,098,864,924	223,642,746
Accumulated amortisation		
1 January 2019	111,779,944	107,099,633
Amortisation for the year	22,932,988	19,582,856
Amortisation on write-off	(76,545)	(76,545)
31 December 2019	134,636,387	126,605,944
Reclassify to right-of-use assets	(2,482,813)	(2,482,813)

(Unit: Baht)

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	Consolidated financial statements	Separate financial statements
Amortisation for the year	47,437,927	17,354,955
Amortisation on write-off	-	(139,559)
31 December 2020	179,591,501	141,338,527
Net book value		
31 December 2019	976,996,122	115,344,587
31 December 2020	919,273,423	82,304,219
Amortisation for the year		
2019	22,932,988	19,582,856
2020	47,437,927	17,354,955

19. LEASEHOLD RIGHTS

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
Cost		
1 January 2019	1,111,599,545	1,075,219,786
Additions	404,321	404,321
31 December 2019	1,112,003,866	1,075,624,107
Reclassify to right-of-use assets	(1,112,003,866)	(1,075,624,107)
1 January 2020	-	-
Accumulated amortisation		
1 January 2019	863,079,038	841,307,741
Amortisation for the year	42,960,402	40,942,209
31 December 2019	906,039,440	882,249,950
Reclassify to right-of-use assets	(906,039,440)	(882,249,950)
1 January 2020	-	-
Net book value		
31 December 2019	205,964,426	193,374,157
Amortisation for the year		
2019	42,960,402	40,942,209

20. TRADE AND OTHER PAYABLES

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(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade accounts payable -related party	-	1,403,113	20,974,288	27,654,654
Trade accounts payable - unrelated parties	415,850,396	518,760,830	374,208,501	435,142,432
Other payables - related parties	48,803,410	62,390,856	55,787,705	63,467,567
Other payables - unrelated parties	72,691,757	74,076,107	64,934,488	59,491,638
Accounts payable for purchases of plant and equipment	48,822,294	101,637,472	38,902,848	72,760,265
Accrued expenses	708,301,466	1,066,814,789	543,511,213	837,517,207
Others	17,701,789	30,224,340	14,752,468	16,747,446
Total	1,312,171,112	1,855,307,507	1,113,071,511	1,512,781,209

21. LIABILITIES UNDER LEASE AGREEMENTS

21.1 The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 3 - 20 years.

a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Right-of-use building space	Kitchen utensils and operating equipment	Furniture, fixture and office equipment	Intangible assets	Leasehold right	Total
1 January 2020	4,084,962	97,379	22,151	23,709	205,965	4,434,166
Additions	843,634	59,226	-	-	-	902,860
Depreciation for the year	(1,272,004)	(58,131)	(4,894)	(5,238)	(40,509)	(1,380,776)
31 December 2020	3,656,592	98,474	17,257	18,471	165,456	3,956,250

(Unit: Thousand Baht)

Separate financial statements

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	Right-of-use building space	Kitchen utensils and operating equipment	Furniture, fixture and office equipment	Intangible assets	Leasehold right	Total
1 January 2020	3,116,859	64,994	22,151	23,709	193,374	3,421,087
Additions	615,983	58,365	-	-	-	674,348
Depreciation for the year	(937,289)	(41,778)	(4,894)	(5,238)	(38,559)	(1,027,758)
31 December 2020	2,795,553	81,581	17,257	18,471	154,815	3,067,677

b) Lease liabilities

Lease liabilities as at 31 December 2020 are shown below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Lease payments	3,908,582	3,029,681
Less: Deferred interest expenses	(217,509)	(181,094)
Total	3,691,073	2,848,587
Less: Portion due within one year	(1,126,493)	(831,564)
Lease liabilities - net of current portion	2,564,580	2,017,023

A maturity analysis of lease payments is disclosed in Note 34.1 under the liquidity risk.

Movements in lease liabilities during the year ended 31 December 2020 are summarised below.

(Unit: Thousand Baht)

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	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2020	51,353	51,353
The adjustment due to TFRS 16 adoption	3,992,702	3,052,787
Balance as at 1 January 2020 - adjusted	4,044,055	3,104,140
Add: Additions during the period	934,210	690,800
Accretion of interest	88,665	68,655
Less: Payments during the period	(1,076,157)	(807,136)
Reduction in lease payments by lessors	(277,482)	(193,335)
Decrease from cancelation of lease agreements	(22,218)	(14,537)
Balance as at 31 December 2020	3,691,073	2,848,587

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Depreciation expense of right-of-use assets (net of reduction in lease payments by lessors)	1,121,962	847,724
Interest expense on lease liabilities	69,997	55,354
Expense relating to leases of low-value assets	258	247
Expense relating to variable lease payments	15,979	12,608

The Group has lease contracts for building space that contains variable payments based on sales. The lease term is 1 - 3 years.

During the year, the Group has elected to apply Accounting Treatment Guidance on "The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak" which the Group has taken the lease payments reduction by lessors to reverse depreciation of right-of-use assets and interest on lease liabilities recognized in each period in proportion to the reduction, with any differences then recognised in the income statements.

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 1,092 million and of the Company amounting to Baht 820 million, including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate. Moreover, the Group had non-cash additions to right-of-use assets and lease liabilities of Baht 903 million and of the Company amounting to Baht 674 million.

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21.2 The Group as a lessor

The Group has entered into operating leases for buildings of the lease terms are between 1 and 6 years.

The Group has future minimum rentals receivable under non-cancellable operating leases as at 31 December 2020 as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Within 1 year	169	9,851
Over 1 and up to 5 years	-	8,577
Total	169	18,428

22. LIABILITIES UNDER FINANCIAL LEASE AGREEMENTS

Liabilities under financial lease agreements as at 31 December 2019 are shown below.

(Unit: Baht)

	Consolidated financial statements/ Separate financial statements
Liabilities under financial lease agreements	54,160,000
Less: Deferred interest expenses	(2,807,772)
Total	51,352,228
Less: Portion due within one year	(12,849,656)
Liabilities under financial lease agreements - net of current portion	38,502,572

The Company entered into finance lease agreements with a company for lease of equipments and computer software for use in its operation, whereby it is committed to pay rental on a yearly basis. The terms of the agreements are generally 5 years.

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Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Baht)

As at 31 December 2019			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	13,540,000	40,620,000	54,160,000
Deferred interest expenses	(690,344)	(2,117,428)	(2,807,772)
Present value of future minimum lease payments	12,849,656	38,502,572	51,352,228

The impact of the adoption of Financial reporting standards related to Financial Instruments in 2020 is that the liabilities under financial lease agreements were reclassified and presented in the statement of financial position under captioned of "Liabilities under lease agreements" as mentioned in Note 21.

23. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

23.1 Defined contribution plans

The Group 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 and the Group 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 2020, the contributions of the Group amounting to Baht 29.7 million (2019: Baht 32.8 million) and of the Company amounting to Baht 25.0 million (2019: Baht 28 million) were recognised as expenses.

23.2 Defined benefit plans and other long-term employee benefits

(Unit: Baht)

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Consolidated financial statements

	Employee retirement benefits	Other long-term employee benefits	Total
Provision for long-term employee benefits as at 1 January 2019	429,451,334	36,049,277	465,500,611
Included in profit or loss:			
Current service cost	34,793,350	5,785,243	40,578,593
Interest cost	13,853,643	1,145,812	14,999,455
Actuarial loss (gain)			
Financial assumptions changes	-	2,949,760	2,949,760
Included in other comprehensive income:			
Actuarial loss (gain)			
Financial assumptions changes	102,805,823	-	102,805,823
Transferred in (out)	9,157,529	(616,919)	8,540,610
Benefits paid during the year	(14,312,578)	(3,710,000)	(18,022,578)
Provision for long-term employee benefits as at 31 December 2019	575,749,101	41,603,173	617,352,274
Provision for long-term employee benefits as at 1 January 2020	575,749,101	41,603,173	617,352,274
Included in profit or loss:			
Current service cost	44,491,310	3,208,118	47,699,428
Past service cost	-	11,709,154	11,709,154
Interest cost	15,448,464	1,247,114	16,695,578
Actuarial loss (gain)			
Financial assumptions changes	-	2,982,769	2,982,769
Experience adjustments	-	(47,760)	(47,760)
Included in other comprehensive income:			
Actuarial loss (gain)			
Financial assumptions changes	19,902,397	-	19,902,397
Experience adjustments	17,116,443	-	17,116,443
Benefits paid during the year	(12,304,209)	(2,640,000)	(14,944,209)
Provision for long-term employee benefits as at 31 December 2020	660,403,506	58,062,568	718,466,074

(Unit: Baht)

Separate financial statements

	Employee retirement benefits	Other long-term employee benefits	Total
Provision for long-term employee benefits as at 1 January 2019	400,058,251	31,589,680	431,647,931
Included in profit or loss:			
Current service cost	29,987,441	4,845,892	34,833,333
Interest cost	12,889,424	1,004,766	13,894,190
Actuarial loss (gain)			
Financial assumptions changes	-	2,574,124	2,574,124
Included in other comprehensive income:			
Actuarial loss (gain)			
Financial assumptions changes	95,152,677	-	95,152,677
Transferred out	(6,199,356)	(632,092)	(6,831,448)
Benefits paid during the year	(14,129,549)	(3,420,000)	(17,549,549)
Provision for long-term employee benefits as at 31 December 2019	517,758,888	35,962,370	553,721,258
Provision for long-term employee benefits as at 1 January 2020	517,758,888	35,962,370	553,721,258
Included in profit or loss:			
Current service cost	34,550,833	2,200,186	36,751,019
Past service cost	-	10,523,803	10,523,803
Interest cost	13,836,432	1,059,889	14,896,321
Actuarial loss (gain)			
Financial assumptions changes	-	2,491,642	2,491,642
Experience adjustments	-	21,676	21,676
Included in other comprehensive income:			
Actuarial loss (gain)			
Financial assumptions changes	14,907,607	-	14,907,607
Experience adjustments	10,477,883	-	10,477,883
Transferred out	(5,282,055)	(587,202)	(5,869,257)
Benefits paid during the year	(5,533,778)	(2,240,000)	(7,773,778)
Provision for long-term employee benefits as at 31 December 2020	580,715,810	49,432,364	630,148,174

The Group expects to pay Baht 27.79 million for long-term employee benefits during the next year (separate financial statements: Baht 24.73 million) (2019: Baht 9.22 million, separate financial statements: Baht 8.32 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefits of the Group is 13 years (Separate financial statements: 13 years) (2019: 19 years, separate financial statements: 19 years).

Significant actuarial assumptions are summarised below.

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(Unit: % per annum)

	Consolidated financial statements/ Separate financial statements	
	2020	2019
Discount rate	1.7	1.9
Future salary increase rate (depending on age of employees)	4.0 - 5.5	4.0 - 5.5

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below.

31 December 2020

(Unit: Million Baht)

	Consolidated financial statements			
	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Employee retirement benefits	(78.6)	94.5	91.1	(77.6)
Other long-term employee benefits	(2.7)	3.0	-	-

(Unit: Million Baht)

	Separate financial statements			
	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Employee retirement benefits	(72.4)	87.0	83.8	(71.4)
Other long-term employee benefits	(2.5)	2.7	-	-

31 December 2019

(Unit: Million Baht)

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Consolidated financial statements

	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Employee retirement benefits	(59.1)	70.9	69.5	(59.1)
Other long-term employee benefits	(1.9)	2.0	-	-

(Unit: Million Baht)

Separate financial statements

	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Employee retirement benefits	(54.7)	65.6	64.3	(54.7)
Other long-term employee benefits	(1.6)	1.8	-	-

24. STATUTORY RESERVE

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

25. FINANCE INCOME

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Interest income on bank deposits	13,243	92,589	13,095	92,349
Interest received from investment in debt instruments at FVTPL	20,478	39,122	20,478	39,122
Other	26	21	26	21
Total	33,747	131,732	33,599	131,492

26. FINANCE COST

(Unit: Thousand Baht) 93

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Interest expenses on provision for decommissioning	3,300	-	2,178	-
Interest expenses on lease liabilities	69,997	690	55,354	690
Total	73,297	690	57,532	690

27. EXPENSES BY NATURE

Significant expenses classified by nature are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Salaries, wages and other employee benefits	4,143,065,053	5,097,610,540	3,200,490,543	4,117,498,205
Raw materials and consumables used	2,273,272,475	2,493,545,548	1,929,319,493	2,247,228,307
Rental and service expenses from operating lease agreements	657,531,159	1,809,302,505	229,941,225	1,426,183,251
Depreciation of plant and equipment and amortisation of intangible assets	756,203,674	777,055,959	523,964,601	604,746,026
Depreciation of right-of-use assets	1,121,962,155	-	847,723,739	-
Utilities expenses	634,187,690	736,128,686	476,343,593	578,228,895
Advertising expenses	174,166,828	317,797,926	122,976,588	224,045,400
Logistic expenses	166,473,998	194,859,871	161,895,210	194,859,871
Repair and maintenance expenses	155,294,301	158,638,428	121,322,593	122,999,008
Training expenses	3,561,193	4,816,988	128,966,493	165,644,767
Property tax expenses	9,500,756	93,015,729	6,940,591	74,720,175
Travelling expenses	18,122,491	35,093,350	13,423,552	27,733,492
Changes in finished goods	(8,776,607)	(17,153,855)	(17,389,665)	(2,499,802)

During the year, the Group has elected to apply Accounting Treatment Guidance on “The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak” which the Group has taken the lease payments reduction by lessors to reverse depreciation of right-of-use assets and interest on lease liabilities recognized in each period in proportion to the reduction, with any differences then recognised in the income statements.

28. INCOME TAX

28.1 Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Current income tax:				
Current income tax charge	192,265,499	536,553,519	183,040,275	462,812,506
Adjustment in respect of income tax of previous year	6,238,058	(653,546)	4,146,045	(352,362)
Deferred tax:				
Relating to origination and reversal of temporary differences	(58,623,938)	17,353,651	(34,059,704)	19,560,898
Income tax expenses reported in the income statements	139,879,619	553,253,624	153,126,616	482,021,042

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Deferred tax relating to change in value of investment designated at FVOCI	580,556	(1,115,799)	580,556	(1,115,799)
Deferred tax relating to actuarial losses	6,762,619	20,377,874	5,077,098	19,030,535
Income tax charged to other comprehensive income	7,343,175	19,262,075	5,657,654	17,914,736

The reconciliation between accounting profit and income tax expenses for the years ended 31 December 2020 and 2019 is presented below.

(Unit: Baht)

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	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Accounting profit before tax	1,051,485,624	3,163,485,197	1,061,888,932	3,047,620,743
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	210,297,125	632,697,039	212,377,786	609,524,149
Adjustment in respect of income tax of previous year	6,238,058	(653,546)	4,146,045	(352,362)
Effects of:				
Income not subject to tax	-	-	-	(70,499,969)
Promotional privileges (Note 28.2)	(4,527,889)	(5,836,762)	-	-
Non-deductible expenses	2,804,831	18,792,807	2,446,555	15,817,521
Unrecognised tax losses of subsidiaries	14,206,994	2,037,113	-	-
Additional expense deductions allowed	(89,139,500)	(93,783,027)	(65,843,770)	(72,468,297)
Total	(76,655,564)	(78,789,869)	(63,397,215)	(127,150,745)
Income tax expenses reported in the income statements	139,879,619	553,253,624	153,126,616	482,021,042

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

(Unit: Baht)

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	Statements of financial position as at 31 December			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Deferred tax assets				
Allowance for impairment of assets	19,622,335	19,622,335	15,919,382	15,919,382
Provision for long-term employee benefits	138,712,871	119,196,104	126,029,635	110,744,252
Lease	19,586,694	-	15,364,944	-
Unused tax losses	12,756,690	-	-	-
Others	3,051,173	6,517,079	2,589,387	5,412,184
Total	193,729,763	145,335,518	159,903,348	132,075,818
Deferred tax liabilities				
Intangible assets	165,270,362	170,985,763	-	-
Unrealised gain on changes in value of available-for-sale investments	-	580,556	-	580,556
Unrealised gain on changes in value of investments in debt in instruments	9,428,750	5,572,350	9,221,768	5,397,729
Derivative contract receivable	2,462,904	17,596,215	2,462,904	17,596,215
Total	177,162,016	194,734,884	11,684,672	23,574,500
Net deferred tax assets (liabilities)	16,567,747	(49,399,366)	148,218,676	108,501,318

As at 31 December 2020 and 2019, the above deferred tax assets and liabilities are presented in the statements of financial position as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Deferred tax assets	181,838,109	121,586,397	148,218,676	108,501,318
Deferred tax liabilities	(165,270,362)	(170,985,763)	-	-
Total deferred tax assets (liabilities) - net	16,567,747	(49,399,366)	148,218,676	108,501,318

As at 31 December 2020, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 44.4 million (2019: Baht 56.6 million), on which deferred tax assets have not been recognised as the subsidiaries 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 subsidiaries amounting to Baht 57.1 million will expire by 2022.

28.2 Promotional privileges

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

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Company name	International Food Supply Company Limited	Mark One Innovation Center Company Limited
Certificate No.	58-2617-1-00-1-0	63-0843-1-00-2-0
1. Certificate date	18 December 2015	7 August 2020
2. Promotional privileges for	Manufacture of foods and semi-frozen foods	Research and develop natural extracts and dietary supplement products
3. The significant privileges are:		
3.1 Exemption from import duty on machinery as approved by the Board.	Granted	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 eight years from the date on which the income is first derived from such operations.	Granted	-
3.3 Exemption from corporate income tax on net income from promoted operations, for a period of eight years from the date on which the income is first derived from such operations	-	Granted
3.4 Fifty percent reduction in the normal income tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date in exemption of corporate income tax.	Granted	Granted
3.5 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	Granted
4. Date of first earning of operating income	7 July 2016	As at 31 December 2020, the subsidiary has not yet started exercising the promotional privilege

The subsidiaries' operating revenues for the years ended 31 December 2020 and 2019, divided between promoted and non-promoted operations, are summarised below.

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(Unit: Million Baht)

	Promoted operations		Non-promoted operations		Total	
	2020	2019	2020	2019	2020	2019
Sales	156.5	196.0	63.6	52.0	220.1	248.0

29. 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.

30. 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 Group is 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.

Major customers

For the years 2020 and 2019, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

31. DIVIDENDS

Dividends declared during the years ended 31 December 2020 and 2019 consist of the following:

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	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
Year 2020				
Interim dividends on the profit for the year ended 31 December 2019	Board of Directors' meeting on 9 April 2020	1,197	1.3	8 May 2020
Interim dividends on the profit for the six-month period ended 30 June 2020 and retained earnings	Board of Directors' meeting on 11 August 2020	461	0.5	10 September 2020
Total		1,658	1.8	
Year 2019				
Final dividend on 2018 profit	Annual General Meeting of the shareholders on 29 April 2019	1,197	1.3	23 May 2019
Interim dividends on the profit for the six-month period ended 30 June 2019	Board of Directors' meeting on 13 August 2019	1,197	1.3	11 September 2019
Total		2,394	2.6	

32. COMMITMENTS AND CONTINGENT LIABILITIES

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32.1 Capital commitments

As at 31 December 2020, the Group had significant outstanding capital commitments in respect of agreements related to purchase of machinery and equipment of Baht 8.7 million, the Company only: Baht 8.7 million (2019: the Group had no significant outstanding capital commitments).

32.2 Lease of low-value assets and other service commitments

The Group has entered into several lease agreements in respect of the leases of the low-value assets and other services. The terms of the agreements are generally between 1 and 5 years.

As at 31 December 2020, the Group had payments and services fee payables under these lease and other service agreements were summarised below:

(Unit: Million Baht)

Payable within:	
Less than 1 year	632
1 to 5 years	1,177
More than 5 years	82

32.3 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.

32.4 Bank guarantees

As at 31 December 2020, there were outstanding letters of guarantee issued by the banks on behalf of the Group of approximately Baht 21.2 million (separate financial statements: Baht 20.9 million) (2019: Baht 21.1 million, separate financial statements: Baht 20.8 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 (separate financial statements: Baht 8.3 million) (2019: Baht 8.3 million, separate financial statements: Baht 8.3 million) to guarantee payments due to creditors and Baht 12.9 million (separate financial statements: Baht 12.6 million) (2019: Baht 12.8 million, separate financial statements: Baht 12.5 million) to guarantee electricity use.

32.5 Guarantees to related party

As at 31 December 2020, the Company had guaranteed bank credit facilities of International Food Supply Co., Ltd. ("a subsidiary") of Baht 45 million (2019: Baht 45 million).

33. FAIR VALUE HIERARCHY

As at 31 December 2020 and 2019, the Group had the assets and liabilities that were measured at fair value based on levels of inputs as follows:

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(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2020				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Debt investments	-	7,967	-	7,967
Derivatives - forward exchange contracts - gain	-	12	-	12

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in trading securities - debt instruments	-	5,625	-	5,625
Available-for-sale investment - debt instruments	-	919	-	919
Derivatives - forward exchange contracts - gain	-	88	-	88

(Unit: Million Baht)

Separate financial statements

As at 31 December 2020

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Debt investments	-	7,069	-	7,069
Derivatives - forward exchange contracts - gain	-	12	-	12

(Unit: Million Baht)

Separate financial statements

As at 31 December 2019

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in trading securities - debt instruments	-	4,837	-	4,837
Available-for-sale investment - debt instruments	-	919	-	919
Derivatives - forward exchange contracts - gain	-	88	-	88

34. FINANCIAL INSTRUMENTS

34.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable and investments. 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 accounts receivable, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are two types of market risk comprising currency risk and interest rate risk.

Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions and borrowings that are denominated in foreign currencies.

As at 31 December 2020 and 2019, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements		Average exchange rate	
	2020 (Million)	2019 (Million)	2020 (Million)	2019 (Million)	2020 (Baht per 1 foreign currency unit)	2019 (Baht per 1 foreign currency unit)
Financial assets						
US dollar	10.1	30.1	10.1	30.1	29.8674	29.9967
Japanese yen	1.1	3.2	1.1	3.2	0.2869	0.2723
Financial liabilities						
Singapore dollar	0.2	0.3	-	0.1	22.9540	22.5935

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 1 to 18 months.

As at 31 December 2020 and 2019 the Group had outstanding foreign exchange forward contracts which the Group measured at fair value, and recognised unrealised gain on fair value adjustment presented as part of other current financial assets (2019: presented as part of other current assets). Details are summarised below.

Derivatives - Forward exchange contracts

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(Unit: Million Baht)

	Consolidated financial statements / Separate financial statements	
	2020	2019
Derivative assets		
Derivative assets not designated as hedging instruments		
Forward exchange contracts	12	88
Total derivative assets	12	88

The Group had the following outstanding forward exchange contracts:

Foreign currency	Consolidated financial statements/ Separate financial statements	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
As at 31 December 2020			
Sold amount			
US dollar	10.0	31.19	June 2022
As at 31 December 2019			
Sold amount			
US dollar	30.0	31.95 - 32.62	June and October 2020

Interest rate risk

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

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to maintain borrowings at fixed rates of interest of not more than 50%, excluding borrowings that relate to discontinued operations. To manage this, the Group enters into, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

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

(Unit: Million Baht)

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Consolidated financial statements as at 31 December 2020

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	403	106	509	0.05 - 0.13
Trade and other receivables	-	-	-	-	110	110	-
	-	826	-	-	7,154	7,980	1.69 - 3.00
	-	826	-	403	7,370	8,599	
Financial liabilities							
Trade and other payables	-	-	-	-	1,312	1,312	-
Lease liabilities	1,126	2,301	264	-	-	3,691	1.67 - 3.18
	1,126	2,301	264	-	1,312	5,003	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2019

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years				
Financial assets						
Cash and cash equivalents	-	-	608	200	808	0.10 - 0.37
Short-term investments	1,600	-	-	5,625	7,225	1.45 - 1.96
Trade and other receivables	-	-	-	158	158	-
Other long-term investments	-	1,219	-	-	1,219	2.16 - 3.00
	1,600	1,219	608	5,983	9,410	
Financial liabilities						
Trade and other payables	-	-	-	1,855	1,855	-
Liabilities under financial lease agreements	12	39	-	-	51	2.73
	12	39	-	1,855	1,906	

(Unit: Million Baht)

Separate financial statements as at 31 December 2020

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	299	85	384	0.05 - 0.13
Trade and other receivables	-	-	-	-	197	197	-
	-	826	-	-	6,256	7,082	1.69 - 3.00
	-	826	-	299	6,538	7,663	
Financial liabilities							
Trade and other payables	-	-	-	-	1,113	1,113	-
Lease liabilities	831	1,756	262	-	-	2,849	1.67 - 3.18
	831	1,756	262	-	1,113	3,962	

(Unit: Million Baht)

Separate financial statements as at 31 December 2019

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years				
Financial assets						
Cash and cash equivalents	-	-	358	151	509	0.10 - 0.37
Short-term investments	1,600	-	-	4,837	6,437	1.45 - 1.96
Trade and other receivables	-	-	-	276	276	-
Other long-term investments	-	1,219	-	-	1,219	2.16 - 3.00
	1,600	1,219	358	5,264	8,441	
Financial liabilities						
Trade and other payables	-	-	-	1,513	1,513	-
Liabilities under financial lease agreements	12	39	-	-	51	2.73
	12	39	-	1,513	1,564	

Liquidity risk

The Group monitors the risk of shortage of liquidity position by maintain level of cash and cash equivalent and has credit lines with various banks. As at 31 December 2020, the Group has assessed the sufficient of the Group's net working capital to refinancing its debt in financial statements and concluded it to be low.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2020 based on contractual undiscounted cash flows:

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(Unit: Million Baht)

Consolidated financial statements				
2020				
	Within 1 year	1 - 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	1,312	-	-	1,312
Lease liabilities	1,202	2,404	303	3,909
Total non-derivatives	2,514	2,404	303	5,221

(Unit: Million Baht)

Separate financial statements				
2020				
	Within 1 year	1 - 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	1,113	-	-	1,113
Lease liabilities	891	1,853	286	3,030
Total non-derivatives	2,004	1,853	286	4,143

34.2 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.

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35. 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 2020, the Group's debt-to-equity ratio was 0.47:1 (2019: 0.23:1) and the Company's was 0.40:1 (2019: 0.19:1).

36. EVENTS AFTER THE REPORTING PERIOD

On 24 February 2021, the meeting of the Board of Directors of the Company No. 1/2021 passed the following resolutions.

- To approve the payment of final dividend for 2020 to the Company's shareholders at Baht 0.5 per share or a total dividend of Baht 461 million.

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

37. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2021.

MANAGEMENT DISCUSSION AND ANALYSIS



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PERFORMANCE OVERVIEW

In 2020, the Company and its subsidiaries recorded total incomes of Baht 13,622 million, down by Baht 4,118 million or a decrease of 23.2 % from the previous year. The decrease of revenues was mainly due to the decrease of revenues from sales and services amounted Baht 4,048 million as a result of the Coronavirus disease 2019 (COVID-19) epidemic situation. The Company and its subsidiaries also recorded the gross profit of Baht 8,784 million, down by 26.4 % from the prior year. As a result, the Company and its subsidiaries recorded the net profit of Baht 907 million, dropped by Baht 1,696 million or a decrease of 65.1 %.

REVENUES FROM SALES AND SERVICES

	2019		2020		% Increase (Decrease)
	Million Baht	%	Million Baht	%	
MK Suki/ MK Gold/ MK Live	13,580	78.0	9,898	74.1	(27.1)
Yayoi Japanese Restaurant	3,320	19.1	2,440	18.3	(26.5)
Laem Charoen Seafood*	117	0.7	748	5.6	537.4
Other Restaurants**	392	2.2	276	2.0	(29.6)
Revenues from Sales and Services	17,409	100.0	13,361	100.0	(23.3)

* The Company invested in shares of Laem Charoen Seafood since November 29, 2019

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

For the year 2020, the Company and its subsidiaries recorded revenues from sales and services of Baht 13,361 million, dropped by Baht 4,048 million or a decrease of 23.3% as compared to last year. The decrease was mainly because the outbreak of the Coronavirus disease 2019 (COVID-19) in Thailand has continued to spread rapidly and widely and the government implemented various measures in order to prevent the disease spreading. During end of March until mid of May 2020, the restaurants were allowed to sell take-away only; as a result, the revenue from sales and services dropped significantly. Although, the revenues from take-away and home delivery considerably increased, it was not enough to offset the dine-in sales. The restaurants were allowed to sell dine-in again since May 17, 2020, however, the seating was required the social distancing and the restaurants were closed earlier than usual according to the measures from the government. Therefore, the revenues were slightly improved. Starting from June 2020, some measures were relaxed including the extension of operating hours, therefore, the revenues were continuously improved. However, the revenues were still lower than those before the outbreak. In addition, in December 2020, COVID-19 was continued to spread again and the dine-in services were closed down for some branches located in the areas where the outbreak was quite severe. Most people were concerned about the outbreak and avoid eating out as well as no celebration during the New Year festival.

OTHER REVENUES

In 2020, the Company and its subsidiaries recorded Baht 261 million as other revenues, decreased Baht 70 million from the previous year primarily due to the decrease of revenues from selling member card, revenues from partners to support the marketing promotion as agreed, revenues from selling scrap materials, and revenues from delivery services.

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

Gross profit represents the difference between revenues from sales and services and costs of sales and services which included food costs and transportation and warehousing costs. For the year 2020, gross profit of the Company and its subsidiaries amounted to Baht 8,784 million, or down by 26.4% year-on-year. Gross profit as a percentage of revenues from sales and services also decreased from 68.5% for the year 2019 to 65.7% for the year 2020. The decrease of gross profit as a percentage of revenues from sales and services was due largely to the marketing promotion for online channel in order to boost on-line sales to compensate the dine-in sales during the period that the dine-in was not allowed. Moreover, the marketing promotion for on-line channel was also continued through the year in order to maintain the growth momentum for this channel.

SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses consist mainly of employee expenses, rents, utilities, advertising and sales promotion, restaurant supplies, depreciation, and amortization. Selling and administrative expenses of the Company and its subsidiaries decreased from Baht 9,183 million for the year 2019 to Baht 7,947 million for this year, or down by 13.5% year-on-year since the Company implemented several actions such as rent negotiation with landlord,

implementation of leave without pay scheme for all staffs and cut down marketing budget in order to cope with the decline of revenues. However, Selling and administrative expenses as a percentage of total revenues increased from 51.8% for the year 2019 to 58.3% for the year 2020, owing mainly to the huge drop of revenues from sales and services while most of the expenses did not drop as much as revenues from sales and services.

FINANCIAL COST

The Company and its subsidiaries recorded the financial cost of Baht 73 million for the year 2020 which were the interest expenses from the lease liabilities due to the adoption of TFRS16.

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 decreased from Baht 2,604 million for the year 2019 to Baht 907 million for the year 2020, decreased by Baht 1,696 million or a decrease of 65.1%.

FINANCIAL POSITION

Assets

As of December 31, 2020, the Company and its subsidiaries recorded total assets of Baht 20,353 million, comprising of current assets of Baht 8,310 million and non-current assets of Baht 12,044 million. The total assets increased Baht 2,412 million or an increase of 13.4% as

compared to last year due mainly to the following:

1. In 2020, the Company recorded right-of-use asset of Baht 3,956 million due to the adoption of TFRS 16 Leases, effective from January 1, 2020, while there was no such transaction in 2019.

2. A decrease of property, plant, and equipment of Baht 515 million as well as a decrease of intangible assets of Baht 58 million due primarily to the depreciation and amortization during the period.

3. A decrease of other current and non-current financial assets of Baht 464 million (In 2019, shown as short-term investments and other long-term investments) and a decrease of cash and cash equivalents of Baht 299 million. This was due to the net cash received from operating activities lower than net cash used from financing activities which mainly were the dividend payments during the period.

4. A decrease of leasehold rights of Baht 206 million due to the reclassification to right-of-use assets for the whole amount according to TFRS 16.

Liabilities

As of December 31, 2020, the Company and its subsidiaries recorded total liabilities of Baht 6,506 million which was up by Baht 3,191 million or 96.3 % from the prior year due mainly to the following:

1. In 2020, the Company recognized lease liabilities of Baht 3,691 million in accordance with TFRS 16 while there was no such transaction in 2019.

2. A decrease of trade and other payables and income tax payable of Baht 543 million and 133 million respectively.

3. An increase of other non-current liabilities of Baht 191 million mainly from the provision of decommissioning.

4. An increase of provision for long-term employee benefits of Baht 101 million.

5. A decrease of liabilities under finance lease agreements of Baht 51 million due to the reclassification to lease liabilities in accordance with TFRS 16.

6. A decrease of other current liabilities of Baht 43 million due mainly to the decrease of the value added tax payable and land and building tax payable.

Shareholders' equity

As of December 31, 2020, the Company and its subsidiaries recorded shareholders' equity of Baht 13,523 million, decreased Baht 783 million or 5.5% from the prior year mainly due to a decrease of retained earnings of 780 million from the dividend payments during the year.

CASH FLOWS

(Unit: Million Baht)		
Type of Cash Flows	2019	2020
Net cash from operating activities	3,434	2,092
Net cash from (used in) investing activities	(957)	343
Net cash used in financing activities	(2,394)	(2,734)
Increase (decrease) of net cash and cash equivalent	83	(299)

In 2020, the Company and its subsidiaries recorded Baht 2,092 million net cash from operating activities which decreased by Baht 1,342 million from the prior year. Most of which were from a decrease in operating profit before changes in operating assets and liabilities as well as a decrease in trade and other payables.

Meanwhile, the Company and its

subsidiaries recorded Baht 343 million net cash from investing activities, increased by Baht 1,300 million from last year. This is mainly because in 2019 there were the investment in Laem Charoen Seafood and the capital injection in the joint venture company, M-Senko Logistics. In addition, the investment for the branch expansion in 2020 was much lower than that of

2019 due to the COVID-19 situation.

In 2020, the Company and its subsidiaries recorded Baht 2,734 million net cash used in financing activities which were up by Baht 339 million due primarily to the cash paid to settle liabilities under lease liabilities of Baht 1,076 million while in 2019 such transaction was shown under net cash from operating activities. The

change was made in accordance with the adoption of TFRS 16. However, the dividend payments in 2020 were decreased from 2019 by Baht 737 million.

As a result of cash movements in operating activities, investing activities and financing activities, the Company's cash and cash equivalents in 2020

decreased by Baht 299 million from the previous year.

FINANCIAL RATIOS ANALYSIS

Financial Ratios	Unit	Consolidated Financial Statements	
		2019	2020
Liquidity Ratios			
Liquidity Ratio (Current Ratio)	times	3.5	2.9
Quick Ratio	times	3.3	0.2
Cash Ratio	times	1.4	0.8
Account Receivables Turnover Ratio	times	361	214
Average Collection Period	days	1	2
Inventory Turnover Ratio	times	25.1	19.8
Average Sale Period	days	14	18
Account Payables Turnover Ratio	times	9.7	9.8
Payment Period	days	37	37
Cash Cycle	days	(22)	(17)
Profitability Ratios			
Gross Profit Margin	%	68.5	65.7
Operating Profit Margin	%	15.8	6.3
Operating Cash Flow to Operating Profit Ratio	%	125.2	250.0
Net Profit Margin	%	14.6	6.7
Return on Equity	%	18.3	6.5
Efficiency Ratios			
Return on Assets	%	14.8	4.7
Return on Fixed Assets	%	64.5	38.0
Total Asset Turnover Ratio	times	1.0	0.7
Financial Policy Ratios			
Debt to Equity Ratio	times	0.2	0.5
Interest-bearing Debt to Equity Ratio	times	0	0.3
Interest Coverage Ratio	times	5,777.1	31.4
Obligation Coverage Ratio (Cash Basis)	times	0.7	0.7

LIQUIDITY RATIOS

As of December 31, 2020, the Company and its subsidiaries had strong liquidity ratios. The current ratio for the year 2020 was 2.9 times which slightly decreased from 3.5 times in 2019. 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 2 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 18 days. Thus, the Company recorded a cash surplus causing its cash cycle to be negative, namely (17) days.

PROFITABILITY RATIOS

In 2020, the Company's operations were adversely affected due to the COVID-19 pandemic as a result, the profitability ratios were significantly dropped compared to the previous year. The Company's return on equity (ROE) in 2020 stood at 6.5%, down from 18.3% in 2019. In addition, the net profit margin also dropped from 14.7% in 2019 to 6.7% in 2020.

EFFICIENCY RATIOS

As for the Company's Return on Assets (ROA), as of December 31, 2020, ROA stood at 4.7 percent, down from 14.8 percent in 2019. This was the result of the decrease of net profit at 65% due to the COVID-19 outbreak while the asset increased 13.4% from the recognition of right-of-use assets in

accordance with TFRS 16, effective at the beginning of the year 2020.

CAPITAL STRUCTURE

As of December 31, 2020 the Company's debt to equity ratio (D/E) was 0.5 times, increased from 0.2 times for the previous year, mainly due to the recognition of lease liabilities of Baht 3,691 million from the adoption of TFRS 16. However, if excluded such transaction, the debt to equity ratio would be 0.2 times which the same as that of 2019 was. The Company and its subsidiaries still have a strong financial structure in order to support the business expansion and investment in the future.

FACTORS THAT MAY AFFECT THE COMPANY'S OPERATIONS IN THE YEAR 2021

In 2021, it is expected that the restaurant business will continue to face the pressure, challenges, risks, and uncertainties related to the COVID-19 pandemic that lasts long and still exists nowadays. In order to contain the virus spread, the Company's business has to operate under the restrictions imposed by the government. In addition, consumers are concerned about their safety of dining in the restaurants. They are also cautious of spending due to the uncertainties in the future. However, as a result of the government's increasing efficiency in controlling the spread of the disease and a number of countries began to roll out vaccinations including Thailand which planned to roll out its vaccinations in February 2021, it is expected that the COVID-19 situation will gradually improve which

will lead to the relaxation or lifting of the disease control measures by the government. With this anticipated more favorable business environment and the strengths of the Company including strong financial position, robust and efficient infrastructure, strong brand, and the management team with good operating experience under the COVID-19 restrictions, we are confident that the Company will be able to overcome the tough challenges and achieve a better operating result in 2021.

In addition, due to the effect from COVID-19, the disease control measures of work-from-home and study via online channel that have been implemented for a long time have changed the consumers' behavior. Consumers are familiar with the food delivery ordering via application instead of eating out since it is convenient, fast, and various. In order to cope with the change of consumer's need, retention of existing customers, and expansion to new customer group, the Company therefore focuses more on the takeaway and home delivery services by collaboration with several food aggregators. The Company also organizes marketing activities and promotions through such channels and initiates new menus that are convenient for delivery services. In addition, cost control is another focus in order to create the efficiency while the quality of raw material and the food processing standard remain the same. Also, the quality of food for the delivery service is retained when arriving to customers in order to create the consumers' confidence to our brand. Finally, the Company will continue to operate the restaurants offering quality of food and serving customers' needs to ensure the sustainable growth in the future.



CONNECTED TRANSACTIONS

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Connected Person	Relationship	Type of Transaction	Amount (Million Baht)			Necessity and Rationale
			2018	2019	2020	
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 Hanjitasem 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 Hanjitasem) and 17.1% respectively.	Account Preparation	0.02	0.02	0.02	<ul style="list-style-type: none"> Service fee for account preparation for GAD. The fee was determined on the basis of estimated service time and costs of staff required in the service. <p>Audit Committee's opinion:</p> <p>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 Hanjitasem.	Rent for land	38.77	36.09	28.22	<ul style="list-style-type: none"> Rent for the Company's Head Office and Central Kitchen (CK5) and the rent was paid by monthly basis. <p>Audit Committee's opinion:</p> <p>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 Hanjitasem are MKWW's major shareholders holding 85% 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 Hanjitasem) and 15% respectively.	Account Preparation	0.02	0.02	0.02	<ul style="list-style-type: none"> Service fee for account preparation for MKWW. The fee was determined on the basis of estimated service time and cost of staff required in the service. <p>Audit Committee's opinion:</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>
	Common directors; namely, Mr. Rit Thirakomen and Mr. Somchai Hanjitasem.					

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)			Necessity and Rationale
			2018	2019	2020	
3. Superior Food Service Co., Ltd. (SFS)	The Company's executive and major shareholder; namely Mrs. Yupin Thirakomen, is SFS's director and major shareholder holding 65% of its shares. Common director; namely, Mr. Somchai Hanjitkasem.	Rent for dishwasher and ice-making	56.25	57.74	52.94	<ul style="list-style-type: none"> This involved rent of dishwashers for the restaurants in MK Group. SFS was one of several service providers chosen by the Company. SFS price was not different from what other service providers proposed. This involved rent of ice-making machines for the restaurants in MK Group. SFS was the only supplier offering the rent of ice-making machines with after-sales maintenance service. <p>Auditor Committee's opinion: 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>
		Purchase of equipment	-	-	1.31	<ul style="list-style-type: none"> Its subsidiaries purchased the equipment from SFS at the market price and conditions. <p>Audit Committee's opinion: The transaction for the purchase of equipment was the Company's normal transaction at the market price. The transaction therefore was reasonable and fair.</p>
4. KV Electronic Co., Ltd. (KVE)	Dr. Katiya Greigarn, its director, is KVE's authorized director and major shareholder holding 57.6% of its shares. Common director; namely, Dr. Katiya Greigarn.	IT advisory fee	0.84	0.91	0.81	<ul style="list-style-type: none"> The Company hired KVE as an IT consultant and the service fee was paid by monthly basis which was not different from other service providers proposed. <p>Auditor Committee's opinion: 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.</p>

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)			Necessity and Rationale
			2018	2019	2020	
5. M-Senko Logistics Co., Ltd. (MSL)	Joint venture business and the Company hold 49.75% of its shares.	Logistic and warehouse management service fee	97.87	240.98	308.23	<p>The transaction therefore was reasonable and for the Company's best interest.</p> <ul style="list-style-type: none"> The Company hired MSL as a warehouse management and logistic provider for the restaurant in MK Group. The fee was determined on the basis of distance and capacity. <p>Auditor Committee's opinion: 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>
		Operation support service fee	9.26	14.86	7.42	<ul style="list-style-type: none"> The Company provided the operation support service including property rent, utilities, and maintenance for MSL to operate logistic business. <p>Audit Committee's opinion: This service was for the purpose of optimizing resource sharing. The transaction therefore was reasonable and for the best interest of the Company.</p>
		Sales of product	1.57	2.13	1.78	<ul style="list-style-type: none"> This involved sales of products to MSL at the market price and conditions. <p>Audit Committee's opinion: 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	4.46	3.72	<ul style="list-style-type: none"> The Company provided services including human resources, accounting and finance, information technology, procurement and training for MSL. The fee was determined on the basis of estimated service time and cost of staff required in the service.

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)			Necessity and Rationale
			2018	2019	2020	
6. Laem Charoen Seafood Co., Ltd. (LCS)	Catapult Co., Ltd., the subsidiary, hold 65% of its shares. Common directors; namely, Mr. Rit Thirakomen.	Training Service Fee	-	1.44	0.41	<p>Audit Committee's opinion: This service was for the purpose of optimizing resource sharing. The transaction therefore was reasonable and fair.</p> <ul style="list-style-type: none"> Its subsidiaries provided the training services to MSL at the marketing price and conditions. <p>Audit Committee's opinion: The transaction was the Company's normal transaction at the market price. The transaction therefore was reasonable and fair.</p>
		Management fee	-	0.78	9.72	<ul style="list-style-type: none"> The Company provide services including human resources, accounting and finance, information technology, and management for LCS. The fee was determined on the basis of estimated service time and cost of staff required in the service. <p>Audit Committee's opinion: This service was for the purpose of optimizing resource sharing. The transaction therefore was reasonable and fair.</p>
		Sales of products and assets	-	0.24	1.32	<ul style="list-style-type: none"> The Company sold goods and office equipment to LCS at market price and conditions. <p>Audit Committee's opinion: The transaction was the Company's normal transaction at the market price. The transaction therefore was reasonable and fair.</p>

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)			Necessity and Rationale
			2018	2019	2020	
7. Modern Intelligent Service Co., Ltd. (MIS)	The Company's executive and major shareholder; namely Mrs. Yupin Thirakomen, is MIS's director and major shareholder holding 57% of its shares (combining shares held by Mrs. Yupin Thirakomen in Superior Food Service Co., Ltd.)	Advisory fee	-	3.25	-	<ul style="list-style-type: none"> The Company hired legal advisor to provide advisory service for the business acquisition and the Company restructure for LCS. The fee was determined on the basis of estimated advisory service time for LCS. <p>Audit Committee's opinion: This service fee was determined by the independent party. The transaction therefore was reasonable and fair.</p>
		Maintenance service fee	-	30.17	96.72	<ul style="list-style-type: none"> The Company hired MIS to provide the maintenance service for machines and equipment in the restaurants for all branches at the market price and conditions. <p>Audit Committee's opinion: The transaction was the Company's normal transaction at the market price. The transaction therefore was reasonable and fair.</p>
		Service Fee for IT systems	-	0.23	0.12	<ul style="list-style-type: none"> The Company provided service for IT systems to MIS at market price and conditions. <p>Audit Committee's opinion: The transaction was the Company's normal transaction at the market price. The transaction therefore was reasonable and fair.</p>
		Sales of assets	-	5.91	-	<ul style="list-style-type: none"> The Company sold spare parts and other equipment to MIS at market price and conditions. <p>Audit Committee's opinion: The transaction was the Company's normal transaction at the market price. The transaction therefore was reasonable and fair.</p>

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)			Necessity and Rationale
			2018	2019	2020	
		Rental and service fee	-	0.70	-	<ul style="list-style-type: none"> The Company provided the rental services including property rent, public utilities and office equipment for MIS at market rate to operate the maintenance business. <p>Audit Committee's opinion: This service was for the purpose of optimizing resource sharing. The transaction therefore was reasonable and for the best interest of the Company.</p>
8. Mrs. Yupin Thirakomen	The Company's executive and major shareholder	Rent of property	0.41	0.40	0.52	<ul style="list-style-type: none"> The premise was rented as a home delivery hub and R&D center. <p>Audit Committee's opinion: 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>

120 **NECESSITY AND RATIONALITY BEHIND THE TRANSACTIONS**

The Company and its 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 its 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 its 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 its 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 its 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 the 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, 2020, the Company was registered with Baht 920,878,100 capital which is 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 10 shareholders in the shareholder registration book as of December 30, 2020 were as follows:

List of Shareholders	No. of Shares	%
1. Mrs. Yupin Thirakomen	182,396,802	19.8
2. Mr. Somchai Hanjitasem ⁽¹⁾	147,494,812	16.0
3. Mr. Rit Thirakomen ⁽²⁾	123,059,333	13.4
4. Mrs. Aumporn Hanjitasem	82,403,989	8.9
5. Mr. Varakorn Hanjitasem	41,039,694	4.5
6. Ms. Varaporn Hanjitasem	41,031,994	4.5
7. Aunt Thongkam MK Foundation ⁽³⁾	31,265,983	3.4
8. Bualuang Long-term Equity Fund	23,242,400	2.5
9. Social Security Office	17,731,000	1.9
10. Bualuang Long-term Equity Fund 75/25	12,304,800	1.3

Remark:

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

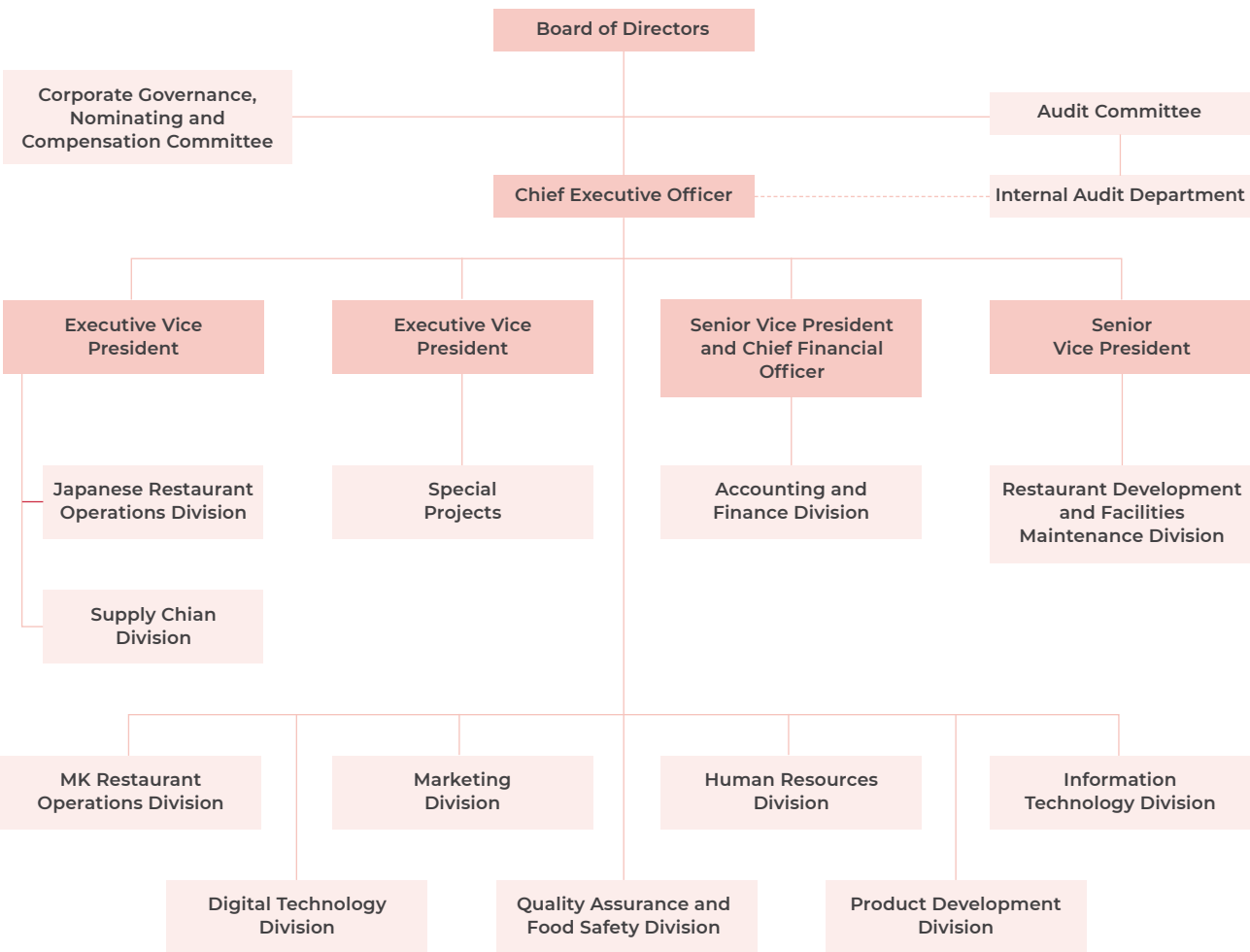
DIVIDEND POLICY

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, 2020, the management structure was as follows:



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

BOARD OF DIRECTORS

As of December 31, 2020, the Board of Directors consisted of 9 directors as follows:

1. Mr. Rit Thirakomen	Chairman
2. Mr. Somchai Hanjtkasem	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
	Member of Corporate Governance, Nominating and Compensation Committee
6. Mr. Thanong Chotisorayuth	Independent Director
7. Dr. Katiya Greigarn	Independent Director
	Member of Audit Committee
	Chairman of Corporate Governance, Nominating and Compensation Committee
8. Mr. Sujint Chumpolkajana	Independent Director
9. Mr. Pravit Tantiwasinchai	Director

AUTHORIZED DIRECTORS

Authorized directors who may sign on behalf of the Company are Mr. Rit Thirakomen, Mr. Somchai Hanjtkasem, 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 as well as 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

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As of December 31, 2020, the Audit Committee consisted of 3 directors as follows:

1. Dr. Annop Tanlamai
2. Mrs. Vilai Chattanrassamee
3. Dr. Katiya Greigarn

Chairman
Member
Member*

Remark:

Assumed the member of Audit Committee on November 12, 2020

The members of the Audit Committee No. 1 & 2 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, any Audit Committee's member may report such finding 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, 2020, the Corporate Governance, Nominating and Compensation Committee consisted of 3 directors as follows:

1. Dr. Katiya Greigarn	Chairman
2. Mr. Somchai Pipitvijitkorn	Member
3. Mrs. Vilai Chattanrassamee	Member*

Remark:

Assumed the member of Corporate Governance, Nominating and Compensation Committee on November 12, 2020

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 reappointed 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.

128 THE MANAGEMENT TEAM

As of December 31, 2020, the Company had 5 executives. Their names and titles are as follows:

1. Mr. Rit Thirakomen
2. Mr. Somchai Hanjirkasem
3. Mrs. Yupin Thirakomen
4. Mr. Kiatkong Kungwanwong
5. Mrs. Sudarut Patvivatsiri

Chief Executive Officer
Executive Vice President
Executive Vice President
Senior Vice President
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 appointed Mrs. Sudarut Patvivatsiri, with her proper experience and qualifications, as the Corporate's Secretary. The roles and responsibilities of the Corporate's Secretary are as follows:

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 2020

List of Directors	Board of Directors	Audit Committee	Corporate Governance, Nominating and Compensation Committee
1. Mr. Rit Thirakomen	7/7	-	-
2. Mr. Somchai Hanjitkasem	7/7	-	-
3. Mr. Somchai Pipitvijitkorn	7/7	-	2/2
4. Dr. Annop Tanlamai	7/7	5/6	-
5. Mrs. Vilai Chattanrassamee	7/7	6/6	1/1
6. Mr. Thanong Chotisorayuth	7/7	-	-
7. Dr. Katiya Greigarn	7/7	-	2/2
8. Mr. Sujint Chumpolkanjana	7/7	-	-
9. Mr. Pravit Tantiwasinchai	7/7	-	-
10. Mr. Attapon Chodchoy	3/5	4/5	1/1

Remark:

Mr. Attapon Chodchoy passed away on September 22, 2020 and Mrs. Vilai Chattanrassamee was appointed as a member of Corporate Governance, Nominating and Compensation Committee to replace Mr. Attapon Chodchoy on November 12, 2020.

REMUNERATIONS OF DIRECTORS AND EXECUTIVES

Remuneration Policy 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 2020, the Company paid Baht 9,162,000 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.

In addition to monetary remunerations, the Company does not grant other privileges to the directors.

Monthly Remuneration and Bonuses

The 2020 Annual General Meeting of Shareholders on July 24, 2020, approved the directors' remuneration for the year 2020 and the directors' bonus for the year 2019 as follows:

Position	Monthly Retaining Fee	Bonus
Chairman	37,500 Baht/month	1,215,000 Baht
Director	25,000 Baht/month	810,000 Baht

Remuneration for the Sub-Committees

The 2020 Annual General Meeting of Shareholders on July 24, 2020, approved the remuneration for the Sub-committees as follows:

Sub-Committee	Position	Attendance Fee
Audit Committee	Chairman	27,000 Baht
	Director	18,000 Baht
Corporate Governance, Nominating and Compensation Committee	Chairman	22,500 Baht
	Director	15,000 Baht

Table of Director's Remunerations for the Year 2020

Name	Remunerations			
	Board of Directors	Audit Committee	Corporate Governance, Nominating and Compensation Committee	Total
1. Mr. Rit Thirakomen	-	-	-	-
2. Mr. Somchai Hanjitkasem	-	-	-	-
3. Mr. Somchai Pipitvijitkorn	1,110,000	-	30,000	1,140,000
4. Dr. Annop Tanlamai	1,110,000	108,000	-	1,218,000
5. Mrs. Vilai Chattanrassamee	1,110,000	90,000	15,000	1,215,000
6. Mr. Thanong Chotisorayuth	1,110,000	-	-	1,110,000
7. Dr. Katiya Greigarn	1,110,000	-	45,000	1,155,000
8. Mr. Sujint Chumpolkanjana	1,110,000	-	-	1,110,000
9. Mr. Pravitt Tantiwasinchai	1,110,000	-	-	1,110,000
10.Mr. Attapon Chodchoy	1,035,000	54,000	15,000	1,104,000
Total	8,805,000	252,000	105,000	9,162,000

Remark:

Mr. Attapon Chodchoy passed away on September 22, 2020.

EXECUTIVE'S REMUNERATIONS**Remuneration Policy for Top Executive**

The Board of Directors and the Corporate Governance, Nominating and Compensation Committee assess the performance of the CEO 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 based on the comparison of the CEO's compensation with the compensation of executives in comparable positions of other organizations having comparable size.

Executive's Remunerations

The executive's remunerations are in accordance with the policy and criteria set by the Board of Directors. Each year the human resources department has responsibility to propose the principal and appropriate remunerations to be approved by the Board of Directors.

In 2020, the Company paid Baht 40,154,540 worth of salaries, bonuses, and other remunerations to its executives.

Table of Executive's Remunerations

Type of Remunerations	No. of Executives	Remunerations (Baht)
Salary	5	33,521,468
Bonus	5	5,912,616
Other remunerations*	5	720,456
Total	5	40,154,540

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

OTHER REMUNERATIONS

-None-

AUDIT FEE

For the year 2020, the Company paid the audit fee amounted Baht 2,340,000.

Non-Audit Fee

For the year 2020, the non-audit fee which were the advisory fee for the business valuation, the advisory fee for the new accounting standard, the witness for asset destruction and other expenses such as the travel expenses etc. amounted Baht 1,553,891.



CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE POLICY

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.

PRACTICE IN ACCORDING WITH 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.

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.

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 Company has prescribed the criteria and procedures whereby minority shareholders may propose agendas for the Meeting and nominate candidate to be considered for election as a director in advance. Such criteria and procedures are posted on the Company's website.

2.2 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.

2.3 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 on 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 deliver quality food and good service to our customers. The Company also developed the system to survey the customer satisfaction including the customer's opinions, suggestions, and feedbacks. In addition, the Company has the customer relations unit which has the responsibility to receive the suggestions and feedbacks from the customers in order to improve

the service to be more efficient.

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. The Company also focuses at keeping supplier's information confidential. In addition, the Company implemented the procurement and vendor selection policies and guidelines as well as the procedures to do business with the Company in order to select suppliers in a systematic, fair, transparent and ethical manner. The Company also refuses to conduct business with a person or a juristic person who violates the law or demonstrates behavior involving corruption.

Competitors

The Company has the policy to treat competitors fairly and 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. In addition, the Company places emphasis on the capital management to create the proper financial structure in order to prevent the default risk.

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.

Remuneration and employee benefits management

The Company oversees its remuneration management to ensure that its employees are offered appropriate, fair, and competitive remuneration compared across organization as well as other companies in the same industry. The remuneration is determined by individual performance and positions held and paid in form of salary, bonus, and special compensation. The Company has also formulated an appropriate compensation structure for each position level with adjustments made in accordance with economic circumstances, inflation rates, and consumer price index. In addition, the Company also regularly surveys the remunerations for all position levels

of other companies in order to maintain the retention and create the employees' motivation.

Moreover, the Company also established an employee benefit policy with comprehensive coverage to enhance the quality of life of its employees. The employee benefits are also regularly reviewed to ensure alignment with the current circumstances, needs, and living cost.

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.

Contacts for Stakeholders

The Company has provided channels for employees and external stakeholders to contact, complain, and report violation cases through various channels as follows:

- Report directly to trusted supervisor
- Send e-mail to supervisor or internal audit manager
- Send mail to Chairman of Audit Committee or directors to the following address:

***MK Restaurant Group Public
Company Limited
1200 Debaratna Road,
Bangnatai, Bangna
Bangkok 10260***

When the Company receives the complaint, the Company will assign internal audit department or other appropriate department to collect

relevant facts from the whistle blower. In the event that the violation is proven, internal audit department or other appropriate department will propose to Audit Committee and Board of Directors to consider and set the action plan including forming the investigation committee.

After investigated the case, the investigation committee will propose the guidance to Audit Committee and Board of Directors for the corrective action and punishment.

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.

Investor Relations Unit

Investor Relations Unit has the responsibility to communicate with institutional investors, retail investors, shareholders, analysts, and other relevant units on an equal and fair basis. Shareholders requiring additional information can contact the Investor Relations Unit directly via

investorrelations@mkrestaurantgroup.com. In 2020, the Company organized various activities in order that the Company's management had chance to meet investors and analysts on a regular basis and present the operating results and answer questions as summarized below:

- Organize Analyst Meeting at least twice a year.
- Company Visit and Conference Call which allow investors to inquire about the business operation and strategies of the Company. Investors' inquiries are also directly responded via e-mail and telephone on a regular basis.
- Domestic roadshow with domestic institutional investors to present, communicate and create an accurate understanding regarding the Company's business operation.

Should there be any need for additional information, shareholders can directly contact the Investor Relations Unit via channels as follows:

Address: 1200 Debaratna Road,
Bangnatai, Bangna,
Bangkok 10260

Tel: 0-2836-1000

Email: investorrelations@
mkrestaurantgroup.com

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 should hold directorship in a maximum of four other listed companies. In other words, efficiency of a person as the Company director may fall if he/she holds directorship in too many companies.

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.

4.6 Non-executive directors should be able to meet, as necessary, among themselves without the management team in order to debate their concerns.

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

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 35 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. In the event of the COVID-19 pandemic that led to a country-wide lockdown measure, which impacted communities and industries throughout the nation and world, the Company made an immediate decision to provide support to both its internal and external stakeholders. With the goal to maintain the wellbeing of its employees, communities, and suppliers in the food supply ecosystem, the Company enacted socially conscious policies, revised internal management practices, while providing monetary and in-kind support to its surrounding and healthcare communities. 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 places an

important mission to set a good example on 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 2020, the Company was certified to renew a membership 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 disabilities including 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. In 2020, MK Restaurant Group Public Company Limited was presented with "Organization Supporting Work for Disabled Persons Award Year 2020" by the Department of Empowerment of Persons with Disabilities.

The Company has guidelines regarding the respect of human rights as follows:

1. Pay respect to human right and treat each other with respect and honor on equality basis without considering differences in physical and mental appearances, race, nationality, religion, gender, language, age, skin, education, social status and any other factors.
2. Perform duties with care to prevent any risks from human rights violation in business and oversee to protect the human rights.
3. Support actions to protect human rights.
4. Communicate, disseminate,

educate, set guideline and provide support to stakeholders in the business value chain including suppliers, contractors, and partners in order to participate in conducting business with morality, respect of human rights and treating everyone according to

human rights principle.

5. Monitor and provide any support to protect human rights, report to supervisor or the responsible person when finding a violation of human rights as well as cooperate in the investigation. If there is any question,

consult with supervisor or person in charge.

6. Determine to create and maintain corporate culture committed to respecting human rights.

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 even in times of economic difficulty 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.

During the COVID-19 pandemic and the imposed country lockdown in 2020, the Company responded with strong emphasis on putting in place measures to reinforce occupational safety to prevent the spread of coronavirus and measures to support its employees through the crisis. The Company actively monitors the COVID-19 situation tracked by the Department of Disease Control and adopts appropriate precautions at every location to ensure employees and customers are safe. Preventative policies adopted include daily temperature screening before entering workplace, working from home policy, handwashing, maintaining a safe distance during customer service, and strictly wearing adequate PPE. The Company distributed necessary PPE to all employees including masks, face shields, gloves, alcohol

spray, alcohol gel, and thermometer.

To further ensure the wellbeing of its employees during the COVID-19 pandemic and country lockdown, the Company enacted a policy to continually employ its staff throughout the economic downturn along with providing special benefits and services for its people. The Company provided COVID-19 insurance for all employees and offered paid quarantine days for at-risk employees. The Company set up COVID-19 hotline to service its employees and initiated a monitoring system to check in daily with staff under quarantine. To keep everyone informed on the spread of COVID-19 and on benefits available through government support measures, the Company created a communication plan to update its employees on a regular basis. Other essential benefits that the Company provided aim to alleviate employee's living expense by offering quality lunchbox at a discount and by servicing a Counseling hotline to provide employees with a channel to seek counseling or discuss grievances in order to prevent mental health issues.

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 bottom-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 the importance of good health and to contribute to stress release from work and prolonged COVID-19 lockdown. Although several activities are impacted by social distancing policy due to the COVID-19 pandemic, employee engagement initiatives that are able to be held in the year 2020 and held in response to COVID-19 are as follows:

1. The Company annually awarded 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 1,955 scholarships at Baht 4,500 per scholarship and MK

Gift voucher at Baht 1,000 per scholarship, totaling at Baht 10.7 million in 2020.

2. With COVID-19 precaution, the Company factored social distancing into the design of recreational activities this year and organized "MK Virtual Run for Charity". The activity invited employees to download a distance tracking application and submit the number of kilometers they collected to turn into donations. For every 1 kilometer collected, the Company matched Baht 1 in support for COVID-19 Community Hospital Development Fund, managed by the Rural Doctor Foundation. More than 800 employees participated in the activity and accumulated a combined running distance of 82,500 kilometers, raising Baht 82,500 in support for the mission that provides aid to over 778 rural hospitals around the country.

3. Thailand is constantly facing blood shortage amidst the COVID-19 pandemic. There is no known end date in the fight against the coronavirus and the Thai Red Cross Society needs the help of blood and platelet donors

to meet the needs of patient care. Regularly organizing blood drives at its Headquarter and Central Kitchen, the Company raised its impact this year as over 400 employees joined to donate their blood. The number of units collected holds the possibility to save as many as 1,200 lives.

4. Due to the economic downturn resulting from the COVID-19 pandemic, the Company and its employees initiated a food relief program to support 37 communities around our Headquarter and Central Kitchen. The Company collaborated with public health volunteers and local temples to weekly distribute fresh produce and meats to 11,000 households and orphanages, and it also worked with the Community Organizations Development Institute (CODI) to support local community kitchen programs in 9 provinces across the country, providing a total of 230,000 meals to those who feel the most economic impact from the prolonged crisis.

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. At the Company, food comes from a simple idea: serving 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 storage to preparing for a meal 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 applies quality management, food safety and service 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.

- Certificate of Competence in Public Health Testing Laboratory according to international standard ISO/IEC 17025:2017 from the Bureau of Laboratory Standards, Department of Medical Sciences, Ministry of Public Health.

- 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.

- "Bangkok Food Safety City" project: accredited by the Food Sanitation Division, Bangkok Health Office to ensure that MK restaurants maintain a food safety standards that strictly control food preparation place, food quality, and food handler.

- "Clean Food Good Taste" project: accredited by the Food and Water Sanitation Department, Department of Health, Ministry of Public Health to guarantee that MK restaurants that are located outside of Bangkok meet clean and safety standards for customers.

- "Thailand Tourism Standard" project: accredited by the Department of Tourism, Ministry of Tourism and Sports to ensure MK restaurant in major cities including Bangkok, Chonburi, Phuket, Songkhla and Chiang Mai meet clean and safety standards for tourists.

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 introduced a calorie-calculation program. This program counts the number of calories that the customers consume during their meal at MK Restaurant and provides a printed note at the end of the meal to inform the calories intake of each diner. Health-conscious customers value this data because the provided nutritional information assists them in controlling their diet.

To ensure the safety of its consumers during the COVID-19 pandemic, the Company responded with an increase in its food safety and customer service standards to prevent the spread of the coronavirus. In alignment with the Department of Disease Control, the Company adopted strict precautions at every location. The Company implemented temperature screening at all its restaurant entrance, provided alcohol gel for its customers and required every customer to wear a mask. The Company also implemented social distancing protocols at its restaurants, which includes installing distance labels, changing packaging standards, and revising service standards to ensure an appropriate distance between customer and service staff.

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 initiated a robust recycling program at its Headquarter and continues to encourage its employees to use available resources with prudence through daily actions;

for example, recycling, saving water, reducing electricity usage and separating trash.

- The Company partners with Thai SOS Foundation, a food rescue foundation, to donate food that would otherwise go to waste to become meals served to communities in need, thereby diverting greenhouse gas emission from landfills.

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 initiated a contract farming program with the Royal Project Foundation. A majority 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 improve access to agricultural infrastructure, community learning center, school renovation, access to clean water, and environmental youth camp program. Future projects include supporting programs related to agricultural innovations, education and water.

During the COVID-19 pandemic and the imposed country lockdown in 2020, consumer demand for food supply dropped remarkably. This greatly impacted producer's income who are upstream on the food supply chain. In order to ensure the livelihood of our contract farmers, the Company established a policy to maintain purchase of produce at an appropriate volume. By remaining as a channel to market, the Company sustained the continuity of the food supply ecosystem and supported employment for our partners.

(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 103 participating colleges, divided into 67 public colleges and 36 private 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 2020, over 1,202 students graduated from the program and 93 from the graduating class further their career with the Company.

The Company's collaboration with vocational colleges has extended further. In 2019, 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 needs 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 work place and offers service training classes as well as related curriculums. In 2019, the Company donated Vocational Classroom for two colleges including Srisaket Technical College and Surin Vocational College with the objective to build an experiential classroom that offer vocational students an operation-based learning space. In 2020, the Company further supported Chiang Rai Vocational College and Suphanburi Vocational College through in-kind donations of educational aids, which include learning equipment that are consistent with the occupational workplace.

(3) Providing job opportunities for students and people with disabilities

The Company tries its best to support and empower communities with disabilities by offering job opportunities to students from more than 21 institutions, of which include 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 students in order to help them acquire necessary skills. As part of the course, students and parents receive orientation, tour 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 experience. The Company's Disabilities Empowerment Team conducts regular visits to ensure students' smooth transition and to specially address any unique issues that may arise. In 2020, the Company provided career opportunities to 202 students and people with disabilities.

To further develop operational skills for employees with disabilities, this year the Company initiated an e-learning curriculum and brought in a communication technology, Thai Telecommunication Relay Service (TTRS) application to aid employees with hearing impairment. The Company also rolled out a supervisor handbook on empowering disabled staff and provided a training course for on-the-job coaches on the basics of sign language to equip coaches with skills in facilitating employee relations in

the workplace. During the COVID-19 pandemic, the Company enacted a policy to continually employ all disabled employees throughout the economic downturn. The Company was presented with “Organization Supporting Work for Disabled Persons Award Year 2020” by the Department of Empowerment of Persons with Disabilities.

(4) Committing profits from our community stores to support Siriraj Hospital

With an ambition to nourish a good quality of life through its food service business, the Company has made a lifelong commitment to annually donate a hundred percent of its net income after deducting expense, from our four community stores (MK Restaurant, Yayoi, Hakata Ramen and Le Petit) established at Siriraj Hospital's Piyamaharajkarun Building, to the Siriraj Hospital Foundation, in support for the hospital's purchase of medical equipment and funds to help with medical expenses for underserved families. Siriraj Hospital is the largest hospital and teaching medical center in Thailand with a capacity of more than 2,000 beds and visited by more than 3 million patients per year. From the past year's operations, the Company donated Baht 10 million to the Siriraj Hospital Foundation.

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. Since then, the red suki pot has 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 another. They not only immensely help free up table space, but also help control food safety standards.

The Company has equipped 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 also partnered with a university 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 the 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 130 branches and are smoothly servicing customer orders.

In 2019, the Company first introduced a mobile application project with the aim to enhance MK loyalty program and provide convenience to customers who own membership cards. After downloading the myMK application onto their mobile phones, customers are able to check their membership information including usage history, collected points and discount redemption

via mobile phone. The application also allows customers to search for the nearest MK branch, make a reservation in advance, and order their food ahead of time. In addition, this year MK has partnered with LINE Business Connect to merge MK membership cards onto the LINE MK Official account platform, enabling customers to seamlessly link their myMK application in all respects to their LINE application. The ease of use meets the need of our customers in the digital age.

In addition, MK Restaurant Group Public Company Limited, in joint venture with Senko Group Holdings, has opened a new logistics company called M-Senko Logistics, the distribution center brought in innovation from Japan to manage logistic operations, including both cold-chain and dry food, as well as equipment, for all stores nationwide. With the goal to improve productivity, reduce human error, and save on operating costs, M-Senko Logistics implemented the Cold Storage Auto Rack Robot: 9 Crane. The Auto Rack digitally sorts and picks items from the cold storage without the need for human intervention. Not only that this innovation helped reduce manpower and turnover, it also improved the work conditions and health of employees who no longer have to operate in a minus degree environment for an extended period of time.

At the same time, with the objective to increase production efficiency and reduce production cost in our supply chain, the Central Kitchen continues to improve and apply new technological innovations. New innovations include the electric cart, which helps increase efficiency by reducing the time of raw material transportation by more than 35%. The electric cart also improves

the ergonomics of employees by reducing the need for employees to manually haul heavy objects, thereby reducing severity risk to a very low level. Another innovation at the Central Kitchen includes the Digital Assorting System (DAS). This technology helps ensure accuracy of the sorting process in the product distribution workflow by using visual control to display numeric signal, which instructs employees to correctly sort the specified items onto their trays.

With a rise in aging population and health-conscious millennials, MK Restaurant Group Public Company Limited aligns its business strategy with the growing demand for functional food and drinks. The Company established Mark One Innovation Center, the company's own biotechnology R&D lab focused in the study and application of functional benefits in local food ingredients. Mark One Innovation Center closely works with related research institute in developing health enhancement ingredients and food that can prevent or slow down non-communicable diseases.

In 2020, Mark One Innovation Center introduced to the market a UHT mixed berry flavored milk product which contains active supplements called “Memberry Milk”. Memberry Milk is made from 100% locally grown berries and fresh milk from small-scale farmers, which also contributes to developing Thai farmers' competitiveness.

CSR-AFTER-PROCESS

Aligned with its vision, the MK Restaurant Group Public Company Limited is dedicated to create a positive impact on the communities it serves. Every year, the Company shares some of its operating profits to extend assistance to non-profit organizations and foundations to help those in need. This year, due to the COVID-19 pandemic which directly put pressure on the country's healthcare systems and indirectly led to widespread job losses that impacts people's livelihood, the Company in partnership with Aunty Thongkam Foundation focuses its effort on COVID-19 relief. In 2020, the Company and Foundation donated over Baht 80 million in support for projects aligned with our 4 missions.

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. With the economic crisis resulting from the COVID-19 pandemic lockdown, there is a strong need for nutritious meals. The Company supported in projects as follows:

- In-kind donations of fresh cooking ingredients to 37 communities around Bangkok including more than 11,000 households.
- In-kind donations of fresh cooking ingredients to 22 orphanages.
- Community Kitchen Project in 9 provinces, Community Organizations Development Institute (CODI).
- School Meal Project, Community Children Foundation (CCF) under the Royal Patronage of HRH Princess

Maha Chakri Sirindhorn.

- School Meal Project, World Vision Foundation of Thailand.
- Food Recovery Project, Scholars of Sustenance Foundation (Thai SOS).

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. With the COVID-19 pandemic this year, The Company mobilize resources to support underfunded public university hospital, community hospital, district health hospital, and research institution as follows:

- Research grant for the Center of Excellence in Clinical Virology, Chulalongkorn Hospital, Thai Red Cross Society
- Supporting funds for purchase of real-time PCR medical device to detect COVID-19, Chulalongkorn Hospital, Thai Red Cross Society
- Research grant for developing COVID-19 rapid screening tests, Faculty of Medicine, Chulalongkorn University
- In-kind donations of lunchbox for medical professionals at a total of 7,400 boxes per day for two months to 35 hospitals and public health agencies in 22 provinces nationwide
- In-kind donations of masks and protective equipment for medical professionals to Siriraj Hospital and Ramathibodi Hospital
- Supporting funds for ICU ward with negative pressure and medical device, Ramathibodi Hospital
- Supporting funds for ward with negative pressure, Buddhachinaraj

Phitsanulok Hospital

- Supporting funds for Sujinno Building renovation project, Maharaj Nakorn Chiang Mai Hospital
- Supporting funds for Yensira 3 Patient Building, Songklanagarind Hospital
- Supporting funds for Liver Foundation of Thailand
- Supporting funds for Volunteer CPR project, Ramathibodi Foundation
- Supporting funds for Royal College of Surgeons Foundation
- Supporting funds for Knee Arthroscopy Project, Yuwapat Foundation
- Charity Run Project, King Mongkut Institute of Technology Ladkrabang for King Mongkut Chaokun Thahan Hospital
- Charity Run Project, Kaokonlakao Foundation
- Charity Run Project, Bang Bo Mini Marathon 2
- Charity Run Project, Good Health Club Provincial Health Office, Samutprakan Province
- Charity Run Project, Run for Life 4
- Charity Run Project, Coffee Run 3
- Charity Run Project, Fanatic Run

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:

- Ban Huay Yang School, Uttaradit Province
- Princess Maha Chakri Sirindhorn Charitable Fund Foundation

- Youth Volunteer Community Project, Faculty of Political Science, Kasetsart University
- Youth Volunteer Community Project, Faculty of Commerce and Accountancy, Thammasat University
- Youth Volunteer Community Project, Faculty of Science, Chulalongkorn University
- Youth Charity Stage Play Project, Faculty of Economics, Thammasat University

Mission 4: Special Project

Every year, Thailand suffers from natural disasters such as flash floods, forest fire 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 projects related to natural disaster prevention, agricultural communities risk mitigation, environmental protection, and others as follows:

- Emergency food relief to help flood victims, Sa Kaeo Province
- Emergency clean water relief to help flood victims, Nakhon Si Thammarat Province
- “One Man and The Sea” Project, in support for medical equipment purchase for rare animal sanctuaries, Phuket and Trat Province
- Learning material support, Foundation for The Blind in Thailand under the Royal Patronage of H.M. The Queen



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 | Chairman |
| 2. Mr. Somchai Pipitvijitkorn | Member |
| 3. Mrs. Vilai Chattanrassamee | Member |

During the year 2020 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 2020 and the salary adjustment for the year 2021 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 and recommended to remain the same rate for the year 2021 whereas the annual payment of bonus for 2020 of the CEO should be in line with the resolution of the Board in respect of the annual payment of bonus 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 2020 should vary proportionally to the change of the annual dividend for the year 2020 to be proposed to the 2021 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, Mr. Annop Tanlamai, Mr. Somchai Pipitvijitkorn and Mrs. Vilai Chattanrassamee, 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.

4. The Committee reviewed the Corporate Governance Report of Thai Listed Companies 2020 which was run by the Thai Institute of Directors on an annual basis to improve the corporate governance of Thai listed companies. Based on the Company's historical corporate governance reports during 2015-2020, the Company had the better performance respectively. However, in order to enhance the Company's corporate governance, the Committee had opinion that the Company should continue to improve the corporate governance for the important issues as suggested by the Thai Institute of Directors.

(Dr. Katiya Greigarn)

Chairman of the Corporate Governance,
Nominating and Compensation Committee



INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors and the management have placed much importance on internal-control system. 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 mistake is minimized and damages from fraud and misconduct 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 Audit Committee performs the internal control assessment of the Company every year and reports to the Board of Directors based on the guidelines from the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) which comprised of five components as follows:

1. Control Environment

The Company has completely and clearly established the policies and business goals. The Company's organizational structure and line of command are properly designed to support the good internal control. Employee's performance is assessed based on key performance indicator (KPIs) which are consistent with the organization's goals. The authority delegation manuals and the operation manuals for all functions are clearly defined and written. In addition, the Company has continued to reinforce the good corporate governance principles to all executives and employees in order to create the sustainable growth in the future.

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 among organization and outside organization, 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. The Company has established Personal Data Protection Committee in order to ensure that business operation and use of important information are well

managed in accordance with the Personal Data Protection Act (PDPA). 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 the Company's website, e-mail, call center, etc. The Company also provides the channels for the whistle-blowing or complaints from outside.

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. If the material defects are found, they must be reported to the Audit Committee in a timely manner including the action plan to improve them. 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 DIRECTORS AND EXECUTIVES



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Details of Directors and Executives

1. Mr. Rit Thirakomen

Position

Date of the First Appointment as Director

Age

M Shareholding

Family Relationship

Education

Related Training Program held by Thai Institute of Directors Association (IOD)

Experience

- Chairman of the Board of Directors
- Chief Executive Officer
- Director (Authorized Signature)
- June 2012

- 69 years
- Held personally 123,059,333 shares or 13.4%
- Held by spouse or minor children 182,396,802 shares or 19.8%
- Spouse of Mrs. Yupin Thirakomen
- Bachelor's Degree (Electrical Engineering), Chulalongkorn University
- Director Accreditation Program (DAP) 97/2012

• Positions in Listed Companies

- 2012-Present Chairman of the Board of Directors and Chief Executive Officer, MK Restaurant Group Pcl.
- 1989-2012 Director, MK Restaurant Group Pcl.
- 1986-2012 Managing Director, MK Restaurant Group Pcl.
- 1987-1999 Chairman of the Board of Directors, SE-EDUCATION Pcl.
- 1974-1987 Managing Director, SE-EDUCATION Pcl.

• Positions in Non-Listed Companies

- 2019-Present Director, Laem Charoen Seafood Co., Ltd.
- 2019-Present Director, Catapult Co., Ltd.
- 2018-Present Director, Mark One Innovation Center Co., Ltd.
- 2016-Present Director, Unity Global Development Co., Ltd.
- 2015-Present Director, International Food Supply Co., Ltd.
- 2012-Present Director, Hanthi Unity Group Co., Ltd.
- 2006-Present Director, MK Interfood Co., Ltd.
- 2006-Present Director, MK Service Training Center Co., Ltd.
- 1999-Present Director, Global Asset Development Co., Ltd.
- 1994-Present Director, MK Worldwide Co., Ltd.
- 1991-Present Director, Totems Co., Ltd.
- 1990-Present Director, Precision Manufacturing Co., Ltd.

2. Mr. Somchai Hanjikasem

Position

Date of the First Appointment as Director

Age

M Shareholding

Family Relationship

Education

Related Training Program held by Thai Institute of Directors Association (IOD)

Experience

- Director
- Director (Authorized Signature)
- Executive Vice President
- June 2012
- 59 years
- Held personally 147,494,812 shares or 16.0%
- Held by spouse or minor children (None)
- Brother of Mrs. Yupin Thirakomen
- Bachelor's Degree, Bangkok University
- Master's Degree (MS), Abilene Christian University, USA
- Director Accreditation Program (DAP) 97/2012
- Director Accreditation Program (DAP) 6/2003
- Financial Statements for Directors (FSD) 9/2004
- **Positions in Listed Companies**
 - 2015-Present Executive Vice President, MK Restaurant Group Pcl.
 - 1989-Present Director, MK Restaurant Group Pcl.
 - 2012-2015 Managing Director, MK Restaurant Group Pcl.
 - 1992-2012 Executive Vice President, MK Restaurant Group Pcl.
- **Positions in Non-Listed Companies**
 - 2018-Present Director, Mark One Innovation Center Co., Ltd.
 - 2016-Present Director, M Performance Co., Ltd.
 - 2016-Present Director, M HQ Co., Ltd.
 - 2015-Present Director, International Food Supply Co., Ltd.
 - 2012-Present Director, Hanthi Unity Group Co., Ltd.
 - 2007-Present Director, Shellhut Entertainment Co., Ltd.
 - 2006-Present Director, MK Interfood Co., Ltd.
 - 2006-Present Director, MK Service Training Center Co., Ltd.
 - 2005-Present Director, Superior Food Service Co., Ltd.
 - 2004-Present Director, Dawiburi Villa Owner Association Co., Ltd.
 - 1999-Present Director, Global Asset Development Co., Ltd.
 - 1996-Present Director, Superior Solution and Service Co., Ltd.
 - 1994-Present Director, MK Worldwide Co., Ltd.

3. Mr. Somchai Pipitvijitkorn

Position

Date of the First Appointment as Director

Age

M Shareholding

Family Relationship

Education

Related Training Program held by Thai Institute of Directors Association (IOD)

Experience

- Director
- Director (Authorized Signature)
- Member of Corporate Governance, Nominating and Compensation Committee
- June 2012

- 81 years
- Held personally (None)
- Held by spouse or minor children 3,700,000 shares or 0.4%
- Uncle of Mr. Rit Thirakomen
- Bachelor's Degree (Accounting) (Second Class Honors), Chulalongkorn University
- Master's Degree (Business Administration), Michigan State University, USA
- Director Compensation Survey 2004

- **Positions in Listed Companies**
 - 2012-Present Director, MK Restaurant Group Pcl.
 - 2003-Present Director, Sahaviriya Steel Industries Pcl.
 - 2009-2014 Chairman of the Board of Directors, Bangsaphan Barmill Pcl.
 - 2004-2009 Director, Bangsaphan Barmill Pcl.
 - 1986-1998 Director, Siam City Cement Pcl.
 - 1984-1999 Director, Bank of Ayudhya Pcl.
 - 1983-1999 Director, The Ayudhya Life Assurance Pcl.
- **Positions in Non-Listed Companies**
 - 2004-Present Director, Sahaviriya Plate Mill Pcl.
 - 2009-2012 Director, Thai Cold Rolled Sheet Pcl.

4. Dr. Annop Tanlamai

Position

Date of the First Appointment as Director

Age

M Shareholding

Family Relationship

Education

Related Training Program held by Thai Institute of Directors Association (IOD)

Experience

- Independent Director
- Chairman of Audit Committee
- June 2012
- 70 years
- Held personally (None)
- Held by spouse or minor children (None)
- -None-
- Bachelor's Degree (Mechanical Engineering), Chulalongkorn University
- Master's Degree (Engineering Management), University of Missouri, USA
- MBA (Quantitative Business Analysis), Indiana University, USA
- Ph.D. (Engineering Management), University of Missouri, USA
- Director Certification Program (DCP) 154/2011
- **Positions in Listed Companies**
 - 2012-Present Independent Director and Chairman of Audit Committee, MK Restaurant Group Pcl.
 - 2015-Present Director and Member of Audit Committee, Bangkok Expressway and Metro Pcl.
 - 2011-2015 Director and Member of Audit Committee, Bangkok Expressway Pcl.
- **Positions in Non-Listed Companies**
 - 2016-Present Dean of Business Administrative Faculty, Chitralada Institute of Technology
 - 2016-2017 Director, Tor Or Co., Ltd.
 - 2006-2017 Director, Ex.19 Co., Ltd.
 - 2012-2016 Dean, College of Management Mahidol University
 - 2007-2011 Dean, Faculty of Commerce and Accountancy, Chulalongkorn University
 - 1999-2007 Director of the Master of Business Administration (MBA) Program, Faculty of Commerce and Accountancy, Chulalongkorn University
 - 1995-1999 Head of Department of Commerce, Faculty of Commerce and Accountancy, Chulalongkorn University
 - 1989-1995 Director of the Master of Business Administration (MBA) Program, Faculty of Commerce and Accountancy, Chulalongkorn University

5. Dr. Katiya Greigarn

Position

Date of the First Appointment as Director

Age

M Shareholding

Family Relationship

Education

Related Training Program held by Thai Institute of Directors Association (IOD)

Experience

- Independent Director
- Member of Audit Committee
- Chairman of Corporate Governance, Nominating and Compensation Committee
- June 2012
- 68 years
- Held personally (None)
- Held by spouse or minor children (None)
- -None-
- Bachelor's Degree (Electrical Engineering), Chulalongkorn University
- Master's Degree (Electrical Engineering), University of Missouri-Rolla, USA
- Ph.D. (Electrical Engineering), University of Missouri-Rolla, USA
- Director Accreditation Program (DAP) 37/2005
- Financial Statements for Directors (FSD) 3/2008
- Advanced Audit Committee Program (AACP) 34/2011
- Director Certification Program (DCP) 110/2008
- Director Certification Program Update (DCPU) 5/2015
- **Positions in Listed Companies**
 - 2012-Present Independent Director, MK Restaurant Group Pcl.
 - 2020-Present Member of Audit Committee, MK Restaurant Group Pcl.
 - 2007-Present Independent Director and Chairman of Audit Committee, Premier Marketing Pcl.
 - 2017-2019 Independent Director, Kulthorn Kirby Pcl.
 - 2011-2018 Independent Director and Chairman of Audit Committee, Planet Communications Asia Pcl.
 - 2005-2014 Independent Director and Chairman of Audit Committee, Premier Technology Pcl.
- **Positions in Non-Listed Companies**
 - 2008-Present Director, Mekfah Development Co., Ltd.
 - 2008-Present Director, Viptel Co., Ltd.
 - 2002-Present Director, Sab Udom Properties Co., Ltd.
 - 1988-Present Director and Managing Director, KV Electronics Co., Ltd.
 - 2013-2018 Director, Lynx Corporation Co., Ltd.

6. Mr. Thanong Chotisorayuth

Position

Date of the First Appointment as
Director

Age

M Shareholding

Family Relationship

Education

Related Training Program held
by Thai Institute of Directors
Association (IOD)

Experience

- Independent Director
- June 2012
- 67 years
- Held personally (None)
- Held by spouse or minor children (None)
- -None-
- Bachelor's Degree (Electrical Engineering), Chulalongkorn University
- Master's Degree (Education in Educational Administration), Chulalongkorn University
- Honorary Doctorate in Business Administration, National Institute of Development Administration
- Director Certification Program (DCP) 33/2003
- **Positions in Listed Companies**
 - 2012-Present Independent Director, MK Restaurant Group Pcl.
 - 1993-Present Director, SE-EDUCATION Pcl.
 - 1987-2018 Managing Director, SE-EDUCATION Pcl.
- **Positions in Non-Listed Companies**
 - 2013-Present Director, BaesLab Co., Ltd.
 - 2010-Present Director, Plearnpattana School, Plearn Patt Co., Ltd.
 - 2006-Present Chairman of Executive Directors, Plearnpattana School, Plearn Patt Co., Ltd.

7. Mrs. Vilai Chattanrassamee

Position

Date of the First Appointment as Director

Age

M Shareholding

Family Relationship

Education

Related Training Program held by Thai Institute of Directors Association (IOD)

Experience

- Independent Director
- Member of Audit Committee
- Member of Corporate Governance, Nominating and Compensation Committee
- June 2012
- 67 years
- Held personally (None)
- Held by spouse or minor children (None)
- -None-
- Bachelor's Degree (Accounting), Chulalongkorn University
- Master's Degree (Accounting), Thammasart University
- Certified Public Accountant
- Fellow (FIOD)
- DCP Refresher 2/2006
- Director Certification Program (DCP) 13/2001
- **Positions in Listed Companies**
 - 2012-Present Independent Director and Member of Audit Committee, MK Restaurant Group Pcl.
 - 2017-Present Independent Director and Chairman of Audit Committee, Sahathai Terminal Pcl.
 - 2015-Present Independent Director, Chairman of Audit Committee, and Member of Corporate Governance Committee, BCPG Pcl.
 - 2013-2015 Independent Director and Member of Audit Committee, Shun Thai Rubber Gloves Industry Pcl.
- **Positions in Non-Listed Companies**
 - 2020-Present Advisor of the President, King Mongkut's Institute of Technology Ladkrabang
 - 2018-Present Member of Sub-Committee of Procurement and Administrative Government Policy, The Comptroller General's Department
 - 2016-Present Independent Observer of Integrity Pact, Anti-Corruption Organization of Thailand
 - 1997-Present Director, Horton International Co., Ltd.
 - 1992-Present Director, Executive Search Services Co., Ltd.
 - 2016-2019 Member of Audit Committee, King Mongkut's Institute of Technology Ladkrabang
 - 2017-2019 Director, Sahathai Steel Pipe Pcl.
 - 2014-2019 Advisor of Audit Committee, Metropolitan Waterworks Authority

8. Mr. Sujint Chumpolkajana

Position

Date of the First Appointment as
Director

Age

M Shareholding

Family Relationship

Education

Related Training Program held
by Thai Institute of Directors
Association (IOD)

Experience

- Independent Director
- June 2012
- 69 years
- Held personally 4,200,500 shares or 0.5%
- Held by spouse or minor children (None)
- -None-
- Bachelor's Degree (Electrical Engineering), Chulalongkorn University
- Director Accreditation Program (DAP) 97/2012

- **Positions in Listed Companies**

2018-Present	Independent Director, MK Restaurant Group Pcl.
2012-2018	Director, MK Restaurant Group Pcl.
2012-2014	Executive Vice President – Restaurant Development Division, MK Restaurant Group Pcl.
2006-2012	Executive Vice President – International Business Development Division, MK Restaurant Group Pcl.
1992-2006	Vice President, MK Restaurant Group Pcl.

9. Mr. Pravit Tantiwasinchai

Position

Date of the First Appointment as Director

Age

M Shareholding

Family Relationship

Education

Related Training Program held by Thai Institute of Directors Association (IOD)
Experience

- Director
- June 2012

- 64 years
- Held personally 3,600,000 shares or 0.4%
- Held by spouse or minor children (None)
- -None-
- Bachelor's Degree (Accounting-Finance and Banking), Chulalongkorn University
- Graduate Diploma (Auditing), Chulalongkorn University
- Director Accreditation Program (DAP) 97/2012
- Director Accreditation Program (DAP) 6/2003

• Positions in Listed Companies

2017-Present Director, MK Restaurant Group Pcl.

2017-Present Independent Director and Chairman of Audit Committee, SE-EDUCATION Pcl.

1999-2017 Independent Director and Member of Audit Committee, SE-EDUCATION Pcl.

2012-2016 Director and Corporate Secretary, MK Restaurant Group Pcl.

2015-2016 Chief Financial Officer, MK Restaurant Group Pcl.

2006-2015 Executive Vice President – Accounting and Finance Division, MK Restaurant Group Pcl.

1994-2006 Director of Accounting and Finance Department, MK Restaurant Group Pcl.

10. Mrs. Yupin Thirakomen

Position

Date of the First Appointment as
Director

Age

M Shareholding

Family Relationship

Education

Related Training Program held
by Thai Institute of Directors
Association (IOD)

Experience

- Executive Vice President
- -
- 64 years
- Held personally 182,396,802 shares or 19.8%
- Held by spouse or minor children 123,059,333 shares or 13.4%
- Spouse of Mr. Rit Thirakomen
- Sister of Mr. Somchai Hanjitsakem
- Honorary Master's Degree (Business Administration), Kalasin Rajabhat University
- -None-
- **Positions in Listed Companies**
 - 2015-Present Executive Vice President, MK Restaurant Group Pcl.
 - 2012-2015 Managing Director-Japanese Food Restaurant Group, MK Restaurant Group Pcl.
 - 2006-2012 Executive Vice President – Supply Chain and Japanese Restaurant, MK Restaurant Group Pcl.
 - 1986-2006 Vice President, MK Restaurant Group Pcl.
- **Positions in Non-Listed Companies**
 - 2019-Present Director, Modern Intelligent Service Co., Ltd.
 - 2018-Present Director, Mark One Innovation Center Co., Ltd.
 - 2016-Present Director, Unity Global Development Co., Ltd.
 - 2015-Present Director, International Food Supply Co., Ltd.
 - 2014-Present Director, Health Plus Creation Co., Ltd.
 - 2012-Present Director, Hanthi Unity Group Co., Ltd.
 - 2005-Present Director, Superior Food Service Co., Ltd.
 - 1999-Present Director, Global Asset Development Co., Ltd.
 - 1996-Present Director, Superior Solution and Service Co., Ltd.

11. Mr. Kiatkong Kungwanwong

Position

Date of the First Appointment as Director

Age

M Shareholding

Family Relationship

Education

Related Training Program held by Thai Institute of Directors Association (IOD)

Experience

- Senior Vice President – Restaurant Development and Facilities Maintenance Division

- -

- 53 years

- Held personally 30,000 shares or 0.0%

- Held by spouse or minor children 400,000 shares or 0.0%

- -None-

- Bachelor's Degree (Mechanical Engineering), Kasetsart University

- -None-

- **Positions in Listed Companies**

2017-Present Senior Vice President – Restaurant Development and Facilities Maintenance Division, MK Restaurant Group Pcl.

2012-2017 Vice President – Development and Engineering Department, MK Restaurant Group Pcl.

12. Mrs. Sudarut Patvivatsiri

Position

- Chief Financial Officer
- Corporate Secretary

Date of the First Appointment as Director

- -

Age

- 48 years

M Shareholding

- Held personally 880,000 shares or 0.1%
- Held by spouse or minor children (None)

Family Relationship

- Niece of Mr. Rit's Mother

Education

- Bachelor's Degree (Statistics), Chulalongkorn University
- Master's Degree (Business Administration), University of Illinois at Urbana-Champaign, USA

Related Training Program held by Thai Institute of Directors Association (IOD)

- Company Secretary Program (CSP) 82/2017
- Board Reporting Program (BRP) 25/2018

Experience

- **Positions in Listed Companies**

2017-Present Chief Financial Officer, MK Restaurant Group Pcl.

2013-2017 Vice President – Accounting and Finance Department, MK Restaurant Group Pcl.

- **Positions in Non-Listed Companies**

2019-Present Director, Laem Charoen Seafood Co., Ltd.

2019-Present Director, Catapult Co., Ltd.

2018-Present Director, MK Interfood Co., Ltd.

2018-Present Director, M-Senko Logistics Co., Ltd.

CHANGE IN M SHARES HELD BY DIRECTORS AND EXECUTIVES

No.	Name	Position	M shares held as of December 28, 2019	M shares held as of December 30, 2020	Increase/ (Decrease) in M Shares held	Percentage of shares held (%)
1	Mr. Rit Thirakomen	Chairman of the Board of Directors Chief Executive Officer	123,059,333	123,059,333	-	13.4%
	Spouse and minor children		182,396,802	182,396,802	-	19.8%
2	Mr. Somchai Hanjitkasem	Director Executive Vice President	147,494,812	147,494,812	-	16.0%
	Spouse and minor children		-	-	-	-
3	Mr. Somchai Pipitvijitkorn	Director	-	-	-	-
	Spouse and minor children		3,700,000	3,700,000	-	0.4%
4	Dr. Annop Tanlamai	Independent Director Chairman of Audit Committee	-	-	-	-
	Spouse and minor children		-	-	-	-
5	Dr. Katiya Greigarn	Independent Director Member of Audit Committee	-	-	-	-
	Spouse and minor children		-	-	-	-
6	Mr. Thanong Chotisorayuth	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
7	Mrs. Vilai Chattanrassamee	Independent Director Member of Audit Committee	-	-	-	-
	Spouse and minor children		-	-	-	-
8	Mr. Sujint Chumpolkajana	Independent Director	4,200,500	4,200,500	-	0.5%
	Spouse and minor children		-	-	-	-
9	Mr. Pravit Tantiwasinchai	Director	3,862,800	3,600,000	(262,800)	0.4%
	Spouse and minor children		-	-	-	-
10	Mrs. Yupin Thirakomen	Executive Vice President	182,396,802	182,396,802	-	19.8%
	Spouse and minor children		123,059,333	123,059,333	-	13.4%
11	Mr. Kiatkong Kungwanwong	Senior Vice President	30,000	30,000	-	0.0%
	Spouse and minor children		400,000	400,000	-	0.0%
12	Mrs. Sudarut Patvivatsiri	Senior Vice President	880,000	880,000	-	0.1%
	Spouse and minor children		-	-	-	-



GENERAL CORPORATE INFORMATION AND OTHER REFERENCES

Company Name	: MK Restaurant Group Public Company Limited
Primary Business	: Restaurant
Head Office	: 1200 Debaratna Road, Bangnatai, Bangna, Bangkok 10260
Registration No.	: 0107555000317
Homepage	: www.mkrestaurant.com
Telephone	: +66 2836 1000
Fax	: +66 2836 1099

Share Capital as of December 31, 2020

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 Ratchadaphisek Road, Din Daeng, Din Daeng, Bangkok 10400 Tel: +66 2009 9000 Fax: +66 2009 9991
Auditors	: EY Office Limited 33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110 Tel: +66 2264 0777 Fax: +66 2264 0789

MK



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