



Going Forward with Zen

Annual Report  
2018







ตำมั่ว  
tummour

ZEN  
RESTAURANT

HAPPY KIDS  
MUSHA  
by ZEN

ลาว  
by tummur

AKA  
PASSION FOR GRILL



on the table  
オンザテーブル

ฟอ  
by tummur

TELER  
by ZEN

sushi  
cyu  
Carnival  
yakuniku

tummour  
THE ORIGINAL THAI FOOD

THAI STREET FOOD  
KHIANG  
by ZEN



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# Vision Mission

## Vision

The Group has a vision of business operation: To be the most preferred and trusted food services group for our customers, business partners and stakeholders.



## Mission

The Group has four major missions to be delivered to stakeholders who are the four major pillars of business, including customers, employees, society and the environment, and the shareholders.



### Customers :

We provide our customers with uniquely delicious food using quality ingredients, together with best-in-class service to ensure the highest level of customer experience and satisfaction.



### Employees :

We treat employees with respect and foster a culture where everyone's contributions are valued. We believe in a happy place to work, allowing our employees to grow, nurture their passions and improve their quality of life.



### Society and Environment :

We believe in operating with good corporate governance principles while positively contributing in a sustainable way to our community and environment.



### Shareholders :

We create shareholder value by delivering sustainable and profitable growth.



### **Customer Experience**

We CARE to serve all of our customers with passion and respect



### **All for one**

We CARE to collaborate with our team for a common goal



### **Restaurant Excellence**

We CARE to develop our capabilities to become the best in food business



### **Entrepreneurial spirit**

We CARE to inspire an ownership spirit for all of our staff

## **Core Values and Corporate Culture**

The company has the goal that all employees share the same belief in the best way to work together towards our common goals. The company set out to determine certain core values or behaviors which would be the standard for all employees to maintain in order to achieve the goal and vision of company.

The executive committee agreed and specified the set of core values as follows:







# Significant Changes and Development



**1993-2005**

ZEN Japanese restaurant grew and expanded its branches, and the Company saw business opportunities in upcountry areas. Therefore, it opened the first branch at Central Plaza Airport Chiang Mai in 2003.



**1991**

Opened a Japanese restaurant under the brand of ZEN, offering traditional Japanese food with premium-grade ingredients.



**2009**

The group opened a new restaurant in the style of “Tokyo Cafe” under the brand of “On the Table.”



**2007**

To create a variety of Japanese restaurants, it opened a Japanese-style grill restaurant (Yakiniku) under the brand AKA.



## 2014

Established Zen Corporation Group (ZCG) and the shareholding structure was adjusted by ZCG acquiring all shares of ZRH, AKF, OTT, and GGG.

In the same year, it opened a premium grill restaurant under the brand of Tetsu.



## 2018

Zen Corporation Group converted into a public company under the name of Zen Corporation Group Public Company Limited and opened a Thai street food style restaurant under the brand of Khiang.



## 2017

Zen Group acquired a premium Japanese restaurant business under the brand Sushi Cyu and opened a quick-service Japanese restaurant under the brand Musha.



## 2011

Established Zen Restaurant Holding Co., Ltd. (ZRH), Tokyo Concept Co., Ltd. (OTT), Gyu Grill Group Co., Ltd. (GGG), and Aka Interfood Co., Ltd. (AKF).



## 2016

Zen Group acquired a Thai restaurant under the brand "Tummour".



# Financial Highlights

## Balance Sheet and Financial Performance and Financial Ratio

Unit : Million Baht

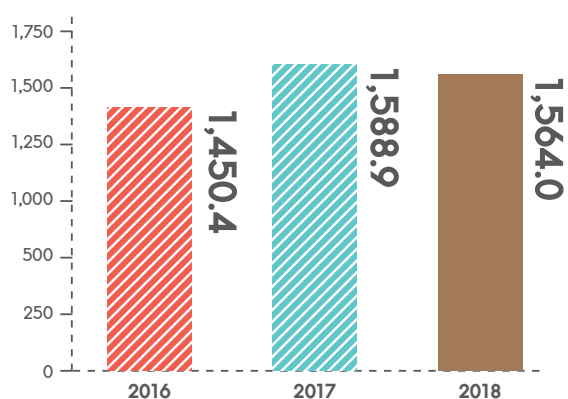
Consolidated Financial Statements			
Balance Sheet and Financial Performance (Million Baht)	2016	2017	2018
Total assets	1,450.4	1,588.9	1,564.0
Total liabilities	1,181.3	1,223.3	1,095.4
Total shareholders' equity	269.1	365.6	468.6
Revenues from sales and services	2,158.1	2,425.0	2,852.6
Total revenues	2,181.9	2,515.2	2,964.7
Gross profit	504.0	602.8	703.6
Profit before finance cost and tax expense	127.9	126.3	197.2
Net profit	89.6	81.8	140.2

Consolidated Financial Statements			
Financial Ratio	2016	2017	2018
Net profit margin (%)	4.1	3.3	4.7
Return on assets (%)	6.8	5.4	8.9
Current ratio (Times)	0.2	0.3	0.3
Debt to equity ratio (Times)	4.4	3.3	2.3



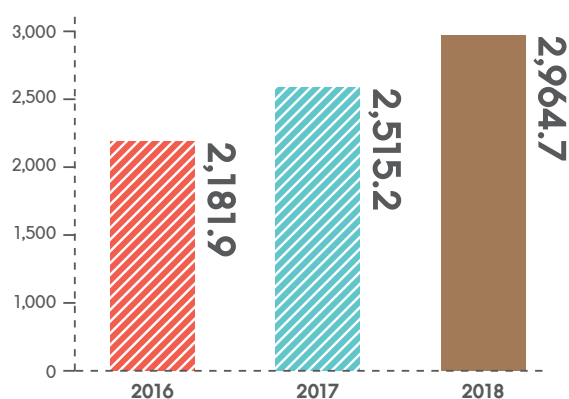
## Total Assets

Unit : Million Baht



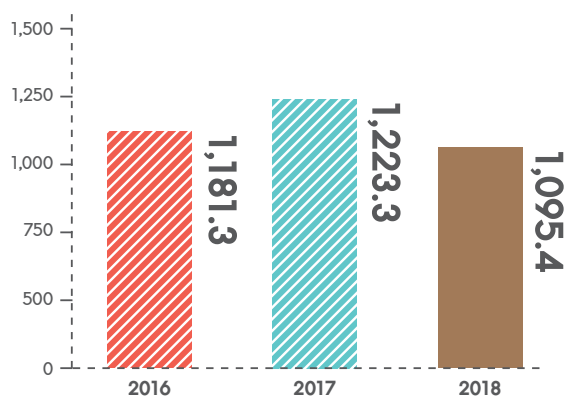
## Total Revenues

Unit : Million Baht



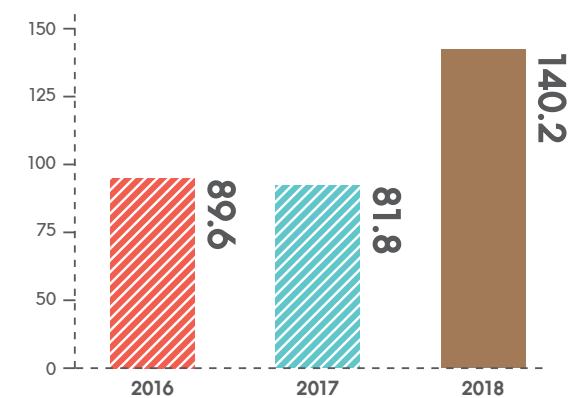
## Total Liabilities

Unit : Million Baht



## Net Profit

Unit : Million Baht



# The Letter from the Chairman of the Board of Directors



**Mr. Paitoon Taveebhol**  
Chairman of the Board of  
Directors



Among changing technologies, intense competition, and fast changing behaviors of consumers, it has been extremely challenging to the restaurant business.

Zen Corporation Group Plc., with the experienced management team in the restaurant industry and well-trained personnel, never stops developing and creating new brands in order to provide variety and cover the needs of every group of consumers under food quality control and excellent delivery service that results in the restaurant brands under the Group receiving positive feedback and support from consumers.

Thanks to the support of customers and consumers and investor confidence, as well as doing business with integrity, good governance, and transparency, Zen Corporation Group has a total of 255 restaurant branches that are operated under the brands of the Group: 110 branches owned by the Group and 145 franchise branches. The group also operates other businesses to meet the diverse lifestyles of consumers, including food delivery service business, catering business, restaurant management business, and retail business.

Zen Corporation Group Plc. continues to prepare for business expansion such as personnel provision, skills development and training, and information technology investment to increase management efficiency, reduce costs and minimise resource losses, together with the implementation of community, social and environmental care policies, plus collaboration with new business partners in the food and service business. I am therefore confident that Zen Corporation Group will step up to be a leader in the complete food service business according to our goals.

# Letter from the Chief Executive Officer



**Mr. Boonyong Tansakul**  
Chief Executive Officer

The restaurant business in Thailand is worth over a hundred billion baht and grows at an average of 3-5% each year. The factors resulting in the restaurant business to be a rising star include the increasing population and higher average income, the expansion of the city, hypermarket, and malls, which cause consumers in Bangkok and other provinces to prefer eating outside of their homes more. With the growth of internet users and online media, consumers are therefore favoring communicating, sharing pictures of food and restaurants with comments and reviews together with the growth of the food delivery service business.

In 2018, Zen Corporation Group Plc. has continuous growth in both revenue and profit as it can improve the costs and control expenses respectively. The Company has opened 42 new branches, including 13 equity branches, 27 franchise branches in Thailand, and 2 overseas branches, AKA in Myanmar and On the Table in Cambodia. It is the first time that the Company brought Japanese brands to expand overseas and we have received excellent recognition from overseas customers. Currently, the Company has a total of 255 branches covering Bangkok, other provinces in Thailand, and overseas.

In 2019, the Company has set a goal to become a leading food service provider, as well as to increase profits for the Group, resulting in expansion of 3 main businesses, namely (1) Restaurant business; (2) Franchise business; and (3) Other related businesses including food retail business and food delivery service business. The Company also has the team assignment, the strategies for business growth, and the revenue targets for each business, the new business development team that continuously monitors industry conditions and changes in consumer demand to develop its own brands and to continuously offer new restaurants as appropriate and receive positive feedback from consumers. In addition, the Group has set an ambitious growth plan by continuing business acquisitions.

All executives and employees are committed to delivering happiness to all customers through a taste of fresh, delicious, quality, clean, safe food together with excellent service, promoting and creating a participative work environment, realizing the growth together with the community society, as well as continuously creating good returns for shareholders.

# Board of Directors and Executives



## Mr. Paitoon Taveebhol

Chairman of the Board of Directors (December 1, 2014)  
Independent Director (September 3, 2018)

Age (Year): 68

### Education:

- Bachelor of Business Administration (Accounting), Ramkhamhaeng University, Thailand
- Master of Business Administration (Finance), Kasetsart University, Thailand
- Graduate Diploma Program in Auditing, Thammasat University, Thailand

### Training:

- Director Accreditation Program (DAP), Thai Institute of Directors (IOD), Class of 4/2003
- Director Certification Program (DCP), Thai Institute of Directors (IOD), Class of 38/2003
- Audit Committee Program (ACP), Thai Institute of Directors (IOD), Class of 6/2005
- Role of Chairman Program (RCP), Thai Institute of Directors (IOD), Class of 11/2005
- Chartered Director Class of (R-CDC), Thai Institute of Directors (IOD), Class of 3/2008
- Monitoring Fraud Risk Management (MFM), Thai Institute of Directors (IOD), Class of
- Monitoring the Quality of Financial Reporting (MFR), Thai Institute of Directors (IOD), Class of 11/2010
- Role of the Compensation Committee, Thai Institute of Directors (IOD), Class of 10/2010
- Monitoring the Internal Audit Function (MIA), Thai Institute of Directors (IOD), Class of 9/2010
- Monitoring the System of Internal Control and Risk Management (MIR), Thai Institute of Directors (IOD), Class of 9/2010
- Anti-Corruption for Executive Program (ACEP), Thai Institute of Directors (IOD), Class of 2/2012
- DCP Reunion (M-DCP Re) Thai Institute of Directors (IOD), Class of 1/2012

% Shareholding in the Company<sup>(1)</sup>: -None-

Family Relation between Directors and Executives: -None-

### Work Experience:

- |                |  |
|----------------|--|
| 2014 - Present | Chairman of the Board of Directors / Independent Director<br>Zen Corporation Group Public Company Limited  |
| 2012 - Present | Independent Director / Chairman of Audit Committee / Chairman of Risk Policy Committee<br>KCE Electronics Public Company Limited   |
| 2008 - Present | Independent Director / Audit Committee<br>Easy Buy Public Company Limited  |
| 2008 - Present | Chairman of the Nomination and Remuneration Committee / Independent Director / Audit and Corporate Governance Committee<br>Somboon Advance Technology Public Company Limited |
| 2002 - Present | Independent Director / Chairman of the Audit Committee / Chairman of the Risk Policy Committee<br>Central Pattana Public Company Limited                                     |



## Mr. Sakkanon Chirathivat

Director (December 1, 2014)  
Vice Chairman of the Board of Directors (June 1, 2018)  
Nomination and Remuneration Committee (May 13, 2015)  
Directors of Subsidiaries

Age (Year): 41

### Education:

- Bachelor of Architecture, University of Westminster, England
- Master of Urban Design, AA School of Architecture, England
- Master of Business Administration, Sasin Graduate Institute of Business Administration of Thailand

### Training:

- Director Certification Program (DCP), Thai Institute of Directors (IOD), Class of 211/2015
- Ethical Leadership Program (ELP), Thai Institute of Directors (IOD), Class of 7/2017

% Shareholding in the Company<sup>(1)</sup>: 33.5

### Family Relation between Directors and Executives:

Being a sibling of Miss Jomkwan Chirathivat, who is a director and executive of the Group

### Work Experience:

- |                |   |
|----------------|---|
| 2014 - Present | Vice Chairman of the Board of Directors / Nomination and Remuneration Committee<br>Zen Corporation Group Public Company Limited |
| 2016 - Present | Director Zen and Spicy Company Limited  |
| 2016 - Present | Director Spice Synergy Company Limited  |
| 2016 - Present | Director Food Active Company Limited  |
| 2015 - Present | Director AGB Family Holding Company Limited   |
| 2015 - Present | Director AGB Siblings Holding Company Limited   |
| 2015 - Present | Director Zen Supply Chain Management Company Limited  |
| 2015 - Present | Director Suan Saladaeng Company Limited   |
| 2013 - Present | Director Tokyo Concepts Company Limited   |
| 2013 - Present | Director Gyu Grill Group Company Limited  |
| 2013 - Present | Director Aka Inter Foods Company Limited  |
| 2011 - Present | Director Zen Restaurant Holding Company Limited   |
| 2006 - Present | Director Terra Cottage Company Limited  |
| 2006 - Present | Director Canyon Cottage Company Limited   |
| 2014 - 2017    | Chief Executive Officer<br>Zen Corporation Group Public Company Limited   |



### Mr. Prawit Kijpaisalrattana

Independent Director (12 December 2014)  
Chairman of the Audit Committee (12 December 2014)  
Chairman of the Nomination and Remuneration Committee (15 December 2015)

**Age (Year):** 65

#### Education:

- Bachelor of Accounting, Thammasat University, Thailand
- Master of Accounting, Thammasat University, Thailand

#### Training:

- Director Accreditation Program (DAP) Thai Institute of Directors (IOD), Class of 120/2015
- Advanced Audit Committee Program (AACP) Thai Institute of Directors (IOD), Class of 30/2561

**% Shareholding in the Company<sup>(1)</sup>:** -None-

**Family Relation between Directors and Executives:** -None-

#### Work Experience:

2014 - present	Independent Director/ Chairman of the Audit Committee/ Chairman of the Nomination and Remuneration Committee Zen Corporation Group Public Company Limited
2018 - present	Independent Director Chairman of the Audit Committee Thai Eastern Group Holdings Company Limited
2015 - present	Director Baan Suay Group (Suratthani) Public Company Limited
2013 - 2014	Cooperative Chairman Beef cattle cooperatives



### Dr. Wilert Puriwat

Independent Director (13 May 2015)  
Audit Committee (1 June 2018)  
Chairman of the Corporate Governance and Social Responsibility Committee (10 March 2016)

**Age (Year):** 50

#### Education:

- Bachelor's Degree in Finance and Banking Chulalongkorn University, Thailand
- Master of Marketing, Thammasat University, Thailand
- Master's Degree in Private and Public Management, Yale University, USA
- Ph.D. in International Business, University of Oxford, England

#### Training:

- Director Accreditation Program (DAP) Thai Institute of Directors (IOD), Class of 137/2017

**% Shareholding in the Company<sup>(1)</sup>:** -None-

**Family Relation between Directors and Executives:** -None-

#### Work Experience:

2015 - Present	Independent Director / Audit Committee / Chairman of the Corporate Governance and Social Responsibility Committee Zen Corporation Group Public Company Limited
2010 - Present	Head of Marketing Department Chulalongkorn University
2010 - 2015	Consultant Spa Haku Hodo Company Limited



### Mrs. Jotika Savanananda

Independent Director (15 May 2018)  
Audit Committee (15 May 2018)  
Nomination and Remuneration Committee (14 August 2018)

**Age (Year): 58**

#### Education:

- Bachelor of Psychology, University of Minnesota, USA
- Master of Psychology, University of San Francisco, USA
- Master of Business Administration, Sasin Graduate Institute of Business Administration of Thailand

#### Training:

- Director Certification Program (DCP)  
Thai Institute of Directors (IOD), Class of 73/2006
- Advanced Audit Committee Program (AACP)  
Thai Institute of Directors (IOD), Class of 18/2015
- Risk Management Committee Program (RMP)  
Thai Institute of Directors (IOD), Class of 6/2015
- Corporate Governance for Capital Market Intermediaries (CGI)  
Thai Institute of Directors (IOD) Class of 18/2017

**% Shareholding in the Company<sup>(1)</sup>: -None-**

**Family Relation between Directors and Executives: -None-**

#### Work Experience:

2018 - Present	Independent Director / Audit Committee / Nomination and Remuneration Committee Zen Corporation Group Public Company Limited
2018 - Present	Director RFS Company Limited
2018 - present	Qualified University Council Member Mahidol University Council
2019 - present	Qualified Director Life Insurance Fund
2017 - Present	Director / Audit Committee / Investment Committee Life Insurance Fund
2017 - Present	Consultant Securities and Exchange Commission
2016 - Present	Sub-Committee Securities and Exchange Commission
2015 - Present	Independent Director / Audit Committee / Nomination and Remuneration Committee Central Pattana Public Company Limited
2015 - Present	Chairman of the Board Talis Asset Management Company Limited
2014 - 2018	Director / Chairman of the Audit Subcommittee / Nomination and Remuneration Committee The Stock Exchange of Thailand
2014 - 2017	Qualified Financial Director The Office of Insurance Commission (OIC)
2014 - 2015	Director / Risk Management Committee / Nomination and Remuneration Committee Government Housing Bank
2009 - 2014	Managing Director SCB Asset Management Company Limited



### Mr. Boonyong Tansakul

Director (21 July 2016)  
Chairman of the Risk Management Committee (1 June 2018)  
Chairman of the Executive Committee (1 June 2018)  
Chief Executive Officer (1 June 2018)  
Director of Subsidiaries  
Executive of Subsidiaries

**Age (Year): 53**

#### Education:

- Bachelor of Electrical Engineering  
King Mongkut's Institute of Technology Thonburi, Thailand
- Introductory Manufacturing Management,  
Sanno Institute of Management Thai-Japanese Technological  
Promotion Association Thailand
- Diploma of Executive Development Program, Northwestern  
University Kellogg Graduate School of Management, USA
- Diploma of Senior Management, Capital Market Academy, Thailand
- Diploma of Capital Market Academy Leadership Program,  
Sasin Graduate Institute of Business Administration of Thailand

#### Training:

- Director Certification Program (DCP),  
Thai Institute of Directors (IOD), Class of 96/2007
- Chartered Director Class, Thai Institute of Directors (IOD),  
Class of 3/2008
- Anti-Corruption for Executive Program (ACEP),  
Thai Institute of Directors (IOD), Class of 2/2012

**% Shareholding in the Company<sup>(1)</sup>: -None-**

**Family Relation between Directors and Executives: -None-**

#### Work Experience:

2016 - Present	Director / Chairman of the Risk Management Committee / Chairman of the Executive Committee / Chief Executive Officer, Zen Corporation Group Public Company Limited
2018 - Present	Director / Chief Executive Officer / Executive Vice President, Brand and Franchise Business Group (Acting) Zen Restaurant Holding Company Limited
2018 - Present	Director / Chief Executive Officer / Executive Vice President, Brand and Franchise Business Group (Acting) Aka Inter Foods Company Limited
2018 - Present	Director / Chief Executive Officer / Executive Vice President, Brand and Franchise Business Group (Acting) Gyu Grill Group Company Limited
2018 - Present	Director / Chief Executive Officer / Chief Executive Officer, Brand and Franchise Business Group (Acting) Spice Synergy Company Limited
2018 - Present	Director / Chief Executive Officer / Executive Vice President, Brand and Franchise Business Group (Acting) Tokyo Concept Company Limited
2018 - Present	Director / Chief Executive Officer / Executive Vice President, Brand and Franchise Business Group (Acting) Zen and Spicy Company Limited
2018 - Present	Director / Chief Executive Officer Zen Supply Chain Management Company Limited
2556 - 2559	Managing Director Singer Thailand Public Company Limited
2013 - 2015	Executive Vice President, Singer Asia Singer Thailand Public Company Limited

Note: <sup>(1)</sup> Directly and indirectly holding ratio as of February 12, 2019, including holding ratio of spouse and underage children of the person





### Miss Jomkwan Chirathivat

Director (1 December 2014)  
 Risk Management Committee (14 August 2018)  
 Executive Director (14 August 2018)  
 Corporate Governance and Social Responsibility Committee  
 (3 September 2018)  
 Chief of Intellectual Property Management Group (Acting)  
 (14 August 2018)  
 Director of Subsidiaries  
 Executive of Subsidiaries

**Age (Year): 36**

#### Education:

- Bachelor's Degree in Mass Communication  
Chulalongkorn University, Thailand
- Fashion Portfolio Certificate,  
London College of Fashion, England

#### Training:

- Director Accreditation Program (DAP),  
Thai Institute of Directors (IOD), Class of 116/2015

**% Shareholding in the Company<sup>(1)</sup>: 33.5**

#### Family Relation between Directors and Executives:

Being a sibling of Mr. Sakkanon Chirathivat, who is Vice Chairman of the Board of Directors of the Group

#### Work Experience:

2014 - Present	Director / Risk Management Committee / Executive Director / Corporate Governance and Social Responsibility Committee / Chief Intellectual Property Officer (Acting)
2016 - present	Zen Corporation Group Public Company Limited
2016 - present	Director Zen and Spicy Company Limited
2016 - present	Director / Executive Vice President, Intellectual Property Management Business Group (Acting) Spice Synergy Company Limited
2015 - present	Director AGB Family Holding Company Limited
2015 - present	Director AGB Siblings Holding Company Limited
2015 - present	Director Gyu Grill Group Company Limited
2015 - present	Director Zen Supply Chain Management Company Limited
2015 - present	Director Suan Saladaeng Company Limited
2014 - Present	Director Aka Inter Foods Company Limited
2011 - Present	Director Zen Restaurant Holding Company Limited
2011 - Present	Director Tokyo Concept Company Limited
2006 - Present	Director Terra Cotta Company Limited
2006 - Present	Director Canyon Cottage Company Limited



### Mr. Chittapon Vivaddhanakasem

Director (December 1, 2014)  
 Corporate Governance Committee and Social Responsibility  
 (December 23, 2014)  
 Director of Subsidiaries

**Age (Year): 39**

#### Education:

- Bachelor's Degree in General Management  
Assumption University, Thailand
- Master of Finance, Marketing, University of San Francisco,

#### Training:

- Director Accreditation Program (DAP)  
Thai Institute of Directors (IOD), Class of 116/2015

**% Shareholding in the Company<sup>(1)</sup>: 1.4**

**Family Relation between Directors and Executives: -None-**

#### Work Experience:

2014 - Present	Director / Corporate Governance and Social Responsibility Committee Zen Corporation Group Public Company Limited
2018 - Present	Director Ready Set Go Company Limited
2016 - Present	Director Spice Synergy Company Limited
2016 - Present	Director Zen and Spicy Company Limited
2015 - Present	Director Zen Supply Chain Management Company Limited
2014 - Present	Director Zen Restaurant Holding Company Limited
2014 - Present	Director Tokyo Concept Company Limited
2013 - Present	Director Gyu Grill Group Company Limited
2013 - Present	Director Aka Inter Foods Company Limited
2010 - Present	Director Haad Samran Company Limited



### Mr. Steven David Halliday

Director (December 1, 2014)  
Director of Subsidiaries

Age (Year): 39

#### Education:

- Bachelor of Mechanical Engineering, University of Southampton, England
- Master of Engineering Business Management, University of Warwick, England
- Master of Engineering Management, Chulalongkorn University, Thailand

#### Training:

- Director Accreditation Program (DAP) Thai Institute of Directors (IOD), Class of 115/2015

% Shareholding in the Company<sup>(1)</sup>: 2.5

Family Relation between Directors and Executives: -None-

#### Work Experience:

2014 - present	Director	Zen Corporation Group Public Company Limited
2016 - present	Director	Spicy Synergy Company Limited
2016 - present	Director	Zen and Spicy Company Limited
2015 - present	Director	Aka Inters Foods Company Limited
2015 - present	Director	Zen Supply Chain Management Company Limited
2014 - present	Director	Zen Restaurant Holding Company Limited
2014 - present	Director	Gyu Grill Group Company Limited
2014 - present	Director	Tokyo Concept Company Limited
2010 - 2013	Vice President, Strategy Department	TMB Bank Public Company Limited



### Mrs. Yupaphan Ekasittikul

Executive Director (June 1, 2018)  
Risk Management Committee (June 1, 2018)  
Chief Financial Officer (June 1, 2018)  
Finance and Accounting Director (Acting) (June 1, 2018)  
Highest Authorized Person responsible for Accounting and Finance  
Executive in Subsidiaries

Age (Year): 51

#### Education:

- Bachelor of Accounting, Thammasat University, Thailand
- Master of Accounting, Thammasat University, Thailand
- Diploma in Advanced Accounting Examination Thammasat University, Thailand

#### Training:

- Director Accreditation Program (DAP), Thai Institute of Directors (IOD), Class of 96/2012
- Board Reporting Program (BRP), Thai Institute of Directors (IOD), Class of 12/2013
- Company Secretary Program (CSP), Thai Institute of Directors (IOD), Class of 53/2013
- Company Reporting Program (CRP), Thai Institute of Directors (IOD), Class of 9/2014
- Effective Minutes Taking (EMT), Thai Institute of Directors (IOD), Class of 30/2014
- Anti-Corruption the Practical Guide (ACPG), Thai Institute of Directors (IOD), Class of 18/2015
- Risk Management Program for Corporate Leaders, Thai Institute of Directors (IOD), Class of 9/2017
- Orientation Course - CFO Focus on Financial Reports FAP Under the Royal Patronage of His Majesty the King, 6/2008
- 2017 Thai Financial Reporting Standards (TFRS) Update, EY Office Company Limited, 6 Hours
- Overview of Thai Auditing Standards, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King, 1/2017

% Shareholding in the Company<sup>(1)</sup>: -None-

Family Relation between Directors and Executives: -None-

#### Work Experience:

2018 - present	Executive Director / Risk Management Committee / Chief Financial Officer / Finance and Accounting Director / Finance Director (Acting) / Accounting Director (Acting)	Zen Corporation Group Public Company Limited
2018 - present	Independent Director / Audit Committee	Eastern Printing Public Company Limited
2017 - Present	Director	Sithikul Associates Company Limited
2016 - 2017	Chief Financial Officer	Post Publishing Public Company Limited
2012 - 2015	Deputy Managing Director	Erawan Sugar Company Limited
2012 - 2014	Financial Accounting / Director	TOA Paint (Thailand) Company Limited
1997 - 2011	Financial Accounting Director	Central Restaurants Group Company Limited





#### Mr. Voravit Korkongvisarut

Risk Management Committee (August 14, 2018)  
Chief of Project Management and Business Development Group  
(December 1, 2014)  
Executive of Subsidiaries

**Age (Year):** 45

##### Education:

- Bachelor of Architecture,  
Rangsit University, Thailand
- Master's Degree in MHD,  
Chulalongkorn University, Thailand

##### Training:

- Director Accreditation Program (DAP),  
Thai Institute of Directors (IOD), Class of 139/2017

**% Shareholding in the Company<sup>(1)</sup>:** -None-

**Family Relation between Directors and Executives:** -None-

##### Work Experience:

2003 - Present Risk Management Committee /  
Chief Development Officer, Project Management  
and Business Development Group  
Zen Corporation Group Public Company Limited



#### Mr. Siruwat Chatchaval

Risk Management Committee (October 2, 2017)  
Chief of New Business Group (July 16, 2018)  
Executive of Subsidiaries

**Age (Year):** 40

##### Education:

- Bachelor of Arts in Communication Design  
Rangsit University, Thailand
- Global Mini MBA, Entrepreneurial Manager,  
Thammasat University, Thailand
- BrandKU EXT Certificate in Business Administration,  
Kasetsart University, Thailand

**% Shareholding in the Company<sup>(1)</sup>:** 3.0

**Family Relation between Directors and Executives:** -None-

##### Work Experience:

2018 - Present Risk Management Committee /  
Chief New Business Officer  
Zen Corporation Group Public Company Limited  
Committee  
2016 - Present Chef Best Company Limited  
Chief Executive Officer  
2009 - 2016 Crazy Spicy Group Company Limited



**Miss Dollaporn Bulkul**

Risk Management Committee  
(August 14, 2018)  
Chief of Supply Chain Management  
Group (July 1, 2018)  
Executive of Subsidiaries

**Age (Year): 54**

**Education:**

- Bachelor of Arts in Humanities,  
English Language and Literature  
Srinakharinwirot University, Prasanmit,  
Thailand
- Master of Mini MBA, Business  
Administration, Chulalongkorn  
University, Thailand

**% Shareholding in the Company<sup>(1)</sup>: -None-**

**Family Relation between Directors and  
Executives: -None-**

**Work Experience:**

2018 - present Risk Management  
Committee / Chief  
Supply Chain Officer  
Zen Corporation Group  
Public Company Limited

2013 - 2018 General Manager,  
Shopping center  
operations  
The Mall Group  
Company Limited



**Mr. Ugrit Leewanan**

Chief People Officer (August 1, 2016)  
Executives of Subsidiaries

**Age (Year): 53**

**Education:**

- Bachelor of Law,  
Thammasat University, Thailand

**Training:**

- Anti-Corruption the Practical Guide  
(ACPG), Thai Institute of Directors  
(IOD), Class of 46/2008
- Certified Life Coaching Master  
Practitioner Certificate, Thailand  
Coaching Academy, Thailand
- Situational Leadership® - Certified  
Trainer Certificate from Orchid  
Slingshot, Thailand
- Human Resource Management  
Certificate, Yum University, Singapore
- Certificate of Management Training  
Program - Certified Trainer  
(Scholarship), NICC, Japan

**% Shareholding in the Company<sup>(1)</sup>: -None-**

**Family Relation between Directors and  
Executives: -None-**

**Work Experience:**

2016 - present Chief People Officer  
Zen Corporation Group  
Public Company Limited

2015 - 2016 General Manager –  
Human Resource  
Kingfisher Holdings  
Company

2014 - Present Managing Director  
True Identity Company  
Limited



**Mrs. Naddawadee Suwannagindra<sup>(2)</sup>**

Member of Risk Committee  
(December 18, 2018)  
Chief Commercial Officer – Brand and  
Franchise (December 1, 2018)  
Executive of Subsidiaries

**Age (Year): 46**

**Education:**

- Bachelor of Economics,  
Thammasat University, Thailand
- Master of Business Administration,  
University of Kentucky, USA.

**% Shareholding in the Company<sup>(1)</sup>: -None-**

**Family Relation between Directors and  
Executives: -None-**

**Work Experience:**

2018 – Present Risk Committee member/  
Chief Commercial Officer-  
Brand and Franchise  
Zen Corporation Group  
Public Company Limited  
Managing Director  
Chester Foods Company  
Limited

2016-2018 Operations Director  
Yum Restaurants  
International Company  
Limited

2014 - 2016

Miss Sudarat Chaowanayan	
Finance Assistant Director (November 15, 2018)	
Age (Year): 51	
Education: - Bachelor of Accounting, Siam University, Thailand	
% Shareholding in the Company <sup>(1)</sup> : -None-	
Family Relation between Directors and Executives: -None-	
Work Experience:	
2018 – Present	Finance Assistant Director Zen Corporation Group Public Company Limited
2018	Accounting and Finance Manager Jeffer Restaurant Company Limited
1992 – 2018	Accounting Manager Central Restaurants Group Company Limited

Miss Kanlaya Chuaychoo	
Accounting Manager (December 13, 2016)	
A person whom has been assigned to responsible accounting control	
Age (Year): 39	
Education:	
- Bachelor of Business Administration (Accounting), Srinakharintarawiroj University, Thailand	
- Master of Business Administration (Accounting), Ramkhamhang University, Thailand	
Training:	
- Financial Report Preparation and Problem in Business Operation NPAEs, Department of Business Development Welfare, Ministry of Commerce, 7 Hours	
- Thai Financial Reporting Standard 2017 (all), class of 1/2017 (Mini- subject 202), Thailand Federation Accounting Professions, 6 Hours	
- Thai Financial Reporting Standard 2017 (all), class of 1/2017 (Mini- subject 301), Thailand Federation Accounting Professions, 6 Hours	
% Shareholding in the Company <sup>(1)</sup> : -None-	
Family Relation between Directors and Executives: -None-	
Work Experience:	
2016 – Present	Accounting Section Manager Zen Corporation Group Public Company Limited
2012 – 2016	Accounting Assistant Manager Mc Group Public Company Limited

Miss Oraya Uesakul	
Corporate Secretary (July 24, 2015)	
Age (Year): 53	
Education:	
- Bachelor of Business Administration (Money and Banking), Ramkhamhang University, Thailand	
- Master of Business Administration (M.B.A.- Finance), Western Michigan University, U.S.A.	
Training:	
- Company Secretary Program (CSP), Thai Institute of Directors (IOD), Class 36/2010	
- Effective Minute Taking (EMT), Thai Institute of Directors (IOD), Class 17/2010	
- Fundamentals of law and regulations related to listed companies, Thai Listed Companies Association, Class 12	
- Advances for Corporate Secretaries, Thai Listed Companies Association, Class 1/2018	
% Shareholding in the Company <sup>(1)</sup> : -None-	
Family Relation between Directors and Executives: -None-	
Work Experience:	
2015 – present	Corporate Secretary Zen Corporation Group Public Company Limited
2014 – 2015	Corporate Secretary Mc Group Public Company Limited

# Policy and Business Overview

Zen Corporation Group Public Company Limited (“The Company” or “ZCG”) operates business by holding shares in other companies (Holding Company) that operate restaurant businesses and other related businesses through the operation of the subsidiaries which consists of Zen Restaurant Holding Company Limited (“ZRH”), Aka Inter Foods Company Limited (“AKF”), Gyu Grill Group Company Limited (“GGG”) Spice Synergy Company Limited (“SYN”), Tokyo Concept Company Limited (“OTT”), Zen and Spicy Company Limited (“ZPC”), and Zen Supply Chain Management Company Limited (“ZSM”). It also operates a restaurant business under the brands of the Group, franchise business under the brands of the Group, as well as other related businesses including delivery and catering services, restaurant management and consultancy, and retail food businesses such as ready-to-cook food and ready-to-eat food products.

The Group has established a policy of conducting business by planning to achieve the goals to generate profits and sustainable growth as follows:

- **To expand restaurant branches both domestically and internationally**

The Group plans to expand its restaurant branches to increase revenue by investment to open the restaurants itself and franchises in the country and overseas. For the expansion of branches in the major cities, the Group invests in opening restaurant branches itself and for branches in upcountry or small districts, and overseas branches, the Group expands the branches through its franchise partners.

The Group plans to expand locations of restaurant branches to cover all areas, such as in shopping centers, department stores, retail stores, stand-alone branches, or petrol stations to allow consumers to access the restaurants of the Group easier and more frequently, which is consistent with the characteristics of each target customer group.

- **The development of the new restaurant brands of the Group**

In addition to expanding the restaurant chains under the current brands of the Group, it also:

Has a new business development department responsible for developing new restaurant brands to respond to the needs of consumers and to cover consumers thoroughly. In 2018, the Group opened the brand of Musha, a brand new Japanese restaurant developing the menus from the ZEN restaurant brand to meet the needs of middle-level consumers and lower and also presented the brand of Khiang, a Thai restaurant brand with cooked-to-order street-style food to match the current busy lifestyles of Thai people.

- **Expansion into new businesses related to the restaurant business**

To increase distribution channels to generate revenue growth, the Group has expanded into businesses related to restaurants such as (1) delivery and catering services; (2) restaurant management business and restaurant consultancy; and (3) retail food business such as ready-to-cook and ready-to-eat food products.



- **Maintenance of food quality and taste and quality of service**

The Group places importance on every detail, from the selection of fresh, clean, quality raw materials from the suppliers with standard raw materials, presentation of food menus with good taste and variety, to the provision of standardized and impressive services.

The taste and freshness of food is an important factor for the restaurant business. The Group therefore gives importance to the selection of raw materials with Supply Chain Management Department and Product Research and Development Department jointly select clean and quality raw materials from standard raw material suppliers from all over the world, as well as to monitor and control the delivery process to the restaurants branches in order to ensure that the raw materials to be used are in accordance with the standards set by the Group. In addition, the Group has a quality inspection team which regularly monitors the management of the restaurants and the kitchens at the restaurant branches in order to ensure that every branch of the restaurant, whether it is a branch that the Group owns or a franchised restaurant, offers a quality taste of food, cleanliness, sound management, and standard services as specified by the Group.



- **Acquisition/merger/ joint venture with the restaurant business or other restaurant brands or businesses related to the restaurant business**

In addition to the ongoing business expansion, the Group may consider acquisitions/mergers/joint ventures with restaurants or other restaurant brands in order to increase business opportunities, revenue, and distribution channels instantly without spending time investing and developing on their own, as well as to consider other food business models to diversify business risks.

In 2016, the Group acquired the Thai restaurant business under the name of "Tummour" to diversify restaurants of the Group and cover more consumer groups, as well as to create the foundation for the franchise business. Also, in 2017, the Group acquired the business of premium Japanese restaurants under the Sushi Cyu brand to meet the needs of high-end customers. The acquisitions of both businesses significantly increase revenue, distribution channels, and consumer groups to the Group.

Besides to acquisitions/mergers/joint ventures with the restaurant business or other restaurant brands, the Group may consider acquisitions/mergers/joint ventures with other businesses related to the restaurant business to increase efficiency and reduce the operating cost of the Group.





# Nature of Business

The Company operates its business by holding shares in other companies (Holding Company), focusing on investment in three major business groups, namely (1) Restaurant business under the brands of the Group; (2) Franchise business under the brands; and (3) Other related businesses include delivery and catering services, restaurant management and restaurant consultancy, and retail food business of ready-to-cook and ready-to-eat food products.

Currently, there are twelve restaurant brands under the Group's operation divided into two groups: 6 Japanese restaurant brands and 6 Thai restaurant brands.

## Japanese restaurant brands



Brand : ZEN  
Restaurant type :  
Traditional Japanese food



Brand : AKA  
Restaurant type :  
Japanese style grill restaurant (Yakiniku)



Brand : Musha by ZEN  
Restaurant type :  
New trend Japanese restaurant



Brand : Tetsu  
Restaurant type :  
Premium Japanese style grill restaurant



Brand :  
Sushi Cyu and Carnival Yakiniku  
Restaurant type :  
Premium Japanese restaurant



Brand :  
On the Table Tokyo Café  
Restaurant type :  
Lifestyle restaurant

## Thai restaurant brands



Brand : Tummour  
Restaurant type :  
Thai-Isan restaurant



Brand : Pho  
Restaurant type :  
Vietnamese style noodle soup restaurant



Brand : Laos Yuan  
Restaurant type :  
Thai-Isan and Vietnamese restaurant



Brand : de Tummour  
Restaurant type :  
Premium Thai-Eastern restaurant



Brand : Jaew Hon  
Restaurant type :  
Lao style suki restaurant



Brand : Kiang  
Restaurant type :  
Thai street food style restaurant

As of 31 December 2018, the Group has 255 restaurant outlets under the Group brands, including the Group's own outlets and franchise outlets in Thailand and abroad. The details are as follows:

Brand	The Group owns (outlets)	Franchise (outlets)				Total (outlets)
	Thailand	Thailand	Laos	Myanmar	Cambodia	
1. ZEN	43	-	-	-	-	43
2. AKA	17	-	-	1	-	18
3. On the Table	18	-	-	-	1	19
4. Tetsu	1	-	-	-	-	1
5. Sushi Cyu	3	-	-	-	-	3
6. Musha	4	-	-	-	-	4
7. Tummour	13	102	1	1	1	118
8. Laos Yuan	6	18	-	-	-	24
9. Jaew Hon	4	8	1	-	-	13
10. Pho	-	8	-	2	-	10
11. de Tummour	-	1	-	-	-	1
12. Kiang	1	-	-	-	-	1
Total	110	137	2	4	2	255



## Product and service characteristics

- **Restaurant business:** The Group operates restaurant businesses under the brands of the Group, divided into two groups: 6 Japanese restaurant brands and 6 Thai restaurant brands as follows:



**ZEN Restaurant** is a traditional Japanese restaurant focusing on the selection of raw materials, food quality control, and service standards. It is committed to creating authentic Japanese dining experiences in a modern style with art and care for every detail. The interior of the restaurants is designed to provide a warm and private atmosphere like eating at home. Each branch has both a hot kitchen and a cold kitchen. The ZEN restaurant is a la carte restaurant, serving a wide variety of food and beverages such as sushi, sashimi, food set, grilled food.



**AKA Restaurant** is a Japanese BBQ restaurant (Yakiniku) focusing on the selection of quality, fresh ingredients from all over the world, as well as special sauces created by the Group which is made from excellent ingredients to get a sweet flavor sauce suitable for grilling. The grill is an important part of the business. The Group, therefore, selects high quality, safe grills with a smokeless charcoal system to prevent burning. AKA restaurants offer both buffet and a la carte.



**On the Table Restaurant** is a fusion restaurant combining Japanese style food and Western-style food with the Thai-style taste. The interior of the restaurants is inspired by Tokyo Cafes in Japan, decorated with natural materials to provide a warm and modern atmosphere. On the Table Restaurant offers a-la-carte menus with a variety of fusion dishes including pasta, sushi, salads and pizzas, as well as desserts, and various types of beverages.



**Tetsu Restaurant** is a Japanese BBQ restaurant (Yakiniku), offering premium grilled and sashimi dishes using high grade raw materials such as Ohmi Wagyu beef which is one of the top 3 cattle breeds from the largest farm in Kansai region, Japan. Tetsu restaurant offers a-la-carte menus focusing on quality raw materials. The decoration of the restaurant is in a contemporary, industrial style that gives a raw feeling and is striking with bare brick walls providing a natural feel with a private zone for group-specific banquets to support all the needs of the city people who like Japanese food.



**Sushi Cyu & Carnival Yakiniku Restaurant** is a premium Japanese restaurant that offers a variety of dishes such as sushi, omakase and yakiniku created by gourmet chefs who carefully select fresh high quality raw materials for the customers to experience authentic Japanese food served in a warm, private and tranquil ambience as if they dine in Japan. The specialty is an exclusive menu called “Omakase” which is a special set of about 10-13 sushi pieces, specially selected and prepared by one of the highly experienced chefs.



**Musha Restaurant** is a new Japanese restaurant that develops menus from the Japanese restaurant brand of ZEN to present and respond to the needs of the primary and middle-class consumers. It focuses on the deliciousness, quality, affordable price, with free rice refills. With the small size of the restaurants, the food selection is less than that of ZEN so it can be managed smoothly with fast service. The Group has plans to expand Musha restaurant branches covering the whole country through the sale of franchises primarily.



**Tummour Restaurant** is a Thai-Isan style restaurant with the selection of only quality ingredients to provide a variety of menus such as papaya salad, fried chicken, stir-fried noodles that are served a la carte. The interior of the restaurants gives a contemporary sense of warmth with the papaya salad cooking section which allows customers to see clearly in order to show attention to every step of cooking and to ensure customers that all dishes are of high quality and spicy taste, according to the slogan “Spicy taste and expert in papaya salad”.



**Lao Yuan Restaurant** is a restaurant combining Thai-Isan food and authentic Vietnamese cuisine with an a-la-carte service offering a variety of menus, such as chicken with fermented fish, Chiang Mai fried pork, spicy salad with fresh shrimp, and many other menus to serve as a choice for consumers who love healthy food with the Thai-style taste under the slogan “Traditional, familiar, impressive and new menus you must try”.





**Jaewhon Restaurant** is a Lao Suki or so-called Chim-Chum restaurant providing a Northeastern style clay pot with soup simmered from the finest ingredients, roasted rice, and filled with herbs which have medicinal properties beneficial to the body, along with the authentic-Isan spicy sauce. Jaewhon restaurant offers both buffet and a-la-carte menus.



**Pho Restaurant** is a Vietnamese style noodle restaurant focusing on “heavy ingredients but light noodle” with pork, beef, and egg, served with special dipping sauce of Pho Restaurant and many fresh vegetables. Pho restaurant offers a-la-carte menus with many favorite dishes like dried pho, pork soup pho, and rice noodles with grilled pork. The interior decoration consists of a contemporary wall painting which illustrates the Vietnamese lifestyle.



**De Tummour Restaurant** is a premium authentic Thai-Isan restaurant which has developed a variety of menus from Tummour brand. It offers a la carte service with selection premium-grade materials and a unique Thai taste along with the needs of foreigners as well.



**Kiang Restaurant** is a Thai restaurant with cooked-to-order street style food presenting various menus to the current lifestyle of Thai people, such as fried rice with basil, garlic pork rice, ancient fried rice, crispy pork with kale, fried noodles with chicken, and stir-fried noodle with black soy sauce, etc. Kiang Restaurant opened its first branch in December 2018 at PTT Gas Station, Jetsadabodin, Nonthaburi.

- **Franchise Business:** There are 2 main types of franchise systems of the Group: (1) The Group selects its restaurant brand and the location and presents it to a franchisee; (2) Franchisee selects the restaurant brand of the Group and the area and offers it to the Group to consider the suitability of the location.
- **Other Related Businesses**
  - Delivery and Catering Service Business**

The Group provides delivery services via online channels such as Food Panda, Lineman, Grab Food and Honest Bee. Consumers can order food from any restaurant branch.



Besides, the Group also provides catering services both inside and outside the restaurants for many events such as weddings, company gatherings, birthday parties, etc. The catering service model includes a full service like in a restaurant (fine dining) and a set of booths.

#### **Restaurant Management and Restaurant Consultancy**

The Group provides restaurant management services and restaurant consultancy services for restaurant operators or franchisees who want a standard system of management and operation of restaurants or have problems in business operations. The Group relies on its experience and personnel who specialize in planning, administration, and/or consulting with service users with two types of service fees: fixed fee and variable fee, depending on the agreement with the service users, the scope of work, and service period.

#### **Food Retail Business**

The Group has two main types of retail food products, namely ready-to-cook food products such as stir-fried noodle and ready-to-eat food products such as Isan-Isan-style sauce, sweet chili sauce, and Chaew Bon (fermented chili paste) with the standard quality and taste. At present, it is mainly for sale at the restaurant branches of the Group. However, the Company considers the retail food business by bringing popular food products in the restaurants of the Group for distribution. The Group expects to expand more food products more and increase distribution channels to cover more customers and support future growth.

## Retail Products



## Marketing and Competition

### 1. Marketing and sales of the Group

The Group markets to target consumers with the objective of (1) increasing market share in new customers by raising brand awareness; (2) keeping the existing customer base by creating brand loyalty; and (3) increasing the rate of access to services of the customers of the Group by marketing the Group, including creating new food menus, brand engagement through advertising on social network, awareness through traditional marketing, as well as advertising banners in shopping malls, retail stores, community malls, or nearby the locations of the restaurants, etc.

The Group has different marketing strategies for each brand as appropriate for the target customers, brand positioning, and restaurant styles.

### 2. Pricing

The Group determines the price of food by a cost plus margin, taking into account the price acceptable to the target customer on its good value for money and in line with brand positioning in the market as well as considering the ability to compete on price with competitors.

As the Group has many restaurant brands and branches with brand positioning, different target customers, selling price, raw material cost, operating cost, rental fees, and employee expenses, the prices of products are diverse. However, the Group believes that the current pricing determined by the Group is appropriate and reasonable when compared to the quality of products and services and response to the needs of customers.

### 3. Characteristics of customers and target customers

The Group has a variety of restaurant brands and branches across the country that can reach and respond to the needs of consumers thoroughly. The details are as follows:

Brand	Customer Group			Income level			Location		
	Family	Working age	Student (15-24 yrs)	Primary	Middle	Upper	Bangkok	Upcountry	Overseas
1. Zen	√	√	-	-	√	√	√	√	-
2. AKA	√	√	√	√	√	-	√	√	√
3. On the Table	√	√	-	-	√	√	√	√	√
4. Tetsu	√	√	-	-	-	√	√	-	-
5. Sushi Cyu	√	√	-	-	-	√	√	-	-
6. Musha	√	√	√	√	√	-	√	√	-
7. Tummour	√	√	√	√	√	-	√	√	√
8. Lao Yuan	√	√	-	-	√	√	√	√	-
9. Jaewhon	√	√	√	√	√	-	√	√	-
10. Pho	√	√	√	√	√	-	√	√	-
11. de Tummour	√	√	-	-	√	√	√	-	-
12. Khiang	√	√	√	√	√	-	√	√	-

#### 4. Distribution and distribution channels

The Group has four distribution channels: (1) Providing services through restaurant branches mainly located in shopping centers, retail store, community malls, petrol stations, and commercial buildings in the communities with a number of consumers roaming all day where the Group recognizes that the majority of customers tend to eat at a restaurant; (2) Providing catering services both inside and outside the restaurants, such as weddings, seminars, and social gatherings according to various events; (3) Delivery service via mobile phone application system such as Food Panda, Lineman, Grab Food, and Honest Bee etc.; and (4) Selling ready-to-cook food products and ready-to-eat food products through the storefront of retail stores and wholesale stores.

#### Procurement of products or services

The Company considers food quality and service to customers, so it has set the standard of raw materials related to food and non-food items categorized by product type for a high standard which can be inspected in every production process, from the source of production of the supplier, delivery to the branch, to preparation of food to deliver to consumers

The Company has a team of highly experienced personnel, specializing in quality inspection of raw materials related to food and non-food items with examination under the manufacturer's standards, examination of product quality before delivering to the warehouses, the standard of shipping to the warehouses, and the standard of transportation of goods from warehouses to branches all over the country, including franchise stores. Every process must be in accordance with the standard of each product, and the manufacturer quality evaluation is required every year. The evaluation will be done in terms of raw material prices, raw material quality, packaging quality, and transportation to the warehouse.

As mentioned above, consumers can ensure that when visiting the restaurants of the Group, they will be able to have food prepared from fresh, quality ingredients that are safe.



# Risk Factors

The Group is aware of the present risks which may affect the business operations and the operating results of the Group and may cause risk factors resulted from internal or external factors. The Board of Directors has established a risk management policy and Charter of the Risk Management Committee and appointed the Risk Management Committee to oversee the risks of the Group by adhering to the principles, practices, operations that conform to acceptable standards with assessments of quality and quantity risks by considering potential opportunities and impacts, determining the risk limit in order to limit the damage to the extent acceptable to the Group. The risk factors of the Group are divided into 3 groups as follows:

## 1. Risk from Operating as a Holding Company

The Company operates as a holding company which is the company that has revenue from holding other business and has no operation that create significant revenue. Therefore, the performance of the Company depends on performance and ability to pay dividend of subsidiaries. As of 31 December 2018, the Company hold seven subsidiaries including ZRH, AKF, GGG, OTT, SYN, ZPC and ZSM. If subsidiaries are unable to pay dividend or pay less dividends to the Company, the Company might have less dividend revenue and negatively affect the performance and financial position, including ability to pay dividend of the Company.

However, the Company and its subsidiaries have the policy to pay dividends of not less than 50.0% of net profit after income tax of the separate financial statements of the Company and its subsidiaries and legal reserve allocation. Thus, it ensures that such type of business does not affect the dividend payment of the Company.

## 2. Business Risks

### 2.1 Risk from scarcity of raw material and fluctuation of raw material price

Most of the Group's raw material are aquaculture and agriculture products such as seafood, meat, rice, vegetable and fruits. Such raw material has volume and price fluctuate according to season, weather, natural disaster, plague in plants and animals, supply to market, and demand in each period of time. The aforementioned factors result in scarcity of raw material which may result in fluctuation of raw material price and might negatively affect performance and financial position of the Group. As of 31 December 2018, raw material cost is accounted for 46.6% of total cost of good sold.

Nevertheless, the Group gives importance to efficiently control and manage cost, and try to reduce affect from scarcity and fluctuation of raw material price by planning and forecast amount required of each raw material which might significantly affect total raw material price of the Group. Moreover, the Company's Procurement Department compares raw material price with several suppliers to ensure that the Group receives best price and condition and creates good relationship with raw material supplier. The Company's Procurement Department follows factors and events that might affect the supply and price of raw material either directly or indirectly to evaluate risk from scarcity of raw material and fluctuation of raw material price to be able to prevent and encounter risk that might promptly occur.

In case that raw material price increases, the Company will not increase selling price immediately. The Group will adjust its selling price in case that raw material price increases continuously or price increases significantly to ensure that the Group does not take too much burden from increasing raw material price which may affect performance and financial position of the Company. At the same time, the Group will consider selling price with other competitors to ensure that the adjustment of selling price does not affect revenue or the Group customer base.

Certain raw material has volume and price fluctuation, the Group has forward contract both short and long-term contract with such producer and raw material distributor with conditions including volume, price and clear delivery date. The Group also considers procure raw material directly from overseas. The Group has policy to have list of multiple raw material suppliers to reduce risk from procure raw material from single supplier. The Group continuously adjusts menu according to season or market condition or replace with similar raw material in case there is scarcity of certain raw material which help reducing from risk of scarcity of raw material or fluctuation of raw material price in certain period.

In the past, the Group never has problem from scarcity of raw material or fluctuation of raw material price that affect significantly to performance or financial position of the Group.

## 2.2 Risk from concentration of the Group business

The Group's revenue mainly generate from Japanese restaurant business. The Group believes that Japanese food will continue to be well received by the consumers in the future. At present, Thai consumers are more health conscious. Japanese food is mainly used natural raw material which has lot of nutrients to prepare and, thus, can well respond to consumer needs. The Group has many Japanese restaurant brands which have different identity from each other to respond to consumer with unique needs such as ZEN brand which is a traditional Japanese restaurant, AKA brand which is a Japanese style grill restaurant (Yakiniku) and On the Table brand which is a lifestyle food brand.

In 2016, to expand customer base to cover all groups of customers and diversify business risk, the Group acquired business under Tummour brand group. As of 31 December 2018, The Group has the revenue from Thai restaurant brand was accounted for 14.0% of the total revenue. Moreover, the Group has plans to expand to other type and of restaurants and continue to develop and introduce new restaurant brand. The Group also has strategy to acquire or merge business to increase growth potential and competitiveness to achieve a target of being a leader in Thailand's restaurant business.



### **2.3 Risk from concentration of outlet of the Group**

As of 31 December 2018, 84 restaurants owned by the Group or 76.4% of restaurants owned by the Group were located in Bangkok Metropolitan region. In case that there is event that disrupts operation of the Japanese restaurant or unexpected event in Bangkok Metropolitan region such as political problem, demonstration, flood disaster which is the cause for temporary closure of department store, community mall or retail store, such event might result in damage of temporary closure of the Group's restaurant or consumers might not be confident to eat out and/or change preference to eat different type of food. Such events might negatively affect performance and financial position of the Group significantly.

However, the Group might develop smaller restaurant to better diversify investment nationwide and reduce risk from concentration of outlet of the Group.

### **2.4 Risk from inability to secure new location for outlet expansion and/or inability to extend rental agreement for existing outlets and/or operation of restaurants that currently waiting for concluding rental agreement from landlord**

At present, there is high competition for restaurant. There are many restaurant ownerships, both big and small. There is a tendency that there will be more competition in the industry which result in difficulty to secure new location for outlet expansion. The Group may have risk for inability to secure new location according to the target. Moreover, current rental agreements are mostly short-term rental agreements (approximately three years) and the Group may have risk from inability to extend rental agreement with landlord and/ or may not secure term and condition or rental agreement appropriate for expected return. Moreover, to conclude and/or extend rental agreement with landlord, most landlord has lengthy procedure for signing rental agreement, mostly use 3-6 months. In certain cases, the Group is required to operate the restaurants on rental space that waiting for concluding rental agreement from landlord. The Group may have risk of using rental space in operation of the Group business and might negatively affect performance and financial position of the Group significantly.

The Group is a business partner with landlords including department store, community mall, and hyper market both in Bangkok and up-country provincial. The Group has good relationship with landlord, has good payment record, and strictly follows rental agreement terms and conditions. The Group is a leading chained restaurant operator and has strong brand recognition and variety, has products and services according to customer demand and thus most of landlords including department store, community mall, and hyper market inquires the Group regarding interest for renting retail space. The Group's business development department continuously follows information regarding rental space to analyze opportunity to open outlet in the future. Moreover, the Group using rental space that waiting for concluding rental agreement is general practice in the industry. In the past, the Group's related department continuously followed and monitored status of signed rental agreement.

In the past, the Group is always able to secure rental space for opening restaurants according to its target and able to extend rental agreement and never has any issue using rental space that waiting for concluding rental agreement.



### 2.5 Risk from expansion of new outlet

The Group has target to expand outlet continuously, including redecoration of current outlet. The Group has plan to increase number of outlets every year according to the market, industry situation, demand and purchase power of the customer. At the end of fiscal period 31 December 2016, 2017, 2018, the Group expanded its own 12 outlets, 24 outlets and 13 outlets. The investment for new outlets for each brand on average use 3.0 -12.5 million baht per outlet for Japanese restaurant brand and 3.0-5.0 million baht per outlet for Thai restaurant brand. Investment of new outlet and redecoration of existing outlet include interior design, construction, system work, decoration, furniture, kitchen utensil, and other office equipment, depend on each case. Because of higher competition for restaurant business and new competitors continuously entering in the industry, the Group has risk that new outlet or redecorated existing outlets could not generate sales and profit according to the target. There is chance that new outlet might compete with the Group existing outlet under the same brand or different brand (Cannibalization) which might negatively affect performance and financial position of the Group significantly.

Nevertheless, the Group evaluates investment possibility, creates business plan, conducts feasibility study between related departments, including selecting restaurant type and brand appropriate for target customer, location and landlord project type, market condition and competitor, consumer demand, development capital, payback period, expected investment return, before new outlet expansion. The investment requires approval from Executive Committee and/or Board of Directors depending on investment amount according to authority list of the Group before the investment.

After new outlet investment, the Group will closely monitor performance during the first six months to compare actual operation performance and feasibility study. If there is significant difference, the Group will analyze the different and take measure to ensure that the performance will be according to target. The Group will evaluate all outlets performance every month. Moreover, the Group believes that, with brand strength and over 27 years of experience, it will be able to manage outlet to have good operating performance.

### 2.6 Risk from expansion of franchise business

As of 31 December 2016 2017 and 2018, the Group has 97, 127 and 145 franchise outlets respectively.

By using franchise system to expand outlets in both Thailand and overseas, the Group has law, rules and regulation risk in both Thailand and overseas, risk in management of cost and supply chain system, risk from exchange rate and political risk.

Anyway, the Group considers aforementioned risks during franchisee selection process before entering into franchise agreement. If the Group considers that the location is too risky to open restaurant outlet, the Group will not open restaurant outlet in such location. The Group has Risk Management Committee to monitor and evaluate business risk and make plan and find defensive measure to reduce risks.



As of 31 December 2016, 2017 and 2018, the Group has the revenue from franchise rights was accounted for 0.7%, 2.2% and 2.3% of the Group total revenue or 3.0%, 9.4% and 9.9% of the Group gross profit.

### **2.7 Risk from franchisees violate terms and conditions of franchise agreement**

By using franchise system to expand outlets in both Thailand and overseas, the Group has risk from franchisees violate terms and conditions of franchise agreement and risk from imitation. Negative information of restaurants under brand owned by the Group may affect reputation and image of the Group's restaurant brand and negatively affect operation, financial position, performance and business opportunity.

Nevertheless, the Group has Legal Department and Quality Control Department to investigate franchise outlets to ensure that franchisees conform to terms and conditions of franchise agreement. Moreover, the Group provides complete support for its franchisee starting from introducing contractor to build and decorate restaurant outlet, providing employee training program, organizing franchisees training program, and providing marketing support. In the past, the Group never has significant issue with franchisee that require to terminate agreement.

### **2.8 Risk from using outsource services**

To manage business operating cost, the Group outsources certain important operation such as warehouse, logistics services, producing ingredients and seasonings according to the Group formula. If service providers do not follow the terms and conditions specified in service agreement, it might pose significant negative impact on the Group operations, financial position and performance of the Group. The Group engages HAVI to provide warehouse and logistics services including store and distribution of raw material to all the Group owned restaurants and restaurants operated by franchises. The Group engages more than ten suppliers to produce ingredients and seasonings according to the Group formula to use in the Group restaurants.

Nevertheless, the Group has stringent process in selecting service providers based on qualification and experience of the service provider. The Group selects reputable, experienced service providers with strong financial position to ensure that they can provide services according to the Group requirements. For producing ingredients and seasoning, the Group conducts quality test for ingredients and seasonings to ensure that they meet the Group specification. In addition, the Group has agreements with service providers and regularly monitors service providers to follow the agreement. The Group has service providers list that can replace and evaluates service provider according to the specified period.

Moreover, the Group has operation to examine service providers work such as visiting service provider's warehouse at least once a year, inspecting stock count every month, examining

delivery and inventory report from warehouse service provider every day, and observing inventory insurance of warehouse and logistics service provider. In the past, the Group does not find mistake of external service provider that significantly affect the operation of the Group.

### **2.9 Risks relating to the protection of service marks and trademarks**

The Group has the policy to register and maintain service marks and trademarks of its restaurant brands and products. The Group has registered to apply for protection in the service marks and trademarks under the law on service marks and trademarks both domestically and internationally.

As at 31 December 2018, the Group has registered service marks and trademarks in Thailand for the restaurant brands that the Group is operating: 25 items in the country, 16 items in foreign countries, and 47 items in the process of the registration application. As the procedure for registration and renewal of the service mark and trademark registration take a long time, and the registration is under the approval of the relevant authorities, the Group is unable to guarantee that it will be approved for the registration application or the renewal application of service marks and trademarks that the Group plans to proceed in the future. Besides, the registration application or renewal application of service marks and trademarks may be rejected and legally ineffective or fall under certain restrictions which may result in other operators being able to apply service marks and trademarks of the Group to be used in their business operations. Such risks may adversely affect the Group's reputation, loss of business opportunities, and the business performance and the financial position of the Group significantly.

However, the Group owns well-known restaurant brands that have been accepted by consumers for a long time with a variety of delicious foods and specific recipes of the Group, as well as services that are of the same standard in all branches. Therefore, the Group believes that it is quite difficult for other operators to copy the restaurant business to achieve the same quality and standards as the Group. As of December 31, 2018, the Group did not find any problems with the use of its service marks and trademarks.

### **2.10 Risk from high competition in the industry**

The behavior of Thai consumers which prefer to eat outside and ASEAN Economic Community which started in 2015, resulting in a higher competition for restaurant business and new competitors in the industry that focus on introducing new products and menu, modern decoration, and popular restaurants in neighbor countries. These restaurants are considered direct competitors to the Group. These restaurants mostly operate in department store, community might, hypermarket which are the same locations as the Group restaurants. Such competition might affect growth and the performance of the Group.

However, the Group believes that in order to compete, it has to focus on food quality and service. Moreover, brand must be recognized and acknowledged by consumers. Brands under the Group are well recognized and well accepted by the customers for food quality and service at reasonable price. In addition, the Company has competent managements with more than 27

years of experience in the business to help developing appropriate business and investment plan according to economic condition including outlet expansion, market research to follow change in consumer preference, setting up procedure and managing to have highest efficiency and effectiveness. Thus, the Group believes that it will be able to compete with other competitors with the Group current strengths.

#### **2.11 Risk from the inability to manage raw materials and control food quality to meet the specified standards**

The Group places importance on quality, freshness, taste, cleanliness of all ingredients and food materials to ensure that our customers will receive the highest satisfaction in using the service. Most of the Group's raw materials include fresh and frozen food which is directly delivered from the warehouse of HAVI, which is the outsource warehouse and logistics management service provider and from the supplier to each branch. In cases where the Group is unable to manage and control the quality of raw materials and food to meet the specified standards, it may affect the reputation and image of the Group and its business operations, as well as the operating results of the Group significantly.

However, the Group has managed and controlled the quality and standards of raw materials and food at every step, from orders of raw materials, quality inspection, preparation and cooking, storage and distribution of products to each branch. The Purchasing Department and the Product Research and Development Department jointly select the raw material supplier based on the quality and taste of the raw material. Before the delivery of products from the supplier, the Group will check the product quality, freshness, cleanliness, and quantity received

At present, the Group has hired HAVI to provide warehouse management and logistics services in all food-related products, with the management process for all products at all temperatures, including frozen products, chilled products, and products stored at room temperature. The Group will be the warehouse manager and the logistics system for non-food products. The Group usually hires an outsource transportation service provider to deliver non-food products to branches of the restaurants under the Group. However, when the branch receives raw materials and products, it has to recheck the quality, temperature, freshness, and quantity of raw materials and products. Then, the raw materials and products will be stored by type of raw materials and products in freezers, coolers, and general storage rooms, as appropriate so that the raw materials are fresh and clean and meet the standards and quality as specified by the Group.

Besides, the Group has a Food Quality Assurance ("FQA") team to monitor the operation of the branches, including the quality of raw materials, products, and food prepared regularly. Therefore, the Group ensures that the raw material management process and food quality control from all relevant departments will strictly reduce such risks for all restaurants in the Group to be able to serve customers with quality and standard products. As of December 31, 2018, the Group does not have any legal disputes regarding food quality.

### **2.12 Risk from the shortage of personnel to support branch expansion or loss of staff with specialized expertise**

As the business of the Group provides a service-related business, therefore staff are an essential mechanism, and the Group plans to open new branches continuously every year. In general, each branch requires an average of 23 - 27 people, depending on the type of the restaurant brand along with personnel who are specialized in assembling and cooking such as a chef with knowledge and experience in cooking, creating new menus, and checking the quality of raw materials and food. Therefore, if the Group is unable to recruit personnel to support branch expansion and/or replace the resigned staff, it may adversely affect the Group's operating results and financial position/.



To reduce the risk of expansion of new branches, the Group will provide personnel with a mixture of existing staff and new personnel, and regular personnel and temporary personnel. Also, the Group has a plan for hiring new personnel at least 3-4 months before opening a new branch, which allows the Group to be able to train and prepare for the personnel before the actual operation. Also, if the Group is still unable to procure sufficient personnel for each branch, it will consider hiring temporary staff to support the provision of services to customers effectively and thoroughly. As of December 31, 2018, the Group has 2,471 employee(s) in all branches with a proportion of 73.53 percent of the permanent employee and 26.47 percent of temporary employees of the total number of branch employees.

In addition, the Group has a continuous development policy for employees, places importance on caring for employees at all levels, provides opportunities for talented employees to develop as executives in the future, manages fair compensation and welfare, offers training to increase skills and knowledge, resulting in employees loyalty and long-term work with the Group. In the past, the Group had never experienced a shortage of personnel or loss of staff with specific expertise which affects the operations of the Group significantly.

### **2.13 Risks from failure to comply with the conditions of significant licenses in the business of the Group and/or external service providers hired by the Group**

Business operation of the Group requires a considerable license in force and strict compliance with the conditions specified in the license, such as the establishment of a food distribution license, food storage location for branches and warehouses, liquor distribution license (only for certain branches), the license for business of frozen raw material storage for food storage warehouses, the license for food contact materials according to the Public Health Act. However, if the Group and external service providers are unable to comply with the law, it may cause the business operation of the Group to be interrupted or discontinued, which may significantly affect the business operation and operating results of the Group.





Nonetheless, the Group has a policy to follow up the requirements for and renewal of the license to be used in operation within the time limit, training to educate employees about relevant rules/regulations. The Group and external service providers have never experienced problems in obtaining licenses or complying with the terms and conditions of the license.

#### 2.14 Risks in compliance with relevant laws

Business operation of the Group is subject to the laws and regulations of Thailand with protection for the safety and health of consumers, including safety and health in the work of the employees. The Group must comply with the standards and the provision of employees with such expertise to supervise compliance with laws and regulations, quality control system, and other operations.

If such laws and regulations change, the business operation of the Group must be adjusted to meet those legal requirements as well.

Although the management of the Group supervises for the Group to comply with essential regulations in business operations, the Group is unable to guarantee that regulators will not impose additional regulations or increase fees or fines due to non-compliance with conditions. This may cause the Group other expenses which may adversely affect the business operation, business opportunity, financial status, and the performance of the Group significantly.

The Group has organized regular training for employees about relevant regulations and provides agencies that monitor the changes of applicable regulations so that the Group Can proceed immediately. As of December 31, 2018, the Group ensures that it complies with the rules of various regulations wholly and significantly.

### 3. Management risks

#### 3.1 Risk from the significant shareholders having control over the management of the Group

After the Company offered ordinary shares to the public, the Chirathivat family (comprised of Mr. Sakkanon Chirathivat and Miss Jomkwan Chirathivat) holds shares in the Company, both directly and indirectly, of not less than 66.9% of the total paid-up capital of the Company. In addition, the Chirathivat family members are also an executive, director and authorized director of the Group, resulting in such major shareholders group to have control over the management of the Group and able to control the majority of the shareholders' meeting in the matters of the appointment of directors and the approval that require the majority of the shareholders' meeting, except for matters in which the law or the Company's regulations require no less than three-fourths of the votes from the shareholders attending the meeting and having the



right to vote are required. Therefore, minor shareholders may not be able to gather votes to examine and balance the issues proposed by the major shareholders.

However, the Group organized the management structure by personnel who have knowledge and ability and set the scope of operations, duties, and responsibilities, clear and transparent delegation of authority to directors and executives. It also determined measures for making connected transactions with directors, major shareholders, regulators, as well as those with conflicts. The said persons shall not have the right to vote in the approval of that transaction for the business of the Group to be operated transparently.

In addition, the Board structure of the Company consists of 4 independent directors, of which 3 independent directors serve as the Audit Committee of the Company to perform the audit, balance decisions, and consider various items, including attending meetings with the Chairman of the Board of Directors before presenting to the shareholders' meeting to ensure for minor shareholders and other stakeholders that the management structure of the Group have a balance of authority and transparency with effective management and conducting or entering any transaction is processed for the best interest of the Group.

### **3.2 Risk from lack of personnel, especially the key high-level executive officers**

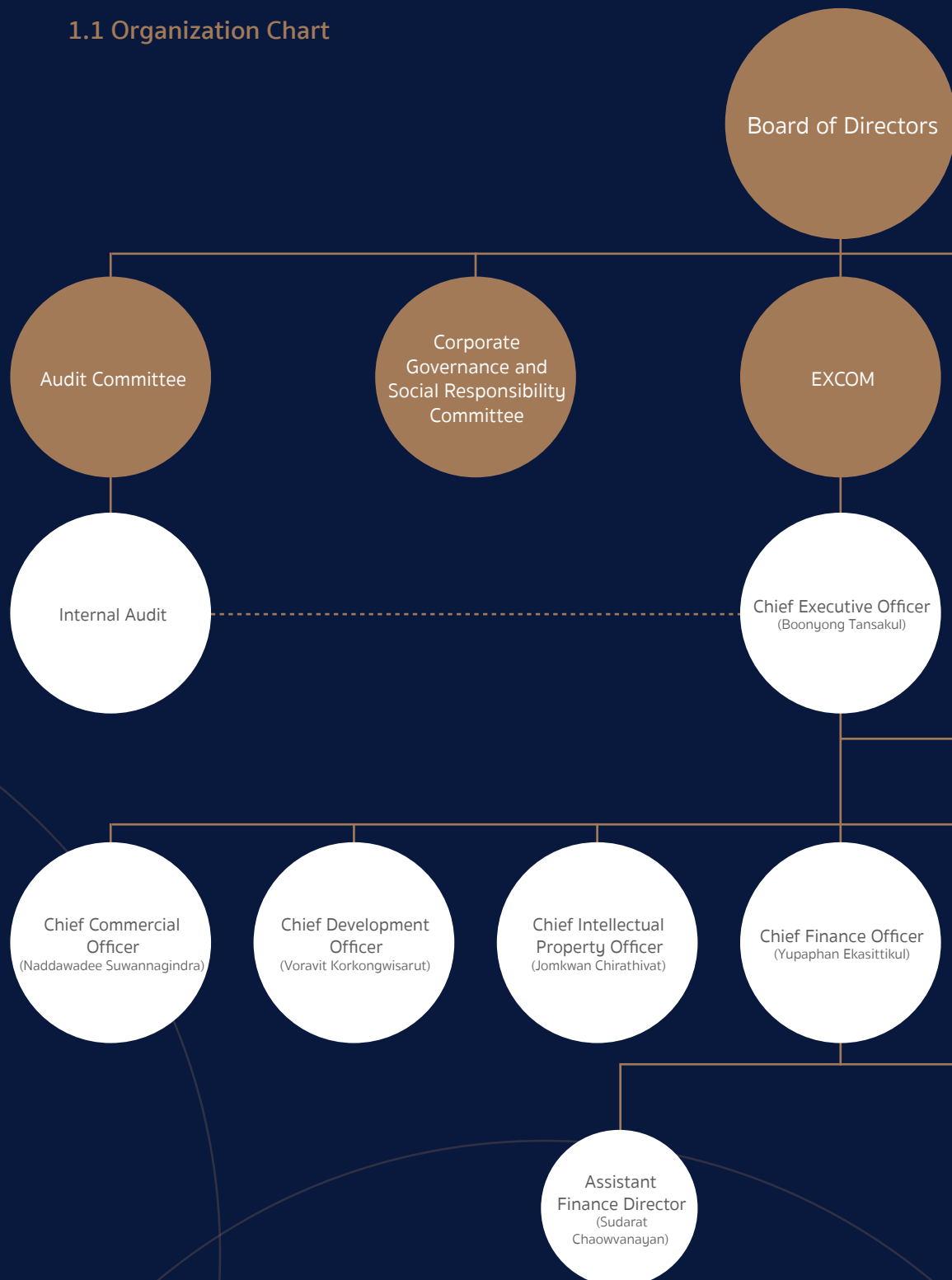
Restaurant business and related businesses require knowledge, ability, expertise, and experience of personnel. The current management team includes the co-founders of the Company with long experience in food business management and is a group of key persons who manage and push the Group to have a stable financial status and have increasing operating profits. If the Group is unable to maintain such important personnel or unable to recruit qualified persons with the same level of senior management to replace these key persons, it may affect the continuity in the management and operations of the Group.

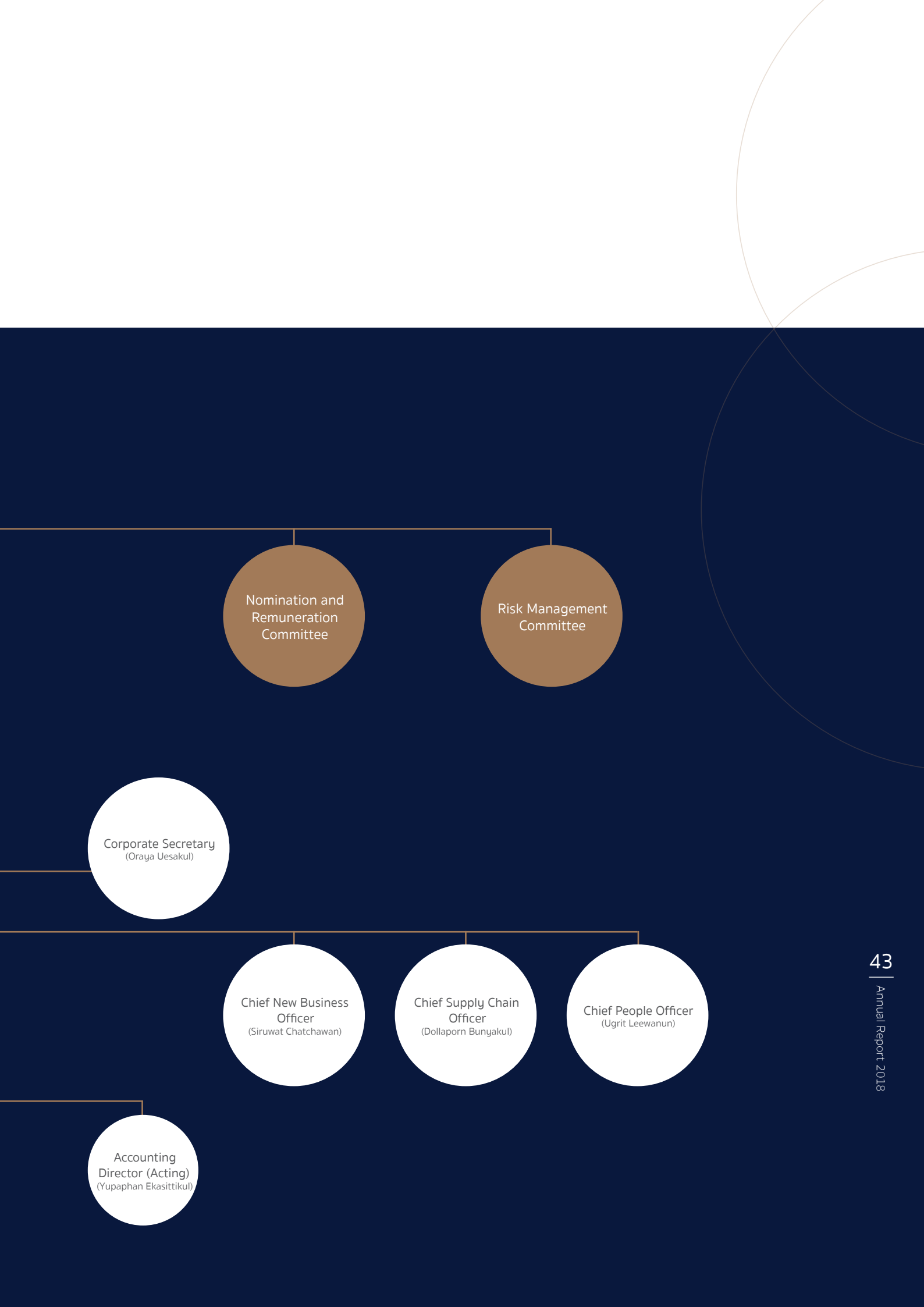
The current management structure of the Group has decentralized management, the scope of duties and responsibilities for executives in various departments according to past knowledge and work experience. The Group also has a policy to promote and develop knowledge, ability, leadership skills for executives and personnel continuously, the policy to develop career advancement, the successor plan, and the policy to recruit staff with knowledge, ability and ability to work with the Group to be in line with business plans and business expansion plans.

# Management Structure

## 1. Company's Management Structure

### 1.1 Organization Chart





Nomination and  
Remuneration  
Committee

Risk Management  
Committee

Corporate Secretary  
(Oraya Uesakul)

Chief New Business  
Officer  
(Siruwat Chatchawan)

Chief Supply Chain  
Officer  
(Dollaporn Bungakul)

Chief People Officer  
(Ugrit Leewanun)

Accounting  
Director (Acting)  
(Yupaphan Ekasittikul)

### 1.2 Board of Directors Structure

Company's management structure consists of Director Board, and 5 Sub-committee including (1) Audit Committee (2) Corporate Governance and Social Responsibility Committee (3) Executive Committee (4) Nomination and Remuneration Committee (5) Risk Management Committee as details shown below;

#### (1) Board of Directors

Board of Directors consist of 9 Directors shown below;

Name	Position
1. Mr. Paitoon Taveebhol	Chairman of the Board of Directors / Independent Director
2. Mr. Sakkanon Chirathivat	Vice Chairman of the Board of Directors / Nomination and Remuneration Committee
3. Mr. Prawit Kijpaisalrattana	Independent Director / Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee
4. Dr. Wilert Puriwat	Independent Director / Audit Committee / Chairman of the Corporate Governance and Social Responsibility Committee
5. Mrs. Jotika Savanananda	Independent Director / Audit Committee / Nomination and Remuneration Committee
6. Mr. Boonyong Tansakul	Director / Chairman of the Risk Management Committee / Chairman of the Executive Committee / Chief Executive Officer
7. Miss Jomkwan Chirathivat	Director / Risk Management Committee / Executive Committee / Corporate Governance and Social Responsibility Committee / Chief Intellectual Property Officer
8. Mr. Chittapon Vivaddhanakasem	Director / Corporate Governance and Social Responsibility Committee
9. Mr. Steven David Halliday	Director

Note: Miss Oraya Uesakul is Corporate Secretary who passed Corporate Secretary training from Thai Institute of Directors, class 36/2553

#### (2) Audit Committee

Audit Committee consists of 3 persons as shown in the table below;

Name	Position
1. Mr. Prawit Kijpaisalrattana	Chairman of the Audit Committee
2. Dr. Wilert Puriwat	Audit Committee
3. Mrs. Jotika Savanananda	Audit Committee

Note: Mr. Suphong Limthong is a Secretary of Audit Committee and Mr. Prawit Kijpaisalrattana is a committee who has knowledge and experience in auditing corporate financial statement.

#### (3) Corporate Governance and Social Responsibility Committee

Corporate Governance and Social Responsibility Committee consists of 3 persons as shown in the table below;

Name	Position
1. Dr. Wilert Puriwat	Chairman of the Corporate Governance and Social Responsibility Committee
2. Mr. Chittapon Vivaddhanakasem	Corporate Governance and Social Responsibility Committee
3. Miss Jomkwan Chirathivat	Corporate Governance and Social Responsibility Committee

Note: Miss Oraya Uesakul is a Secretary of the Corporate Governance and Social Responsibility Committee.

#### (4) Executive Committee

Executive Committee consists of 3 persons as shown in the table below;

Name	Position
1. Mr. Boonyong Tansakul	Chairman of the Executive Committee
2. Miss Jomkwan Chirathivat	Executive Committee
3. Mrs. Yupaphan Ekasittikul	Executive Committee

Note: Miss Oraya Uesakul is a Secretary of Executive Committee.

#### (5) Nomination and Remuneration Committee

Nomination and Remuneration Committee consists of 3 persons as shown in the table below;

Name	Position
1. Mr. Prawit Kijpaisalrattana	Chairman of the Nomination and Remuneration Committee
2. Mr. Sakkanon Chirathivat	Nomination and Remuneration Committee
3. Mrs. Jotika Savanananda	Nomination and Remuneration Committee

Note: Mr. Ugri Leewanun is a Secretary of the Nomination and Remuneration Committee

#### (6) Risk Management Committee

Risk Management Committee consists of 6 persons as shown in the table below;

Name	Position
1. Mr. Boonyong Tansakul	Chairman of the Risk Management Committee
2. Mrs. Yupaphan Ekasittikul	Risk Management Committee
3. Mr. Voravit Korkongvisarut	Risk Management Committee
4. Miss Dollaporn Bulkul	Risk Management Committee
5. Mr. Siruwat Chatchaval	Risk Management Committee
6. Miss Jomkwan Chirathivat	Risk Management Committee
7. Mrs. Naddawadee Suwannagindra <sup>(1)</sup>	Risk Management Committee

Note: Mr. Songwut Boakhem is a Secretary of Risk Management Committee.

<sup>(1)</sup> Resigned from the Company effective from February 16, 2019

#### 1.3 Authorized Directors

Authorized Directors are either Mr. Sakkanon Chirathivat or Miss Jomkwan Chirathivat one or another co-sign with Mr. Chittapon Vivaddhanakasem or Mr. Steven David Halliday or Mr.Boonyong Tansakul together 2 persons in total and affixed with the company seal may bind the company.

## 1.4 All Directors Meeting

### (1) Board of Directors Meeting

Name	Number of Attendance / Total Meetings	
	Accounting Year ended on 31 December 2017	Accounting Year ended on 31 December 2018
1. Mr. Paitoon Taveebhol	11 / 11	11 / 11
2. Mr. Sakkanon Chirathivat	11 / 11	10 / 11
3. Mr. Prawit Kijpaisalrattana	11 / 11	11 / 11
4. Dr. Wilert Puriwat	11 / 11	10 / 11
5. Mrs. Jotika Savanananda <sup>(1)</sup>	-	6 / 7
6. Mr. Boonyong Tansakul	10 / 11	11 / 11
7. Miss Jomkwan Chirathivat	9 / 11	10 / 11
8. Mr. Chittapon Vivaddhanakasem	11 / 11	10 / 11
9. Mr. Steven David Halliday	11 / 11	11 / 11
10. Mr. Kasama Punyagupta <sup>(2)</sup>	3 / 5	-
11. Mr. Kanchit Bunajinda <sup>(3)</sup>	-	-

Note: <sup>(1)</sup> Appointed as the company's Director by Board of Directors Meeting number 4/2018 on May 15, 2018

<sup>(2)</sup> Resigned from the company's Director on April 27, 2017

<sup>(3)</sup> Resigned from the company's Director on January 19, 2017

### (2) Audit Committee Meeting

Name	Number of Attendance / Total Meetings	
	Accounting Year ended 31 December 2017	Accounting Year ended 31 December 2018
1. Mr. Prawit Kijpaisalrattana	8 / 8	10 / 10
2. Dr. Wilert Phuriwat <sup>(1)</sup>	-	7 / 7
3. Mrs. Jotika Savanananda <sup>(2)</sup>	-	6 / 7
4. Mr. Boonyong Tansakul <sup>(3)</sup>	8 / 8	3 / 3
5. Mr. Kasama Punyagupta <sup>(4)</sup>	2 / 2	-

Note: <sup>(1)</sup> Appointed as Audit Committee member by Board of Directors Meeting number 2/2018 on March 20, 2018 and effective on June 1, 2018.

<sup>(2)</sup> Appointed as Audit Committee member by Board of Director Meeting number 4/2018 on May 15, 2018.

<sup>(3)</sup> Resigned from Audit Committee since May 15, 2018

<sup>(4)</sup> Resigned from Audit Committee since April 27, 2017

**1.5 Executives<sup>(1)</sup> (according to the SEC's notification number Kor Chor 17/2008 Re: Determination of Definition in Notifications Relating to Issuance and Offer for Sale of Securities including additional amendments – including all amendment)**

Company has Executives as follow;

Name	Position
1. Mr. Boonyong Tansakul	Chief Executive Officer
2. Mrs. Yupaphan Ekasittikul	Chief Finance Officer / Accounting Director (Acting)
3. Miss Jomkwan Chirathivat	Chief Intellectual Property Officer (Acting)
4. Mr. Voravit Korkongvisarut	Chief Development Officer



Name	Position
5. Mr. Siruwat Chatchaval	Chief of New Business Officer
6. Miss Dollaporn Bulkul	Chief of Supply Chain Officer
7. Mr. Ugrit Leewanun	Chief People Officer
8. Naddawadee Suwannagindra <sup>(2)</sup>	Chief Commercial Officer
9. Miss Sudarat Chaowanayan	Finance Assistant Director

Note: <sup>(1)</sup> executive" means a director, a manager, or the next four executives succeeding the manager, a person holding equivalent position to the fourth executive, including a person holding the position of manager or equivalent in accounting or finance departments

<sup>(2)</sup> Resigned from the Company effective from February 16, 2019

## 1.6 Directors and Executives' Remuneration

### 1.6.1 Directors' Remuneration

#### (1) Financial Remuneration

Annual General Meeting of Shareholders 2017 dated 27 April 2017 and Extraordinary General Meeting of Shareholders 2018 dated 18 September 2018 approved remuneration for Board of Directors, Audit Committee, Corporate Governance and Social Responsibility Committee, Nomination and Remuneration Committee, and Risk Management Committee as details shown below:

#### Non-Executive Directors

Committee	Attendance Fee (Baht / Time)	Quarterly Fee (Baht / Quarter)
Board of Directors		
- Chairman	35,000	40,000
- Member	25,000	40,000
Audit Committee		
- Chairman	35,000	-
- Member	25,000	-
Executive Committee		
- Chairman	35,000	-
- Member	25,000	-
Corporate Governance and Social Responsibility Committee		
- Chairman	35,000	-
- Member	25,000	-
Nomination and Remuneration Committee		
- Chairman	35,000	-
- Member	25,000	-
Risk Management Committee		
- Chairman	35,000	-
- Member	25,000	-

Note: Executive Director will not get additional financial remuneration from the company.

For Accounting Year December 31, 2017, and December 31, 2018, the company had paid to Directors as shown in the following table:

Directors' Name	Position	Total Cash Benefits (Baht)	
		Accounting Year As of 31 December 2017	Accounting Year as of 31 Dcember 2018
1. Mr. Paitoon Taveebhol	Chairman of the Board of Directors / Independent Director	545,000	545,000
2. Mr. Sakkanon Chirathivat	Vice Chairman of the Board of Directors / Nomination and Remuneration Committee	-	293,187
3. Mr. Prawit Kijpaisalrattana	Independent Director / Chairman of the Audit Committee / Member of the Nomination and Remuneration Committee	855,000	960,000
4. Dr. Wilert Phuriwat	Independent Director / Audit Committee / Chairman of the Corporate Governance and Social Responsibility Committee	705,000	690,000
5. Mrs. Jotika Savanananda <sup>(1)</sup>	Independent Director / Audit Committee / Nomination and Remuneration Committee	-	425,659
6. Mr. Boonyong Tansakul <sup>(2)</sup>	Director / Chairman of the Risk Management Committee / Chairman of the Executive Committee / Chief Executive Officer	680,000	241,813
7. Miss Jomkwan Chirathivat	Director / Risk Management Committee / Executive Director / Corporate Governance and Social Responsibility Committee / Chief Intellectual Property Officer	-	-
8. Mr. Chittapon Vivaddhanakasem	Director / Corporate Governance and Social Responsibility Committee	-	-
9. Mr. Steven David Halliday	Director	-	-
10. Mr. Kasama Boonyakupt <sup>(3)</sup>	Director	211,868	-
11. Mr. Kanchit Bunajinda <sup>(4)</sup>	Director	33,000	-
<b>Total</b>		<b>3,029,868</b>	<b>3,155,659</b>

Note: <sup>(1)</sup> Appointed as the company's Director by Board of Directors Meeting number 4/2018 on May 15, 2018  
<sup>(2)</sup> Appointed as the company's Director by Board of Directors Meeting number 4/2018 on May 15, 2018. financial remuneration shown above has been paid to CEO when he was only a Director and before being appointed to Executive.  
<sup>(3)</sup> Resigned from the company's Director on April 27, 2017  
<sup>(4)</sup> Resigned from the company's Director on January 19, 2017

### Executive Directors

The company does not have a policy to pay Directors who take Executive position or being an employee of the company.

### **(2) Non-Financial Remuneration**

The company has insurance covered Liabilities and Company Reimbursement Policy together with Group Accident insurance for all Directors. Moreover, they have privilege to get 25%-35% discount on food and beverage when taking service at the company's restaurants.

### 1.6.2 Executive Compensation

#### (1) Cash Compensation

Executives' compensation in Accounting Year as of 31 December 2017 and as of 31 December 2018 are as follow:

Type of Compensation	Executives' Compensation (Baht)	
	Accounting Year as of 31 December 2017	Accounting Year as of 31 December 2018
Number of Executives	6	8
Salary and Bonus (Baht)	22,898,000	31,441,498
Provident Fund and other cash benefits (Baht)	1,968,852	2,058,350

#### (2) Non-cash Compensation

The company has group insurance for all Executives. Also, they get 25%-35% discount on food and beverage when taking service at the company's restaurants. Moreover, Chief Executive Officer gets a company car.

### 1.7 Company Secretary

The meeting of the Board of Directors No. 5/2015 held on 24 July 2015, the Board resolved to appoint Miss Oraya Uesakul as the Company Secretary with duties and responsibilities as specified in Section 89/15, and Section 89/16 of the Securities and Exchange Act (No. 4) BE 2551. The Secretary shall perform the duties with care, honesty, as well as compliance with laws, objectives, the Company's regulations, resolutions of the Board and the shareholders' meeting. The qualifications of the person holding the position of the Company Secretary appears in directors and executive information. The scope of authority of the Company Secretary is as follows:

- 1) To prepare and maintain the registration of directors, invitation letters to attend a meeting of the Board of Directors, meeting minutes of the Board of Directors, an annual meeting report of the Company, invitation letters to attend a meeting of the shareholders, and meeting minutes of the shareholders.
- 2) To retain reports of interest reported by directors or executives and submit their copies to the Chairman of the Board of Directors and the Chairman of the Audit Committee within seven working days from the date the Company receives the report.
- 3) To organize shareholders' meetings and the Board of Directors' meetings under the law, the Company regulations, and various practices, including supervision and coordination for compliance with the resolution of such meetings.
- 4) To follow up and supervise the disclosure of information and information reports concerning the regulations, notifications, and requirements of the Stock Exchange of Thailand, the Securities and Exchange Commission, and the Capital Market Supervisory Board

- 5) To provide first advice to directors in legal matters, regulations of the Company requested by the Board and to ensure compliance and consistency, as well as to report directors and executives significant changes in legal requirements.
- 6) To oversee the activities of the Board of Directors and perform other tasks as assigned by the Board of Directors.
- 7) To perform different functions according to the Stock Exchange of Thailand, Securities and Exchange Commission, and the Capital Market Supervisory Board.

**1.8 Those assigned to the highest responsibility in accounting and finance and those assigned to duties for the supervision of accounting:**

Mrs. Yupaphan Ekasitthikul, Chief Financial Officer, is a person appointed to be responsible for the accounting and finance and Miss Kalaya Chuaju is a person who is assigned to be responsible for the supervision of accounting.

## 2. Zen Group's Employees

### 2.1 Number of Employees

On December 31, 2017 and December 31, 2018 Zen Group has 2,534 and 2,241 employees respectively excluding all Executives as details shown in the table below;

Department	Employees (person)	
	December 31, 2017	December 31, 2018
1. Restaurant operation	2,071	1,817
2. Brand operation support business group	145	153
3. Supply chain business group	116	57
4. Finance and accounting business group	73	60
5. Human resource business group	46	47
6. Project Management and business development group	36	43
7. Brand and franchise business group	23	34
8. Strategy and technology business group	16	19
9. Executive office	8	11
<b>Total</b>	<b>2,534</b>	<b>2,241</b>

Note : Employees in year 2018 are lesser than those in year 2017 because Zen Group hired more part-time employees.

### 2.2 Significant change of employee amount during the past 3 years

-None-

### 2.3 Employee Compensation

Employee compensation (excluding executives) of the Company and its subsidiaries at the fiscal year end, December 31, 2017, and the fiscal year ended December 31, 2018, is equal to 654.1 million baht and 778.3 million baht, respectively. Such employee compensation consists of salary, allowances, bonuses, provident fund contribution, social security fund contribution,

contributions to the worker's compensation fund, and so on. Also, the Company provides group insurance for employees of the Group and employees of the Group receive discounts for the Group's restaurant services at the rate of 25.0% to 35.0%, depending on the restaurant brands.

#### **2.4 Significant Labor Disputes Over the Past 3 Years**

-none-

#### **2.5 Personnel Development Policy**

The Company has the policy to encourage employees to obtain career development by focusing on career planning, assessment of competency, interests, and self-ability, seeking opportunities, and setting goals for personal needs for both short and long term period.

To enable employees to grow according to the set goals, the Company has provided the Employee Competency Assessment so that each employee will be aware of the gaps of his/her ability in comparison with the expected level of competency according to the Employee Competency Model set by the Company, and the employees will use the assessment results as supporting details in their development planning.

For employees to have clear self-development, the Company supports the development of Individual Development Plan (IDP) on issues that still lack or enhance what is needed to support growth according to the planned progress and to meet the organization needs) more efficiently. The development will be carried out through various methods and development processes such as training and learning through coaching or mentoring systems and from real experience including projects, additional assignments, or job transfer, to enhance knowledge, skills, and experiences and encourage employees to be ready to get the desired goals.

Planning for career advancement of employees is considered a part of the annual performance evaluation. Supervisors and employees discuss planning their career advancement which defines/review career goals and the employee development plan each year during January. Supervisors will track and give feedback and review the plan together with employees every quarter and will evaluate the self-development plan and career advancement plan at the end of November for supporting information on the project for the following year.

Besides, the Company also encourages employees to progress in the career horizontal career progression and vertical career progression). The Company, therefore, sets the policy framework stating three significant factors that enable employees to succeed in their career growth as follows:

- 1) Employees have a depth of knowledge and skills used in operation to be able to accomplish the work;
- 2) Employees have required competency as expected in their level/position and able to work assigned to achieve the goals; and
- 3) Employees have a breadth of experience showing the readiness to grow at a higher level.

# Shareholding and Management Structure

## Securities and Shareholders

### 1. Paid up capital of the Company

As of December 31, 2018, the Company had registered capital in the amount of 300,000,000 Baht consisting of common stock 300,000,000 shares at the par value of 1.0 Baht per share and had paid up capital in the amount of 225,000,000 Baht consisting of common stock 225,000,000 shares at the par value of 1.0 Baht per share.

### 2. Shareholders of the Company and subsidiaries

#### 2.1 The Company

**Major Shareholders** As at 12 February 2019 appears as follows:

List of Shareholders	Pre-IPO		Post-IPO	
	No. of Shares (shares)	Percentage of Paid-up Capital (Percent)	No. of Shares (shares)	Percentage of Paid-up Capital (Percent)
1. Mr. Sakkanon and Ms. Jomkwan Group <sup>(1)</sup>	200,750,400	89.22	200,750,400	66.92
1.1 AGB Siblings Holdings Company Limited <sup>(2)</sup>	75,000,000	33.33	75,000,000	25.00
1.2 AGB Holdings Limited <sup>(3)</sup>	65,400,000	29.07	65,400,000	21.80
1.3 Ms. Jomkwan Chirathivat	21,535,200	9.57	21,535,200	7.18
1.4 Mr. Sakkanon Chirathivat	21,535,200	9.57	21,535,200	7.18
1.5 Dragon Sign Global Limited <sup>(4)</sup>	8,640,000	3.84	8,640,000	2.88
1.6 Great Classic Limited <sup>(5)</sup>	8,640,000	3.84	8,640,000	2.88
2. Mr. Siruwat Chatchawan	9,000,000	4.00	9,000,000	3.00
3. Central Pattana Public Company Limited	-	-	5,625,000	1.88
4. Mrs. Supajed Vivaddhanakasem	4,319,990	1.92	4,319,990	1.44
5. Ms. Suchanpa Balankura	3,780,000	1.68	3,780,000	1.26
6. Mr. Steven David Halliday	3,780,000	1.68	3,780,000	1.26
7. Central Embassy Hotel Company Limited	-	-	1,875,000	0.63
8. Mr. Pat Skuntanaga	1,814,400	0.81	1,814,400	0.60



List of Shareholders	Pre-IPO		Post-IPO	
	No. of Shares (shares)	Percentage of Paid-up Capital (Percent)	No. of Shares (shares)	Percentage of Paid-up Capital (Percent)
9. TISCO Mid/Small Cap Equity Fund	-	-	1,561,100	0.52
10. TISCO Master Pooled Fund	-	-	1,431,000	0.48
11. Others	1,555,210	0.69	66,063,110	22.02
<b>Total</b>	<b>225,000,000</b>	<b>100.00</b>	<b>300,000,000</b>	<b>100.00</b>

Remark: <sup>(1)</sup> Disclosure regarding shareholding number 1.1-1.6 in the table above which shown Mr. Sakkanon and Ms. Jomkwan Chirathivat as a group for informative purpose only. Such grouping is not for consideration of Acting in Concert according to Clause 2 of Notification of Capital Market Supervisory Board TorChor 7/2552 Re: Acting in concert as a result of the nature of relationship or behavior and requirements undersections 246 and 247

<sup>(2)</sup> AGB Siblings Holdings Company Limited, a company incorporated in Thailand, is held by AGB Family Holding Company Limited 100.0%. AGB Family Holding Company Limited, a company incorporated in Thailand, is held by Ms. Jomkwan Chirathivat and Mr. Sakkanon Chirathivat, in the portion of 50.0% and 50.0%, respectively

<sup>(3)</sup> AGB Holding Limited, a company incorporated in British Virgin Islands, is held by Ms. Jomkwan Chirathivat and Mr. Sakkanon Chirathivat, in the portion of 50.0% and 50.0%, respectively

<sup>(4)</sup> Dragon Sign Global Limited, a company incorporated in British Virgin Islands, is held by Mr. Sakkanon Chirathivat 100.0%

<sup>(5)</sup> Great Classic Limited, a company incorporated in British Virgin Islands, is held Ms. Jomkwan Chirathivat 100.0%

## Foreign Shareholders

As at 12 February 2019 appears as follows:

The Company has 16 foreign shareholders with a total of 82,884,600 shares or equal to 27.63% of paid-up capital

Note: The Company has a limitation on the percentage of equity share held by foreign shareholders stated in section 11 of the article of association that "the Company's shares shall be freely transferable and foreign shareholding at any time shall not exceed forty nine (49) percent of total issued shares of the Company. In the event that any transfer of shares will result in the foreign shareholding exceeding the above ratio, the Company has the right to reject such transfer".

## 2.2 Subsidiaries

Shareholder Structure of the company's subsidiaries as of December 31, 2018 had details as follow:

Name of Sub-sidaries	Shareholder List							
	The company or ZCG		Mr. Sakkanon Chirathivat		Ms. Jomkwan Chirathivat		Mr. Steven David Halliday	
	No. of Shares (shares)	Holding ratio (%)	No. of Shares (shares)	Holding ratio (%)	No. of Shares (shares)	Holding ratio (%)	No. of Shares (shares)	Holding ratio (%)
ZRH	299,998	100.0	1	0.0	1	0.0	-	-
AKF	799,998	100.0	1	0.0	1	0.0	-	-
GGG	299,998	100.0	1	0.0	1	0.0	-	-

Name of Sub-sidaries	Shareholder List							
	The company or ZCG		Mr. Sakkanon Chirathivat		Ms. Jomkwan Chirathivat		Mr. Steven David Halliday	
	No. of Shares (shares)	Holding ratio (%)	No. of Shares (shares)	Holding ratio (%)	No. of Shares (shares)	Holding ratio (%)	No. of Shares (shares)	Holding ratio (%)
OTT	249,998	100.0	1	0.0	1	0.0	-	-
SYN	499,997	100.0	1	0.0	1	0.0	1	0.0
ZPC	1,999,997	100.0	1	0.0	1	0.0	1	0.0
ZSM	699,997	100.0	1	0.0	1	0.0	1	0.0

### 3. Restriction in the company's share transfer

The company shares could transfer without any restriction except the transfer was resulted in foreign shareholders holding ratio more than 49% of total paid up shares of the company.

### 4. Other issued security

-none-

### 5. Dividend Policy

#### 5.1 Dividend payment policy of the Company

The board of directors of the Company may consider payment of an annual dividend of the Company and which must be approved by the shareholders' meeting except for an interim dividend payment which the board of directors of the Company has authority to approve from time to time when deemed that the Company has appropriate net profits. The interim dividend will then be reported at the next shareholder meeting after payment of the interim dividend.

The Company has a policy to pay dividend to shareholders in the amount of not less than 50% of the net profit after deduction of corporate income tax, allocation of legal reserve and general reserve based on the Company's separate financial statement. In this regard, the board of directors of the Company may consider to pay a dividend different from the policy, considering factors for the benefit of shareholders such as the economic situation, business performance, financial status, financial liquidity, conditions of loan agreements etc., and the board of directors will consider a dividend that will not significantly affect the normal business operations of the Company.

Regarding the Company's business which receives revenues from its holdings in other companies without itself operating the core business and its main assets are investments in subsidiaries therefore the ability to pay dividend mainly depends on the performance and dividend payment of its subsidiaries.

### **5.2 Dividend payment policy of subsidiaries**

Annual dividend payment and interim dividend (if any) of the subsidiaries must be approved by the Board of Directors unless the subsidiaries pay dividends for the whole year at not less than that specified in the annual budget of each subsidiary as approved by the Board of Directors.

Dividend payment policy of the Company's subsidiaries is under the approval of the Board of Directors of the subsidiary and proposed to the shareholders' meeting of each subsidiary for approval each year. The subsidiary has a policy to pay a dividend of not less than 50% of net profit according to its separate financial statements of the subsidiary after corporate income tax and after deducting various reserves of all types as specified by law and subsidiaries each year, and the obligations under the terms of the loan agreement (if any). In this regard, the Board of Directors of the subsidiary considers paying dividends by considering various factors such as economic conditions, operating results and financial status of the subsidiary, cash flow, reserves for future investments, reserves for repayment of loans or as working capital within the subsidiary. The conditions and restrictions as specified in the loan agreement and the payment of dividends will not significantly affect the normal operations of the subsidiaries as the Board of Directors of the subsidiary deems appropriate.

# General Information and other significant information

General Informtion	
The Company name (Thai)	บริษัท เซ็น คอร์ปอเรชั่น กรุ๊ป จำกัด (มหาชน)
The Company name (English)	Zen Corporation Group Public Company Limited
Type of Business	holding company which invested in companies operating restaurant business and other related businesses
Main Business	restaurant business and other related businesses
Core Company	Zen Restaurant Holding Company Limited (“ZRH”)
Registered Capital	300,000,000 Baht (Three Hundred Million Baht Only)
Paid up Capital	225,000,000 Baht (Two Hundred and Twenty-Five Million Baht Only) Consist of common stocks 225,000,000 shares at the par value of 1 Baht per share
Head Office	782/1 Soi Onnut 17 Suanluang, Suanluang, Bangkok 10250
Company’s registration number	0107561000439
Home Page	<a href="http://www.zengroup.co.th">www.zengroup.co.th</a>
Telephone	0-2019-5000
Facsimile	0-2019-5000 ext. 103

## Other Party's Reference Information

Reference Party	Details
Auditor	<ul style="list-style-type: none"> <li>- Baker Tilly Audit and Advisory Services (Thailand) Limited</li> <li>- Head Office: Level 21 Sathorn City Tower 175 South Sathorn Road, Sathorn Bangkok, Thailand 10120</li> <li>- Telephone: 0-2679-5400</li> <li>- Facsimile: 0-2679-5500</li> </ul>
Internal Control Auditor	<ul style="list-style-type: none"> <li>- Multiplus Audit and Consulting Co.,Ltd</li> <li>- Head Office: Multiplus Building 8/2 Ramkhamhaeng Rd, Khwaeng Min Buri, Khet Min Buri, Krung Thep Maha Nakhon 10510</li> <li>- Telephone: 0-2540-0182</li> <li>- Facsimile: 0-2540-0181</li> </ul>
Legal Advisor	<ul style="list-style-type: none"> <li>- Weerawong, Chinnavat &amp; Partners Ltd.</li> <li>- Head Office: Mercury Tower 540, Phloen Chit Rd, Lumpini, Pathum Wan, Bangkok 10330</li> <li>- Telephone: 0-2264-8000</li> <li>- Facsimile: 0-2657-2222</li> </ul>
Registrar	<ul style="list-style-type: none"> <li>- Thailand Securities Depository Company Limited</li> <li>- Head Office: The Stock Exchange of Thailand's building 93 Ratchadaphisek Rd, Khwaeng Din Daeng, Khet Din Daeng, Krung Thep Maha Nakhon 10400, Thailand</li> <li>- Telephone: 0-2009-9000</li> <li>- Facsimile: 0-2009-9991</li> </ul>



# Subsidiaries' Information

(Company which The Company held at least 10 percent of its paid up capital (if any))

## 1. Zen Restaurant Holding Company Limited

Type of Business	Japanese restaurant business under brand “Zen”, “Musha” and “Kiang” and related businesses
Head Office	782/1 Soi Onnut 17 Suanluang, Suanluang, Bangkok 10250
Total Numbers of Paid up Shares	300,000 shares
Total Types of paid up Shares	Common Share
Number of Shares held by The Company	299,998 shares
Type of Shares held by The Company	Common Share
The Company's Holding ratio	100 percent of its paid up capital
Telephone	0-2019-5000
Facsimile	0-2019-5000 ext. 103
Company's registration number	0105554082521
Registered capital	30,000,000 Baht
Paid up capital	30,000,000 Baht

## 2. AKA Interfood Company Limited

Type of Business	Japanese style grill restaurant under brand “AKA” and related businesses
Head Office	782/1 Soi Onnut 17 Suanluang, Suanluang, Bangkok 10250
Total Numbers of Paid up Shares	800,000 shares
Total Types of paid up Shares	Common Share
Number of Shares held by The Company	799,998 shares
Type of Shares held by The Company	Common Share
The Company's Holding ratio	100 percent of its paid up capital
Telephone	0-2019-5000
Facsimile	0-2019-5000 Ext. 103
Company's registration number	0105554114643
Registered capital	80,000,000 Baht
Paid up capital	80,000,000 Baht

### 3. Gyu Grill Group Company Limited

Type of Business	Premium Japanese restaurant under brand “Sushi Cyu” and Premium Japanese style grill restaurant “Tetsu” and related businesses
Head Office	782/1 Soi Onnut 17 Suanluang, Suanluang, Bangkok 10250
Total Numbers of Paid up Shares	300,000 shares
Total Types of paid up Shares	Common Share
Number of Shares held by The Company	299,998 shares
Type of Shares held by The Company	Common Share
The Company's Holding ratio	100 percent of its paid up capital
Telephone	0-2019-5000
Facsimile	0-2019-5000 Ext. 103
Company's registration number	0105554113566
Registered capital	30,000,000 Baht
Paid up capital	30,000,000 Baht

### 4. Tokyo Concept Company Limited

Type of Business	Lifestyle restaurant business with “Tokyo Café” concept under brand “On the Table”, franchise business and related businesses
Head Office	782/1 Soi Onnut 17 Suanluang, Suanluang, Bangkok 10250
Total Numbers of Paid up Shares	250,000 shares
Total Types of paid up Shares	Common Share
Number of Shares held by The Company	249,998 shares
Type of Shares held by The Company	Common Share
The Company's Holding ratio	100 percent of its paid up capital
Telephone	0-2019-5000
Facsimile	0-2019-5000 Ext. 103
Company's registration number	0105554107281
Registered capital	25,000,000 Baht
Paid up capital	25,000,000 Baht

## 5. Zen & Spicy Company Limited

Type of Business	Thai restaurant business under brand “Tummour”, “Laos Yuan”, “Jaew Hon” “Pho” “Krua Thai” “Teppan” “Koun” and “de Tummour”, franchise business and related businesses
Head Office	782/1 Soi Onnut 17 Suanluang, Suanluang, Bangkok 10250
Total Numbers of Paid up Shares	2,000,000 shares
Total Types of paid up Shares	Common Share
Number of Shares held by The Company	1,999,997 shares
Type of Shares held by The Company	Common Share
The Company's Holding ratio	100 percent of its paid up capital
Telephone	0-2019-5000
Facsimile	0-2019-5000 Ext. 103
Company's registration number	105559045682
Registered capital	20,000,000 Baht
Paid up capital	20,000,000 Baht

## 6. Zen Supply Chain Management Company Limited

Type of Business	Raw material procurement, purchase and delivery business for the Group restaurant outlets including sales and distribution of raw material for franchisee and retail food products
Head Office	782/1 Soi Onnut 17 Suanluang, Suanluang, Bangkok 10250
Total Numbers of Paid up Shares	700,000 shares
Total Types of paid up Shares	Common Share
Number of Shares held by The Company	699,997 shares
Type of Shares held by The Company	Common Share
The Company's Holding ratio	100 percent of its paid up capital
Telephone	0-2019-5000
Facsimile	0-2019-5000 Ext. 103
Company's registration number	0105558189621
Registered capital	70,000,000 Baht
Paid up capital	17,500,000 Baht

## 7. Spice Synergy Company Limited

Type of Business	Owners of trademark for Thai restaurant brands
Head Office	782/1 Soi Onnut 17 Suanluang, Suanluang, Bangkok 10250
Total Numbers of Paid up Shares	500,000 shares
Total Types of paid up Shares	Common Share
Number of Shares held by The Company	499,997 shares
Type of Shares held by The Company	Common Share
The Company's Holding ratio	100 percent of its paid up capital
Telephone	0-2019-5000
Facsimile	0-2019-5000 Ext. 103
Company's registration number	0105559114960
Registered capital	5,000,000 Baht
Paid up capital	5,000,000 Baht

# Corporate Governance

## 1. Corporate Governance Policy

The Company is always aware that good corporate governance is important to promote the operation of the Company to be effective and have sustainable growth, which leads it to the maximum benefit to all stakeholders, from employees, investors, shareholders, to other stakeholders; therefore, the Board of Directors has developed a good corporate governance policy covering the key principles of the structure, roles, duties, responsibilities of the Board of Directors, as well as transparent, clear, accountable management principles, as a guideline for the organization management in order to ensure that any operations of the Company are performed with fairness by taking into account the maximum benefit of the shareholders and all stakeholders.

The Board of Directors and the management of the Company adhere to the principles of conducting business with determination and honesty, vision, policies, and guidelines that directors, executives, and employees adhere to in performing their duties in accordance with their responsibilities in order to continuously promote a culture of corporate governance, to be a foundation for sustainable growth, to create value for all stakeholders, to achieve the objectives of the Board of Directors creating a transparent organizational structure with accountable operations. This covers the principles of good corporate governance under the regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Board of Directors places importance to compliance of the good corporate governance with recognition of the roles and the responsibilities of the Board of Directors and the management team in order to strengthen good corporate governance to increase the competitiveness of the business and give confidence to shareholders, investors, and all related parties with effective and transparent management. Therefore, the policies on corporate governance are determined to cover the principles of good corporate governance in 5 categories as follows:

1. Rights of shareholders
2. Equitable treatment of shareholders
3. Role of stakeholders
4. Disclosure and transparency
5. Responsibilities of the Board of Directors

### Section 1 Rights of shareholders

#### 1) Shareholders Meetings

1. The Company supports all groups of shareholders, including institutional shareholders attending the shareholders meetings.
2. The Company sends documents, information, date, time, place and agenda, as well as explanations and reasons for each agenda, including all information related to the matters that shall be decided at the meeting in an invitation letter for a



shareholders meeting or in an attached agenda, which allow all shareholders to be informed at least 28 days in advance, as well as publicizing such information on the website <http://www.zengroup.co.th> of the Company.

3. The Company allows shareholders to submit questions and inquires about an agenda of a shareholders meeting to the Board of Directors in advance, allowing shareholders to submit questions from the date the Company informs the information about a shareholders meeting and related documents on the Company's website until 7 days before the meeting date. The shareholders are allowed to send questions via the Company's website or fax or email from the Company Secretary. The Company provides criteria for submitting questions in advance via the news system of SET in the invitation to the Annual General Meeting of Shareholders and on the website <http://www.zengroup.co.th> of the Company.
  4. The Company facilitates shareholders to exercise their rights to attend and vote fully by holding a meeting on a business day and at a place in Bangkok or a metropolitan area with convenient transportation to shareholders and provides adequate personnel and technology for document verification and stamp duty for shareholders who are proxies.
  5. The Company proposes at least 1 independent director as a proxy from shareholders who are unable to attend the meeting by providing a proxy form in which shareholders can specify a direction of voting.
- 2) Operation on the day of a shareholders meeting
1. The Company arranges to use ballots and/or applies technology to a shareholders meeting, shareholder registration, voting in significant agenda such as preparation of connected transaction, asset acquisition or disposal transaction, including counting votes and showing voting results for transparency, accountability, and for the meeting to be conducted quickly and accurately.
  2. The Company requires all of the directors and senior-level executives of the Company to attend the shareholders meeting and answers questions to a shareholders meeting.
  3. The Company arranges for the shareholders to vote separately in accordance with the sub-items in each proposed agenda, such as the agenda of voting for the election of directors on an individual basis.
  4. The Company arranges for an independent person to count or check the votes in a shareholders meeting and disclose a voting result to the meeting along with recording in a meeting minutes.

5. A meeting chairman shall allocate time appropriately and encourage shareholders to have an opportunity to express their opinions and ask relevant questions to the meeting in accordance with the agenda.
- 3) Preparation of the minutes and disclosure of resolutions to a shareholders meeting
    1. The Company shall complete the minutes of a shareholders meeting within 14 days from the meeting date with a record of voting procedure, methods to show the result to the meeting before proceeding to the meeting, provision of opportunity for shareholders to raise issues or ask questions, response to important questions, explanations, comments and methods of counting votes, including the number of votes agreed, disagreed, or abstained, in all agendas, as well as a record of the names of the directors, attendees, and directors who are absent. The minutes of the meeting shall be submitted to the Stock Exchange of Thailand in accordance with the regulations and published on the Company's website to make it available for check and reference.
    2. The Company discloses a voting result of each agenda to the public in the next shareholders meeting on the Company's website.

## Section 2 Equitable Treatment of Shareholders

- 1) Provision of information before a shareholders meeting
  1. The Company informs the meeting of shareholders including the agenda and opinions of the Board of Directors to the SET and publishes via the Company's website at least 28 days before the meeting date.
  2. The Company informs shareholders of the rules for meetings, voting procedure, as well as the right to vote in accordance with each type of shares in an invitation letter to a shareholders meeting.
  3. The Company makes an invitation letter to the shareholders meeting in both Thai and English.
- 2) Protection of rights of minority shareholders
  1. Shareholders have the right to propose a matter to be included in an agenda of a shareholders meeting in accordance with the criteria set by the Company, which has been published on the Company's website at [http:// www.zengroup.co.th](http://www.zengroup.co.th) by submitting it to the Company by December 31 of every year.
  2. Shareholders are allowed to nominate a person(s) to be appointed as a director(s) in accordance with the criteria set by the Company, which has been published on the Company's website at <http:// www.zengroup.co.th> by submitting it to the Company by December 31 of every year.

3. Shareholders who are executives shall not add agenda items or change any important information without notifying the shareholders at least 21 days prior to the meeting date.

3) Protection for internal information use

The company has a policy to prevent and control the directors, executives, and employees of the company and subsidiaries from using internal information which has not been disclosed to the public for their personal benefit.

4) Interests of directors

Company Code of Conduct requires the directors, executives, and employees of the Company and its subsidiaries to act on conflicts of interest by adhering to the Company's benefits. The Company provides a system of operations to oversee the connected transactions to be in accordance with the notifications of the Capital Market Supervisory Board by requiring directors and executives to disclose information about their own interests and those involved in consideration of any agenda and notify the interest before consideration of any agenda, as well as recording it in the minutes. The directors or executives who have a conflict of interest in any agenda shall not participate in the decision on that agenda and shall leave the meeting room for such an agenda.

### Section 3 Roles of Stakeholders

The Company and its subsidiaries place importance on treating all groups of stakeholders by taking into account legal rights or agreements, not violating the rights of stakeholders, including customers, employees, shareholders or investors, business partners, creditors, society, communities in which the Company is located, including the government sector, auditors, and competitors, for its financial security and sustainability of the business. The subsidiary, therefore, takes into account the participation of stakeholders. The Company and its subsidiaries disclose important information relevant to those stakeholders to have been adequately informed, including the process and channels for receiving and managing stakeholders' complaints by disclosing the processes and channels on the Company's website and an annual report. The stakeholders of the Company are as follows:

1) Customers

The Company and its subsidiaries strive to provide its customers the highest satisfaction by developing quality products and services in order to meet the needs of customers as much as possible at a fair price, as well as providing accurate information about the Company's and its subsidiaries' operations and products, and also making an effort to maintain contact with customers by regularly acknowledging customer feedbacks.

2) Employees

The Company and its subsidiaries give importance to the development of knowledge and skills of employees by providing opportunities to employees thoroughly and regularly and

holding employees as valuable resources of the organization and important for growth and the profitability of the Company and its subsidiaries, as well as care and quality work environment to employees by giving priority to health and safety and treating all employees with fairness to receive fair returns when compared to similar businesses.

### 3) Shareholders

The Company and its subsidiaries strive to operate and perform their duties with honesty, transparency, and fairness, and use their knowledge, expertise, and management experience by taking into account the maximum benefits of the shareholders with good returns and continuous growth, as well as reporting of the Company's and its subsidiaries' circumstances continuously, completely, transparently, and reliably, and giving all shareholders equal opportunities to exercise their rights.

### 4) Business partners and creditors

The Company and its subsidiaries assume that making its business partners and creditors to understand the business of the Company is important. In addition, in order to maintain a clear, sustainable relationship based on mutual trust, the Company and its subsidiaries strictly comply with the terms and conditions of the contract, as well as providing complete and accurate financial information to business partners and creditors of the Company, including having a policy of not calling, not accepting, or paying any benefits with business partners and creditors of the Company with a dishonest act

### 5) Society, community, and environment

The Company and its subsidiaries are aware of and give importance to the safety of society, the environment, and the quality of life of people involved in all operations of the Company, including providing control in compliance with various laws and regulations in accordance with the spirit of the law. In addition, the Company strives to raise awareness of responsibility to the community, society, and environment among employees at all levels, including evaluating and monitoring the operations continuously.

### 6) Competitors

The Company and its subsidiaries treat competitors in a fair and ethical competition and engage in the business with the goal to develop and advance the market which is beneficial to the industry as a whole by not seeking confidential information of competitors dishonestly or inappropriately.

### 7) Partners

The Company and its subsidiaries comply with trade conditions and contractual agreements by aiming to treat the partners based on fairness, taking into account mutual benefits, and the criteria for selecting partners by providing detailed information to every partner without discouragement of any partner from participating in business competition and also providing a management and follow-up system to ensure compliance with the contract. There is also a process of punctual payments to partners in accordance with the agreed payment terms.

In addition, the Company and its subsidiaries arrange the evaluation of partners on a yearly basis along with informing an evaluation result and suggestions for the partners to continuously improve their product and service quality and it allows the partners to be able to report complaints at the same time.

#### **Chapter 4 Disclosure and transparency**

The Board of Directors is committed to overseeing the accurate, complete, timely, transparent disclosure of important information related to the Company and its subsidiaries, either financial information or non-financial information, through easy, reliable access to information with strict compliance with relevant laws, rules, and regulations on information disclosure and transparency. The key principles of the disclosure are as follows:

- 1) Information to be disclosed shall be accurate, adequate, clear, timely, and not to cause misunderstanding in the essence of the information.
- 2) It shall correctly and completely comply with the regulations regarding information disclosure.
- 3) The Company shall authorize a designated person to disclose the important information that has not been disclosed to the public only.
- 4) In case of information affecting prices of securities purchase, which is important to investment decisions, the Company shall, without delay, disclose to the public through SET.
- 5) Information disclosure shall be carried out through various channels, such as reporting to the Stock Exchange of Thailand and/or the Securities and Exchange Commission, on the Company's website, etc.

#### **Section 5 Responsibilities of the Board of Directors**

##### **1. Structure of the Board of Directors**

1. The Company requires the Board of Directors to consist of the number of directors in accordance with that determined by a shareholders meeting, which shall not be less than 5 persons but not more than 12 persons and at least one-third of the total number of independent directors but not less than 3 persons while the rest shall be -executive directors and non-executive directors. The Company also determines the structure of the Board of Directors to consist of a variety of qualifications in terms of skills, experience, gender, and specific talents that are beneficial to the Company, by disseminating the policy to determine the composition of the Board of Directors which shall be diverse, including the number of years of their holding positions in the Company in the annual report and on the Company's website.



2. Directors shall have qualifications and not have disqualifications under the Public Company Limited Act. They shall not lack properness to be entrusted to manage the business with public ownership as required by law and the announcement of the Securities and Exchange Commission.
3. To strengthen the Board of Directors and allow the directors to devote their time to perform their duties in the Company, the Company has determined that directors can hold directorship in not more than 5 registered companies.
4. In order to manage the business of the Company to achieve effective results, the Company has guidelines in the case of the Chief Executive Officer and the senior-level executives of the Company to be serving as a director in another company in which the Company invests no more than 5 companies and the company for such position shall not have conflicts of interest and shall not be a competitor of the Company. In addition, being a director in other companies shall be proposed to the Board of Directors for approval and a director shall not work in any other company in which the Company does not invest.
5. The Company has determined the qualifications of independent directors in accordance with the announcement of the Capital Market Supervisory Board, except for the matter of holding shares which is more restrictive, which allows holding shares of not more than 0.5 percent of the paid-up capital of the Company. In this regard, the shares held by those involved are also included.
6. The Company requires the Chairman and Chief Executive Officer to be different persons in order to be able to independently check and balance the work of the management By separating duties and responsibilities from each other as follows:
  - (1) The Chairman of the Board of Directors is responsible for overseeing a Board meeting to be effective on an meeting agenda important and necessary for the business operation of the Company, especially the strategic plan, as well as allocating time for management to present clear information, accurate record a minutes of a meeting, including ensuring that the corporate governance of the Company is in accordance with the policies. In addition, it acts as the chairman of a shareholders meeting.
  - (2) The Chief Executive Officer is responsible for overseeing the administration as assigned by the Board, including preparing policies, business strategy guidelines, goals, plans, and annual budget of the Company and its subsidiaries to be proposed to the Board of Directors for approval, including ensuring the process is in accordance policies, business strategies, goals, plans and annual budgets of the Company and its subsidiaries as approved by the Board of Directors.
7. The Company shall appoint a company secretary to provide advice and consultation on laws, rules, and regulations that the board of directors should be informed

and perform duties in overseeing activities of directors, including coordinating to comply with resolutions of the Board of Directors. The Company Secretary shall hold a Bachelor's degree in law or accounting or have passed the training course related to the performance of the Company Secretary. The Company establishes the qualifications of the Company Secretary and disclose such qualifications and experience of the Company Secretary in an annual report and on the Company's website and also provides the Company Secretary with training courses for knowledge development.

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

1. The duties and responsibilities of the Board of Directors are under the law, the Memorandum of Association, Articles of Association, and resolutions of the shareholders' meeting as follows:
  - (1) To establish vision, missions, policies, strategies, and financial goals for the Company and its subsidiaries, to consider and approve the policies and directions of operations proposed by the management, and to supervise the management to comply with such vision, missions, policies, strategies, and financial goals in order to increase economic value for shareholders by taking into account all stakeholders concerned.
  - (2) Review the Board of Directors Charter At Least Once A Year
  - (3) To structure and define the process of the Company and its subsidiaries to ensure that operations are under the rules, regulations, resolutions of the Board of Directors, resolutions of the shareholders' meeting with honesty and carefulness.
  - (4) To structure and define the process of the Company and its subsidiaries to ensure a risk management system, supervision and inspection, and appropriate internal control systems.
  - (5) To follow up and evaluate the management performance of the Company and its subsidiaries to achieve the strategic plan under the budget approved by the Board of Directors.
  - (6) To supervise for accounting and retaining accounts and related documents, including the disclosure of appropriate information to shareholders and the general public.
  - (7) To monitor and ensure that the Company and its subsidiaries comply with the ethics and anti-corruption policy set by the Board of Directors, as well as to establish the Company's policies and its subsidiaries' corporate governance and social responsibility.
  - (8) To appoint a person to be a director or executive of a subsidiary at least in proportion to the shareholding in a subsidiary and clearly define the scope of duties and responsibilities of the directors and executives appointed, which include the determination of a framework for discretion in the voting at the Board of Directors' meetings on the significant matters that require comments from the Board of Directors, the management control in accordance with the

policy of the Company, and control in various transactions in compliance with the laws, which include disclosure of financial position information, performance, related transactions, and the acquisition or disposal of significant assets.

The delegation of powers, duties and responsibilities of the Board of Directors shall not be a power of attorney or sub-authorization which enables the Board of Directors or the authorized person from the Board of Directors to approve items in which him/her or such person who may have conflicts (as defined in the Securities and Exchange Commission's Notification or the Capital Market Supervisory Board's Notification) may obtain an interest or benefit in any way or may have any conflict of interest with the Company or its subsidiaries, except for approval of items that are in accordance with the policies and criteria approved by the shareholders' meeting or the Board of Directors.

2. In corporate governance of the Company, in addition to conducting business in accordance with the law, objectives, and regulations, as well as the resolutions of the shareholders' meeting, the Board of Directors also determines the authority, duties, and the responsibilities of the Board of Directors as shown in the the Board of Directors Charter.

### 3. Self Assessment of the Board of Director

The Board of Directors requires that the performance of the Board of Directors be assessed annually to consider the work and problems for further improvement.

The Company has an assessment process for the Board of Directors as follows:

The Board of Directors arranges for an annual self-assessment to allow directors to consider their work and problems for solution and correction jointly. The Board of Directors uses the guidelines as recommended by the Stock Exchange of Thailand and makes additional improvements to suit the business operations of the Company.

The Board of Directors provides an assessment of the performance of the Chief Executive Officer to compare with the performance. The Board of Directors conducts the assessment in the form, and the Board of Directors assigns the Chairman of the Board to report the assessment results to the Chief Executive Officer and the Board of Directors.

### 4. Development of Directors and Executives

The Company and its subsidiaries promote and facilitate training and education for those involved in the corporate governance system of the Company and its subsidiaries such as directors, audit committee, executives, company secretary, etc. in order to continuously improve the operations.

The Company and its subsidiaries arrange an orientation and provide documents and information which are useful for the performance of the new directors.

The Board of Directors sets a plan to develop the potential of executives at the Chief Executive Officer level to the director level by assigning the management to create a succession plan and report to the Board of Directors twice a year.

## 5. Management Team

The company management team consist of 9 persons as follows:

Name	Job Position
1. Mr. Boonyong Tansakul	Chief Executive Officer
2. Mrs. Yupaphan Ekasittikul	Chief Finance Officer / Accounting Director (Acting)
3. Miss Jomkwan Chirathivat	Chief Intellectual Property Officer (Acting)
4. Mr. Voravit Korkongvisarut	Chief Development Officer
5. Mr. Siruwat Chatchaval	Chief New Business Officer
6. Miss Dollaporn Bulkul	Chief Supply Chain Officer
7. Mr. Ugrit Leewanun	Chief People Officer
8. Mrs. Naddawadee Suwannagindra <sup>(1)</sup>	Chief Commercial Officer
9. Miss Sudarat Chaowanayan	Finance Assistant Director

Note: <sup>(1)</sup> resigned from the Company effective from February 16, 2019

In this regard, Mrs. Yupapan Eksittikul, Chief Finance Officer was the assigned person who has highest responsibility in accounting and finance and Miss. Kallaya Chuaychoo is the assigned person who has direct responsibility in supervise accounting.

### The scope of duties and responsibilities of the Chief Executive Officer

The Meeting of Board of Director No. 6/2561 on August 14, 2018, resolved to approve the scope of duties and responsibilities of the Chief Executive Officer as follows:

- 1) To determine policies, strategies, business plans, and management structures of the Company, as well as to be responsible for preparing the strategic plan and annual budget plan to present to the Executive Committee and the Board of Directors
- 2) To supervise and manage the operations and perform regular business activities for the benefits of the Company under the objectives and regulations of the Company as well as policies, plans, and budgets set by the Executive Committee's meeting and/or the Board of Directors' meeting and/or the shareholders' meeting.
- 3) To issue orders, regulations, announcements, records to ensure that the operations are under the policies and interests of the Company and to maintain work discipline within the organization.

- 4) To consider and approve the payments of operating expenses in the regular business operations of the Company. The amount of each transaction shall be as specified in the approval table approved by the Board of Directors.

The Chief Executive Officer has the authority to approve investment expenditures according to the budget not exceeding 5.0 million baht.

- 5) To appoint working groups for benefits and efficiency, sound and transparent management and to authorize a person or persons to perform any action under the control of the Chief Executive Officer or may authorize such person or persons to have the authority as the Chief Executive Officer deems appropriate and within the specified period. The Chief Executive Officer may cancel, revoke, change or modify the person or persons authorized as appropriate.
- 6) To approve the appointment of various advisors Necessary for the operation of the business And to comply with the requirements of the Securities and Exchange Commission And the Stock Exchange of Thailand
- 7) To monitor and control the performance of the Company and its subsidiaries to have good performance as targeted and report to the Board of Directors every quarter, as well as to seek opportunities to improve and develop for better performance.
- 8) To coordinate with the Audit Committee and the Risk Management Committee to make business operations, including the risk management of the Company according to the Company's objectives and regulations, as well as the Board of Directors' resolutions and / or resolutions of the shareholders meeting
- 9) To perform other tasks as assigned by the Board of Directors from time to time.

The delegation of powers, duties and responsibilities of the Chief Executive Officer shall not be a power of attorney or sub-authorization which enables the Chief Executive Officer to approve items in which that such person or a person who may have conflicts (as defined by the Capital Market Supervisory Board and/or related agencies) may obtain an interest or benefit in any way or may have any conflict of interest with the Company or its subsidiaries and/or associated companies. The Chief Executive Officer is not authorized to approve the execution of such matters. The matter shall be proposed to the Board of Directors and/or the shareholders' meeting. (as the case may be) for further approval, except for approval of the transactions that are under regular business and normal trading conditions under the notifications of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or related agencies.

## 6. Audit Fee

### 1. Audit Fee

Audit fee of The Company and its subsidiaries have details as follow:



Audit Fee	Accounting Period Year, Ending December 31, 2018
The Company	995,000
Subsidiaries	3,925,000
<b>Total</b>	<b>4,920,000</b>

**2. Non-Audit Fee**

-none-

**7. Other good corporate governance practice**

--none-

# Corporate Social Responsibility

Throughout over 27 years, Zen Corporation Group Public Company Limited has been doing restaurant business with the constant concept of improving the quality of life of consumers in every aspect, such as selecting good raw materials for quality food, providing professional sincere services, creating a friendly atmosphere in order to create a good environment in every day both inside and outside the organization. The Group also initiated the project of “Zen Spirit” with the main objective to create sustainable jobs and career for those who lack social opportunities to have a better quality of life.

## Support the disabled group for a better quality of life:



In 2017, Zen Corporation Public Company Limited provided funds through the project of Empowerment Plus Community Enterprise in Chai Nat Province, which operated in 3 districts: Hankha, Prai Nokyung, and Nong Saeng.

A person responsible for the project is Captain Satitphong Athipiromsri, who is also the

representative of the granting of funds to be managed for the construction of operational buildings, water supply systems, electrical systems, organic fruits and vegetables planting and seeds, etc. in order to create a career for the disabled group in Chainat Province. The main products include premium-grade, chemical-free Zubari King melons from Japan with orange color and sweet, juicy taste.

## As a representative to give you encouragement

The Group purchased all melon products from the project in the first year and served them to customers to taste and experience the deliciousness, happiness, and acknowledgement of giving encouragement through postcards with thank-you messages from the disabled group. They were served at ZEN restaurants and a video about the project was created to publicize so that the public would be able to realize the idea and recognize the encouragement through the video with the slogan of “We Are Encouraging Everyone to Have A Better Quality of Life”, as well as to promote the activities of the disabled group.



เราขอขอบคุณทุกท่านที่สนับสนุนและ  
สนับสนุนทุกกิจกรรมที่กลุ่มฯ ของเรา  
ดำเนินอยู่

มานพ พงษ์มา  
แทนองค์กรผู้พิการในโครงการส่งเสริมสังคม

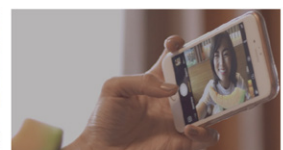
“โครงการส่งเสริมเพื่อสังคม”  
(ZEN SPIRIT)

เราเป็นกำลังใจให้ทุกคน  
มีคุณภาพชีวิตที่ดีขึ้น

To .....

ขอบคุณลูกค้าที่รัก  
ทุกท่าน

www.zengroup.co.th  
อีเมลสนับสนุนสื่อไปโครงการคนพิการผู้พิการ  
ติดต่อได้ที่ 098-484-2459 (คุณเจ๊เบญ)



In 2018, Zen Corporation Group Public Company Limited moved forward to support the disabled group in the project of Empowerment Plus Community Enterprise by creating public relations media to be sold the restaurants under the Zen Corporation Group Public Company Limited, including ZEN, On the table, AKA, Tetsu, Sushi Cyu and Carnival, Tam Mua, and Laos Yuan, to create awareness among customers and purchase agricultural products directly from disabled groups. This is the method to encourage them to be strong in Thai society.



## Support community activities And help alleviate suffering

Meanwhile, Zen Corporation Group Public Company Limited allocated budgets to support and expand community activities by allowing employees of the Company group to participate in the community or society improvement, which is consistent with the Company's core mission aiming to run the business together with caring for the society and the environment for the business to grow continuously and sustainably.

In addition, the Group also aims to help and alleviate suffering for fellow human beings by donating and giving stuff trough the Lao Embassy in Thailand to help alleviate the suffering of flood victims. From the failure of Xe-Pian Xe-Namnoy Dam, which is located in Attapeu District and Champasak District of Lao PDR, together with encouragement to the Lao people to get through this event soon.



## Employees in the Group

Zen Corporation Group Public Company Limited places great importance on employees at all levels since we are aware that employees are valuable resources and important cogs of the organization. They are also like the Company's family. Therefore, in addition to providing welfare and training to increase the potential of all employees, the Group also gives importance and is part of taking care of the quality of life of the employees' families by lightening the burden on the cost of scholarships for children of current employees and employees who passed away. The scholarships are granted without obligations because the success of the organization is not only a greater business size, but also the quality of life of every employee in the organization.

The Company has disclosed the details about social responsibility in order to build a sustainable society as well as the results of operations to promote sustainability in various aspects on the Company's website at <https://www.zengroup.co.th> "Social Activities".

# Internal Control and Risk Management

## Opinion of the Board of Directors on the internal control system

The Board of Directors recognizes the importance of having good internal control systems and considers it an important duty to ensure that The Group has the appropriate and adequate internal control system. This will lead to operations being in line with the goals, objectives, laws and related regulations effectively and can improve risk management to prevent various damages that may occur to the Company and stakeholders and be able to protect assets from corruption, including accounting and financial reports that are more accurate, reliable and complete, adequate and in a timely manner

The Board of Directors considered and evaluated the adequacy of the internal control system by requesting information from the management of the company, considering the 5 internal control systems according to The Committee of Sponsoring Organizations of Treadway Commission ("COSO")

The Board of Directors commented that the internal control system of the company was sufficient, appropriate and consistent with the evaluation form of the adequacy of the internal control system. The company has allocated sufficient personnel to implement the system effectively Including having an internal control system for monitoring the operations of subsidiaries to protect the company's assets from misuse or use without authority Including transactions with persons who may have conflicts of interest and/or connected persons and has approved the evaluation form of the adequacy of the internal control system of the company

## Report of the internal control system auditor to the internal control system

The company hired Multi Plus Audit and Consulting Company Limited ("Multiplus") to review the adequacy of the internal control system of the Group. Multiplus has since reviewed the adequacy of the Group's internal control system both in the control environment and the main work system of the group totalling 25 systems

Multiplus has reported the results of the review as well as recommendations to improve the internal control system No. 1 to the Audit Committee meeting and the Board of Directors' meeting acknowledged the recommendations in August 2018, with 22 issues, divided into 7 organizational issues and 15 working system issues

Multiplus has monitored outstanding issues from the first internal control system audit report and reported to the Audit Committee meeting with subsequent Board of Directors acknowledgement in September 2018, with the conclusion that the Company has already resolved all outstanding issues.

Multiplus has reviewed to ensure that after the Group's outstanding issues have been resolved, in the normal operation of the group, the company has complied with the policy, manual of work, announcements or procedures that have been effective and reported the result of the

review to the Audit Committee meeting and the Board of Directors' meeting acknowledged in summary that the Company has consistently performed and has no more significant issues

### **Auditor observations**

Baker Tilly Audit and Advisory Services (Thailand) Co., Ltd. ("Auditor") who is the auditor of the company has reviewed the financial statements for the fiscal year ending 31 December 2017 and the auditor must assess the risk of material misstatement of the financial statements, whether due to fraud or errors. In assessing such risks, the auditor has studied and evaluated the efficiency of the internal control system of the company related to the preparation and presentation of the financial statements accurately as expected of the business. In order to determine the scope of testing methods and the period used to audit the financial statements the method of auditing depends on the auditor's discretion. The assessments and tests are in accordance with auditing standards with the objective of allowing the auditor to express an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the internal control of the business.

From auditing financial statements for the year ended 31 December 2017, the Company's auditor had observations and accounting suggestions which was presented to the management of the company. In August 2018, the auditor followed up the results of the correction of the observations and suggestions and the company had completely resolved all issues.

# Related Parties

## 1. Relevant parties

Relevant parties	Business types	Relationship
Food Gimmick Co., Ltd.	Rental for space and service	<ul style="list-style-type: none"> <li>- Mr.Sudthidej Chirathivat father of Mr.Sakkanon Chirathivat and Ms.Jomkwan Chirathivat shareholders held 36 percent of the Company and director</li> <li>- Mrs.Neangnong Chirathivat mother of Mr.Sakkanon Chirathivat and Ms.Jomkwan Chirathivat and director</li> </ul>
Sudthara Suite Co., Ltd.	Hotels, resorts and suites	<ul style="list-style-type: none"> <li>- Mr.Sudthidej Chirathivat father of Mr.Sakkanon Chirathivat and Ms.Jomkwan Chirathivat shareholders held 36 percent of the Company and director</li> <li>- Mrs.Neangnong Chirathivat mother of Mr.Sakkanon Chirathivat and Ms.Jomkwan Chirathivat and director</li> </ul>
Stork (Thailand) Co., Ltd.	Food services/ restaurants	<ul style="list-style-type: none"> <li>- Mr.Sudthidej Chirathivat father of Mr.Sakkanon Chirathivat and Ms.Jomkwan Chirathivat shareholders held 36 percent of the Company and director</li> <li>- Mrs.Neangnong Chirathivat mother of Mr.Sakkanon Chirathivat and Ms.Jomkwan Chirathivat and director</li> </ul>
Chef Best Co.,Ltd.	Rental and real property operation	<ul style="list-style-type: none"> <li>- Mr.Siruwat Chatchawan is executives of the Company shareholders held 35 percent of the Company and director</li> </ul>
Crazy Spicy Co.,Ltd.	Food services/ restaurants	<ul style="list-style-type: none"> <li>- Mrs.Kanjana Chatchawan wife of Mr.Siruwat Chatchawan shareholders held 20 percent of the Company</li> <li>- Mrs.Thidarat Chatchawan sister of Mr.Siruwat Chatchawan shareholders held 20 percent of the Company</li> </ul>
Mr. Siruwat Chatchawan	-	<ul style="list-style-type: none"> <li>- Mr.Siruwat Chatchawan is executives of the Company</li> </ul>
Mr. Boonyong Tansakul	-	<ul style="list-style-type: none"> <li>- Mr.Boonyong Tansakul is director and executives of the Company</li> </ul>
Mrs. Supajed Vivaddhanakasem	-	<ul style="list-style-type: none"> <li>- Mrs.Supajed Vivaddhanakasem wife of Mr.Chittapon Vivaddhanakasem is director and shareholders held 1.9 percent of the Company</li> </ul>



## 2. Related Party Transactions

Related party transactions for the year ended 31 December 2017 and 2018

1. Food Gimmick Co., Ltd.		
Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
1.1 Rent space		
- Cost	1,961,035.5	2,197,421.0
- Account payable	180,374.8	310,399.7
	Necessity and Rationale	Comments from the Audit Committee
	<p>- Formerly Foods Gimmicks Co., Ltd. operates a restaurant business. But currently does not conduct such business, but still holding the long-term leasehold rights of the Central Bangna Department Store, and allowed the Group sublease area by leasehold rights between Foods Gimmicks Co., Ltd. and Central Bangna Department Store will end on December 31<sup>st</sup>, 2023</p> <p>- The Group had entered into a sublease agreement from Foods Gimmicks Co., Ltd. to operate the AKA restaurant at Central Bangna Department Store. The lease period is 3 years and can be renewed for 3 years each time, sublease all 9 years ending on July 1, 2019, area of 317.48 square meters</p> <p>- The rental rate is a variable rate according to sales at the rate of 10 percent of sales in the event that sales are less than or equal to 2.5 million baht per month and 15 percent of sales in the event that sales are more than 2.5 million baht per month which is the rental rate comparable to third parties which has rental rates calculated from sales</p> <p>- However, if in the future the Group will renew the lease in such area, The Group will consider renewing the comparison criteria that is best for the company and if the leasehold of the Foods Gimmicks Co., Ltd. has expired. The Group will continue to lease directly through the department store.</p>	
		- The rental operation was a normal business transaction. Based on the variable rate of sale. Such transaction is reasonable. It is beneficial for the business of the Company.
Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
1.2 Lease Deposit		
- Deposit	2,666,832.0	2,666,832.0

	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- In under the sublease agreement Require the Group to paid deposit for Foods Gimmics Co., Ltd., which the Group will receive a deposit for the lease back when the contract is terminated if there is no breach of the conditions specified in the lease agreement.</li> <li>- The rental deposit is as specified in the contract based on the former rental rate according to the original contract which is a fixed rate for a period of 6 months which is comparable to the general conditions for renting space.</li> <li>- According to the guidelines of the Group will proceed directly with the department store in the future will cause the rental contract to be terminated at that time.</li> </ul>	- The rental operation was a normal business transaction. settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.

## 2. Sudtrara Suite Co., Ltd.

Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
2.1 Revenue from sale		
- Revenue	40,819.6	140,614.2
- Account Receivable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- In 2016, Suthara Suites Co., Ltd entered into a restaurant franchise agreement Tum Mour brand with the Group which according to the details of the agreement Suthara Suites Co., Ltd., as a franchise, must purchase raw materials for cooking from the group such as aprons, drinking water, etc.</li> <li>- The selling price is comparable to the selling price of products that the Group Offered to other franchisees.</li> <li>- In June 2018, Suthara Suites Co., Ltd canceled the franchise agreement.</li> </ul>	- The normal business transaction settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.
Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
2.2 Revenue from Royalty Fee		
- Revenue	10,316.2	4,069.4
- Account Receivable	-	-

	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- Under the franchise agreement, Suthara Suites Co., Ltd must pay the royalty fee to the Group which is based on the percentage of the sales of the franchisee as specified in the franchise agreement.</li> <li>- The Royalty Fee is based on the franchise agreement and is the same rate that the Group charged from other franchisees.</li> <li>- In June 2018, Suthara Suites Co., Ltd canceled that franchise agreement.</li> </ul>	<ul style="list-style-type: none"> <li>- The normal business transaction settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.</li> </ul>
Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
2.3 Revenue from Marketing Fee		
- Revenue	5,158.1	2,034.7
- Account Receivable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- Under the franchise agreement, Suthara Suites Co., Ltd must pay the marketing fee to the Group which is based on the percentage of the sales of the franchisee as specified in the franchise agreement.</li> <li>- The Marketing Fee is based on the franchise agreement and is the same rate that the Group charged from other franchisees.</li> <li>- In June 2018, Suthara Suites Co., Ltd canceled that franchise agreement.</li> </ul>	<ul style="list-style-type: none"> <li>- The normal business transaction settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.</li> </ul>
Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
2.4 Revenue from Set Up		
- Revenue	-	12,290.0
- Account Receivable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- For the opening of a new franchisee, the Group will provide franchise assistance. In the provision of various equipment necessary for business operations.</li> <li>- Set up fees are comparable to those of the Group collect from other franchisees.</li> </ul>	<ul style="list-style-type: none"> <li>- The normal business transaction settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.</li> </ul>

Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
2.5 Expenses from promotion return		
- Expenses	2,313.4	1,774.8
- Account payable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- For the opening of a new franchisee, the Group will provide franchisee assistance in support of expenses for making promotional promotions at the beginning of the store opening.</li> <li>- Expenses from the return of promotional expenses are comparable to those of the Group collect from another franchisee.</li> </ul>	<ul style="list-style-type: none"> <li>- The normal business support settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.</li> </ul>
Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
2.6 Purchase of goods		
- Cost	42,131.4	48,783.7
- Account payable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- Since Suthara Suites Co., Ltd has closed its business in May 2017, the Group therefore repurchase the raw materials from Suthara Suites Co., Ltd which has been purchased during the operation. However, in 2018, the Suthara Suites Co., Ltd. has resumed operations in February 2018, but the operation was closed again in June 2018, which caused the Group the repurchase the raw materials from Suthara Suites Co., Ltd. again.</li> <li>- The price of repurchase the raw materials is comparable to the rates that the Group sold to other franchisees.</li> </ul>	<ul style="list-style-type: none"> <li>- The normal business support based on actual sale which did not deprive the company. Such transaction is reasonable.</li> </ul>

3. Stork (Thailand) Co., Ltd.		
Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
3.1 Purchase of goods		
- Cost	9,121,873.4	8,191,522.5
- Account payable	781,983.8	851,103.0
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- The Group has purchased dessert from Stork (Thailand) Co., Ltd. to be sold within the restaurant of the Group.</li> <li>- The purchase price is comparable to buying from other distributors.</li> </ul>	- The normal business support based on actual sale which did not deprive the company. Such transaction is reasonable.
Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
3.2 Other Expenses		
- Expenses	9,362.5	21,612.0
- Account payable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- In 2017, The Group has purchased product from Stork (Thailand) Co., Ltd. to be used for customer reception in the opening of new branches.</li> <li>- The purchase price is comparable to buying from other distributors.</li> <li>- In 2017, Stork (Thailand) Co., Ltd. charge transport expense to branch of the Group which is calculated based on actual costs.</li> </ul>	- The normal business support based on actual sale which did not deprive the company. Such transaction is reasonable.
Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
3.3 Other Revenue		
- Revenue	28,881.7	-
- Account receivable	30,903.4	-

	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- Because the company Organized seminars and the staff of STOCK (Thailand) Co., Ltd. participated in the seminar as well. The company therefore charged the expenses for attending the seminar with STOCK (Thailand) Co., Ltd.</li> <li>- Training fee income the seminar is based on the number of employees in STOCK (Thailand) Co., Ltd. who participated.</li> </ul>	- The normal business support based on actual sale which did not deprive the company. Such transaction is reasonable.

4. Chef Best Co.,Ltd.		
Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
4.1 Office Rental		
- Expenses	720,000.0	720,000.0
- Account payable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- The Group has entered into an office building lease agreement. For 2 townhome buildings located in the Partio, Chaengwattana (Muang Thong) from Chef Best Co., Ltd. to be used as the office location.</li> <li>- The lease term is 3 years, ending on October 3, 2019, with 1 building and 4 months ending on April 30, 2019, with 1 building with each rental rate of 30,000 baht per month. The office rental rate is comparable to the rate renting a nearby building.</li> <li>- The company has plans to move all employees together in one office. Which is expected to be implemented in 2019. Therefore, the rental of the office building will be terminated during this period.</li> </ul>	- The normal business support based on actual sale which did not deprive the company. Such transaction is reasonable.



Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
4.2 Lease Deposit - Deposit	180,000.0	280,000.0
	<b>Necessity and Rationale</b>	<b>Comments from the Audit Committee</b>
	<ul style="list-style-type: none"> <li>- Under the office building lease agreement require the Group to paid deposit for Chef Best Co., Ltd.</li> <li>- The deposit of the lease agreement is as specified in the contract and has a period comparable to the general conditions for space rental.</li> <li>- In accordance with the plan to move all employees together in one office which is expected to be implemented in the year 2019. Therefore, the office rental deposit will expire at that time.</li> </ul>	<ul style="list-style-type: none"> <li>- The rental operation was a normal business transaction settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.</li> </ul>
Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
4.3 Other expenses - Expenses - Account payable	24,600.0 -	24,600.0 110,000.0
	<b>Necessity and Rationale</b>	<b>Comments from the Audit Committee</b>
	<ul style="list-style-type: none"> <li>- Because the office is located at the Partio, Chaengwattana (Muang Thong) and has charged the common fee from the project with Chef Best Co., Ltd., which is the owner of the building. And then collect from the Group.</li> <li>- Expenses are calculated based on the actual cost of common expenses.</li> <li>- In accordance with the plan to move all employees together in one office Which is expected to be implemented in 2019. Therefore, related transactions to the office lease will be terminated during this period.</li> </ul>	<ul style="list-style-type: none"> <li>- The normal business support based on actual sale which did not deprive the company. Such transaction is reasonable.</li> </ul>

Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
4.4 Rental		
- Cost	450,000.0	600,000.0
- Account payable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- The Group has entered into a land lease agreement with buildings for area of 2 Ngan, 79 square wa located at Bang Prok Sub-district, Mueang, Pathum Thani and buildings from Chef Best Co., Ltd. to serve as the location of the Tum Mour restaurant.</li> <li>- The lease period is 1 year ending on October 2, 2019 with the rental fee of 50,000 baht per month. The rental rate of the land and buildings can be compared with the rental rate of land and buildings nearby.</li> </ul>	<ul style="list-style-type: none"> <li>- The rental operation was a normal business transaction settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.</li> </ul>
Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
4.5 Lease Deposit		
- Deposit	-	100,000.0
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- Under the land and building lease agreement require the Group to paid deposit for Chef Best Co., Ltd.</li> <li>- The deposit of the lease agreement is as specified in the contract and has a period comparable to the general conditions for space rental.</li> </ul>	<ul style="list-style-type: none"> <li>- The rental operation was a normal business transaction settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.</li> </ul>

5. Crazy spicy Co.,Ltd.		
Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
5.1 Purchase asset		
- Asset	1,377,663.6	-
- Account Receivable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- The Group purchased 3 cars from Crazy Spicy Group Co., Ltd for use in the business of the Group.</li> <li>- The purchase price is the appraisal value from an independent appraiser.</li> <li>- Such transaction is a one-time transaction. Related to the acquisition of Thai restaurant Tum Mour group.</li> </ul>	<ul style="list-style-type: none"> <li>- Is purchase asset for supporting business transaction based on price with independent appraiser. Such transaction is reasonable.</li> </ul>

6. Mr. Siruwat Chatchawan		
Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
6.1 Office rental		
- Expenses	840,000.0	840,000.0
- Account payable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- The Group has entered into an office building lease agreement for 2 townhome buildings located in the Partio, Chaengwattana (Muang Thong) from Mr. Siruwat Chatchawan, to be used as the office location. The lease term is 4 months, ending on April 30, 2019, with the rental rate of each building 35,000 baht per month. The office rental rate can be compared with the nearby building rental rate.</li> <li>- The company has plans to move all employees come together in one office which is expected to be implemented in 2019. Therefore, the rental of the office building will be terminated during this period.</li> </ul>	<ul style="list-style-type: none"> <li>- The rental operation was a normal business transaction settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.</li> </ul>

Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
6.2 Lease Deposit - Deposit	210,000.0	210,000.0
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- Under the office building lease agreement require the Group to paid deposit for Mr. Siruwat Chatchawan.</li> <li>- The deposit of the lease agreement is as specified in the contract and has a period comparable to the general conditions for space rental.</li> <li>- In accordance with the plan to move all employees together in one office which is expected to be implemented in the year 2019. Therefore, the office rental deposit will expire at that time.</li> </ul>	<ul style="list-style-type: none"> <li>- The rental operation was a normal business transaction settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.</li> </ul>
Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
6.3 Other Expenses - Expenses - Account payable	24,600.0 -	24,600.0 70,697.0
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- Because the office is located at the Partio, Chaengwattana (Muang Thong) and has charged the common fee from the project with Mr. Siruwat Chatchawan, the owner of the building. By Mr. Siruwat Chatchawan paid such expenses first and then collect from the Group.</li> <li>- Expenses are calculated based on the actual cost of common expenses.</li> <li>- In accordance with the plan to move all employees together in one office which is expected to be implemented in 2019. Therefore, related transactions to the office lease will be terminated during this period.</li> </ul>	<ul style="list-style-type: none"> <li>- The normal business support based on actual sale which did not deprive the company. Such transaction is reasonable.</li> </ul>

Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
6.4 Advances		
- Expenses	229,978.4	23,960.5
- Account payable	-	-
	<b>Necessity and Rationale</b>	<b>Comments from the Audit Committee</b>
	<ul style="list-style-type: none"> <li>- Mr. Siruwat Chatchawan, the owner of the building has advance payments for utilities expense such as telephone expenses, electricity expenses and water expenses that bills have been collected under the name of Mr. Siruwat Chatchawan and then collect from the Group.</li> <li>- Utilities expense are calculated based on the actual cost of common expenses.</li> <li>- In accordance with the plan to move all employees together in one office Which is expected to be implemented in 2019. Therefore, related transactions to the office lease will be terminated during this period.</li> </ul>	<ul style="list-style-type: none"> <li>- The normal business support based on actual sale which did not deprive the company. Such transaction is reasonable.</li> </ul>

7. Mr. Boonyong Tansakul		
Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
7.1 Consulting fee		
- Expenses	-	300,000.0
- Account payable	-	-
	<b>Necessity and Rationale</b>	<b>Comments from the Audit Committee</b>
	<ul style="list-style-type: none"> <li>- Mr. Boonyong Tansakul received compensation for providing advice and consulting on various matters. Relating to the management of the Group For the organizational restructuring period of the Group According to the consultant contract Which the contract has expired on May 31, 2018.</li> <li>- Consultant expenses are charged at the rate agreed in the contract. Which is as agreed by the parties Such transactions are related to the organizational restructuring of the Group.</li> <li>- That is a one-time transaction.</li> </ul>	<ul style="list-style-type: none"> <li>- The normal business supporting of company and transaction in the past agree with partners of contract which did not deprive the company. Such transaction is reasonable.</li> </ul>

8. Mrs. Supajed Vivaddhanakasem		
Description	Amount December 31, 2017 (Baht)	Amount December 31, 2018 (Baht)
8.1 Consulting fee		
- Expenses	-	560,712.0
- Account payable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> <li>- Mrs. Supajed Vivaddhanakasem received compensation for providing advice and consulting on the improvement and development of food formulations of the group of companies. According to the consultant contract agreement has a period of approximately 6 months ending December 31, 2018.</li> <li>- Consultant expenses are comparable to the external advisory fees.</li> </ul>	<ul style="list-style-type: none"> <li>- The normal business supporting of company settlement terms were subject to normal commercial terms as well as outsiders which did not deprive the company. Such transaction is reasonable.</li> </ul>

### 3. Necessity and rationality the transactions

At the Audit Committee Meeting of the Company has considered the related party transactions of the Group were necessary and beneficial to be executed to support normal business course of the Company and conditions in these related party transactions were made on the basis of normal business conditions would execute with contractual parties under the same circumstance and as long as there is no influence persons having potential conflict of interest.

### 4. Measures or procedures for approving related party transactions

At the Board of Directors' meeting of the Company the measures and procedures for the approval of related party transactions between the Company, subsidiaries, and any party with potential conflict of interest with the Company, the Company and subsidiaries must comply with the Securities and Exchange Act, regulations, notifications and orders of the Capital Market Supervisory Board. The stakeholders will not be able to participate in the approval process. Regarding to the law that requires related party transactions to be approved by the Board of Directors, the Company will arrange for the Audit Committee to attend the meeting to consider and comment on the necessity and reasons of entering into the transaction.

The transaction which entails to trade agreement with the general commercial terms and conditions as well as trade agreement that is not subject to general commercial terms, both of the transactions shall be proceeded by the following principles:



#### **4.1 Transaction of commercial agreement with the general commercial terms and conditions**

Board of Directors' of the Company has 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.

#### **4.2 Transaction of commercial agreement other than the general commercial terms and conditions**

Transaction of commercial agreement other than the general commercial terms and conditions shall be considered and commented upon by the Audit Committee before being presented to the Board of Directors or shareholders meeting for further consideration and approval to comply with the Securities and Exchange Act Including the regulations, announcements and orders of the Capital Market Supervisory Board and the Stock Exchange of Thailand, including compliance with the disclosure requirements of connected transactions.

In the event that the Audit Committee is unqualified to consider the related transactions, the Company may appoint independent experts or the Company's auditors to comment on such connected transactions for the Audit Committee so that Board of Directors or shareholders (as the case may be) shall use information for the decision-making to ensure that the transaction is necessary and reasonable. The Company will disclose the related transactions in the Annual Registration Statement and notes to financial statements audited by the Company's auditor

### **5. Policy and tendency of future related party transactions**

The company will proceed in accordance with the securities and Exchange Act Including the regulations, announcements and orders of the Capital Market Supervisory Board and the Stock Exchange of Thailand, including compliance with the disclosure requirements of the connected transaction of the Company or subsidiaries in accordance with accounting standards prescribed by the Federation of Accounting Professions under the Royal Patronage.

# Analysis of Financial Performance

## Full Year 2018

### Revenues

Revenues	For the Year Ending 31 Dec			
	2017		2018	
	THB Mn	% <sup>(1)</sup>	THB Mn	% <sup>(1)</sup>
Revenue from Sales and Service	2,425.0	96.4	2,852.6	96.2
Franchise Fees Income	56.5	2.2	69.6	2.3
Other Income	33.7	1.3	42.5	1.4
<b>Total Revenue</b>	<b>2,515.2</b>	<b>100.0</b>	<b>2,964.7</b>	<b>100.0</b>

Remark: <sup>(1)</sup> Percentage of Total Revenue

For the years ending 31 December 2017 and 2018, the Group's total revenue increased from THB 2,515.2 Mn in 2017 to THB 2,964.7 Mn in 2018, an increase of THB 449.5 Mn or 17.9%. This was mainly due to increased revenue from sales and service which itself was the major contributor of the Group's revenue. During 2017 and 2018 revenue from sales and service made up 96.4% and 96.2% of total revenue respectively.

For the years ending 31 December 2017 and 2018, revenue from sales and service was THB 2,425.0 Mn and THB 2,852.6 Mn respectively. This was an increase of THB 427.6 Mn or 17.6% and was mainly due to (1) the opening of new branches, (2) positive same-store-sales growth and (3) increased sales of raw material to franchisees.

Franchise fee income increased from THB 56.5 Mn in 2017 to THB 69.6 Mn in 2018, an increase of THB 13.1 Mn or 23.2%. This increase was mainly due to the (1) the increased number of franchise branches (2) adjustment increasing the royalty and marketing fee rates for those franchisees renewing their franchise contracts.

Item	For the Year Ending 31 Dec	
	2017	2018
Net Number of New Branches Opened <sup>(1)</sup> (Branch)	14	8
Number of Branches at Period End <sup>(1)</sup> (Branch)	102	110
Number of Franchise Branches at Period End <sup>(1)</sup> (Branch)	127	145
Sales from Restaurant Business During the Period (THB Mn)	2,308.8	2,672.6
Same-Store Sales Growth: SSSG (%) <sup>(2)</sup>	4.0%	4.7%
Growth of Revenue from Restaurant Business (%)	8.3%	16%

Remark: <sup>(1)</sup> Outlets owned by the Group

<sup>(2)</sup> Calculated based on total revenue from sales and service per total operating days of the same branch

Other income grew from THB 33.7 Mn in 2017 to THB 42.5 Mn in 2018, an increase of THB 8.8 Mn or 26.2%. This increase was mainly due to (1) reversal of provision for decommissioning costs and (2) higher membership fee income.

## Cost of Sales and Services

Item	For the Year Ending 31 Dec			
	2017		2018	
	THB Mn	% <sup>(1)</sup>	THB Mn	% <sup>(1)</sup>
Revenue from Sales and Service	2,425.0	97.7	2,852.6	97.6
Franchise Fee Income	56.5	2.3	69.6	2.4
Revenue from Main Businesses	2,481.5	100.0	2,922.1	100.0
Cost of Sales and Service	1,878.7	75.7	2,218.5	75.9
Gross Profit	602.8	24.3	703.6	24.1

Remark: <sup>(1)</sup> Percentage of Revenue from main businesses

The cost of sales and service increased from THB 1,878.7 Mn in 2017 to THB 2,218.5 Mn in 2018, an increase of THB 339.8 Mn or 18.1%. This increase was mainly due to (1) the increase of raw material cost from both the restaurants which the company owns itself as well as franchise restaurants and (2) increased service cost of outsourced warehouse and logistics.

The gross profit grew from THB 602.8 Mn in 2017 to THB 703.6 Mn in 2018, an increase of THB 100.8 Mn or 16.7%. The gross profit margin decreased slightly from 24.3% in 2017 to 24.1% in 2018 which was mainly due to the increased service cost of outsourced warehouse and logistics.

### Selling Expenses

Selling expenses increased from THB 86.6 Mn in 2017 to THB 100.3 Mn in 2018, an increase of THB 13.7 Mn or 15.8%. The main factors for the increase was increased marketing expenses. As a percent of total revenue, selling expenses remained stable at 3.4% during both 2017 and 2018.

### Administrative Expenses

Administration costs increased from THB 423.5 Mn in 2017 to THB 448.6 Mn in 2018, an increase of THB 25.1 Mn or 5.9%. This increase was mainly due to staff increase to support the future business expansion and higher accrued staff bonus. As a percent of total revenue, administrative expenses decreased from 16.8% in 2017 to 15.1% in 2018.

### Finance Expenses

Financial expenses increased slightly during the period from THB 24.5 Mn in 2017 to THB 24.6 Mn in 2018, an increase of THB 0.1 Mn or 0.5%. This was mainly due to increased average balance of short-term borrowing over the 12-month period.

### Tax Expenses

Income tax expense increased from THB 20.1 Mn in 2017 to THB 32.3 Mn in 2018, an increase of THB 12.2 Mn. This was due to higher profit from the restaurant business.

### Net Profit

For the 12 months of 2017 and 2018, the net profit increased from THB 81.8 Mn to THB 140.2 Mn respectively, an increase of THB 58.4Mn or 71.4% and the net profit margin increased from 3.3% to 4.7%. The main reasons for the increase were (1) higher revenue from sales and service (2) higher franchise fees income (3) increased efficiency in support functions which resulted in limited increase in administrative expenses.

## Analysis of Financial Position

### Assets

As of 31 December 2017, and 31 December 2018, the Group had total assets of THB 1,588.9 Mn and THB 1,564.0 Mn respectively, a decrease of THB 24.9 Mn or 1.6%. The assets decreased mainly from a decrease in property, plant and equipment assets related to the reversal of provision for decommissioning costs.

### Liabilities

As of 31 December 2017, and 31 December 2018, the Group had total liabilities of THB 1,223.3 Mn and THB 1,095.4 Mn respectively, a decrease of THB 127.9 Mn or 10.5%. The main factors in the decrease was (1) decreased short term borrowing from financial institutions and (2) reversal of provision for decommissioning costs.

### Shareholder Equity

As of 31 December 2017, and 31 December 2018, the Group had shareholders' equity of THB 365.6 Mn and THB 468.6 Mn respectively, an increase of THB 103.0 Mn. This increase in shareholders' equity was mainly attributed to the company net profit during the period of THB 140.2 Mn. Other major changes to shareholder equity during the period were (1) increase in paid-up capital from THB 140.6Mn to THB 225.0 Mn as preparation for registration on The Stock Exchange of Thailand and (2) payment of shareholder dividend of THB 124.3 Mn.

## Cash Flow Analysis

Type of Cash Flow	For the Year Ending 31 Dec	
	2017	2017
	THB Mn	THB Mn
Net Cash from Operating Activities	398.0	264.7
Net Cash from Investments	(206.4)	(121.2)
Net Cash from Financing Activities	(186.2)	(134.5)
Increase (Decrease) in net cash and cash equivalents	5.4	8.9

Overall the company had an increase in net cash and cash equivalents during the year 2018 of THB 8.9 Mn.

### **Net Cash from Operating Activities**

The cash flows from operating activities was THB 264.7 Mn in 2018, a decrease of THB 133.3 Mn. Operating profit increased by THB 58.4 Mn but this was offset by a reduction in working capital due to (1) account payables which decreased by THB 18.9 Mn in 2018 compared to an increase of THB 85.1 Mn in 2017 (change of THB -104.0 Mn) and (2) accrued expenses which decreased by THB 4.8 Mn in 2018 compared to an increase of THB 22.7 Mn in 2017 (change of THB -27.5 Mn)

### **Net Cash from Investments**

The cash flows from investments increased from THB -206.4 Mn in 2017 to THB -121.2 Mn in 2018, an increase of THB 85.2 Mn. This was mainly due to (1) purchase of intangible assets relating to the Japanese brand “Sushi Cyu” in 2017 and (2) lower investment in new branch assets in 2018 compared to 2017.

### **Net Cash from Financing Activities**

The cash flows from financing activities increased from THB -186.2 Mn in 2017 to THB -134.5 Mn in 2018, an increase of THB 51.7 Mn. This was mainly due to (1) Decreased payment of dividend of THB 179.4 Mn in 2018 compared to 2017, (2) paid up capital increase of THB 84.4 Mn in 2018 (3) net decreased short term borrowings from financial institutions of THB 70 Mn in 2018 compared to net increase of THB 144.2 Mn in 2017.

### **Liquidity and Capital Structure**

As of 31 December 2018, the Group had current ratio of 0.32, increase from 0.27 in 2017. This improvement was mainly due to reduction in short-term borrowing from financial institutions during the period 2018.

Debt-to-equity ratio improved to 2.34 at end 2018 compared to 3.35 at end of 2017. This improvement was mainly due to (1) decrease in short-term borrowings from financial institutions (2) reversal of provision for decommissioning expenses and (3) increased shareholder equity related to the capital increase in preparation for registration on the stock exchange of Thailand.

# Audit Committee Report

## To the Shareholders

Audit Committee of Zen Corporation Group Public Company Limited consists of 3 independent directors as follows:

Mr. Prawit Kijpaisalrattana	Chairman of the Audit Committee
Dr. Wilert Puriwat	Audit Committee Member
Mrs. Jotika Savanananda	Audit Committee Member

The Audit Committee has performed its duties independently in accordance with its responsibilities set forth in Charter of the Audit Committee and as assigned by the Board of Directors without restriction to obtain information for the performance. The Audit Committee aims at the Company to comply with the principles of the good corporate governance, the regulations, and the good practices prescribed by the Securities and Exchange Commission and the Stock Exchange of Thailand.

In 2018, the Audit Committee held a total of 10 meetings, with discussions with the management, the auditors, and the Internal Audit Department in related matters. The significant matters of their performance are summarized as follows:

1. Financial Report: To review quarterly financial statements and annual financial statements by considering significant items, the appropriateness of accounting policies used, the completeness and accuracy of the disclosure in the notes to the financial statements, and the auditor's observations, including the explanation and analysis of the financial position and operating results of the Company. The Audit Committee has requested the auditor's opinion on the accuracy and completeness of the financial statements, disclosure, as well as significant account adjustments and an opinion stating that the financial statements and financial information disclosure are adequate and appropriate in accordance with generally accepted accounting standards.
2. Internal Control and Risk Management: To review the Company's internal control system and good corporate governance to ensure that the operations of the Company meet the objectives. The Audit Committee considers the internal audit report of 2018 from the external independent agency that is responsible for auditing the internal control system and from the internal audit department of the Company, including the auditor's report, follow up and review to allow the management to follow recommendations to the internal control system to prevent recurrence of events. Therefore, this ensures that the Company has the good and adequate internal control system in order to be aware of the defects and prevent fraud or irregular operations.
3. Anti-Corruption Governance: The Audit Committee places importance on supervision of the operation and review of the anti-corruption and corruption guidelines by supervising the expansion of guidelines for anti-corruption and corruption of the



management team to the customers and partners to create balance, such as criteria for partner evaluation, the guidelines for receiving and giving gifts, etc.

In 2018, the Private Sector Collective Action Coalition Against Corruption Committee Resolved certified Zen Corporation Group Public Company Limited as a member of the Thai Private Sector Collective Action Coalition Against Corruption on 21 August 2018.

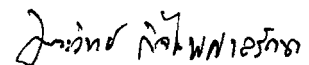
4. Supervision of Internal Audit: The Audit Committee has considered the scope of work Responsibilities Sufficiency of personnel Knowledge, ability of personnel and development, including supervising internal audit work to ensure that the internal audit activities and the role of advisors of the internal audit Internal control system, the risk management system, and the corporate governance are conducted independently, efficiently, and effectively, including the approval of the internal audit plan for 2019 that is prepared in accordance with the Company's strategic direction, and the use of the risk principles as the basis by focusing on inspection of the effectiveness of the operations with significant preventive control points, as well as the investigation of fraud prevention.
5. Supervision of Compliance with Laws and Regulations: The Audit Committee reviews the operation of the Company in accordance with the Securities and Stock Exchange Act, rules and regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand, and other laws related to the business of the Company, including obligations which may arise from the contracts made with third parties and other claims.

The Audit Committee agrees that the Company complies with the law and such requirements.

6. Connected Transactions or Conflicts of Interest: The Audit Committee has reviewed, supervised, and commented on connected transactions or transactions that may have conflict of interest on a quarterly basis based on reasonableness, transparency, adequate information disclosure, and the maximum benefit of the Company.
7. Auditor: The Audit Committee has considered the selection, appointment, and remuneration of the auditor for 2019 based on his/her qualifications, skills, knowledge, ability, and experience in auditing, the independence of the auditors according to the professional ethics of the accountants and the requirements of the Securities and Exchange Commission, the quality of the audit work in the previous year, and the appropriateness of the audit fee. The resolution is therefore proposed to the Board of Directors to request approval from the shareholders' meeting to appoint the auditor from Baker Tilly Audit and Advisory Services (Thailand) Company Limited as the auditor for 2019.

8. Self Assessment: The Audit Committee has evaluated the performance of its duties with self-assessment of each group according to the guidelines of the Stock Exchange of Thailand. The assessment results show that the Audit Committee has performed its duties and responsibilities as specified in the Charter of the Audit Committee with adherence to the principles of sufficient accuracy, carefulness, prudence, transparency, and independence. There are no restrictions on access to information from executives, employees and related parties, as well as equally providing opinions and suggestions to the benefit of all stakeholders.

The Audit Committee is of the overall opinion that Board of Directors, the Executive Committee, and the management of the Company has ethics and commitment in performing their duties in order to achieve the Company's goals with professional quality, keep pace with changes along with great importance to the operations under the effective corporate governance system that is transparent, and also has a concise, adequate, appropriate risk management system and internal control system that is



(Mr. Prawit Kijpaisalrattana)  
Chairman of the Audit Committee

# Report of the Board of Directors' Responsibilities for the Financial Statements

The Board of Directors of ZEN Corporation 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 statement 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.Paitoon Taveebhol)  
Chairman of the Board



(Mr.Boonyong Tansakul)  
Chief Executive Officer

# Independent Auditor's Report

## To the Shareholders of Zen Corporation Group Public Company Limited

### Opinion

I have audited the consolidated and separate financial statements of Zen Corporation Group Public Company Limited (formerly Zen Corporation Group Co., Ltd.) and its subsidiaries ("the Group"), and of Zen Corporation Group Public Company Limited ("the Company"), which comprise the consolidated and separate statements of financial position as at December 31, 2018, and the consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial positions of the Group and the Company as at December 31, 2018, and their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### Key Audit Matters

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

Key Audit Matter Details	Auditor's Approach
<b>Recognition of revenues from sales of foods and beverages</b>  The major revenue of the Group is revenues from sales of foods and beverages, which were derived from recurring daily transactions and the Group has many branches. Therefore, revenues from sales of foods and beverages are material to the financial statements as a whole.	<ul style="list-style-type: none"><li>Examined the revenue recognition of the Group by assessing and testing the Group's IT system and their internal controls relevant to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.</li></ul>

Key Audit Matter Details	Auditor's Approach
<p><b>Assessment of impairment loss on trademarks and goodwill</b></p> <p>The Group has significant indefinite useful life of trademarks in food and beverage business. In addition, the Group has significant goodwill derived from business combination by acquisition method of food and beverage business.</p> <p>According to Thai Financial Reporting Standards, the Group has to prepare an impairment test analysis on trademark and goodwill on an annual basis. The recoverable amounts are assessed by the management and appraised by the experts. The management's judgement and assumptions such as business growth rate, forecast on revenues and gross margin rates, forecast on capital expenditure budget and selling and operating expenses and discount rates will be affected by changes of future economic and market. Hence, I focused on this area.</p>	<ul style="list-style-type: none"> <li>On a sampling basis, examined supporting documents for sales transactions occurring during the year and near the end of the accounting period.</li> <li>Performed analytical procedures to detect possible irregularities in revenue transactions throughout the accounting period.</li> <li>Understood and evaluated the significant assumptions applied by the expert who was engaged by the management in preparing the cash flow projections including discount rates used to discount future cash flows.</li> <li>Compared and evaluated the cash flow projections, key assumptions and discount rates to the management's budget and business plan, historical and current actual operations, economic and industries, and expert's valuation reports.</li> <li>Tested calculation of recoverable amounts of each Cash Generating Unit according to the expert's financial models and compared with the carrying values of trademark and goodwill.</li> <li>Considered the adequacy and appropriateness of the Group's disclosures made in notes to financial statements.</li> </ul>

#### Other Information

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

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

In connection with my audits of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements**

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

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

#### **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 and 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 audits.

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate 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.



(Mr. Apichart Sayasit)

Certified Public Accountant, Registration No. 4229

Baker Tilly Audit and Advisory Services (Thailand) Ltd.

Bangkok

February 28, 2019

## Statement of Financial Position

For The Year Ended December 31, 2018

(Unit : Bath)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2018	2017	2018	2017
Assets					
Current Assets					
Cash and cash equivalents		142,601,036	133,657,582	66,071,159	86,949,472
Trade and other current receivables	4, 5	44,308,267	26,049,311	24,841,637	21,891,480
Short-term loans to subsidiaries	4	-	-	170,240,026	141,180,456
Inventories - net	6, 28	107,661,605	97,131,931	-	-
Current tax asset		9,341,230	7,218,877	3,712,023	714,959
Other current assets	4, 7	15,366,439	22,265,922	3,559,769	4,107,579
Total Current Assets		319,278,577	286,323,623	268,424,614	254,843,946
Non-Current Assets					
Investments in subsidiaries - at cost	8, 10, 14, 19	-	-	453,816,207	433,916,208
Property, plant and equipment - net	9, 11, 14, 16, 28	722,787,817	786,287,327	342,336,824	343,810,411
Goodwill	8, 10	181,955,945	181,955,945	-	-
Other intangible assets - net	9, 11	90,728,694	96,656,677	7,151,488	2,762,498
Leasehold rights - net	12	48,437,357	57,717,054	-	-
Deferred tax assets	13	26,438,188	25,858,137	1,170,483	1,059,543
Refundable deposits	4, 25	163,507,629	148,235,099	1,799,820	1,375,520
Other non-current assets		10,852,205	5,824,594	1,740,074	1,926,936
Total Non-Current Assets		1,244,707,835	1,302,534,833	808,014,896	784,851,116
Total Assets		1,563,986,412	1,588,858,456	1,076,439,510	1,039,695,062

Zen Corporation Group Public Company Limited  
(Formerly Zen Corporation Group Co., Ltd.) and Its Subsidiaries

# Statement of Financial Position

For The Year Ended December 31, 2018

(Unit : Bath)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2018	2017	2018	2017
Liabilities and Shareholders' Equity					
Current Liabilities					
Short-term borrowings from financial institutions - net	8, 9, 14, 28	629,816,667	698,647,254	629,816,667	698,647,254
Trade and other current payables	4, 15	236,845,306	249,549,027	3,613,290	1,805,765
Short-term borrowings from subsidiaries	4	-	-	78,290,980	34,243,861
Current portion of liabilities under finance lease contracts	9, 16	1,302,228	751,253	1,302,228	751,253
Current income tax payable		12,738,912	9,672,761	-	-
Accrued expenses	4	67,588,426	72,712,587	16,597,347	15,451,830
Current portion of deferred income of membership fee		12,065,030	5,259,331	-	-
Current portion of deferred income of initial fee		3,017,892	6,899,193	-	-
Current provision for liabilities from loyalty programmes	17	3,828,828	2,951,598	-	-
Retention payables		18,031,909	12,394,762	142,697	169,477
Other current liabilities		22,962,916	32,405,030	3,625,163	3,563,418
Total Current Liabilities		1,008,198,114	1,091,242,796	733,388,372	754,632,858
Non-Current Liabilities					
Liabilities under finance lease contracts - net	9, 16	1,281,754	1,186,708	1,281,754	1,186,708
Non-current provision for employee retirement benefit	18	12,204,610	10,798,124	4,681,135	4,632,431
Non-current provision for decommissioning costs	9, 25	51,110,517	104,010,624	2,578,000	3,301,625
Deferred income of membership fee - net of current portion		4,753,680	3,287,493	-	-
Deferred income of initial fee - net of current portion		8,142,604	4,510,118	-	-
Other non-current liabilities		9,682,116	8,253,256	-	-
Total Non-Current Liabilities		87,175,281	132,046,323	8,540,889	9,120,764
Total Liabilities		1,095,373,395	1,223,289,119	741,929,261	763,753,622

The accompanying notes to financial statements are an integral part of these financial statements.

## Statement of Financial Position

For The Year Ended December 31, 2018

(Unit : Bath)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2018	2017	2018	2017
Liabilities and Shareholders' Equity (Continued)					
Shareholders' Equity					
Share capital	19, 30				
- Authorized share capital, ordinary share 300,000,000 shares at Baht 1 par value as at December 31, 2018 and 14,062,500 shares at Baht 10 par value as at December 31, 2017		300,000,000	140,625,000	300,000,000	140,625,000
- Issued and paid share capital, ordinary share 225,000,000 shares at Baht 1 per share as at December 31, 2018 and 14,062,500 shares at Baht 10 per share as at December 31, 2017		225,000,000	140,625,000	225,000,000	140,625,000
Share premium on ordinary shares	8, 19	78,332,685	78,332,685	78,332,685	78,332,685
Surplus on business combination under common control		145,001,204	144,371,431	-	-
Retained earnings					
- Appropriated for legal reserve	20	30,000,000	14,062,500	30,000,000	14,062,500
- Unappropriated (Deficit)		(9,722,944)	(11,821,786)	1,177,564	42,921,255
Equity Attributable to Owners of the Parent		468,610,945	365,569,830	334,510,249	275,941,440
Non-controlling interests		2,072	(493)	-	-
Total Shareholders' Equity		468,613,017	365,569,337	334,510,249	275,941,440
Total Liabilities and Shareholders' Equity		1,563,986,412	1,588,858,456	1,076,439,510	1,039,695,062

# Statement of Comprehensive Income

For The Year Ended December 31, 2018

(Unit : Bath)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2018	2017	2018	2017
<b>Revenues</b>	4				
Revenues from sales and services		2,852,587,206	2,425,027,064	-	-
Franchise fee income		69,551,663	56,458,663	-	-
Management fee income and others		-	-	253,599,605	219,965,498
Dividend income	8	-	-	94,499,370	-
Other income	9	42,512,065	33,682,836	11,555,631	11,887,549
<b>Total Revenues</b>		<b>2,964,650,934</b>	<b>2,515,168,563</b>	<b>359,654,606</b>	<b>231,853,047</b>
<b>Expenses</b>	4				
Costs of sales and services	23	2,218,548,554	1,878,681,351	-	-
Distribution costs	23	100,292,684	86,671,431	-	-
Administrative expenses	23	448,636,175	423,467,571	233,293,556	190,565,933
Finance costs		24,627,587	24,460,171	25,732,898	24,724,641
<b>Total Expenses</b>		<b>2,792,105,000</b>	<b>2,413,280,524</b>	<b>259,026,454</b>	<b>215,290,574</b>
<b>Profit before Tax</b>		<b>172,545,934</b>	<b>101,888,039</b>	<b>100,628,152</b>	<b>16,562,473</b>
Tax expense	13	(32,328,063)	(20,076,038)	(3,497,558)	(5,734,192)
<b>Profit for the year</b>		<b>140,217,871</b>	<b>81,812,001</b>	<b>97,130,594</b>	<b>10,828,281</b>
<b>Other Comprehensive Income:</b>					
Item that will not be reclassified subsequently to profit or loss:					
Actuarial gains	18	2,667,707	1,598,459	1,719,643	1,267,022
Income tax relating to other comprehensive income	13	(533,541)	(319,692)	(343,928)	(253,404)
<b>Other Comprehensive Income for the Year - Net of Tax</b>		<b>2,134,166</b>	<b>1,278,767</b>	<b>1,375,715</b>	<b>1,013,618</b>
<b>Total Comprehensive Income for the Year</b>		<b>142,352,037</b>	<b>83,090,768</b>	<b>98,506,309</b>	<b>11,841,899</b>
<b>Profit for the year attributable to:</b>					
Owners of the parent		140,214,676	81,812,422	97,130,594	10,828,281
Non-controlling interests		3,195	(421)	-	-
		<b>140,217,871</b>	<b>81,812,001</b>	<b>97,130,594</b>	<b>10,828,281</b>
<b>Total comprehensive income for the year attributable to:</b>					
Owners of the parent		142,348,842	83,091,189	98,506,309	11,841,899
Non-controlling interests		3,195	(421)	-	-
		<b>142,352,037</b>	<b>83,090,768</b>	<b>98,506,309</b>	<b>11,841,899</b>
<b>Basic Earnings per Share Attributable to Owners of the Parent</b>	24	<b>0.86</b>	<b>0.58</b>	<b>0.60</b>	<b>0.08</b>

## Statement of Changes in Shareholders' Equity

For The Year Ended December 31, 2018

(Unit : Bath)

	Notes	Consolidated Financial Statements							
		Issued and paid-up share capital	Share premium on ordinary shares	Surplus on business combination under common control	Retained earnings (Deficit)		Equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
					Appropriated for legal reserve	Unappropriated (Deficit)			
Balance as at January 1, 2017		140,625,000	78,332,685	130,981,807	13,500,000	(94,350,475)	269,089,017	(72)	269,088,945
Profit for the year		-	-	-	-	81,812,422	81,812,422	(421)	81,812,001
Other comprehensive income for the year		-	-	-	-	1,278,767	1,278,767	-	1,278,767
Total comprehensive income for the year		-	-	-	-	83,091,189	83,091,189	(421)	83,090,768
Disposal of discount on purchases of fixed assets from companies under common control		-	-	13,389,624	-	-	13,389,624	-	13,389,624
Appropriated for legal reserve	20	-	-	-	562,500	(562,500)	-	-	-
Balance as at December 31, 2017		140,625,000	78,332,685	144,371,431	14,062,500	(11,821,786)	365,569,830	(493)	365,569,337
Profit for the year		-	-	-	-	140,214,676	140,214,676	3,195	140,217,871
Other comprehensive income for the year		-	-	-	-	2,134,166	2,134,166	-	2,134,166
Total comprehensive income for the year		-	-	-	-	142,348,842	142,348,842	3,195	142,352,037
Disposal of discount on purchases of fixed assets from companies under common control	-	-	629,773	-	-	629,773	-	629,773	-
Increase in share capital	19	84,375,000	-	-	-	-	84,375,000	-	84,375,000
Appropriated for legal reserve	20	-	-	-	15,937,500	(15,937,500)	-	-	-
Dividend payments	21	-	-	-	-	(124,312,500)	(124,312,500)	(630)	(124,313,130)
Balance as at December 31, 2018		225,000,000	78,332,685	145,001,204	30,000,000	(9,722,944)	468,610,945	2,072	468,613,017

## Statement of Changes in Shareholders' Equity (Continued)

For The Year Ended December 31, 2018

(Unit : Bath)

	Notes	Separate Financial Statements				
		Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Total shareholders' equity
				Appropriated for legal reserve	Unappropriated	
Balance as at January 1, 2017		140,625,000	78,332,685	13,500,000	31,641,856	264,099,541
Profit for the year		-	-	-	10,828,281	10,828,281
Other comprehensive income for the year		-	-	-	1,013,618	1,013,618
Total comprehensive income for the year		-	-	-	11,841,899	11,841,899
Appropriated for legal reserve	20	-	-	562,500	(562,500)	-
Balance as at December 31, 2017		140,625,000	78,332,685	14,062,500	42,921,255	275,941,440
Profit for the year		-	-	-	97,130,594	97,130,594
Other comprehensive income for the year		-	-	-	1,375,715	1,375,715
Total comprehensive income for the year		-	-	-	98,506,309	98,506,309
Increase in share capital	19	84,375,000	-	-	-	84,375,000
Appropriated for legal reserve	20	-	-	15,937,500	(15,937,500)	-
Dividend payments	21	-	-	-	(124,312,500)	(124,312,500)
Balance as at December 31, 2018		225,000,000	78,332,685	30,000,000	1,177,564	334,510,249

The accompanying notes to financial statements are an integral part of these financial statements.



## Statement of Cash Flows

For The Year Ended December 31, 2018

(Unit : Bath)

	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
<b>Cash Flows from Operating Activities:</b>				
Profit for the year	140,217,871	81,812,001	97,130,594	10,828,281
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:				
Depreciation and amortization	170,240,244	173,818,165	12,295,087	15,240,157
Write-off fixed assets	3,207,497	20,887,813	-	6,852
Write-off other intangible assets	5	5,633	-	-
Loss (gain) on sales of fixed assets	724,864	9,670,766	(1,349)	(33,749)
Write-off inventories	1,192,962	431,890	-	-
Allowance for deteriorated inventories	1,575,128	272,233	-	-
Reversal of allowance for impairment of assets	-	(2,632,671)	-	-
Write-off unclaimed withholding income tax deducted at source	233	-	-	-
Recognition of membership fee income - net	(5,259,331)	-	-	-
Recognition of initial fee income - net	(6,446,763)	-	-	-
Reversal of provision for decommissioning costs	(17,265,832)	(304,008)	-	-
Provision for employee retirement benefit	4,074,193	4,410,053	1,768,347	2,541,050
Provision for liabilities from loyalty programmes	877,230	959,196	-	-
Finance costs	24,627,587	24,460,171	25,732,898	24,724,641
Dividend income	-	-	(94,499,370)	-
Interest income	(1,344,207)	(1,725,271)	(8,522,961)	(9,185,701)
Tax expense	32,328,063	20,076,038	3,497,558	5,734,192
<b>Decrease (Increase) in Operating Assets:</b>				
Trade and other current receivables	(18,247,289)	(3,527,060)	(2,950,157)	10,864,862
Inventories	(13,297,764)	(19,082,605)	-	-
Other current assets	6,689,419	(7,418,635)	557,864	(24,992)
Refundable deposits	(15,272,530)	(13,837,777)	(424,300)	2,376,154
<b>Increase (Decrease) in Operating Liabilities:</b>				
Trade and other current payables	(18,925,240)	85,060,118	1,807,525	(292,286)
Retention payables	5,637,147	5,652,220	(26,780)	134,766
Accrued expenses	(4,789,954)	22,683,073	1,224,835	1,026,496
Other current liabilities	(9,442,114)	9,332,156	61,745	418,744
Deferred income of membership fee	13,531,217	8,546,824	-	-
Deferred income of initial fee	6,186,281	7,778,769	-	-
Other non-current liabilities	1,428,860	2,150,000	-	-
Cash refund from withholding income tax deducted at sources	2,170,207	-	901,822	-
Tax paid	(39,695,908)	(31,453,302)	(7,664,450)	(7,024,848)
<b>Net Cash Provided by Operating Activities</b>	<b>264,722,076</b>	<b>398,025,790</b>	<b>30,888,908</b>	<b>57,334,619</b>

The accompanying notes to financial statements are an integral part of these financial statements.

## Statement of Cash Flows (Continued)

For The Year Ended December 31, 2018

(Unit : Bath)

	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
<b>Cash Flows from Investing Activities:</b>				
Proceeds from sales of fixed assets	2,022,161	1,995,014	7,176	533,447
Increase in investment in shares of subsidiary	-	-	(19,900,000)	-
Cash return from the acquisition	-	1,066,964	-	1,066,961
Cash received from short-term loans to subsidiaries	-	-	1,784,621,733	1,850,039,209
Short-term loans to subsidiaries	-	-	(1,813,681,303)	(1,726,049,258)
Purchases of fixed assets	(115,485,823)	(144,776,222)	(7,916,040)	(7,995,056)
Purchases of other intangible assets	(6,460,330)	(37,246,154)	(6,363,628)	(949,550)
Payment for leasehold rights	-	(16,062,601)	-	-
Decommissioning costs paid	(2,664,137)	(13,092,406)	-	-
Dividend received	-	-	94,499,370	-
Interest received	1,347,873	1,713,252	8,512,907	9,394,352
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(121,240,256)</b>	<b>(206,402,153)</b>	<b>39,780,215</b>	<b>126,040,105</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Cash received from short-term borrowings from financial institutions	2,955,000,000	3,792,400,000	2,955,000,000	3,792,400,000
Cash received from short-term borrowings from subsidiaries	-	-	973,477,773	403,176,048
Repayment of short-term borrowings from financial institutions	(3,025,000,000)	(3,648,250,000)	(3,025,000,000)	(3,648,250,000)
Repayment of short-term borrowings from subsidiaries	-	-	(929,430,655)	(387,497,829)
Repayment of liabilities under finance lease contracts	(1,014,253)	(716,054)	(1,014,253)	(716,054)
Cash received from shareholders for share capital	84,375,000	-	84,375,000	-
Dividend paid	(124,313,130)	(303,750,000)	(124,312,500)	(303,750,000)
Payment of loan arrangement fee	-	(2,370,000)	-	(2,370,000)
Finance costs paid	(23,585,983)	(23,535,678)	(24,642,801)	(23,789,429)
<b>Net Cash Used in Financing Activities</b>	<b>(134,538,366)</b>	<b>(186,221,732)</b>	<b>(91,547,436)</b>	<b>(170,797,264)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>8,943,454</b>	<b>5,401,905</b>	<b>(20,878,313)</b>	<b>12,577,460</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>133,657,582</b>	<b>128,255,677</b>	<b>86,949,472</b>	<b>74,372,012</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>142,601,036</b>	<b>133,657,582</b>	<b>66,071,159</b>	<b>86,949,472</b>

## Statement of Cash Flows (Continued)

For The Year Ended December 31, 2018

(Unit : Bath)

	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
<b>Supplemental Disclosures of Cash Flow Information:</b>				
1) Cash and cash equivalents consisted of:				
- Cash on hand	10,291,663	8,631,139	141,014	22,553
- Cash in banks - current accounts	71,282,728	39,186,055	6,917,892	2,255,318
- Cash in banks - savings accounts	61,026,645	85,840,388	59,012,253	84,671,601
Total	142,601,036	133,657,582	66,071,159	86,949,472
2) Fixed assets increased from:				
- Cash payments	115,485,823	144,776,222	7,916,040	7,995,056
- Other current payables - net	6,221,519	36,113,463	-	-
- Provision for decommissioning costs (Note 9)	4,561,245	32,301,175	-	3,301,625
- Finance lease contract	1,660,274	-	1,660,274	-
Total	127,928,861	213,190,860	9,576,314	11,296,681
3) Other intangible assets increased from:				
- Cash payments	6,460,330	1,352,804	6,363,628	949,550
- Cash payment from business acquisition (Note 11)	-	35,893,350	-	-
- Other current payables - net	-	1,189,305	-	-
Total	6,460,330	38,435,459	6,363,628	949,550

## Notes to Financial Statements

December 31, 2018

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# Notes to Financial Statements

December 31, 2018

## 1. GENERAL INFORMATION

Zen Corporation Group Public Company Limited (formerly Zen Corporation Group Co., Ltd.) ("the Company") was incorporated as a limited company in Thailand on December 1, 2014. The Company essentially provides management service to its subsidiaries.

At the extraordinary shareholders' meeting of the Company held on September 18, 2018, the shareholders resolved the change of the Company's status to be the public company and the change of the Company's name from "Zen Corporation Group Co., Ltd." to be "Zen Corporation Group Public Company Limited". The Company registered the changes of the Company's status to be a public company and the Company's name with the Ministry of Commerce on September 21, 2018.

The Stock Exchange of Thailand has approved the listing of the Company's 300 million ordinary shares with a par value of Baht 1 as securities to be traded on the Stock Exchange of Thailand, effective from February 20, 2019.

As at December 31, 2018 and 2017, the major shareholders of the Company who directly and indirectly owned the shares are summarized as follows:

Shareholders	Percentage of shareholding	
	2018	2017
<b>Shareholders owned the shares directly :</b>		
Mr. Sakkanon Chirathivat, a Thai citizen	9.57	9.57
Ms. Jomkwan Chirathivat, a Thai citizen	9.57	9.57
<b>Shareholders owned the shares indirectly :</b>		
Mr. Sakkanon Chirathivat, a Thai citizen	35.04	35.04
Ms. Jomkwan Chirathivat, a Thai citizen	35.04	35.04
Others	10.78	10.78
Total	100.00	100.00

The registered head office address of the Company is located at 782/1 Soi On Nut 17, Phatthanakarn Road, Kwang Suanluang, Khet Suanluang, Bangkok, Thailand.

For reporting purposes, the Company and its subsidiaries are collectively called "the Group".

Details of the Company's subsidiaries as at December 31, 2018 and 2017 are additionally given in Notes 4 and 8. Details are as follows:

	Nature of Business	Paid-up Share Capital (In Million Baht)		Type of Holding	Proportionate of Share (%)	
		2018	2017		2018	2017
Subsidiaries						
Zen Restaurant Holding Co., Ltd.	Restaurants	30.0	30.0	Direct	99.99	99.99
Tokyo Concept Co., Ltd.	Restaurants	25.0	25.0	Direct	99.99	99.99
Aka Interfood Co., Ltd.	Restaurants	80.0	80.0	Direct	99.99	99.99
Gyu Grill Group Co., Ltd.	Restaurants	30.0	30.0	Direct	99.99	99.99
Zen Supply Chain Management Co., Ltd.	Sales and services of food	17.0	17.0	Direct	99.99	99.99
Zen & Spicy Co., Ltd.	Restaurants/ owner of franchise	20.0	0.1	Direct	99.99	99.97
Spice Synergy Co., Ltd.	Owner of trademark/ servicemark	5.0	5.0	Direct	99.99	99.99

## Notes to Financial Statements

December 31, 2018

### 2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS AND PRINCIPLES OF CONSOLIDATION

- a) The statutory financial statements are prepared in Thai Baht and in the Thai language in conformity with Thai Financial Reporting Standards. Accordingly, the consolidated and separate financial statements are intended solely to present the financial positions, financial performance and cash flows in accordance with Thai Financial Reporting Standards.
- b) The accompanying financial statements are prepared under the historical cost convention except for those specified in the notes to the financial statements.
- c) Business combinations, subsidiaries and loss of control.

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured at the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any gain or loss on loss of control over a subsidiary is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

- d) For the convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements, which are issued solely for domestic financial reporting purposes.

## Notes to Financial Statements

December 31, 2018

- e) The financial statements for each of the years ended December 31, 2018 and 2017 comprise the financial statements of the Group as follows:

	Nature of Business	Number of Restaurants		Paid-up Share Capital (In Million Baht)		Type of Holding	Proportionate of Share (%)	
		2018	2017	2018	2017		2018	2017
Zen Restaurant Holding Co., Ltd.	Restaurants	48	44	30	30	Direct	99.99	99.99
Tokyo Concept Co., Ltd.	Restaurants	18	16	25	25	Direct	99.99	99.99
Aka Interfood Co., Ltd.	Restaurants	17	16	80	80	Direct	99.99	99.99
Gyu Grill Group Co., Ltd.	Restaurants	4	4	30	30	Direct	99.99	99.99
Zen Supply Chain Management Co., Ltd.	Sale and services of food	-	-	17	17	Direct	99.99	99.99
Zen & Spicy Co., Ltd.	Restaurants/ Owner of franchise	23	22	20	0.1	Direct	99.99	99.97
Spice Synergy Co., Ltd.	Owner of trademark/ servicemark	-	-	5	5	Direct	99.99	99.99

- f) Significant transactions among the Group have been eliminated in these consolidated financial statements.
- g) The financial statements of the subsidiaries are prepared using consistent significant accounting policies as the Company.
- h) Non-controlling interests represent the portion of net profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Cash and Cash Equivalents

Cash on hand is kept for general use within the Group. Cash equivalents are savings deposits and current accounts, highly liquid investment that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

#### Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at invoice amount net of allowance for doubtful accounts (if any).

The Group provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience coupled with a review of the current status of existing receivables.

#### Inventory Valuation

The Group values its inventories at the lower of cost (average cost method for 2018 and first-in, first-out method for 2017) and net realizable value. The effect of the change in the valuation of inventories on the consolidated and separate financial statements is insignificant.

Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

#### Investments

Investments in common shares of subsidiaries in the separate financial statements are valued at cost net of impairment losses (if any).



## Notes to Financial Statements

December 31, 2018

### Property, Plant and Equipment and Depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciations are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

The Group depreciates its building and equipment by the straight-line method over the following estimated useful lives:

	Years
Land improvements	5
Leasehold improvements	5
Tools and operating equipment	5
Furniture, fixtures and office equipment	3 and 5
Vehicles	5

### Goodwill

Goodwill that arises upon the acquisition of subsidiaries are measured at initial recognition as discussed in Note 2 c). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

### Other Intangible Assets and Amortization

#### *Trademarks*

Trademarks, trade names, service marks, collective marks and brand name that have achieved consumer awareness and recognition through continuous use in commerce are not subject to amortization; however, their carrying amounts are annually tested for impairment where it is considered necessary.

#### *Franchise Agreements*

Franchise agreements which arise upon the acquisition of subsidiaries are measured at initial recognition at fair value as of the acquisition date of business combination. Subsequent to initial recognition, franchise agreements are measured at cost less accumulated amortization and impairment losses, if any.

#### *Software Licenses*

Software licenses which are acquired by the Group are stated at cost less accumulated amortization and impairment losses, if any.

#### *Patent*

Patent which is acquired by the Group are stated at cost less accumulated amortization and impairment losses, if any.

#### *Amortization*

Amortization of franchise agreements, software licenses and patent is charged to the statement of comprehensive income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets, unless such lives are indefinite. Intangible assets with an indefinite useful life are not amortized but are systematically tested for impairment at each the statement of financial position date. The estimated useful lives are as follows:

	Years
Software licenses	3 years
Franchise agreements	Term of agreements (0.3 years - 5.9 years)
Patent	Term of patent protection (3 years - 10 years)

## Notes to Financial Statements

December 31, 2018

### Leasehold Rights and Amortization

Leasehold rights are stated at cost net of accumulated amortization and impairment losses (if any). When leasehold right is sold, its cost and an accumulated amortization are eliminated from the accounts and presents as expense in the statement of comprehensive income. The Group amortizes its leasehold rights as expense by the straight-line method over the period of rental agreement.

### Deferred Loan Arrangement Fee

The Group amortizes deferred loan arrangement fee as finance cost in the statement of comprehensive income over the term of the loan agreement.

### Impairment of Assets

The Group reviews the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount (the higher of asset's selling price or value in use) of assets is below the carrying amount. The review is made for individual assets or for the cash-generating unit.

If the carrying value of an asset exceeds its recoverable amount, the Group recognizes the impairment losses by reducing the carrying value of the asset to its recoverable amount and recording the devaluation in the statement of comprehensive income or reducing revaluation increment in assets in case that those assets were previously revalued. The reversal of impairment losses recognized in prior years is recorded as part of other income or as a revaluation increment in assets when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased. Such a reversal should not exceed the carrying amount that would have been determined (net of the associated depreciation or amortization).

### Provision

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. A provision is reviewed at the statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

### Provision for Employee Retirement Benefit

The Group's employee retirement benefit obligation is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods by the projected unit credit method determined by a professionally qualified independent actuary. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs and gains or losses on the curtailment are recognized immediately in profit or loss. The Group recognizes gains or losses on the settlement of pension benefits when the curtailment or settlement occurs. Actuarial gains or losses are recognized immediately to other comprehensive income. The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the government bonds.

### Provision for Decommissioning Costs

Decommissioning costs are stated at cost less accumulated depreciation and impairment losses (if any). Depreciation is calculated on a straight-line basis over the expected period of the decommissioning.

## Notes to Financial Statements

December 31, 2018

### **Provision for Liabilities from Loyalty Programmes**

The Group has liabilities from loyalty programmes whereby customers are awarded the right to pay foods price from the Group at a discount. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the right and the other components of the sale. The amount allocated is estimated by reference to the fair value of the right to pay foods price at a discount. The fair value is estimated based on the amount of the discount adjusted to take into account the expected forfeiture rate. Such amount is deferred and revenue is recognized only when the right is redeemed and the Group has fulfilled its obligations. The amount of revenue recognized in those circumstances is based on the number of the right that has been redeemed in exchange for discounted food price, relative to the total number of the right that is expected to be redeemed. Deferred revenue is also released to the statement of comprehensive income when it is no longer considered probable that the right will be redeemed.

### **Use of Estimates**

In order to prepare financial statements in conformity with Thai Financial Reporting Standards in Thailand, the management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

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

### *Judgements*

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements consists of the following:

- Consolidation: whether the Group has de facto control over an investee
- Lease classification

### *Assumptions and estimation uncertainties*

Information about significant areas of estimation uncertainties that have a significant risk of resulting in material adjustments to the amounts recognized in the financial statements consists of the following:

- Current and deferred taxation
- Utilization of tax losses
- Business combination
- Key assumptions used in discounted cash flow projections
- Measurement of provision for employee retirement benefit
- Provisions and contingencies
- Valuation of financial instruments

# Notes to Financial Statements

December 31, 2018

## Revenue and Expense Recognition

Sales of foods and beverages are recognized upon goods being delivered and services being rendered. Sales and service income are the invoiced value, excluding value added tax, of goods delivered and services rendered after deducting discounts.

Revenue from management fee income is recognized as revenue when the service is rendered.

Royalty fee, initial fee and franchise fee are recognized on an accrual basis in accordance with the substance of the relevant agreements.

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

Dividend income is recognized when the shareholder's right to receive payment is established.

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

Other income is recognized as income based on an accrual basis.

Expenses are recognized on an accrual basis.

## Repair and Maintenance

Expenditures on repair and maintenance are charged to expense at the expenditures are incurred. Expenditures of a capital nature are added to the related plant and equipment.

## Finance Lease

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Assets acquired by way of finance leases are capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of comprehensive income.

## Operating Lease

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

## Finance Costs

Interest expense and similar costs are charged to the statement of comprehensive income for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognized in the statement of comprehensive income using the effective interest rate method.

## Foreign Currency Transactions

Foreign currency transactions during the year are translated into Baht at the rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Baht at the prevailing bank rates at that date. Gains or losses on translation are credited or charged to current operations in statement of comprehensive income.

## Notes to Financial Statements

December 31, 2018

### Income Tax

The income tax charge is based on profit for the year and considers deferred taxation. Deferred taxes reflect the net tax effects of temporary differences between the tax basis of an asset or liability and its carrying amount in the statement of financial position. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expect, at the statement of financial position date, to recover or settle the carrying amount of their assets and liabilities.

Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. At each statement of financial position date, the Group re-assesses unrecognized deferred tax assets. The Group recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of these deferred tax assets to be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

### Basic Earnings per Share Attributable to Owners of the Parent

Basic earnings per share attributable to owners of the parent are determined by dividing the profit for the year attributable to owners of the parent by the weighted average number of shares outstanding during the year.

### 4. TRANSACTIONS WITH RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships between the Company and its subsidiaries are disclosed in Note 1. For relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Food Gimmick Co., Ltd. Stork (Thailand) Co., Ltd. Pretty Foods Co., Ltd. (registered to dissolve on July 24, 2018) Sudtrara Suite Co., Ltd.	Thailand	Related party, some common directors and shareholders are close members of family of the Group's directors and shareholders
Chef Best Co., Ltd.	Thailand	Related party, some common shareholder

## Notes to Financial Statements

December 31, 2018

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Purchases of food materials	Mutual negotiation
Management fee and others	Contractually agreed prices
Rental and service fee expenses	Contractually agreed prices
Sales of fixed assets	Mutual negotiation
Interest income	Borrowing rate plus 0.5% per annum
Interest expense	At the fixed interest rate of 1.05% per annum
Management benefit expenses	As defined by the nomination and remuneration committee but not exceed the amount approved by shareholders

Significant transactions for each of the years ended December 31, 2018 and 2017 with related parties were as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
<b>Management fee income and others</b>				
Subsidiaries	-	-	253,600	219,965
<b>Dividend income</b>				
Subsidiary	-	-	94,499	-
<b>Franchise fee income</b>				
Related party	6	15	-	-
<b>Other income</b>				
Subsidiaries	-	-	2,488	1,946
Related party	12	29	-	-
Total	12	29	2,488	1,946
<b>Sales of fixed assets</b>				
Subsidiary	-	-	21	9,333
<b>Revenue from sales</b>				
Related parties	141	41	-	-
Related person	-	28	-	-
Total	141	69	-	-
<b>Interest income</b>				
Subsidiaries	-	-	7,661	8,065
<b>Purchases of food materials</b>				
Related parties	8,240	9,164	-	-
<b>Purchases of fixed assets</b>				
Subsidiaries	-	-	-	7

## Notes to Financial Statements

December 31, 2018

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
<b>Rental and service fee expenses</b>				
Related parties	3,542	3,156	-	-
Related person	889	1,095	-	-
Total	4,431	4,251	-	-
<b>Other expenses</b>				
Subsidiaries	-	-	138	117
Related parties	23	2	-	-
Related persons	861	-	861	-
Total	884	2	999	117
<b>Interest expense</b>				
Subsidiaries	-	-	1,105	273
<b>Directors and management remuneration</b>				
Short-term benefits	35,958	27,095	35,958	27,095
Long-term benefits	698	802	698	802
Total	36,656	27,897	36,656	27,897

Significant balances as at December 31, 2018 and 2017 with related parties were as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
<b>Other Current Receivables</b>				
Subsidiaries:				
Zen Restaurant Holding Co., Ltd.	-	-	10,119	9,006
Tokyo Concept Co., Ltd.	-	-	4,288	3,037
Aka Interfood Co., Ltd.	-	-	6,028	4,421
Gyu Grill Group Co., Ltd.	-	-	599	1,176
Zen Supply Chain Management Co., Ltd.	-	-	1,058	1,053
Zen & Spicy Co., Ltd.	-	-	2,718	3,101
Spice Synergy Co., Ltd.	-	-	32	32
Total subsidiaries	-	-	24,842	21,826
Related party:				
Stork (Thailand) Co., Ltd.	-	31	-	31
Total other current receivables	-	31	24,842	21,857
<b>Refundable Deposits</b>				
Related parties:				
Food Gimmick Co., Ltd.	2,667	2,667	-	-
Chef Best Co., Ltd.	280	180	-	-
Total related parties	2,947	2,847	-	-
Related person	210	210	-	-
Total refundable deposits	3,157	3,057	-	-



## Notes to Financial Statements

December 31, 2018

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
<b>Trade Payables</b>				
Related parties:				
Stork (Thailand) Co., Ltd.	851	782	-	-
Food Gimmick Co., Ltd.	310	180	-	-
Chef Best Co., Ltd.	110	-	-	-
Total related parties	1,271	962	-	-
Related person	71	-	-	-
Total trade payables	1,342	962	-	-
<b>Other Current Payables</b>				
Subsidiaries:				
Zen Restaurant Holding Co., Ltd.	-	-	35	8
Zen Supply Chain Management Co., Ltd.	-	-	28	28
Zen & Spicy Co., Ltd.	-	-	23	-
Total other current payables	-	-	86	36
<b>Accrued Interest Receivables</b> <b>(included in other current assets)</b>				
Subsidiaries:				
Zen Restaurant Holding Co., Ltd.	-	-	68	57
Gyu Grill Group Co., Ltd.	-	-	148	133
Tokyo Concept Co., Ltd.	-	-	27	141
Zen Supply Chain Management Co., Ltd.	-	-	307	141
Zen & Spicy Co., Ltd.	-	-	137	202
Total accrued interest receivables	-	-	687	674
<b>Accrued Interest Payables</b> <b>(included in accrued expenses)</b>				
Subsidiaries:				
Aka Interfood Co., Ltd.	-	-	61	18
Spice Synergy Co., Ltd.	-	-	17	11
Total accrued interest payables	-	-	78	29

## Notes to Financial Statements

December 31, 2018

	Interest Rate (% Per annum)		In Thousand Baht			
			Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017	2018	2017
<b>Short-term Loans to Subsidiaries:</b>						
Zen Restaurant Holding Co., Ltd.	4.15	4.15	-	-	22,003	4,488
Gyu Grill Group Co., Ltd.	4.15	4.15	-	-	41,345	37,776
Tokyo Concept Co., Ltd.	4.15	4.15	-	-	8,957	37,931
Zen Supply Chain Management Co., Ltd.	4.15	4.15	-	-	54,191	6,707
Zen & Spicy Co., Ltd.	4.15	4.15	-	-	43,744	54,278
<b>Total</b>			<b>-</b>	<b>-</b>	<b>170,240</b>	<b>141,180</b>

Movements of short-term loans to subsidiaries for each of the years ended December 31, 2018 and 2017 were as follows:

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
<b>Short-term Loans to Subsidiaries</b>		
As at January 1, 2017	-	265,170
Increase	-	1,726,049
Decrease	-	(1,850,039)
<b>As at December 31, 2017</b>	-	141,180
Increase	-	1,813,681
Decrease	-	(1,784,621)
<b>As at December 31, 2018</b>	<b>-</b>	<b>170,240</b>

	Interest Rate (% Per annum)		In Thousand Baht			
			Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017	2018	2017
<b>Short-term Borrowings from Subsidiaries:</b>						
Aka Interfood Co., Ltd.	1.05	1.05	-	-	60,760	20,753
Spice Synergy Co., Ltd.	1.05	1.05	-	-	17,531	13,491
<b>Total</b>			<b>-</b>	<b>-</b>	<b>78,291</b>	<b>34,244</b>

Movements of short-term borrowings from subsidiaries for each of the years ended December 31, 2018 and 2017 were as follows:

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
<b>Short-term Borrowings from Subsidiaries</b>		
As at January 1, 2017	-	18,566
Increase	-	403,176
Decrease	-	(387,498)
<b>As at December 31, 2017</b>	-	34,244
Increase	-	973,478
Decrease	-	(929,431)
<b>As at December 31, 2018</b>	<b>-</b>	<b>78,291</b>

## Notes to Financial Statements

December 31, 2018

### 5. TRADE AND OTHER CURRENT RECEIVABLES

As at December 31, 2018 and 2017, the trade and other current receivables were detailed as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Trade receivables				
- Other companies	37,974	19,311	-	-
Other current receivables				
- Related parties	-	31	24,842	21,857
- Other companies	6,334	6,707	-	34
Total other current receivables	6,334	6,738	24,842	21,891
Total	44,308	26,049	24,842	21,891

As at December 31, 2018 and 2017, the aging analysis of trade and other current receivables were detailed as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Trade receivables				
Within credit-term	25,851	14,499	-	-
Overdue				
- Not over 3 months	11,891	4,802	-	-
- Over 3 months to 6 months	186	10	-	-
- Over 6 months to 12 months	46	-	-	-
Total trade receivables	37,974	19,311	-	-
Other current receivables				
Within credit-term	4,467	4,162	24,842	21,891
Overdue				
- Not over 3 months	1,441	2,215	-	-
- Over 3 months to 6 months	409	361	-	-
- Over 6 months to 12 months	17	-	-	-
Total other current receivables	6,334	6,738	24,842	21,891
Total	44,308	26,049	24,842	21,891

### 6. INVENTORIES - Net

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Food materials	74,430	71,555	-	-
Beverages	3,262	3,216	-	-
Consumable supplies	31,965	22,781	-	-
Total	109,657	97,552	-	-
Less: Allowance for deteriorated inventories	(1,995)	(420)	-	-
Net	107,662	97,132	-	-
Allowance for deteriorated inventories during the year	1,575	272	-	-

## Notes to Financial Statements

December 31, 2018

### 7. OTHER CURRENT ASSETS

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Input tax pending	3,663	4,138	368	230
Prepaid expenses	4,789	7,698	1,863	2,777
Refundable deposits within one year	3,217	3,594	-	-
Others	3,697	6,836	1,329	1,101
Total	15,366	22,266	3,560	4,108

### 8. INVESTMENTS IN SUBSIDIARIES - At Cost

As at December 31, 2018 and 2017, investments in subsidiaries were as follows:

	Paid Share Capital (In Million Baht)		Percentage of Ownership		In Thousand Baht Cost Value Separate Financial Statements	
	2018	2017	2018	2017	2018	2017
Zen Restaurant Holding Co., Ltd.	30	30	99.99	99.99	30,000	30,000
Tokyo Concept Co., Ltd.	25	25	99.99	99.99	25,000	25,000
Aka Interfood Co., Ltd.	80	80	99.99	99.99	80,000	80,000
Gyu Grill Group Co., Ltd.	30	30	99.99	99.99	29,999	29,999
Zen Supply Chain Management Co., Ltd.	17	17	99.99	99.99	17,500	17,500
Zen & Spicy Co., Ltd.	20	0.1	99.99	99.97	20,000	100
Spice Synergy Co., Ltd.	5	5	99.99	99.99	251,317	251,317
Total					453,816	433,916

At the ordinary shareholders' meeting of the Company held on April 24, 2018, the shareholders approved the additional investment in Zen & Spicy Co., Ltd. of Baht 19.9 million which such subsidiary increased its registered capital from Baht 100,000 (ordinary share 10,000 shares at Baht 10 par value) to Baht 20,000,000 (ordinary share 2,000,000 shares at Baht 10 par value). Such subsidiary registered the capital increase with the Ministry of Commerce on May 7, 2018.

At the Board of Directors' meeting of the Company held on September 3, 2018, the Board approved the appropriation of interim dividend of Zen Restaurant Holding Co., Ltd. (subsidiary) at Baht 315 per share for ordinary shares of 300,000 shares, totalling Baht 94.5 million. Such dividend was paid to the subsidiary's shareholders on September 14, 2018.

As at December 31, 2017, the Company used share certificates of 2 subsidiaries not less than 99% of total shares to secure for the short-term borrowings from a local financial institution of the Company as discussed in Note 14 (2018: Nil).

# Notes to Financial Statements

December 31, 2018

## 9. PROPERTY, PLANT AND EQUIPMENT - Net

### Consolidated Financial Statements (In Thousand Baht)

	Land and land improvement	Leasehold improvements	Tools and operating equipment	Furniture, fixtures and office equipment	Vehicles	Construction in progress and assets under installation	Total
<b>Cost</b>							
As at January 1, 2017	318,234	623,896	75,724	77,922	11,609	14,430	1,121,815
Additions	2,394	168,679	15,326	16,538	1,378	8,876	213,191
Disposals	-	(45,479)	(4,930)	(2,132)	(189)	(5,643)	(58,373)
Transfer from other intangible assets (Note 11)	-	-	-	396	-	-	396
Transfers in (out)	100	2,678	86	-	-	(2,864)	-
<b>As at December 31, 2017</b>	<b>320,728</b>	<b>749,774</b>	<b>86,206</b>	<b>92,724</b>	<b>12,798</b>	<b>14,799</b>	<b>1,277,029</b>
Additions	5,585	77,380	17,186	19,579	2,081	6,118	127,929
Disposals and write-off	-	(26,871)	(1,865)	(2,551)	(421)	-	(31,708)
Reversal of provision for decommissioning costs	-	(37,531)	-	-	-	-	(37,531)
Transfers in (out)	-	220	62	-	-	(282)	-
<b>As at December 31, 2018</b>	<b>326,313</b>	<b>762,972</b>	<b>101,589</b>	<b>109,752</b>	<b>14,458</b>	<b>20,635</b>	<b>1,335,719</b>
<b>Accumulated Depreciation</b>							
As at January 1, 2017	-	299,044	36,571	41,434	3,695	-	380,744
Depreciation charge for the year	-	115,310	14,716	16,681	2,500	-	149,207
Disposals	-	(34,332)	(3,467)	(1,341)	(69)	-	(39,209)
<b>As at December 31, 2017</b>	<b>-</b>	<b>380,022</b>	<b>47,820</b>	<b>56,774</b>	<b>6,126</b>	<b>-</b>	<b>490,742</b>
Depreciation charge for the year	-	114,954	13,920	16,841	2,857	-	148,572
Disposals and write-off	-	(23,229)	(1,290)	(1,763)	(101)	-	(26,383)
<b>As at December 31, 2018</b>	<b>-</b>	<b>471,747</b>	<b>60,450</b>	<b>71,852</b>	<b>8,882</b>	<b>-</b>	<b>612,931</b>
<b>Allowance for Impairment</b>							
As at January 1, 2017	-	(2,633)	-	-	-	-	(2,633)
Reversal	-	2,633	-	-	-	-	2,633
<b>As at December 31, 2017 and 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>							
Owned assets	320,728	369,752	38,386	35,950	4,495	14,799	784,110
Assets under finance lease	-	-	-	-	2,177	-	2,177
<b>As at December 31, 2017</b>	<b>320,728</b>	<b>369,752</b>	<b>38,386</b>	<b>35,950</b>	<b>6,672</b>	<b>14,799</b>	<b>786,287</b>
Owned assets	326,313	291,225	41,139	37,900	2,842	20,635	720,054
Assets under finance lease	-	-	-	-	2,734	-	2,734
<b>As at December 31, 2018</b>	<b>326,313</b>	<b>291,225</b>	<b>41,139</b>	<b>37,900</b>	<b>5,576</b>	<b>20,635</b>	<b>722,788</b>

## Notes to Financial Statements

December 31, 2018

### Separate Financial Statements (In Thousand Baht)

	Land and land improvement	Leasehold improvements	Tools and operating equipment	Furniture, fixtures and office equipment	Vehicles	Assets under installation	Total
<b>Cost</b>							
As at January 1, 2017	318,234	17,484	5,447	12,337	12,880	6,022	372,404
Additions	2,394	3,611	57	1,824	-	3,411	11,297
Disposals	-	-	-	(37)	(967)	(9,333)	(10,337)
Transfer from other intangible assets (Note 11)	-	-	-	396	-	-	396
Transfers in (out)	100	-	-	-	-	(100)	-
<b>As at December 31, 2017</b>	<b>320,728</b>	<b>21,095</b>	<b>5,504</b>	<b>14,520</b>	<b>11,913</b>	<b>-</b>	<b>373,760</b>
Additions	5,585	26	37	1,888	1,660	381	9,577
Disposals	-	-	-	(21)	-	-	(21)
Reversal of provision for decommissioning costs	-	(724)	-	-	-	-	(724)
<b>As at December 31, 2018</b>	<b>326,313</b>	<b>20,397</b>	<b>5,541</b>	<b>16,387</b>	<b>13,573</b>	<b>381</b>	<b>382,592</b>
<b>Accumulated Depreciation</b>							
As at January 1, 2017	-	6,744	1,975	5,908	4,246	-	18,873
Depreciation charge for the year	-	4,194	1,093	3,792	2,496	-	11,575
Disposals	-	-	-	(19)	(479)	-	(498)
<b>As at December 31, 2017</b>	<b>-</b>	<b>10,938</b>	<b>3,068</b>	<b>9,681</b>	<b>6,263</b>	<b>-</b>	<b>29,950</b>
Depreciation charge for the year	-	4,070	1,107	2,565	2,579	-	10,321
Disposals	-	-	-	(16)	-	-	(16)
<b>As at December 31, 2018</b>	<b>-</b>	<b>15,008</b>	<b>4,175</b>	<b>12,230</b>	<b>8,842</b>	<b>-</b>	<b>40,255</b>
<b>Net Book Value</b>							
Owned assets	320,728	10,157	2,436	4,839	3,473	-	341,633
Assets under finance lease	-	-	-	-	2,177	-	2,177
<b>As at December 31, 2017</b>	<b>320,728</b>	<b>10,157</b>	<b>2,436</b>	<b>4,839</b>	<b>5,650</b>	<b>-</b>	<b>343,810</b>
Owned assets	326,313	5,389	1,366	4,157	1,997	381	339,603
Assets under finance lease	-	-	-	-	2,734	-	2,734
<b>As at December 31, 2018</b>	<b>326,313</b>	<b>5,389</b>	<b>1,366</b>	<b>4,157</b>	<b>4,731</b>	<b>381</b>	<b>342,337</b>

All of the Company's land and certain assets of a subsidiary, which have net book value as at December 31, 2018 and 2017 totalling Baht 342.6 million and Baht 334.6 million, respectively, were mortgaged to secure for credit facilities and short-term borrowings from a local financial institution as discussed in Note 14.

Certain vehicles of the Company are under finance lease contracts as discussed in Note 16.

The gross carrying amounts of the Company and the Group's certain equipment totalling approximately Baht 5.2 million and Baht 206.7 million were fully depreciated as at December 31, 2018, respectively, (2017: Baht 4.3 million and Baht 92.5 million, respectively) but these items are still in active use.

## Notes to Financial Statements

December 31, 2018

### Non-current provision for decommissioning costs

Movements of non-current provision for decommissioning costs for each of the years ended December 31, 2018 and 2017 were as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Balance as at January 1	104,011	85,106	3,302	-
Additions	4,561	32,301	-	3,302
Reversal of provision for decommissioning costs by:				
- Deducting property, plant and equipment	(37,531)	(304)	(724)	-
- Recognition as a part of other income	(17,266)	-	-	-
Paid	(2,664)	(13,092)	-	-
<b>Balance as at December 31</b>	<b>51,111</b>	<b>104,011</b>	<b>2,578</b>	<b>3,302</b>

Such provision for decommissioning costs was included in costs of buildings and leasehold improvements, for their restaurants situated on leased areas under operating lease agreements as discussed in Note 25.

### 10. GOODWILL

	Consolidated Financial Statements (In Thousand Baht)
As at January 1, 2017	183,023
Deduction	(1,067)
<b>As at December 31, 2017 and 2018</b>	<b>181,956</b>

Goodwill derived from business combination by acquisition method of Thai food business. In June 2017, the Group received cash refund from business acquisition of Baht 1.1 million and recorded by decrease of account "Goodwill" in the same amount. Goodwill from the business combination will not qualify for any tax deduction.

#### *Impairment testing for carrying amount of goodwill*

The recoverable amount was based on its value in use, determined by engaging an independent financial advisor with the reports dated February 22, 2019.

The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount were as follows:



## Notes to Financial Statements

December 31, 2018

Valuation methodology	: Discounted cash flow method
Period	: 5 years financial projection was based on historical financial information of Thai food business and expectations of future outcomes taking into the past experience, adjusted for the anticipated revenue growth.
Revenue growth rate of owned and franchise restaurants	: At the rate of 3% per annum.
Income from franchisees	: Determined significant income from franchisees as follows: <ul style="list-style-type: none"> <li>- Royalty and marketing fee income determined from revenue from sales of franchisees at varying rates estimated by the Company's management.</li> <li>- Initial franchise fee at varying fixed rates per new franchise restaurant estimated by the Company's management.</li> <li>- Revenue from sales of food materials at the average growth rate of 3% per annum.</li> </ul>
Number of owned and franchise restaurants	: Estimated by the Company's management based on number of owned and franchises restaurants in year 2018 and afterwards was estimated by the Company's management.
Terminal value	: Determined based on terminal value growth rate of 3% per annum from net cash flows of the 5 <sup>th</sup> year
Discount rate	: At the rate of 13.65% per annum which was based on weighted average cost of capital, with average industry cost of debt, risk free rate, market risk premium and average industry beta.
Others	: Other assumptions relevant to estimated revenues and expenses were based on historical financial information and expectations of future outcomes taking into the past experience, adjusted for the anticipated market growth rate.

Based on the impairment testing, the recoverable amounts were estimated to be higher than their carrying amounts and no impairment was required to these financial statements. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

### *Sensitivity analysis of impairment test on goodwill*

Sensitivity analysis is performed to analyse the risk that valuation of recoverable amount of Thai food business will increase or decrease as a result of changes in fair value assumptions.

Reasonably possible changes at the valuation date (dated December 31, 2018) to one of the relevant fair value assumptions, holding other assumptions constant, would have affected the fair value of recoverable amount by the amounts shown below:

	Impact to increase (decrease) fair value of recoverable amount of Thai food business (in Million Baht)	
	Increase in change in assumption	Decrease in change in assumption
Discount rate		
- Change of 0.5%	(24.0)	27.0
- Change of 1%	(47.0)	57.0

Although the analysis does not take into account of the full distribution of cash flows expected under the financial projection, it does provide an approximation of the sensitivity of the assumptions shown.

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### 11. OTHER INTANGIBLE ASSETS - Net

	Consolidated Financial Statements (In Thousand Baht)				
	Software Licenses	Trademarks	Franchise Agreements	Patent	Total
<b>Cost</b>					
As at January 1, 2017	20,525	33,000	36,034	-	89,559
Additions	2,542	35,893	-	-	38,435
Disposals	(124)	-	-	-	(124)
Transfers out to property, plant and equipment (Note 9)	(396)	-	-	-	(396)
<b>As at December 31, 2017</b>	<b>22,547</b>	<b>68,893</b>	<b>36,034</b>	<b>-</b>	<b>127,474</b>
Additions	2,707	-	-	3,753	6,460
Write-off	(160)	-	(4,413)	-	(4,573)
<b>As at December 31, 2018</b>	<b>25,094</b>	<b>68,893</b>	<b>31,621</b>	<b>3,753</b>	<b>129,361</b>
<b>Accumulated Amortization</b>					
As at January 1, 2017	12,570	-	2,838	-	15,408
Amortization charge for the year	4,794	-	10,733	-	15,527
Disposals	(118)	-	-	-	(118)
<b>As at December 31, 2017</b>	<b>17,246</b>	<b>-</b>	<b>13,571</b>	<b>-</b>	<b>30,817</b>
Amortization charge for the year	2,894	-	9,342	152	12,388
Write-off	(160)	-	(4,413)	-	(4,573)
<b>As at December 31, 2018</b>	<b>19,980</b>	<b>-</b>	<b>18,500</b>	<b>152</b>	<b>38,632</b>
<b>Net Book Value</b>					
<b>As at December 31, 2017</b>	<b>5,301</b>	<b>68,893</b>	<b>22,463</b>	<b>-</b>	<b>96,657</b>
<b>As at December 31, 2018</b>	<b>5,114</b>	<b>68,893</b>	<b>13,121</b>	<b>3,601</b>	<b>90,729</b>

On April 1, 2017, a subsidiary of the Company entered into business purchase agreement with two local companies to operate Japanese restaurant. The subsidiary paid in the total amount of Baht 35.9 million.

## Notes to Financial Statements

December 31, 2018

### *Impairment testing for carrying amount of other intangible assets with indefinite useful life - Trademarks*

The recoverable amount was based on its value in use, determined by engaging an independent financial advisor with the reports dated February 22, 2019.

The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount were as follows:

Brand	:	3 trademarks namely Tummour, Pho and Lao Yuan
Valuation methodology	:	Income approach method
Period	:	Determine ability of trademarks to generate income from 5 year cash flow projection which was based on the past year operating results, marketing plan, top management's vision and trend of industry growth in the industry.
Royalty rate	:	At the rate of 0.5% per annum which was based on comparable of purchase and sale in the same industry.
Revenue growth rate	:	At the rate of 3% per annum
Terminal value	:	Determined based on terminal value growth rate of 3% per annum from net cash flows of the 5th year of each trademark
Discount rate	:	At the rate of 13.65% per annum which was based on weighted average cost of capital, with average industry cost of debt, risk free rate and market risk premium.
Brand	:	Trademark namely Sushi Cyu
Valuation methodology	:	Income approach method
Period	:	Determine ability of trademarks to generate income from 5 year cash flow projection which was based on the past year operating results, marketing plan, top management's vision and trend of industry growth in the industry.
Royalty rate	:	At the rate of 5.1% which was based on comparable of purchase and sale in the same industry.
Revenue growth rate	:	At the rate of 3% per annum
Terminal value	:	Determined based on terminal value growth rate of 3% per annum from net cash flows of the 5th year of such trademark
Discount rate	:	At the rate of 13.79% per annum which was based on weighted average cost of capital, with average industry cost of debt, risk free rate and market risk premium.

Based on the impairment testing, the recoverable amounts were estimated to be higher than their carrying amounts and no impairment was required to these financial statements. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

## Notes to Financial Statements

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	Separate Financial Statements (In Thousand Baht)		
	Software Licenses	Patent	Total
<b>Cost</b>			
As at January 1, 2017	11,055	-	11,055
Additions	948	-	948
Transfers out to property, plant and equipment (Note 9)	(396)	-	(396)
<b>As at December 31, 2017</b>	<b>11,607</b>	<b>-</b>	<b>11,607</b>
Additions	2,611	3,753	6,364
<b>As at December 31, 2018</b>	<b>14,218</b>	<b>3,753</b>	<b>17,971</b>
<b>Accumulated Amortization</b>			
As at January 1, 2017	5,180	-	5,180
Amortization charge for the year	3,665	-	3,665
<b>As at December 31, 2017</b>	<b>8,845</b>	<b>-</b>	<b>8,845</b>
Amortization charge for the year	1,823	152	1,975
<b>As at December 31, 2018</b>	<b>10,668</b>	<b>152</b>	<b>10,820</b>
<b>Net Book Value</b>			
<b>As at December 31, 2017</b>	<b>2,762</b>	<b>-</b>	<b>2,762</b>
<b>As at December 31, 2018</b>	<b>3,550</b>	<b>3,601</b>	<b>7,151</b>

The gross carrying amounts of the Company and the Group's certain intangible assets totalling approximately Baht 7.2 million and Baht 16.6 million were fully amortized as at December 31, 2018, respectively, (2017: Baht 3.1 million and Baht 10.5 million, respectively) but these items are still in active use.

### 12. LEASEHOLD RIGHTS - Net

	Consolidated Financial Statements (In Thousand Baht)
<b>Cost</b>	
As at January 1, 2017	67,934
Additions	16,062
<b>As at December 31, 2017 and 2018</b>	<b>83,996</b>
<b>Accumulated Amortization</b>	
As at January 1, 2017	17,195
Amortization charge for the year	9,084
<b>As at December 31, 2017</b>	<b>26,279</b>
Amortization charge for the year	9,280
<b>As at December 31, 2018</b>	<b>35,559</b>
<b>Net Book Value</b>	
<b>As at December 31, 2017</b>	<b>57,717</b>
<b>As at December 31, 2018</b>	<b>48,437</b>

## Notes to Financial Statements

December 31, 2018

### 13. DEFERRED TAX ASSETS

The details of deferred tax assets in the consolidated financial statements as at December 31, 2018 and 2017 are as follows:

	Consolidated Financial Statements (In Thousand Baht)			
	Credited (Charged) to			December 31, 2018
	December 31, 2017	Profit for the year	Other comprehensive income for the year	
<b>Deferred tax assets</b>				
Tax benefit on loss carry-forwards	11,176	1,009	-	12,185
Allowance for deteriorated inventories	84	315	-	399
Provision for employee retirement benefit	2,160	815	(534)	2,441
Provision for liability from loyalty programmes	590	176	-	766
Rental expense	1,169	84	-	1,253
Depreciation - decommissioning costs	9,845	(2,283)	-	7,562
Deferred income of initial fee	834	998	-	1,832
<b>Total</b>	<b>25,858</b>	<b>1,114</b>	<b>(534)</b>	<b>26,438</b>

The details of deferred tax assets in the separate financial statements as at December 31, 2018 and 2017 are as follows:

	Separate Financial Statements (In Thousand Baht)			
	Credited (Charged) to			December 31, 2018
	December 31, 2017	Profit for the year	Other comprehensive income for the year	
<b>Deferred tax assets</b>				
Provision for employee retirement benefit	927	353	(344)	936
Rental expense	1	(1)	-	-
Depreciation - decommissioning costs	132	102	-	234
<b>Total</b>	<b>1,060</b>	<b>454</b>	<b>(344)</b>	<b>1,170</b>

Tax expense for each of the years ended December 31, 2018 and 2017 consisted of:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
<b>Current tax:</b>				
Corporate tax for the year	33,442	26,754	3,952	6,310
<b>Deferred taxes :</b>				
Add (less) : Tax effect from deferred tax of temporary differences				
- Tax loss carry forward	(1,009)	(3,658)	-	-
- Allowance for deteriorated inventories	(315)	(54)	-	-
- Allowance for impairment of assets	-	527	-	-
- Provision for employee retirement benefit	(815)	(883)	(353)	(508)
- Provision for liability from loyalty programmes	(176)	(191)	-	-
- Rental expense	(84)	-	1	64
- Depreciation - decommissioning costs	2,283	16	(102)	(132)
- Deferred income of initial fee	(998)	(1,601)	-	-
- Other	-	(834)	-	-
<b>Tax expense</b>	<b>32,328</b>	<b>20,076</b>	<b>3,498</b>	<b>5,734</b>

## Notes to Financial Statements

December 31, 2018

Reconciliations between tax expense and accounting profit multiplied by the applicable tax rate for each of the years ended December 31, 2018 and 2017 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Accounting profit before tax	172,546	101,888	100,628	16,562
Income tax rates at 15% and 20%	34,314	20,117	20,126	3,312
Add : Tax effect of permanent difference of				
- Non-deductible expenses	2,958	4,618	2,489	2,750
- Additional tax deduction expenses	(4,478)	(5,609)	(217)	(328)
- Exemption of dividend income	-	-	(18,900)	-
- Write-off deferred income tax asset on expiration of tax loss carry forward	169	-	-	-
- Depreciation - discount on business combination under common control	(635)	950	-	-
Tax expense	32,328	20,076	3,498	5,734

#### 14. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS - Net

	Interest Rate (% p.a.)		In Thousand Baht			
			Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017	2018	2017
Promissory notes	3.3 - 3.8	3.5 - 4.0	630,000	700,000	630,000	700,000
Less : Deferred loan arrangement fee			(183)	(1,353)	(183)	(1,353)
Net			629,817	698,647	629,817	698,647

Movements of short-term borrowings from financial institutions for each of the years ended December 31, 2018 and 2017 were as follows:

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
As at January 1, 2017	555,850	555,850
Additional borrowing during the year	3,792,400	3,792,400
Repayment during the year	(3,648,250)	(3,648,250)
<b>As at December 31, 2017</b>	<b>700,000</b>	<b>700,000</b>
Additional borrowing during the year	2,955,000	2,955,000
Repayment during the year	(3,025,000)	(3,025,000)
<b>As at December 31, 2018</b>	<b>630,000</b>	<b>630,000</b>

## Notes to Financial Statements

December 31, 2018

As at December 31, 2018 and 2017, the Company obtained credit facilities from 2 local financial institutions as follows:

Type of Credit Facilities	Credit Line (Million Baht)		Interest Rate	Repayment Term
	2018	2017		
<i>Credit facilities of the Company from the first financial institution</i>				
a) Term loan (for land, purchase of assets from related company and investment in shares of Gyu Grill Group Co., Ltd.)	380	380	Minimum Loan Rate minus 2.75% per annum	<div><div>1) The Company can drawdown the short-term borrowing, by issuing a promissory note as an evidence, at the first time within the year 2016 and the Company will drawdown the short-term borrowing for the last time within 24 months after the first drawdown from the bank, which final maturity date will be within 24 months after the first drawdown. Subsequently on October 16, 2018, such credit facility is extended to be drawdown within September 30, 2019.</div><div>2) The Company can issue a promissory note in the bank’s format with term not more than 90 days or subject to the Bank’s concurrence.</div><div>3) The Company can renew promissory note that is matured subject to the Bank’s concurrence.</div></div>
b) Short-term borrowings including letter of credit, trust receipt and letter of guarantee	190	190	<div><div>- Short-term borrowings at Minimum Loan Rate minus 2.6% per annum</div><div>- Other credit facilities at the rates as indicated in each agreement</div></div>	<div><div>- Short-term borrowings - principals will be repayable at call but no later than 180 days.</div><div>- Other credit facilities are repayable as indicated in each agreement.</div></div>
c) Overdraft	10	10	Minimum Overdraft Rate	Repayable at call
d) Short-term borrowing (for supporting the dividend payment)	200	200	Minimum Loan Rate minus 2.95% per annum	<div><div>1) The Company can drawdown the short-term borrowing, by issuing a promissory note as an evidence, at the first time within October 2017 and the Company will drawdown the short-term borrowing for the last time within 18 months after the first drawdown from the bank, which final maturity date will be within 18 months after the first drawdown. Subsequently on October 16, 2018, such credit facility is extended to be drawdown within September 30, 2019.</div><div>2) The Company can issue a promissory note in the bank’s format with term not more than 90 days or subject to the Bank’s concurrence.</div><div>3) The Company can renew promissory note that is matured subject to the Bank’s concurrence.</div></div>



## Notes to Financial Statements

December 31, 2018

Type of Credit Facilities	Credit Line (Million Baht)		Interest Rate	Repayment Term
	2018	2017		
e) Term Loan (for acquiring a Thai restaurant business)	-	200	Minimum Loan Rate minus 2.25% per annum	1) The Company can drawdown the short-term borrowing by issuing a promissory note as an evidence, at the first time within the year 2016 and the Company will drawdown the short-term borrowing for the last time within 24 months after the first drawdown from the bank, which final maturity date will be within 24 months after the first drawdown. 2) The Company can issue a promissory note in the bank's format with term not more than 90 days or subject to the Bank's concurrence. 3) The Company can renew promissory note that is matured subject to the Bank's concurrence.
Total	780	980		
<b>Joint credit facility of the Group from the second financial institution</b>				
f) Short-term borrowing (for working capital)	100	100	Minimum Loan Rate minus 3% per annum	Repayable at call
Grand total	880	1,080		

These credit facilities a) - d) are collateralized by all of the Company's land and certain assets of a subsidiary as discussed in Note 9 and additionally guaranteed by another subsidiary as discussed in Note 28. In addition, the Company has to maintain the significant conditions of loan agreements such as the proportion of shareholders and maintain the certain financial ratios, i.e. interest bearing debt/earnings before interest, tax, depreciation and amortization ratio, etc.

The credit facility e) is guaranteed by two subsidiaries' share certificates not less than 99% of total shares as discussed in Note 8.

The credit facility f) is unsecured.

### 15. TRADE AND OTHER CURRENT PAYABLES

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Trade payables				
- Related parties	1,342	962	-	-
- Other companies	188,505	175,172	-	-
Other current payables				
- Related parties	-	-	86	36
- Other companies	46,998	73,415	3,527	1,770
Total	236,845	249,549	3,613	1,806

## Notes to Financial Statements

December 31, 2018

### 16. LIABILITIES UNDER FINANCE LEASE CONTRACTS - Net

The Company had various finance lease contracts with a leasing company covering vehicle as discussed in Note 9. These contracts are repayable in 36 and 60 equal monthly installments. The contracts have the term for a period expiring in 2021. The ownership of the assets under finance lease contracts will be transferred to the Company when all payments are made to the leasing company, which are summarized as follows:

Year	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
2018	-	828	-	828
2019	1,531	828	1,531	828
2020	1,108	407	1,108	407
2021	293	-	293	-
Total minimum lease payments	2,932	2,063	2,932	2,063
Less: Deferred interest	(348)	(125)	(348)	(125)
Present value of net minimum lease payments	2,584	1,938	2,584	1,938
Less: Portion due within one year - net deferred interest	(1,302)	(751)	(1,302)	(751)
Net	1,282	1,187	1,282	1,187

### 17. CURRENT PROVISION FOR LIABILITIES FROM LOYALTY PROGRAMMES

Movements of current provision for liabilities from loyalty programmes for each of the years ended December 31, 2018 and 2017 were as follows:

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2017	1,992	-
Additions	2,312	-
Utilized	(1,352)	-
<b>Balance as at December 31, 2017</b>	2,952	-
Additions	3,977	-
Utilized	(2,525)	-
Write-off	(575)	-
<b>Balance as at December 31, 2018</b>	3,829	-

## Notes to Financial Statements

December 31, 2018

### 18. NON-CURRENT PROVISION FOR EMPLOYEE RETIREMENT BENEFIT

The Group operate defined benefit plans based on the requirement of Thai Labour Protection Act to provide retirement benefits to employees based on pensionable remuneration and length of service.

Non-current provision for employee retirement benefit as at December 31, 2018 and 2017 was as follows:

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Provision for employee retirement benefit as at January 1, 2017	7,987	3,358
Current service cost	4,224	2,464
Interest cost	185	77
Actuarial gains	(1,598)	(1,267)
<b>Provision for employee retirement benefit as at December 31, 2017</b>	<b>10,798</b>	<b>4,632</b>
Current service cost	3,893	1,704
Interest cost	181	65
Actuarial gains	(2,667)	(1,720)
<b>Provision for employee retirement benefit as at December 31, 2018</b>	<b>12,205</b>	<b>4,681</b>

Expenses recognized in the statements of comprehensive income for each of the years ended December 31, 2018 and 2017 were as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
In profit for the year :				
Current service cost	3,893	4,224	1,704	2,464
Interest cost	181	185	65	77
In other comprehensive income for the year :				
Actuarial gains	(2,667)	(1,598)	(1,720)	(1,267)
<b>Total</b>	<b>1,407</b>	<b>2,811</b>	<b>49</b>	<b>1,274</b>

Actuarial assumptions

	Consolidated/Separate Financial Statements	
	2018	2017
Discount rate	2.23% per annum	1.96% per annum
Future salary increase	5% per year	5% per year
Employee turnover	0% - 59%	0% - 59%
Disability rate	5% of Thai Mortality Table Year 2017	5% of Thai Mortality Table Year 2017
Mortality rate	100% of Thai Mortality Table Year 2017	100% of Thai Mortality Table Year 2017

Assumption of the mortality rate is based on published statistics and mortality tables from Thailand Mortality Ordinary issued by the Office of Insurance Commission.

## Notes to Financial Statements

December 31, 2018

### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provision for defined benefit plans by the amounts shown below.

	Impact to increase (decrease) / (in Million Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Effect on the non-current provision for employee benefit at 31 December				
Discount rate				
1% increase	(0.5)	(0.4)	(0.2)	(0.2)
1% decrease	0.6	0.5	0.2	0.2
Salary increase rate				
1% increase	0.6	0.5	0.2	0.2
1% decrease	(0.6)	(0.4)	(0.2)	(0.2)
Employee turnover rate				
1% increase	(0.6)	(0.5)	(0.2)	(0.2)
1% decrease	0.3	0.3	0.1	0.1

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

On December 13, 2018, the National Legislative Assembly approved a bill the Labor Protection Act, that will become effective 30 days after its publication in the Government Gazette, to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. When the labor law comes into force, the Company and the Group will recognize the increase in the non-current provision for employee benefit as at December 31, 2018 approximately Baht 0.2 million and Baht 0.7 million, resulting in the decrease in net profit for the year ended December 31, 2018 approximately Baht 0.2 million and Baht 0.5 million, respectively.

### 19. SHARE CAPITAL AND SHARE PREMIUM ON ORDINARY SHARES

At the extraordinary shareholders' meeting held on September 27, 2016, the shareholders passed the resolutions to increase the Company's authorized share capital from Baht 135 million (divided into 13.5 million ordinary shares at Baht 10 par value) to Baht 140.625 million (divided into 14.0625 million ordinary shares at Baht 10 par value). The Company has registered the increase in authorized share capital with the Ministry of Commerce on October 3, 2016.

During 2016, the Company already received the proceeds from increase in share capital from a new shareholder of Baht 5.6 million (562,500 ordinary shares at Baht 10 per share) and recorded share premium on ordinary shares of Baht 78.3 million arising from the business acquisition. The share premium is not available for dividend distribution.

At the extraordinary shareholders' meeting of the Company held on September 18, 2018, the shareholders resolved the following:

- the change in its par value from Baht 10 per share to be Baht 1 per share resulting in the increase in ordinary shares from 14,062,500 shares to 140,625,000 shares.
- the increase in authorized share capital from Baht 140,625,000 (divided into 140,625,000 ordinary shares at Baht 1 par value) to Baht 300,000,000 (divided into 300,000,000 ordinary shares at Baht 1 par value) allocated as follows:
  - issuing newly ordinary shares of Baht 84,375,000 (divided into 84,375,000 ordinary shares at Baht 1 par value) to the existing shareholders in proportion to their shareholding (Rights Offering) at the ratio 1 existing ordinary share to 0.6 new ordinary shares at offering price of Baht 1 per share.
  - issuing newly ordinary shares of Baht 75,000,000 (divided into 75,000,000 ordinary shares at Baht 1 par value) for initial public offering when the Company registers with the Stock Exchange of Thailand.

## Notes to Financial Statements

December 31, 2018

The Company registered the change in par value and the increase in authorized share capital with the Ministry of Commerce on September 21, 2018.

The Company already received the proceeds from increase in share capital from existing shareholders of Baht 84,375,000 and registered the paid-up capital with the Ministry of Commerce on September 26, 2018.

### 20. LEGAL RESERVE

Under the provisions of the Public Company Limited Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net profit (after deduction of the deficit brought forward, if any) as reserve fund until the reserve fund reaches 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

As at December 31, 2018, legal reserve is equal to 10% of the authorized share capital.

### 21. DIVIDEND PAYMENTS

At the ordinary shareholders' meeting of the Company held on April 24, 2018, the shareholders approved the dividend declaration at Baht 2.14 per share for 14,062,500 ordinary shares, totalling Baht 30,093,750, to the shareholders whose names are recorded in the book of shareholders' registration as at April 30, 2018. The dividend was paid to the shareholders on May 14, 2018.

At the Board of Directors' meeting of the Company held on September 3, 2018, the Board of Directors approved the appropriation of interim dividend of the Company at Baht 6.70 per share for ordinary shares of 14,062,500 shares, totalling Baht 94,218,750. Such dividend was paid to the Company's shareholders in September 2018.

### 22. REGISTERED PROVIDENT FUND

The Group has established a contributory registered provident fund in accordance with the Provident Fund Act B.E. 2530 based on the approval from the Ministry of Finance. Under the plan, members and the Group contribute to the fund at 3% or 5% of the employees' basic salaries. The Group appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

The Group contributed to the fund totalling approximately Baht 6.6 million and Baht 4.6 million for each of the years ended December 31, 2018 and 2017, respectively (of the Company amounting to approximately Baht 2.8 million and Baht 2.2 million for each of the years ended December 31, 2018 and 2017, respectively).

## Notes to Financial Statements

December 31, 2018

### 23. EXPENSES BY NATURE

Significant expenses by nature for each of the years ended December 31, 2018 and 2017 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Costs of materials	1,034,351	868,338	-	-
Employee benefit expenses	811,756	678,929	179,117	141,980
Rental, service and utility expenses	492,107	428,814	10,013	8,475
Depreciation and amortization	170,240	173,818	12,295	15,240
Other expenses	259,023	238,921	31,869	24,871
Total	<u>2,767,477</u>	<u>2,388,820</u>	<u>233,294</u>	<u>190,566</u>

### 24. BASIC EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

Basic earnings per share attributable of the owners of the parent are determined by dividing the profit of the owners of the parent for each of the years by the weighted average number of shares outstanding during the years.

Weighted average number of shares (basic) for each of the years ended December 31, 2018 and 2017 are as follows:

	In Million Shares	
	2018	2017
Number of shares outstanding as at January 1	14.1	14.1
Effect of shares from the change of par value (Note 19)	126.5	126.5
Effect of shares issued during the year	22.4	-
Weighted average number of shares (basic)	<u>163.0</u>	<u>140.6</u>

The change in par value of ordinary shares resulted in adjusting for the weighted average of number of ordinary shares for calculation of basic earnings per share for the year ended December 31, 2017 for comparative purposes as if the change in par value had occurred at the beginning of the earliest period report.

### 25. LONG-TERM AGREEMENTS

As at December 31, 2018 and 2017, the Group had various operating lease agreements covering its office premises, restaurant area and equipment, which were presented as a part of "Refundable deposits" in the consolidated statements of financial position totaling Baht 162.1 million and Baht 145.9 million, respectively, and in the separate statements of financial position totalling Baht 1.3 million and Baht 0.8 million, respectively

The totals of future minimum lease payments under non-cancellable operating leases are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Not later than 1 year	331,619	276,893	597	2,676
Later than 1 year and not later than 5 years	349,060	301,052	402	617
Later than 5 years	10,779	10,779	-	-
Total	<u>691,458</u>	<u>588,724</u>	<u>999</u>	<u>3,293</u>

## Notes to Financial Statements

December 31, 2018

### 26. DISCLOSURE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the consolidated and separate statements of financial position include cash and cash equivalents, trade and other current receivables, short-term loans to subsidiaries, refundable deposits, short-term borrowings from financial institutions, trade and other current payables, short-term borrowings from subsidiaries, retention payables and liabilities under finance lease contracts. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 3.

#### Liquidity Risk

Liquidity risk arises from the problem in raising funds adequately and in time to meet commitments as indicated in the financial statements. Based on the assessment of the Group's current financial position and financial performance, the Group does not face liquidity risk.

#### Foreign Currency Risk

The Group is exposed to foreign currency risk relating to purchase and sale of goods and services which are denominated in foreign currencies. However, as at December 31, 2018 and 2017 the Group does not have significant foreign currency risk.

#### Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due. Management manage the risk by adopting appropriate credit control policies and procedures. In addition, the Group do not have high concentration of credit risk since the Group have a large customer base. At the reporting date there were no material losses from its debt collection. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

#### Interest Rate Risk

Interest rate risk arises from the fluctuation of market interest rates, which may have an impact to current and future operations of the Group. The Group's exposure to interest rate risk relates primarily to its deposits at financial institutions, short-term borrowings from financial institutions and liabilities under finance lease contracts.

However, 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 management considers that the interest rate risk is minimal, hence, the Group has no hedging agreement to protect against such risk.



## Notes to Financial Statements

December 31, 2018

Significant financial assets and liabilities as at December 31, 2018 and 2017, classified by type of interest rates are summarized in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated Financial Statements						
2018 (In Thousand Baht)						
	Fixed interest rates			Floating	Non-interest	Effective
	Within	1- 5	Over	interest rate	bearing	interest rate
	1 year	years	5 years			(% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	-	114,726	27,875	142,601
Trade and other current receivables	-	-	-	-	44,308	44,308
Refundable deposits	-	-	-	-	163,508	163,508
Total	-	-	-	114,726	235,691	350,417
<b>Financial liabilities</b>						
Short-term borrowings from						
financial institutions - net	-	-	-	629,817	-	629,817
Trade and other current payables	-	-	-	-	236,845	236,845
Retention payables	-	-	-	-	18,032	18,032
Liabilities under finance lease contracts	1,302	1,282	-	-	-	2,584
Total	1,302	1,282	-	629,817	254,877	887,278

Consolidated Financial Statements						
2017 (In Thousand Baht)						
	Fixed interest rates			Floating	Non-interest	Effective
	Within	1- 5	Over	interest rate	bearing	interest rate
	1 year	years	5 years			(% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	-	112,628	21,029	133,657
Trade and other current receivables	-	-	-	-	26,049	26,049
Refundable deposits	-	-	-	-	148,235	148,235
Total	-	-	-	112,628	195,313	307,941
<b>Financial liabilities</b>						
Short-term borrowings from						
financial institutions - net	-	-	-	698,647	-	698,647
Trade and other current payables	-	-	-	-	249,549	249,549
Retention payables	-	-	-	-	12,395	12,395
Liabilities under finance lease contracts	751	1,187	-	-	-	1,938
Total	751	1,187	-	698,647	261,944	962,529

## Notes to Financial Statements

December 31, 2018

	Separate Financial Statements						
	2018 (In Thousand Baht)						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1- 5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	64,849	1,222	66,071	0.37 - 1.10
Trade and other current receivables	-	-	-	-	24,842	24,842	-
Short-term loans to subsidiaries	-	-	-	170,240	-	170,240	4.15
Refundable deposits	-	-	-	-	1,800	1,800	-
Total	-	-	-	235,089	27,864	262,953	
<b>Financial liabilities</b>							
Short-term borrowings from financial institutions - net	-	-	-	629,817	-	629,817	3.3 - 3.8
Trade and other current payables	-	-	-	-	3,613	3,613	-
Short-term borrowings from subsidiaries	78,291	-	-	-	-	78,291	1.05
Retention payables	-	-	-	-	143	143	-
Liabilities under finance lease contracts	1,302	1,282	-	-	-	2,584	5.19, 17.48
Total	79,593	1,282	-	629,817	3,756	714,448	

	Separate Financial Statements						Effective interest rate (% p.a.)
	2017 (In Thousand Baht)						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1- 5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	86,910	39	86,949	0.37 - 1.10
Trade and other current receivables	-	-	-	-	21,891	21,891	-
Short-term loans to subsidiaries	-	-	-	141,180	-	141,180	4.15
Refundable deposits	-	-	-	-	1,376	1,376	-
Total	-	-	-	228,090	23,306	251,396	
<b>Financial liabilities</b>							
Short-term borrowings from financial institutions - net	-	-	-	698,647	-	698,647	3.5 - 4.0
Trade and other current payables	-	-	-	-	1,806	1,806	-
Short-term borrowings from subsidiaries	34,244	-	-	-	-	34,244	1.05
Retention payables	-	-	-	-	169	169	-
Liabilities under finance lease contracts	751	1,187	-	-	-	1,938	5.19
Total	34,995	1,187	-	698,647	1,975	736,804	

### Fair Value of Financial Instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Cash and cash equivalents, trade and other current receivables and short-term loans to subsidiaries - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.

## Notes to Financial Statements

December 31, 2018

Short-term borrowings from financial institutions, trade and other current payables and short-term borrowings from subsidiaries - the carrying amounts of these financial liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments.

Refundable deposits and retention payables: fair value cannot be calculated since there is no appropriate interest rate to be determined.

Liabilities under finance lease contracts, which bears interest at the fixed rate - the aggregate carrying value is insignificantly different from its aggregate fair value because the fixed interest rate approximates market interest rate.

### 27. OPERATING SEGMENTS

#### *Business segment*

Management considers that the Group operates in a single line of business wholly food business and has, therefore only one major business segment.

#### *Geographical segment*

The segment financial information of the Group in the consolidated financial statements for the year ended December 31, 2018 and 2017 were as follows:

	2018 (In Million Baht)		
	Revenues from Thailand	Revenues from Overseas	Total
Revenues from sales and services	2,846.0	6.5	2,852.5
Costs of sales and services	(2,213.9)	(4.6)	(2,218.5)
Gross margin	<u>632.1</u>	<u>1.9</u>	634.0
Other income			112.1
Distribution costs			(100.3)
Administrative expenses			(448.6)
Finance costs			(24.7)
Tax expense			(32.3)
Profit for the year			<u>140.2</u>

	2017 (In Million Baht)		
	Revenues from Thailand	Revenues from Overseas	Total
Revenues from sales and services	2,422.0	3.0	2,425.0
Costs of sales and services	(1,877.3)	(1.4)	(1,878.7)
Gross margin	<u>544.7</u>	<u>1.6</u>	546.3
Other income			90.2
Distribution costs			(86.7)
Administrative expenses			(423.4)
Finance costs			(24.5)
Tax expense			(20.1)
Profit for the year			<u>81.8</u>

# Notes to Financial Statements

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## 28. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2018 and 2017,

- a) the Company and the Group had commitments under the agreements to purchase assets, inventories and services totalling Baht 52.2 million and Baht 120.8 million, respectively (2017: Baht 50.4 million and Baht 107.3 million, respectively).
- b) the Group was contingently liable for letters of guarantee issued by a local bank to various private companies totalling Baht 0.4 million (2017: Baht 0.6 million).
- c) a subsidiary was a guarantor for the Company's short-term credit facilities of Baht 780.0 million as discussed in Note 14.
- d) the Company has business cooperation agreement with a local company for promotion and distribution the Group's products for the period from September 26, 2018 to June 30, 2019. In consideration thereof, the Company is committed with the revenue sharing and has to comply with certain conditions as indicated in the agreement.

## 29. CAPITAL MANAGEMENT

The primary objective of the Group's management is to ensure that the Group has sustained good cash flows management and preserves the ability to continue their businesses as a going concern.

As at December 31, 2018 and 2017, debt-to-equity ratios were as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Debt-to-equity ratio	2.3 : 1	3.4 : 1	2.2 : 1	2.8 : 1

Debt represented total liabilities and equity represented equity attributable to owners of the parent.

No changes were made in the Group's objectives, policies or processes during the years ended December 31, 2018 and 2017.

## 30. EVENTS AFTER THE REPORTING PERIOD

At the Board of Directors' meeting of the Company held on January 21, 2019, the Board of Directors approved:

- a) additional investment in shares of Zen Restaurant Holding Co., Ltd. (subsidiary) regarding to the increase in authorized share capital of such subsidiary from Baht 30,000,000 (divided into 300,000 ordinary shares at Baht 100 par value) to Baht 300,000,000 (divided into 3,000,000 ordinary shares at Baht 100 par value). Such subsidiary registered the capital increase with the Ministry of Commerce on January 30, 2019.
- b) the appropriation of interim dividend of the Company at Baht 0.45 per share for ordinary shares of 225,000,000 shares, totalling Baht 101.25 million to the shareholders whose names are recorded in the book of shareholders' registration as at January 29, 2019.
- c) the appropriation of interim dividend of Zen Restaurant Holding Co., Ltd. (subsidiary) at Baht 240 per share for ordinary shares of 300,000 shares, totalling Baht 72 million.
- d) the appropriation of interim dividend of Tokyo Concept Co., Ltd. (subsidiary) at Baht 110.80 per share for ordinary shares of 250,000 shares, totalling Baht 27.7 million.
- e) the appropriation of interim dividend of Aka Interfood Co., Ltd. (subsidiary) at Baht 28.75 per share for ordinary shares of 800,000 shares, totalling Baht 23 million.
- f) the appropriation of interim dividend of Spice Synergy Co., Ltd. (subsidiary) at Baht 30.60 per share for ordinary shares of 500,000 shares, totalling Baht 15.3 million.

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The above interim dividends of the Company and subsidiaries were paid to the Company and subsidiaries' shareholders in January and February 2019.

During February 7 to 11, 2019, the Company offered 75 million ordinary shares with Baht 13 each to the public for subscription shares. As a result, the Company registered the increase of its issued and paid-up share capital of Baht 225 million (divided into 225 million ordinary shares at Baht 1 par value) to Baht 300 million (divided into 300 million ordinary shares at Baht 1 par value) with the Ministry of Commerce on February 13, 2019. The Stock Exchange of Thailand approved the Company's 300 million ordinary shares as listed securities to be traded on the Stock Exchange of Thailand, effective from February 20, 2019.

At the Board of Directors' meeting of the Company held on February 28, 2019, the Board of Directors approved:

- a) the appropriation of interim dividend of Zen Restaurant Holding Co., Ltd. (subsidiary) at Baht 4.67 per share for ordinary shares of 3,000,000 shares, totalling Baht 14.01 million.
- b) the appropriation of interim dividend of Tokyo Concept Co., Ltd. (subsidiary) at Baht 26 per share for ordinary shares of 250,000 shares, totalling Baht 6.5 million.
- c) the appropriation of interim dividend of Aka Interfood Co., Ltd. (subsidiary) at Baht 8.75 per share for ordinary shares of 800,000 shares, totalling Baht 7 million.

The above interim dividends of the subsidiaries will be paid to the subsidiaries' shareholders in March 2019.

### 31. THAI FINANCIAL REPORTING STANDARDS NOT YET ADOPTED

The Group has not adopted revised Thai Financial Reporting Standards (TFRS), which are relevant to the Group's business, that have been issued but are not yet effective at the reporting date only these are relevant to business of the Group as follows:

TFRS	Topic	Effective year
TFRS 1	First-time Adoption of Thai Financial Reporting Standards	2019
TFRS 2 (revised 2018)	Share-based Payment	2019
TFRS 3 (revised 2018)	Business Combinations	2019
TFRS 5 (revised 2018)	Non-current Assets held for Sale and Discontinued Operations	2019
TFRS 7	Financial Instruments: Disclosures	2020
TFRS 6 (revised 2018)	Exploration for and Evaluation of Mineral Resources	2019
TFRS 8 (revised 2018)	Operating Segments	2019
TFRS 9	Financial Instruments	2020
TFRS 10 (revised 2018)	Consolidated Financial Statements	2019
TFRS 11 (revised 2018)	Joint Arrangements	2019
TFRS 12 (revised 2018)	Disclosure of Interests in Other Entities	2019
TFRS 13 (revised 2018)	Fair Value Measurement	2019
TFRS 15	Revenue from Contracts with Customers	2019
TAS 1 (revised 2018)	Presentation of Financial Statements	2019
TAS 2 (revised 2018)	Inventories	2019
TAS 7 (revised 2018)	Statement of Cash Flows	2019
TAS 8 (revised 2018)	Accounting Policies, Changes in Accounting Estimates and Errors	2019
TAS 10 (revised 2018)	Events after the Reporting Period	2019
TAS 12 (revised 2018)	Income Taxes	2019
TAS 16 (revised 2018)	Property, Plant and Equipment	2019
TAS 17 (revised 2018)	Leases	2019
TAS 19 (revised 2018)	Employee Benefits	2019
TAS 21 (revised 2018)	The Effects of Changes in Foreign Exchange Rates	2019
TAS 23 (revised 2018)	Borrowing Costs	2019
TAS 24 (revised 2018)	Related Party Disclosures	2019
TAS 26 (revised 2018)	Accounting and Reporting by Retirement Benefit Plans	2019

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TFRS	Topic	Effective year
TAS 27 (revised 2018)	Separate Financial Statements	2019
TAS 28 (revised 2018)	Investments in Associates and Joint Ventures	2019
TAS 29 (revised 2018)	Financial Reporting in Hyperinflationary Economies	2019
TAS 32	Financial Instruments: Presentation	2020
TAS 33 (revised 2018)	Earnings per Share	2019
TAS 34 (revised 2018)	Interim Financial Reporting	2019
TAS 36 (revised 2018)	Impairment of Assets	2019
TAS 37 (revised 2018)	Provisions, Contingent Liabilities and Contingent Assets	2019
TAS 38 (revised 2018)	Intangible Assets	2019
TAS 40 (revised 2018)	Investment Property	2019
TFRIC 1 (revised 2018)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2019
TFRIC 4 (revised 2018)	Determining whether an Arrangement contains a Lease	2019
TFRIC 5 (revised 2018)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2019
TFRIC 7 (revised 2018)	Applying the Restatement Approach under TAS 29 (revised 2018) Financial Reporting in Hyperinflationary Economies	2019
TFRIC 10 (revised 2018)	Interim Financial Reporting and Impairment	2019
TFRIC 14 (revised 2018)	TAS 19 (revised 2018) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2019
TFRIC 16	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 17 (revised 2018)	Distributions of Non-cash Assets to Owners	2019
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	2020
TSIC 15 (revised 2018)	Operating Leases - Incentives	2019
TSIC 25 (revised 2018)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2019
TSIC 27 (revised 2018)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2019
TSIC 32 (revised 2018)	Intangible Assets - Web Site Costs	2019

Management expects to adopt and apply these revised TFRSs in accordance with the TFAC's announcement and is presently considering the potential impact on the Group's financial statements of these revised TFRSs.

## 32. APPROVAL OF FINANCIAL STATEMENTS

The Company's directors have authorized these financial statements for issue on February 28, 2019.



TO BE A GREAT BUSINESSMAN.

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