









ZEN
BOX



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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, one to each stakeholder forming the four major pillars of business: Customers, Employees, Society and the Environment, 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



**R**

Restaurant Excellence

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

E

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 are above.



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.

1993-2005



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

2009



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.

2014

1991

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



2007

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



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).





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

2017

The company group presents a new lifestyle restaurant in the style "Asian Surprise" Under brand Foo Flavor

The company group presents Neo-style restaurants in Taiwan (NeoTaiwanese) traditional Chinese food with a Japanese touch under the brand of Din's

March 2019, expanding ZEN Box in order to respond to the rushing consumer behavior with the food concept of Grab and Go focusing on healthy foods for good health in an urgent lifestyle. The menu mainly consists of various fish and fresh vegetables such as Maki Wrap, salads and various Onigiri.

2019



Significant Changes and Development

2016

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



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 Kiang.





Financial Highlights

Balance Sheet and Financial Performance and Financial Ratio

Unit : Million Baht

Consolidated Financial Statements

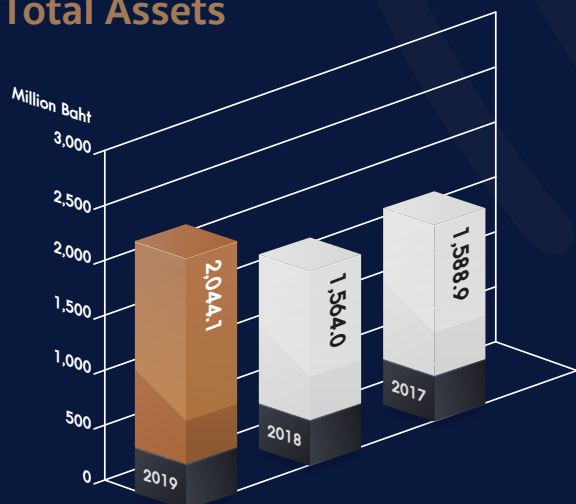
Balance Sheet and Financial Performance (Million Baht)

	2018	2019
Total assets	1,564.0	2,044.1
Total liabilities	1,095.4	610.0
Total shareholders' equity	468.6	1,434.1
Revenues from sales and services	2,852.6	3,026.6
Total revenues	2,964.6	3,144.1
Gross profit	1,402.4	1,481.2
Profit before finance cost and tax expense	197.2	131.3
Net profit	140.2	106.2

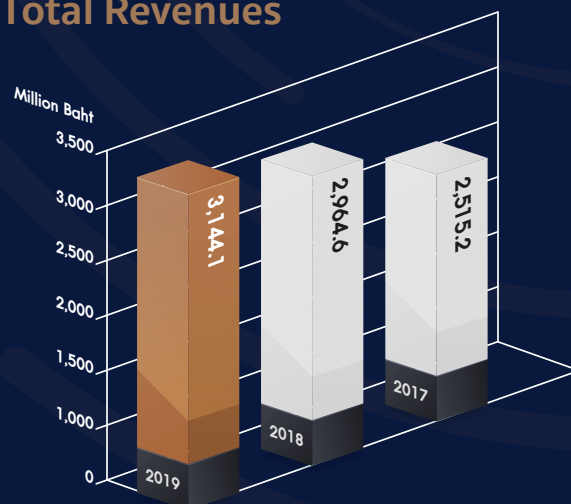
Consolidated Financial Statements

Financial Ratio	2018	2019
Net profit margin (%)	4.7	3.4
Return on assets (%)	8.9	5.9
Current ratio (Times)	0.3	1.2
Debt to equity ratio (Times)	2.3	0.4

Total Assets



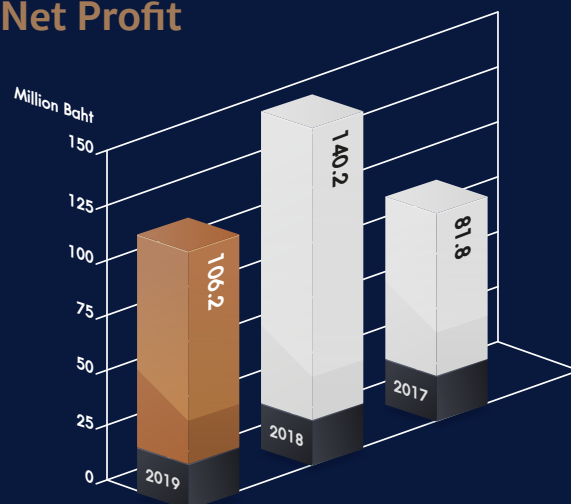
Total Revenues



Total Liabilities



Net Profit





Message from the Chairman of the Board of Directors and Chief Executive Officer



Mr. Paitoon Taveebhol
Chairman Of The Board Of Directors

Zen Corporation Group Public Company Limited successfully completed its IPO and was listed on the Stock Exchange of Thailand on February 20, 2019. Meanwhile, during the course of the year, the country's economy was in a slowdown, with the GDP growth steadily declining from 3.3-3.8% down to 2.6%. The Company focused on the current trend of Street Food, developing and opening branches under the brand name "Khang" which serves a la carte dishes such as stir-fried basil with pork, chicken or beef etc., dishes which Thai people are familiar with and which customers of all income levels can access, since prices start at 49 Baht. The company opened 48 stores of Khang in 2019.

The company's performance in 2019 was affected by the economic downturn, with consumers lacking purchasing power and people not having the confidence in income, therefore being more cautious on food spending despite it being one of the 4 basic human needs. However, the company still managed to grow, with TSSG at the rate of 6.1% in 2019. Nevertheless, as a result of consumer spending slowing, the company's SSSG decreased by 4.7%, resulting in the profit of the year 2019 falling from the previous year. The company opened 98 new branches during the year, representing a substantial increase in the number of total branches by 33% and this policy to expand and open new branches will continue next year. In addition, in 2019 the company added new sales channels by distributing retail products such as pickled fish and Jeaw Bong sauces through modern trade channels which helped grow sales by 293%; food delivery sales surged by 656%. In fact, by expanding into new brands and new revenue streams, all our business units (restaurant business, franchise business and food-related business such as food delivery and retail products) displayed continuous growth in 2019 and this is one of our key strategies to diversify the company's risk.

The company places importance on operating the business whilst following good corporate governance policies. For example, regular business risk assessments are undertaken so as to identify the different risks faced by the company and their potential impacts; steps are then taken to mitigate any significant risks and prevent negative effects to the overall business. The Company and subsidiaries also pay close attention to the fight against corruption and in this respect the company has been certified as a member of the Private Sector Collective Action Coalition Against Corruption (CAC). In terms of financial sustainability, the company commits to setting suitable financial targets with the goal to pay dividends to shareholders according to the policy submitted when listing on the Stock Exchange of Thailand. In the area



Mr. Boonyong Tansakul
Chief Executive Officer

of employees, the company has a policy to assist employees to be adept in their work and also aid them in their personal development as members of society. For example, staff have access to training courses in the development of their skills in cooking and serving customers. For personal development, the company encourages employees to be honest and caring towards their colleagues and customers alike while special projects such as the 'Good Deeds for Birthday Project', provides opportunities and encourages staff to participate in volunteer projects.

Regarding social responsibility, the company has undertaken several initiatives. Firstly, the company has a project "Jaidee Farm" to provide support to a community of disabled people who operate an organic melon farm; the group purchases and uses the melon products in the company's stores while also generating awareness and promoting restaurant customers to buy the product themselves. Another win-win initiative is to support smaller-scale Thai farmers by purchasing beef from 3 major beef cooperatives in Thailand to ensure that the meat used in the group's stores is high quality and free from harmful additives such as accelerated growth hormones. The company also entered into a Memorandum of Understanding (MOU) with Khon Kaen University to support the development of raising 'low uric acid' chickens which when eaten reduces the potential effects of Gout, and using the chicken meat in the company's stores directly helps the farmers by providing them with a stable demand for their products. By using these types of products the company also considers the health of our customers as a priority, more examples include the company purchasing tilapia from farms that raise fish using organic farming methods free from chemicals and for vegetables the company has a policy to increase the use of suppliers which utilize organic farming methods. Waste is another area which the company is focusing and the company is reducing the usage of plastic by stopping the use of plastic straws and shifting towards biodegradable packaging and containers used for delivery. In these regards, the company followed the sufficiency economy philosophy of the late King Bhumibol the Great as a guideline for sustainable business operations.

The company would like to thank the board of directors, the management staff and the support department and also give special thanks to the store service-staff and chefs for their delicious, tasty dishes and impressive service. Finally, we would like to remind everyone that the company has and will continue to follow the corporate vision which is "To be the most preferred and trusted food services group for our customers, business partners and stakeholders".



Board of Directors and Executives



Mr. Paitoon Taveebhol

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

Age (Year): 69

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 4/2546
- Director Certification Program (DCP) Thai Institute of Directors (IOD) Class of 38/2546
- Audit Committee Program (ACP) Thai Institute of Directors (IOD) Class of 6/2548
- Role of Chairman Program (RCP) Thai Institute of Directors (IOD) Class of 11/2548
- Chartered Director Class (R-CDC) Thai Institute of Directors (IOD) Class of 3/2551
- Monitoring Fraud Risk
- Management (MFM) Thai Institute of Directors (IOD) Class of 1/2552
- Monitoring the Quality of Financial Reporting (MFR) Thai Institute of Directors (IOD) Class of 11/2553
- Role of the Compensation Committee (RCC) Thai Institute of Directors (IOD) Class of 10/2553
- Monitoring the Internal Audit Function (MIA) Thai Institute of Directors (IOD) Class of 9/2553
- Monitoring the System of Internal Control and Risk Management (MIR) Thai Institute of Directors (IOD) Class of 9/2553
- Anti-Corruption for Executive Program (ACEP) Thai Institute of Directors (IOD) Class of 2/2555
- DCP Reunion (M-DCP Re) Thai Institute of Directors (IOD) Class of 1/2555

% Shareholding in the Company: -None-

Family Relation between Directors and Executives: -None-

Other current position of director / executive positions

Other listed companies: 4

Companies or Other position in other company doing business: -None-

Work Experience:

2014 - Present	Chairman of the Board of Directors / Independent Director Zen Corporation Group Public Company Limited
2012 - Present	Independent Director / Chairman of Audit Committee / Chairman of Risk Policy Committee/Nomination and Remuneration Committee (1) KCE Electronics Public Company Limited
2012 - Present	Independent Director / Audit Committee Easy Buy Public Company Limited
2008 - Present	Chairman of the Nomination and Remuneration Committee / Independent Director / Audit and Corporate Governance Committee Somboon Advance Technology Public Company Limited
2002 - Present	Independent Director /Chairman of the Audit Committee /Chairman of the Risk Policy Committee Central Pattana Public Company Limited



Mr. Sakkanon Chirathivat⁽¹⁾

Director (December 1, 2014)
Vice Chairman of the Board of Directors (June 1, 2018)
Nomination and Remuneration Committee (May 13, 2015)
Risk Management Committee (29 April 2019)
Director of Subsidiaries

Age (Year): 42

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 211/2558
- Ethical Leadership Program (ELP) Thai Institute of Directors (IOD) Class of 7/2560

% Shareholding in the Company: 33.5

Family Relation between Directors and Executives:

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

Other current position of director / executive positions

Other listed companies: -None-

Companies or Other position in other company doing business: 13

Work Experience:

2014 - Present	Vice Chairman of the Board of Directors / Nomination and Remuneration Committee/ Risk Management Committee 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
2016 - Present	Director AGB Siblings Holding Company Limited
2016 - Present	Director Zen Supply Chain Management Company Limited
2016 - 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 Zen Corporation Group Public Company Limited

Remark: ⁽¹⁾ Being a person approved by the Board of Directors to be a director and / or executive of a subsidiary



Mr. Prawit Kijpaisalrattana

Independent Director (12 December 2014)
Chairman of the Audit Committee (12 December 2014)
Chairman of the Nomination and Remuneration Committee
(8 August 2562)

Age (Year): 66

Education:

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

Training:

- Board Nomination and Compensation Program (BNCP)
Thai Institute of Directors (IOD) Class of 7/2562
- Director Accreditation Program (DAP)
Thai Institute of Directors (IOD) Class of (IOD) Class 120/2558
- Advanced Audit Committee Program (AACP)
Thai Institute of Directors (IOD) Class of 30/2561

% Shareholding in the Company: -None-

Family Relation between Directors and Executives: -None-

Other current position of director / executive positions

Other listed companies: 1

Companies or Other position in other company doing business: 1

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)
Chairman of the Marketing and Sustainable Development Committee
(10 March 2016)
Nomination and Remuneration Committee (8 August 2562)
(Audit Committee 1 June 2018 – 28 April 2562)

Age (Year): 51

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: -None-

Family Relation between Directors and Executives: -None-

Other current position of director / executive positions

Other listed companies: -None-

Companies or Other position in other company doing business: 1

Work Experience:

2015 - Present	Independent Director / Chairman of the Marketing and Sustainable Development Committee / Nomination and Remuneration Committee Zen Corporation Group Public Company Limited
2019 - Present	Dean of Faculty of Commerce and Accountancy Chulalongkorn University
2010 – 2019	Head of Marketing Department Chulalongkorn University
2010 - 2015	Consultant Spa Haku Hodo Company Limited



Board of Directors and Executives



Mrs. Jotika Savanananda

Independent Director (15 May 2018)
Audit Committee (15 May 2018)
Marketing and Sustainable Development Committee (29 April 2562)

Age (Year): 59

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 (AAP) 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: -None-

Family Relation between Directors and Executives: -None-

Other current position of director / executive positions

Other listed companies: 1

Companies or Other position in other company doing business: 7

Work Experience:

2018 - Present	Independent Director / Audit Committee / Marketing and Sustainable Development Committee Zen Corporation Group Public Company Limited
2019 - Present	Expert Committee Capital Market Development Fund
2018 - Present	Director RFS Company Limited
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
2019 - present	Qualified University Council Member Mahidol University Council
2019 - present	Qualified Director Life Insurance Fund (Life Insurance Fund)
2017 - 2018	Director / Audit Committee /Investment Committee Life Insurance Fund (Life Insurance Fund)
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. Chavalit Chindavanig

Independent Director (29 April 2562)
Chairman of the Risk Management Committee (29 April 2562)
Audit Committee (29 April 2562)

Age (Year): 56

Education:

- Bachelor of Faculty of Engineering Mechanical Engineering Chulalongkorn University Thailand
- Master of Business Administration Finance Eastern Michigan University USA

Training:

- IT Governance and Cyber Resilience Program (ITG) Thai Institute of Directors (IOD), Class of 10/2562
- Certification Program Update (DCPU) Thai Institute of Directors (IOD), Class of 5/2558
- Corporate Governance for Capital Market Intermediaries (CGI) Thai Institute of Directors (IOD), Class of 4/2558
- Monitoring the System of Internal Control and Risk Management (MIR) Thai Institute of Directors (IOD), Class of 12/2555
- Monitoring the Quality of Financial Reporting (MFR) Thai Institute of Directors (IOD), Class of 15/2558
- Monitoring the Internal Audit Function (MIA) Thai Institute of Directors (IOD), Class of 11/2556
- Monitoring Fraud Risk Management (MFM) Thai Institute of Directors (IOD), Class of 6/2556
- Audit Committee Program (ACP) Thai Institute of Directors (IOD), Class of 37/2556
- Director Certification Program (DCP) Thai Institute of Directors (IOD), Class of 76/2549
- Director Accreditation Program (DAP) Thai Institute of Directors (IOD), Class of 21/2547

% Shareholding in the Company: -None-

Family Relation between Directors and Executives: -None-

Other current position of director / executive positions

Other listed companies: 3

Companies or Other position in other company doing business: 1

Work Experience:

2562 - present	Independent Director / Chairman of the Risk Management Committee / Audit Committee Zen Corporation Group Public Company Limited
2019 - present	Independent Director / Audit Committee Internet Thailand Public Company Limited
2019 - present	Director Limousine and Car Transport Company Limited
2018- present	Audit Committee Phatra Capital Public Company Limited
2016 - present	Audit Committee Phatra Asset Management Company Limited
2012 - present	Director Phatra Capital Public Company Limited
2012- present	Director Phatra Asset Management Company Limited
2012 - 2018	First Executive Vice President Kiattakin Bank Public Company Limited
2007 - 2018	Head of Corporate Strategy Group / Member of the Risk Management Committee Kiattakin Bank Public Company Limited
2011 - 2017	Director / Audit Committee Phatra Asset Management Company Limited
2009 - 2016	Director KKTrade Securities Company Limited
2010 - 2016	Audit Committee KKTrade Securities Company Limited
2009 - 2016	Director Erawan Law Office Limited



Mr. Boonyong Tansakul⁽¹⁾

Director (21 July 2016)
Chairman of the Executive Committee (1 June 2561)
Risk Management Committee (29 April 2562)
Marketing and Sustainable Development Committee (29 April 2562)
Chief Executive Officer (1 April 2561)
Director of Subsidiaries
Executive of Subsidiaries

Age (Year): 54

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 96/2550
- Chartered Director Class Thai Institute of Directors (IOD),
Class of 3/2551
- Anti-Corruption for Executive Program (ACEP)
Thai Institute of Directors (IOD), Class of 2/2555

% Shareholding in the Company: -None-

Family Relation between Directors and Executives: -None-

Other current position of director / executive positions

Other listed companies: -None-

Companies or Other position in other company doing business: 8

Work Experience:

2016 - Present	Chairman of the Executive Committee / Director / Risk Management Committee / Marketing and Sustainable Development Committee / Chief Executive Officer
2019 - Present	Zen Corporation Group Public Company Limited Director / Nomination and Remuneration Committee
2018 - Present	Thai Listed Companies Association Director / Chief Executive Officer
2018 - Present	Zen Restaurant Holding Company Limited Director / Chief Executive Officer
2018 - Present	Aka Inter Foods Company Limited Director / Chief Executive Officer
2018 - Present	Gyu Grill Group Company Limited Director / Chief Executive Officer
2018 - Present	Spice Synergy Company Limited Director / Chief Executive Officer
2018 - Present	Tokyo Concept Company Limited Director / Chief Executive Officer
2018 - Present	Zen and Spicy Company Limited Director / Chief Executive Officer
2018 - Present	Zen Supply Chain Management Company Limited Managing Director
2013 - 2016	Singer Thailand Public Company Limited Executive Vice President, Singer Asia
2013 - 2015	Singer Thailand Public Company Limited



Miss Jomkwan Chirathivat⁽¹⁾

Director (1 December 2014) Executive Director (14 August 2018)
Chief of Intellectual Property Management Group (Acting)
(14 August 2018)
Director of Subsidiaries (3)
Executive of Subsidiaries

Age (Year): 37

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 116/2558

% Shareholding in the Company: 33.46

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

Other current position of director / executive positions

Other listed companies: -None-

Companies or Other position in other company doing business: 12

Work Experience:

2014 - Present	Director / Executive Director / Chief of Intellectual Property Management Group (Acting)) Zen Corporation Group Public Company Limited
2016 - present	Director / Chief of Intellectual Property Management Group (Acting) Zen and Spicy Company Limited
2016 - present	Director / Chief of Intellectual Property Management Group (Acting) Spice Synergy Company Limited
2015 - present	Director AGB Family Holding Company Limited
2015 - present	Director AGB Family Holding Company Limited
2015 - present	Director / Chief of Intellectual Property Management Group (Acting) Gyu Grill Group Company Limited
2015 - present	Director / Chief of Intellectual Property Management Group (Acting) Zen Supply Chain Management Company Limited
2015 - present	Director Suan Saladaeng Company Limited
2014 - Present	Director / Chief of Intellectual Property Management Group (Acting) Aka Inter Foods Company Limited
2011 - Present	Director / Chief of Intellectual Property Management Group (Acting) Zen Restaurant Holding Company Limited
2011 - Present	Director / Chief of Intellectual Property Management Group (Acting) Tokyo Concept Company Limited
2006 - Present	Director Terra Cotta Company Limited
2006 - Present	Director Canyon Cottage Company Limited

Remark: ⁽¹⁾ Being a person approved by the Board of Directors to be a director and / or executive of a subsidiary



Board of Directors and Executives



Mr. Chittapon Vivaddhanakasem⁽¹⁾

Director (1 December 2014)
Marketing and Sustainable Development Committee
(23 December 2014)
Director of Subsidiaries

Age (Year): 40

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 116/2558

% Shareholding in the Company: 1.44

Family Relation between Directors and Executives: -None-

Other current position of director / executive positions

Other listed companies: -None-

Companies or Other position in other company doing business: 9

Work Experience:

2014 - Present	Director / Marketing and Sustainable Development 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⁽¹⁾

Director (1 December 2014)
Director of Subsidiaries

Age (Year): 40

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: 2.52

Family Relation between Directors and Executives: -None-

Other current position of director / executive positions

Other listed companies: -None-

Companies or Other position in other company doing business: 7

Work Experience:

2014 - present	Director Zen Corporation Group Public Company Limited
2016 - present	Director Spice Synergy Company Limited
2016 - present	Director Zen and Spicy Company Limited
2015 - present	Director Aka Inter 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

Remark: ⁽¹⁾ Being a person approved by the Board of Directors to be a director and / or executive of a subsidiary



Mrs. Yupaphan Ekasittikul⁽¹⁾

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

Age (Year): 52

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

% Shareholding in the Company: -None-

Family Relation between Directors and Executives: -None-

Other current position of director / executive positions

Other listed companies: 1

Companies or Other position in other company doing business: 8

Work Experience:

2018 - present	Executive Director / Risk Management Committee / Chief Financial Officer / Finance and Accounting Director (Acting)
2018 - present	Zen Corporation Group Public Company Limited
2018 - present	Chief Financial Officer
2018 - present	Zen Restaurant Holding Company Limited
2018 - present	Chief Financial Officer
2018 - present	Aka Inters Foods Company Limited
2018 - present	Chief Financial Officer
2018 - present	Tokyo Concept Company Limited
2018 - present	Chief Financial Officer
2018 - present	Gyu Grill Group Company Limited
2018 - present	Chief Financial Officer
2018 - present	Zen Supply Chain Management Company Limited
2018 - present	Chief Financial Officer
2018 - present	Zen and Spicy Company Limited
2018 - present	Chief Financial Officer
2018 - present	Spicy Synergy Company Limited
2018 - present	Independent Director / Audit Committee
2017 - Present	Eastern Printing Public Company Limited
2017 - Present	Director
2016 - 2017	Sithikul Associates Company Limited
2016 - 2017	Chief Financial Officer
2016 - 2017	Post Publishing Public Company Limited
2012 - 2015	Deputy Managing Director
2012 - 2015	Erawan Sugar Company Limited
2012 - 2014	Financial Accounting Director
2012 - 2014	TOA Paint (Thailand) Company Limited
1997 - 2011	Financial Accounting Director
1997 - 2011	Central Restaurants Group Company Limited



Mr. Voravit Korkongvisarut⁽¹⁾

Chief of Project Management and Business Development Group (1 December 2014)
Executive of Subsidiaries (3)

Age (Year): 46

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: -None-

Family Relation between Directors and Executives: -None-

Other current position of director / executive positions

Other listed companies: -None-

Companies or Other position in other company doing business: 7

Work Experience:

2003 - Present	Chief Development Officer, Project Management and Business Development Group
2019 - Present	Zen Corporation Group Public Company Limited
2019 - Present	Chief Development Officer, Project Management and Business Development Group
2019 - Present	Zen Restaurant Holding Company Limited
2019 - Present	Chief Development Officer, Project Management and Business Development Group
2019 - Present	Aka Inters Foods Company Limited
2019 - Present	Chief Development Officer, Project Management and Business Development Group
2019 - Present	Tokyo Concept Company Limited
2019 - Present	Chief Development Officer, Project Management and Business Development Group
2019 - Present	Gyu Grill Group Company Limited
2019 - Present	Chief Development Officer, Project Management and Business Development Group
2019 - Present	Zen Supply Chain Management Company Limited
2019 - Present	Chief Development Officer, Project Management and Business Development Group
2019 - Present	Zen and Spicy Company Limited
2019 - Present	Chief Development Officer, Project Management and Business Development Group
2019 - Present	Spicy Synergy Company Limited

Remark: ⁽¹⁾ Being a person approved by the Board of Directors to be a director and / or executive of a subsidiary



Board of Directors and Executives



Mr. Siruwat Chatchaval⁽¹⁾

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

Age (Year): 41

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: 2.25

Family Relation between Directors and Executives: -None-

Other current position of director / executive positions

Other listed companies: -None-

Companies or Other position in other company doing business: 8

Work Experience:

2018 - Present	Risk Management Committee / Chief New Business Officer Zen Corporation Group Public Company Limited
2019 - Present	Chief New Business Officer Zen Restaurant Holding Company Limited
2019 - Present	Chief New Business Officer Aka Inters Foods Company Limited
2019 - Present	Chief New Business Officer Tokyo Concept Company Limited
2019 - Present	Chief New Business Officer Gyu Grill Group Company Limited
2019 - Present	Chief New Business Officer Zen Supply Chain Management Company Limited
2019 - Present	Chief New Business Officer Zen and Spicy Company Limited
2019 - Present	Chief New Business Officer Spicy Synergy Company Limited
2016 - Present	Committee Chef Best Company Limited
2009 - 2016	Chief Executive Officer Crazy Spicy Group Company Limited

Remark: ⁽¹⁾ Being a person approved by the Board of Directors to be a director and / or executive of a subsidiary

Courses that the Directors Attended in 2019



Name	Position	The course in 2019
1. Mr. Paitoon Taveebhol	Chairman of the Board of Directors / Independent Director	<ul style="list-style-type: none"> - Annual General Meeting 2019 - Business transformation Thai Institute of Directors (IOD) - Independent Director Forum 1/2019 - Tips and Tricks for Dealing with Questions in AGM Thai Institute of Directors (IOD) - IOD National Director Conference 2019 - Board of the Future Thai Institute of Directors (IOD) - Chairman Forum 2019 - Successful Corporate Culture Change: from Policy to Practices Thai Institute of Directors (IOD) - CAC National Conference 2019 - Innovations in the Fight against Corruption Thai Institute of Directors (IOD) - Thailand Responsible Business Network - TRBN Thai Institute of Directors (IOD)
2. Mr. Prawit Kijpaisalrattana	Independent Director / Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee	<ul style="list-style-type: none"> - Board Nomination and Compensation Program (BNCP) Thai Institute of Directors (IOD) Class of 7/2562
3. Mr.Chittapon Vivaddhanakasem	Director / Marketing and Sustainable Development Committee	<ul style="list-style-type: none"> - Chief Transformation Officer (CTO) MAI Listed Companies Association



Policy and Business Overview

ZEN Corporation Group Public Company Limited (“The Company” or “ZCG”) operates its businesses as a holding company, holding the shares of other companies in restaurant industry and other related businesses through operations of its subsidiaries consisting of ZEN Restaurant Holding Company Limited (“ZRH”), AKA Interfood 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”). In addition, ZEN Group also operates restaurant businesses under the Group’s brands, franchise businesses under the Group’s brands, as well as other related businesses such as food delivery and catering services, restaurant management and consultancy services and food retail businesses such as ready-to-cook and ready-to-eat products.

The Group has established a business policy and planned to achieve its goals for profitability and sustainable growth as follows:

🍣 Domestic and International Expansion of Restaurant Branches

The Group has a plan to continuously expand its restaurant branches in order to increase the revenue for the Group both in form of investing in more restaurant branches by the Group and as franchises domestically and internationally. For the business expansion in the big cities, the Group will open more restaurant branches by itself, while franchising will be used for business expansion in small provinces or cities and overseas.

The Group plans to expand and open more restaurant branches to cover all significant locations, whether shopping centers, department stores, retail stores, standalone branches or gas stations, etc. for more convenience and easier access our restaurants and to be in line with the characteristics of each target market.

🍱 Development of New Restaurant Brands

In addition to the expansion of restaurant chains under the existing brands, the Group has established the new business development department to create new restaurant brands in order to meet the needs of consumers and to cover more consumers. In 2019, the Group introduced the ZEN BOX brand in response to the fast-paced daily routine of customers at BITEC International Trade & Exhibition Centre and Samyan Mitrtown with grab-and-go food sets that can be eaten and carried conveniently while traveling. In addition, the Group also launched Foo Flavor, a restaurant brand with a new concept of Thai Asian Fusion food that develops its menus to meet the needs of middle-class customers and lower. The branches of this new brand are located on the 4th floor of Central Plaza Ladprao and 7th floor of EmQuartier Department Store.

🍷 Expansion into new businesses related to the restaurant business

In order to increase distribution channels and revenue, the Group has expanded into new businesses related to the restaurant business, including (1) delivery and catering services,





(2) restaurant management and consultancy services and (3) food retail businesses such as ready-to-cook and ready-to-eat products.

Maintaining food quality and taste and service quality

The Group attaches great importance to every detail, from the selection of fresh, clean and quality ingredients from standardized raw material suppliers, offering a variety of delicious dishes, to standardized and impressive services.

Taste and freshness of the food are very important factors for the restaurant business. The Group therefore attaches great importance to the selection of raw materials, in which the Group has the supply chain management and product research and development departments responsible for the selecting clean and quality raw materials from standardized raw material distributors from all over the world, including tracking and controlling the delivery process to the storefront to ensure that the raw materials used in cooking are in accordance with the standards set by the Group. In addition, the Group has a quality inspection team which is responsible for inspecting the management of restaurants and kitchens of the restaurant branches on a regular basis to ensure that food taste, cleanliness, management and services provided by all restaurant branches, whether the branches owned by the Group or the franchise branches are up to the quality and standard set by the Group.

Acquisition/merger/joint venture with other restaurants businesses or brands or businesses related to the restaurant businesses

In addition to ongoing business expansion, the Group may consider acquiring/merging/joint venture with other restaurants or brands in order to increase business opportunities, revenue and distribution channels immediately without spending time in investing and self-developing, as well as considering other food business models to diversify its business risks.

In 2019, the Group purchased the rights of master franchise for the brand “Din’s”, a brand for Neo-Taiwanese food to match the fast-paced lifestyle of Thai people today and to increase the diversity of restaurants under the Group to cover more consumers. The first branch of Din’s restaurant is located at the ground floor of Samyan Mitrtown. This also creates the opportunity for franchise businesses to be expanded into CLMV countries, consisting of Cambodia, The Lao People’s Democratic Republic, Myanmar and Vietnam which can significantly increase revenue, distribution channels and more customer groups for the Group.

In addition to acquisition/merger/joint venture with other restaurant brands, the Group may consider acquiring/merging/joint venture with other businesses related to restaurant businesses to increase efficiency and reduce operating costs of the Group.



Nature of Business Operations

The Company operates its businesses as a holding company, focusing on investing in 3 main business groups which are (1) restaurant businesses under the Group's brands, (2) franchise businesses under the Group's brands and (3) other related businesses such as delivery and catering, restaurant management, restaurant consultancy and food retail business such as ready-to-cook and ready-to-eat products.

Currently, there are a total of 15 restaurant brands under the operations of the Group, which are

	Brand : ZEN Type of Restaurant : Traditional Japanese restaurant		Brand : Sushi Cyu & Carnival Yakiniku Type of Restaurant : Premium Japanese restaurant
	Brand : ZEN BOX Type of Restaurant : Japanese restaurant with Grab-and-Go concept		Brand : Tummour Type of Restaurant : Thai-Isaan restaurant
	Brand : Musha by ZEN Type of Restaurant : Japanese restaurant in new style		Brand : LaoYuan Type of Restaurant : Thai-Isaan and Vietnamese restaurant
	Brand : AKA Type of Restaurant : Japanese charcoal grill or Yakiniku restaurant		Brand : JaewHon Type of Restaurant : Laos suki or hotpot
	Brand : Din's Type of Restaurant : Neo Taiwanese-style or Chinese fast food restaurant		Brand : Pho Type of Restaurant : Vietnamese noodles
	Brand : On the Table, Tokyo cafe Type of Restaurant : Lifestyle restaurant		Brand : de Tummour Type of Restaurant : Premium Thai-Isaan restaurant
	Brand : Foo Flavor Type of Restaurant : Thai fusion restaurant		Brand : Kiang Type of Restaurant : Thai à la carte or Thai fast food restaurant
	Brand : Tetsu Type of Restaurant : Premium Japanese charcoal grill or premium Yakiniku restaurant		

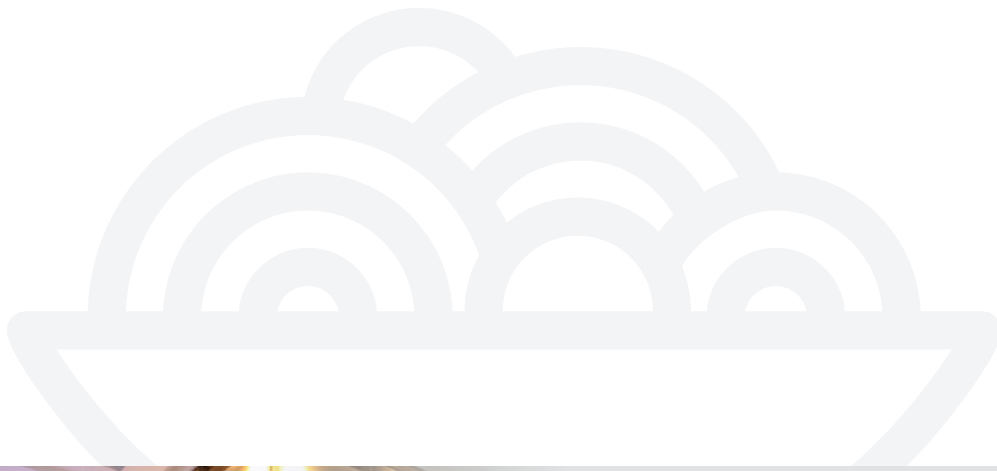


As of 31 December 2019, there are a total of 345 branches operate under the Group's brands, both the branches owned by the Group or franchise branches.

Brand	Branches owned by the Group (branches)			Franchise branches (branches)			Total (branches)
	Bangkok and perimeter	Different province	Different Country	Bangkok and perimeter	Different province	Different Country	
1. ZEN	34	12	-	-	-	-	46
2. ZENBOX	2	-	-	-	-	-	2
3. Musha	3	3	-	-	-	-	6
4. AKA	18	7	-	-	-	3	28
5. Tetsu	1	-	-	-	-	-	1
6. Sushi Cyu	3	-	-	-	-	-	3
7. On the Table	20	3	-	-	-	1	24
8. Din's	1	-	-	-	-	-	1
9. Foo Flavor	2	-	-	-	-	-	2
10. Tummour	13	4	-	44	64	3	128
11. LaoYuan	5	1	-	15	10	-	31
12. JaewHon	4	-	-	5	5	1	15
13. Pho/ Kuaytiew	1	-	-	2	4	-	7
14. De Tummour	1	-	-	1	-	-	2
15. Khiang	30	6	-	10	3	-	49
Total	138	36	-	77	86	8	345

Characteristics of Products and Services

- Restaurant Business** There are a total of 15 restaurant brands that operate under the Group as follows:



ZEN is a traditional Japanese restaurant that attaches great importance to the selection of ingredients, food quality control and service standards and is dedicated to providing an authentic Japanese dining experience presented in a modern style with art and meticulous attention to every detail. The store interior is specially designed for a warm welcoming and private atmosphere like eating at home and each branch has separate hot and cold kitchens. ZEN is an à la carte restaurant serving a wide variety of food and drinks such as sushi, sashimi, set meal, grilled food, etc.



ZEN BOX is a Japanese grab-and-go food concept selling prepackaged set meals that can be eaten and carried conveniently while traveling to meet behavior of health-conscious customers who prefer healthy food for their fast-paced lifestyle. Most menus consist of various kind of fish and fresh vegetables such as Maki wrap, salad, Onigiri and Oni sandwich, etc.



Mushu is a Japanese restaurant in modern style, in which its menus are developed from ZEN Japanese restaurant's menus to meet the needs of upper-class and middle-class customers, emphasizing on delicious, quality and affordable food with unlimited refill rice. Due to its smaller size and less diverse menus compared to those of ZEN restaurant, Mushu restaurant therefore has a flexible management and fast service. The Group plans to expand and increase the number of Mushu branches nationwide primarily through franchising.



AKA is a Yakiniku restaurant that focuses on the selection of quality, fresh and famous ingredients from all over the world, including a special sauce recipe invented by the Group. This sauce is made from high quality ingredients in order to produce a flavorful and fragrant sauce suitable for grilling. The grill is an important part of this business. The Group therefore uses the grill of highest quality and safety by using a smokeless charcoal system to prevent blow-back. AKA restaurant offers both buffet and a la carte options.

Din's is a neo-Taiwanese restaurant or Chinese fast food restaurant, which has adjusted and adapted its restaurant style and the food taste to be easily accessible to meet the Thai lifestyle with a modern decor style that combines the oriental style with simplicity and modernity. The highlight of the restaurant is the open kitchen where customers can observe the creation of excellent dishes by chefs as well as the culinary techniques which our chefs pay attention to every detail. Din's is an a la carte restaurant offering a wide variety of food and drinks such as Flying Xiao Long Pao, Mapo Tofu Don, Tan Tan Men, etc.



On the Table is a fusion food restaurant, a combination between Japanese food, Western food and Thai flavors. The interior decor is inspired by Tokyo Cafes in Japan, focusing on natural materials for a warm, welcoming but modern atmosphere. On the Table is an a la carte restaurant offering a variety of fusion food such as pasta, sushi, salad and pizza, as well as desserts and drinks.



Foo Flavor is a Thai fusion food restaurant serving food in new styles and tastes. It is a combination of a variety of familiar food or ingredients into new dishes which still retain the uniqueness of the local culture and ingredients. The design and décor of the restaurant are based on applied arts by using the geometric lines representing Asian style to create a modern atmosphere according to its concept. Foo Flavor is an a la carte restaurant offering a variety of food and drinks such as Luang Prabang Salad, Grilled Salmon Spicy Salad with Grapefruit, Egg and Pork in Sweet Brown Sauce, Korean-Style Fried Rice with Pork Chop, Dried Chili and Salt, etc.



Tetsu is a premium Yakiniku restaurant offering sashimi and grilled dishes that focuses on premium ingredients such as Ohmi Wagyu beef, one of the top three beef imported from Kansai, Japan. Tetsu is an a la carte restaurant that attaches great attention to quality and ingredients. The restaurant is decorated in an industrial contemporary style providing a raw but distinctive style with bare brick walls for a natural feel. There is also a private zone for specific banquets to meet different needs of urban people who enjoy Japanese food.





Sushi Cyu is a premium Yakiniku restaurant of the Group which uses premium ingredients such as tuna and sea urchin or Uni from Japan. Sushi Cyu is an a la carte restaurant offering a variety of food and drinks such as sushi, sashimi, set meal, grilled foods, soba, desserts, alcoholic and non-alcoholic drinks. In addition, the restaurant also offers the exclusive Omakase course which is a chef's choice of sushi set consisting of 10-13 menus.



Tummour is a Thai-Isaan restaurant which uses only quality ingredients offering a variety of menus such as papaya salad, deep-fried chicken, stir-fried rice noodles. Tummour is an a la carte restaurant decorated in contemporary style with a warm and welcoming atmosphere. In addition, there is an open kitchen where customers can observe the making of papaya salad which our chefs pay attention to every detail. This is in order to ensure that every dish is of quality, spicy and flavorful according to our slogan **"Expertise in Original Spicy Thai Food"**



LaoYuan is a fusion food restaurant offering the perfect combination between Thai-Isaan and Traditional Vietnamese food. LaoYuan is an a la carte restaurant which offers a variety of perfect combinations such as roasted chicken with pickled fish, deep-fried crispy pork belly with sour & spicy sauce, deep-fried melantha sauvic spicy salad with shrimp and many other menus for customers who prefer healthy foods with Thai flavors according to the slogan **"Impressive Traditional Dishes and Must-Try New Menus"**.



JaewHon is a Laos suki or hotpot restaurant served in clay pot with Isaan style soup made from premium ingredients and scent of roasted rice. The soup contains a variety of herbs with medicinal properties and is served with Jaew spicy sauce in Thai Isaan authentic style. JaewHon offers both buffet and a la carte options.

Pho is a Vietnamese noodles restaurant established under a slogan **“Full of Side Dishes with Less Noodles”** both pork, beef, offal and soft-boiled egg served with fresh vegetables and our signature sauce developed especially for Pho noodles. Pho is an a la carte restaurant with popular menus such as dry Pho with pork, Pho with soup and beef and Vietnamese rice noodles with grilled pork. The restaurant is decorated with contemporary paintings representing Vietnamese way of life.



Khiang is a Thai a la carte or Thai fast food restaurant offering familiar dishes to meet the fast-paced lifestyle of Thai people today such as rice topped with stir-fried pork and basil, fried sliced pork with garlic and pepper, Thai traditional fried rice, stir-fried Chinese kale with crispy pork, fried rice noodles with chicken and fried noodle in soy sauce. Khiang is dedicated to the preparation of every dish and selection of quality ingredients. With a lot of ingredients topped on rice, spicy and rich flavor taste Thai people crave for in accordance with the concept **“Spicy and Flavorful Dishes Full of Ingredients Spicy To Your Taste”**.



De Tummour is a premium authentic Thai-Isaan restaurant, in which its menus are developed from Tummour restaurant’s menus to meet the needs of upper-class and middle-class customers. De Tummour offers an a la carte service with premium ingredients that are specially selected along with unique flavors to meet the needs of Thai and foreign customers.





- **Franchise Business** The Group has 2 franchising systems: (1) the Group chooses the restaurant brand under the Group including the location and then proposes to the franchisee for approval and (2) the franchisee chooses the restaurant brand of the Group including its location and proposes to the Group for consideration of the appropriateness of the location.

- **Other Related Businesses**
 - Delivery and Catering Services**

The Group offers food delivery services via Call Center at 1376 and online channels such as Food Panda, Lineman, Grab Food and GET, etc. Consumers can order food from any restaurant branch via these channels.



In addition, the Group also offers catering services both on-site and off-site for various events such as weddings, company parties and birthday parties, in fine dining or booth options.

- Restaurant Management and Consultant Service**

The Group offers the restaurant management and consultancy services for restaurant operator or franchisee who needs the standardized restaurant management and operation system or the operator who encounters business problems. The Group relies on its experience and personnel expertise in management planning process and/or consultation. There are 2 types of service fees which are fixed fee and variable fee depending on the agreements with the users, scope and service period.

- Food Retail Business**

The Group has 2 main types of retail food products which are ready-to-cook products such as Korat Instant Rice Noodles with Sauce and ready-to-eat products Jaew Dipping Sauce, Dipping Sauce for Chicken and Chili Paste with Pickled Fish Flavor of standardized quality and taste. At present, these products are sold at the restaurant branches of the Group as well as through third-party stores including Moderntrade. In this regard, the Company considers and operates the food retail business by producing and selling the popular food products of the Group's restaurants, in which the Group expects to increase the diversity of its food products as well as to increase the distribution channels to cover more customer groups in order to accommodate its future growth.

Retail products



Marketing and Competition

1. Marketing and Sales of the Group

The Group focuses on target marketing with the objective to (1) increase market share in new customer groups by raising brand awareness, (2) maintain existing customer base by creating brand loyalty and (3) increase utilization rate of the Group's customers by developing new menus, creating brand engagement through advertisements on online media and social network and raising awareness through traditional marketing, including installing billboards in shopping centers, retail stores, community malls or the areas adjacent to the restaurants.

The Group has established different marketing strategies for each brand according to the target customers, brand positioning and restaurant models.

2. Pricing

The Group use cost-plus pricing strategy (Cost Plus Margin) to set the price at the level considered a good value for money from the customer's view and in line with the brand positioning, including consideration of price competitiveness compared to the competitors.

Since the Group has many brands and branches with different brand positioning, target customers, sales prices, raw material costs, operating expenses, rents and employee expenses,

the product prices are therefore different. However, the Group believes that the pricing at present is suitable and reasonable compared to the quality of products and services while meeting customer needs.

3. Customer and Target Marker Characteristics

The Group has a variety of restaurant brands and branches all over the country which are accessible and meet different needs of customers. The details are as follows:

Brand	Customer			Income Level			Location		
	Family	Working age (> 20 years)	Students (> 15-24 years)	Low	Middle	High	Bangkok Metropolitan Region	Other province	Oversea
1. ZEN	√	√	-	-	√	√	√	√	-
2. ZEN BOX	-	√	-	-	√	-	√	-	-
3. Musha	√	√	-	-	√	-	√	√	-
4. AKA	√	√	√	√	√	-	√	√	√
5. Din's	-	√	√	√	√	-	√	-	-
6. On the Table	√	√	-	-	√	√	√	√	√
7. Foo Flavor	-	√	√	√	√	-	√	-	-
8. Tetsu	√	√	-	-	-	√	√	-	-
9. Sushi Cyu	√	√	-	-	-	√	√	-	-
10. Tummour	√	√	√	√	√	-	√	√	√
11. LaoYuan	√	√	-	-	√	√	√	√	-
12. JaewHon	√	√	√	√	√	-	√	√	-
13. Pho	√	√	√	√	√	-	√	√	-
14. De Tummour	√	√	-	-	√	√	√	-	-
15. Kiang	√	√	√	√	√	-	√	√	-

4. Sales and Distribution Channels

The Group has 4 different distribution channels which are (1) restaurant branches, most of which are located in the shopping malls, retail shops and community malls, including gas stations and commercial buildings in the communities with relatively high customer traffic. The Group anticipates that most customers tend to have some food in these areas. (2) Catering services both on-site and off-site services such as weddings, conferences and festive parties. (3) Delivery services via Call Center at 1376 and via mobile applications such as Food Panda, Lineman, Grab Food and GET, etc. (4) Selling Ready-to-Cook and Ready-to-Eat products at the Group's restaurant branches, department stores, retail shops and wholesale shops.

Procurement of Products or Services

The Company attaches great importance to the quality of food and services. The Company has set the standards for all food-related raw materials and non-food-related raw materials by product types to ensure high quality and traceability of any raw materials at every stage of production, from the suppliers, delivery, cooking at each branch and serving food to consumers.

The Company has a team of highly experienced staff who are specialized in quality inspection of food-related raw materials and non-food-related raw materials. Supplier standards and product quality are inspected before delivery to the warehouse. The standards and every step in inbound and outbound transportation of goods to and from the warehouses of all branches all over the country, including franchise stores shall meet the standards of each product. An annual supplier evaluation is also performed in order to evaluate the prices and quality of raw materials, packaging of raw materials, and inbound transportation.

As mentioned above, in overall, the consumers can rest assured that they are served food prepared from fresh, safe and quality ingredients at every branch of the Group's restaurants.





Risk Factors

The Group is aware of the existing risks that may affect the Group's operations and results of operations. As the risks may arise from internal or external factors, the Board of Directors has established the Risk Management Policy, approved the Charter of the Risk Management Committee, appointed the Risk Management Committee to oversee the Group's risks and conduct both qualitative and quantitative risk assessments. The risks described as follows, if they occur, will adversely affect business operations, performance, and financial status.

1. Holding Company's Risks

The Company operates as a holding company, mainly deriving income from shares in other companies, and does not conduct its own business with significant incomes. Therefore, the performance of the Company depends on the results of its operations and ability to pay dividends of the subsidiaries. For the fiscal year ended 31 December 2019, the Company holds shares in 7 subsidiaries, which include ZRH, AKF, GGG, OTT, SYN, ZPC, and ZSM. In the case that the aforementioned subsidiaries fail to pay dividends or pay fewer dividends, it may affect the income, performance, and dividend payment of the Company.

However, the Company and its subsidiaries have set a policy for a dividend payment of not less than 50.0% of the net profit after income tax of the separate financial statements of the Company and its subsidiaries after allocation of legal reserves. In the past, the dividends of these companies were never affected by any issues. Therefore, it can be assured that the aforementioned business operations will not affect the Company's dividend payment.

2. Business risk

2.1 Risk from raw material shortage and raw material price fluctuation

The nature of the business of the Group mostly includes raw food products such as seafood, meat, rice, eggs, vegetables, and various fruits. The raw materials, quantity, and prices fluctuate according to seasonal factors, unfavorable weather conditions such as drought, natural disasters, the outbreak of diseases in plants and animals, the number of products released to the market at a certain time and demands of the market both at home and abroad. As a result, each period is uncertain, and there may be shortages at certain times, and the above factors have a direct and indirect effect on the prices of raw materials that may adversely affect the Company's operations and financial status. For the fiscal year ended 31 December 2019, the cost of raw materials is 68.6 percent of the total cost of sales.

To reduce the risks, the Group places importance on effective cost control and management and reduction of the effects of shortages and fluctuations in raw material prices with the measures as follows:

1. To set a procurement plan and estimation of demand for raw materials, especially those that may have a significant impact on overall raw material costs, as well as to manage an efficient procurement system to ensure that the Group is able to purchase



at the best prices and conditions by holding tenders, bidding, or comparing raw materials prices with different raw material suppliers.

2. To build good relationships with distributors and closely monitor factors and events with an impact on the quantity and prices of raw materials both directly and indirectly, as well to assess risks from shortages or fluctuations in raw material prices in order to prepare prevention and mitigation plans in a timely manner.
3. In the event that the raw material prices increase, the Group will not immediately increase the food prices, but it will consider raising food prices in the case that the raw material prices increase continuously or the overall raw material prices increase significantly. To adjust the food prices, the Group will consider comparing the prices with the market prices or competitors' prices so as not to affect sales or customer base.
4. For some main raw materials, the Group makes both short-term and long-term agreement contracts with reliable manufacturers or distributors and compares the changes in raw material prices from those in the past in order to determine appropriate procurement measures. It also stipulates terms and conditions, including quantity, prices, delivery time, and other conditions. The Group also considers purchasing raw materials directly from overseas sources to ensure their quantity, quality, and prices.
5. The Group has set a policy to make a list of distributors in order to reduce the risk from ordering raw materials from one supplier, as well as to consider changing food items to be suitable and in line with the market conditions in each season or use other raw materials of similar quality as substitutes in order to reduce the effects of raw material shortages or price fluctuations at certain times.

Previously, the Group has never experienced significant material shortages or been affected by the increase in raw material prices, which had a significant effect on its operations and financial status.

2.2 Concentration Risk of the Branches

Business operations of the Group mostly derive revenue from Japanese restaurants, and Japanese food is still popular among consumers because of natural ingredients that are rich in nutrition. The Group has responded to such needs with a variety of Japanese restaurants.



However, the Group is aware of the need to increase business potential and to diversify business risks and in order to increase access to more customer by acquiring the restaurant business named “Tummour” to be the foundation of the Isan Thai restaurant business, and it has expanded the business under the name “Khang.” to support customers of Thai street food, as well as the expansion of Japanese food under the brands “Din’s” and “Foo Flavor.”

As of December 31, 2019, the number of the restaurant branches owned by the Group that is located in Bangkok and its perimeter is 140 or 80.5 percent of the total number of restaurant branches owned by the

Group. Most branches are located in shopping centers/department stores, community malls, and retail malls. In the event that the normal business operations of the Group’s restaurants must be ceased or interrupted and/or that unexpected events occur in Bangkok and its perimeter such as political problems, protests and floods that cause shopping centers/shopping malls, community malls, and retail malls to be damaged or closed, or cause the restaurants of the Group to be damaged or closed, or cause consumers to hesitate to dine out and/or to change consumer behavior to other types of food, these may have a significantly negative impact on the Group’s operations and financial status.

To reduce the risk, the Group has developed restaurants to be smaller in size, such as the brand “Khang,” to diversify the investment of restaurants to cover more locations nationwide and reduce the concentration risk of the Group’s branches. In addition, the Group also offers a delivery service, which will help reduce the risk in cases where consumers hesitate to dine due to unexpected events occurring in Bangkok and its perimeter as well as in some provinces.

2.3 Risk from failure to find rental space to expand new branches and/or failure to renew a lease agreement of the original branches and/or operating a restaurant business on a leased space pending the signing of a lease agreement from a rental space operator.

Currently, the restaurant business is quite competitive with a number of restaurant operators, various kinds of foods, and small and large sizes, and it has a tendency to increase, resulting in difficulty in finding rental space to open new branches. The Group may still encounter the risk of failure to find rental space to open new branches as targeted. In addition, most of the Group’s current lease agreements are short-term contracts for approximately three years. Therefore, the Group may be at risk of not being able to renew a lease agreement and/or to negotiate the rental conditions at prices that are reasonable to the return as the Group needs. Also, regarding the preparation of a lease agreement and/or renewal of a lease agreement with the operators, most leases have internal procedures that take 3-6 months whereby in some case, the Group is running a restaurant business while pending to sign the lease agreement with the rental space operator, causing the Company to be at risk in renting and/or using rental

space, which may have a significantly adverse effect on the Group's operations and financial status.

However, the Group is a business partner with a number of rental space operators of shopping centers/department stores, community malls, and retail stores in Bangkok and other provinces, maintaining a good relationship with lessors for a long time and a good history of rent payment on time, as well as strictly abiding by the lease agreements. In addition, the Group is also a leading chain restaurant operator in the country with a variety of restaurant brands with strong brand recognition and brand variety, quality products, good services preferred by consumers, resulting in the mall operators/department stores, community malls, and retail malls to continuously inquire and offer renting spaces to the Group. Moreover, the business development team is responsible for contacting, following news about rental space, and analyzing area potential to support branch expansion according to the branch expansion plan and the Group has also developed restaurants to be smaller in size to open in various areas, such as opening branches in petrol service stations, in commercial buildings, or in other potential areas with sufficient traffic and this opens up opportunities to expand more branches.

In addition, the fact that the Group uses leased space pending the signing of the lease agreements is a common practice in the industry. The Group has a department to closely monitor the rental documents signed by the lessors. In the past, the Group has been able to provide a large number of rental spaces to open a restaurant and has renewed the leases and never experienced problems using the rental agreements pending to be signed/renewed from the lessor.

2.4 Risk of unsuccessful new branches

The Group aims to continually expand branches and improve existing branches with the plan to open more branches each year in accordance with market conditions, industry, competition, demand, and purchasing power of consumers. In the fiscal year ended 31 December 2017 2018 2019, the Group has expanded 24 branches, 13 branches, and 71 branches respectively. In 2019, the Group opened a large number of branches. The investment for opening new branches of the Group requires average investment per branch for Japanese restaurant brands of 3.0-12.5 million baht per branch, and the investment for the Thai restaurants is 1.0-3.0 million baht per branch for its design, construction, system work, furniture, decoration, kitchen equipment, and other supplies.

As the competition in the food business is becoming more intense since competitors easily enter into the business, such as from competitors or competition among branches of the Group under the same brands, or cannibalization, the Group may be at risk from opening





new branches or renovating branches where sales, profits, and return on investment fail to meet their target, which may significantly affect the Company's operations and financial status.

To prevent such risk, the Group determines investment in branch expansion with a feasibility study of the relevant agencies and determines the appropriate type of restaurants and brands, target groups, project types of lessors, market conditions, competition, competitors, consumer demands, investment in development, payback period, and return on investment. However, the investment must be approved by an authorized person, the Executive Committee, or the Board of Directors in accordance with the amount of investment, as the case may be.

In addition, the Group has established standard operating procedures for relevant departments in order to closely monitor and evaluate its performance, especially during the first six months in order to compare actual performance with financial goals and a feasibility study that has been prepared. If significant differences are found, the cause of the differences must be analyzed, and measures must be taken for related agencies to take corrective actions in order to achieve the target performance. Also, the monthly performance of all branches is also monitored, and thanks to its strength with over 27 years of business experience, the Group is confident that it will be able to manage new branches/renovated branches to achieve the target performance at a good level.

2.5 Risk from the franchise business

Since 2016, in order to reduce the investment burden of the Group, the Group has expanded its branches with the franchise system, resulting in the branch expansion at home and overseas. For the fiscal year ended 31 December 2017 2018 2019, the Group has expanded its franchise of 127 branches, 145 branches, and 171 branches, respectively.

With the franchise system, the Group has risks relating to laws, rules, and regulations of regulatory agencies both at home and abroad, risks in cost management and supply chain systems, risks from currency exchange rates, and risks of political fluctuations.

To reduce the risks that occur, in the selection of a franchise, the Group considers the above risk factors before entering into a franchise agreement, and if it considers that opening a branch in such location is too risky, the Group will not expand the branch in that location. In order to increase the potential for business expansion, the Group will consider opening a branch under a joint venture or an expansion via a master franchise in order to increase the expansion of franchise branches. In addition, the Group has the Risk Management Committee in which the Audit Department is responsible for monitoring and evaluating business risks,

including planning and finding ways to prevent and reduce potential risks.

For the year ended 31 December 2017 2018 2019, the Group has franchise revenue equivalent to 2.2 percent, 2.3 percent, 2.3 percent 2.4 of the total revenue of the Group, or equivalent to 9.4 percent, 9.9 percent, and 5.1 percent of the Group's gross profits, respectively.

2.6 Risks from non-compliance of franchisees

With the franchise system to expand branches both at home and abroad, the Group is exposed to risks from non-compliance of the franchisees and the risk of being copied, negative news about restaurants under the brands of the Group, which may have a negative impact on the Group's business, financial status, performance, and business opportunities.

However, the Group has a department responsible for the operations of the franchisees to be evaluated and assessment of their performance, along with a quality check as specified. In addition, the Group also has a legal department and relevant departments responsible for inspecting franchise branches to ensure that all franchisees have complied with the terms and conditions in the agreement. Also, the Group will provide full franchisee support from coordination, provision of branch contractor services, interior decoration, preparation to open a branch, and training courses for franchisees, including marketing to support and preparation for the franchisee. In the past, the Group has never encountered a significant problem with a franchisee, which resulted in an agreement to be terminated.

2.7 Risks of Outsourcing

The Group manages and controls the costs of conducting business by outsourcing services such as warehouse and logistic services, contractual services for the production of ingredients, and cooking ingredients according to the Group's recipes, in which it states that if the service provider fails to comply with the terms or conditions in the service agreement, it may have a significantly negative impact on the Group's business, performance, and financial status. The Group uses outsource service provider with experience and expertise to provide warehousing and logistics management services including storing and delivering food ingredients to all branches of the Group's restaurants and franchise branches, allowing manufacturers to deliver products directly to the business partner of the Group. . Additionally, more than ten companies have been hired by the Group to produce ingredients and flavorings according to its recipes for use in the restaurant branches of the Group and franchise branches.

However, the Group has carefully considered the qualifications and experience of the specialist service providers before entering into the contract. It selects service providers that are reputable and experienced with strong financial status in order to ensure that they are able to





provide the services to meet the Group's needs, and for outsourcing manufacturing, the Group has tested the quality of ingredients to meet the standards set by the Group. The Group ensures that agreements with service providers include important terms and conditions and monitors service providers to ensure they comply with the agreements. The performance of service partners is evaluated according to the schedule and a list of available backup suppliers is always prepared.

Moreover, the Group carries out an inspection of operations of the service providers at least once a year such as their warehouse inspections, monthly stock count of inventories, an audit of reports of delivery and inventories from the warehouse providers at the end of the day, and conducts regular meetings to summarize problems and propose solutions. In the past, the Group has never found any issues from outsourcing providers that significantly affected the Group's operations.

2.8 Risks relating to service mark and trademark protection

The Group has a policy on service mark and trademark registration and maintenance for restaurant brands and products of the Group. The Group has registered for protection on service marks and trademarks under the law of service marks and trademarks both at home and abroad.

As of 31 December 2019, the Group has registered 16 service marks and trademarks in Thailand for restaurant brands owned by the Group, 22 service marks and trademarks in foreign countries, and 98 service marks and trademarks pending registration. In this regard, the procedures for processing the request for registration and the registration of service marks and trademarks are taking a considerable time, and the registration is under the approval of the relevant department. The Group is unable to guarantee the successful approval for the registration or application to renew the service mark and trademark as they may be invalid under the law or fall under certain restrictions, which may result in other operators being allowed to use the service marks and trademarks of the Group for their businesses. The said risks may adversely affect the reputation of the Group, loss of business opportunities, and may have a significantly negative impact on the Group's business, performance, and financial status.

However, the Group has its restaurant brands that are well-known and recognized by consumers for a long time thanks to diverse and delicious foods with recipes of the Group, as well as services with the same standards in all branches. Therefore, the Group is confident that it is unlikely for other operators to copy its restaurant business with the same quality and standards as the Groups. As of 31 December 2019, the Group has never found any problems with the use of its service marks and trademarks.

2.9 Risks from the high competition in the industry

The behavior trend of Thai people is not to cook themselves, but instead to eat out or order food to eat at home, which has resulted in the restaurant business being more and more highly competitive as there are new entrepreneurs continuously entering the industry with new product offerings and menus, as well as modern decoration. These restaurants are direct competitors to the Group and most open in shopping centers/shopping malls, community malls, retail stores, petrol stations, commercial buildings, and commercial buildings, which are in the same area as the Group's branches. Therefore, there are many competitors, including entrepreneurs from abroad, large entrepreneurs, small entrepreneurs, as well as street-food business. Such competition may have a significant impact on the Group's growth and performance.


Nevertheless, the Group believes that the competition should focus on food quality, taste, service, price, and locations of the restaurant, as well as the convenience and quickness of the services. Also, the brands must be known and recognized by consumers. In this regard, the brands under the Group are widely known and recognized by customers for their food quality, tastes, and services at reasonable prices. In addition, the vision of a talented and experienced management team in the business for almost 30 years, the Company set a process of planning and investing aligned with the economic conditions, appropriate branch expansion, market survey to track consumer behavior, and the operation system in order to meet the laid down standards, advertising, public relations, sales promotion, modification of the restaurants to become smaller and more diverse, focusing on increasing delivery channels through food delivery intermediaries or the Call Center number 1376, including management for maximum efficiency and effectiveness. Thus, the Group believes that it will be able to compete with other similar businesses by using the existing advantages of the Group.

2.10 Risks from non-compliance due to raw materials and control food quality issues

The Group places importance on quality, freshness, taste, and cleanliness of ingredients and foods in order to ensure that customers will receive the highest satisfaction from the services. Most of the raw materials of the Group are fresh and frozen food, which are delivered from the outsourced warehousing and logistics service providers and suppliers directly to each branch. If the Group fails to manage and control the quality of raw materials and food to meet the specified standards, it may significantly affect the reputation and image of the Group and its business operations and performance.

However, the Group manages and controls the quality and standards of raw materials and food at every step, from ordering raw materials, R&D procedures and quality inspection, preparation and cooking, storage and distribution of products to each branch, in which the Purchasing Department and the





Product Research and Development Department will jointly select suppliers, mainly considering the quality and taste of the raw materials. Before receiving every product from the suppliers, the Group will inspect the products' quality, freshness, cleanliness, and delivered quantity.

At present, the Group outsources warehousing and logistics services for all food products, with strict management processes for all temperatures of products, including frozen products, chilled products, and room-temperature products. The Group will also be responsible for managing the warehouse and the logistic system for non-food products, which the Group uses outsourced service providers to deliver to restaurant branches under the Group's brands. When a branch has received raw materials and products, it will check the quality, temperature, freshness, and quantity of the raw materials and the products again. After that, the raw materials and the products will be stored separated by types, such as freezers, chillers, 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.

In addition, the Group provides a Food Quality Assurance Team or "FQA Team" responsible for randomly inspecting branch operations and the quality of raw materials, products, and food prepared on a regular basis. Therefore, the Group ensures that the process of raw material management and food quality control from all relevant departments will be able to reduce the risks so that every restaurant under the Group will be able to provide customers with quality products under specified standards, and if there are any complaints regarding food quality or hygiene, the Group will promptly improve and resolve the issue. As of December 31, 2019, the Group has never experienced a significant dispute regarding food quality.

2.11 Risks from lack of personnel to support branch expansion or loss of personnel with specialized expertise

As the Group's business is service-related and restaurant, in business operations, personnel are considered an important component and mechanism. The Group has opened a number of new branches in the past year. Throughout 2019, 71 new branches were opened, and general branches will have average personnel of approximately 20 people per branch, depending on the type of restaurant brand. The restaurant business requires personnel with expertise in cuisine and cooking, chefs with knowledge and experience in cooking with expertise and skills that can be developed in order to create new dishes, as well as the ability to inspect the quality of raw materials and food, preparation and recruitment to support the rapidly expanding branches and a replacement in a timely manner to a person who resigns. Therefore, these processes are very necessary and important. The lack of skilled personnel may have a significantly negative impact on the Group's operations and financial status.

In order to reduce such risks that may occur to new branch expansion, the Group sets a plan at least 3-4 months in advance of opening a new branch so that the Group will be able to train personnel to prepare before the actual operation. The staff may be a mix of both existing and new personnel and also a mix between full-time and part-time personnel. In addition, if the Group fails to provide sufficient personnel to each branch, it will consider hiring temporary

personnel to ensure thorough services to customers. As of December 31, 2019, the Group has total employees of 3,303 in all branches, with full-time employees of 68 percent and part-time employees of 32 percent of the total number of personnel.

In addition, the Group has a policy on employee improvement, giving attention to the care of employees at all levels, providing talented employees an opportunity to develop themselves to become executives in the future, overseeing compensation and welfare, training employees to increase skills and knowledge, resulting in employees' loyalty, and retaining employees to work with the Group for the long term. In the past, the Group has never experienced a shortage of personnel or the loss of personnel with specific expertise that significantly affects the Group's operations.

2.12 Risks from non-compliance with the significant licensing conditions in the Group's business operations and/or service providers outsourced by the Group

The Group's business requires significant licenses that are effective and shall strictly comply with the conditions specified in the license, such as a food vendor license or a license for food collection point locations for branches and warehouses, a liquor distributor license (only for certain branches), hazardous business license for cold storage for storing frozen raw materials for food storage warehouses, and food handler card in accordance with the Public Health Act. However, if the Group and outsourced service providers fail to comply with the law, it may cause the Group's business to cease or stop operating and significantly affect the business operations, the business and the Group's performance

However, the Group has the policy to monitor the requirements for the application of the licenses and applying/extending licenses within the deadline. Training is also provided to instruct employees about relevant rules/regulations. The Group coordinates with the supervising staff for suggestions for the implementation to be in accordance with the specified criteria. In this regard, the Group and external service providers have never experienced significant difficulties in obtaining licenses or complying with license terms and conditions.

2.13 Risk from compliance with relevant laws

The Group's business is under the laws and regulations of Thailand, with protection for the safety and hygiene of consumers, the safety and health of the employees. The Group shall comply with standards and recruit employees with such expertise to oversee compliance with laws and regulations, quality control system administration, and supervision of other operations. If the laws and regulations have been amended, the business operations of the Group must be adjusted to meet those legal regulations as well.

Although the management of the Group supervises the Group to be compliant with the rules of the business, the Group does not guarantee that a regulatory authority will not impose additional regulations or increase fees or fines due to non-compliance with the rules which may cause the Group additional expenses and may adversely affect the Group's business operations, business opportunities, financial status, and performance.



The Group assigns relevant personnel to attend training courses or to regularly organize training and instruct employees within the group about relevant regulations in order for the concerned parties to comply with the regulations. The Group also has a department to monitor and control the related regulations in order to be able to comply with them in a timely manner. As of 31 December 2019, the Group ensures that the Group complies with all the essential rules and regulations.

2.14 Technology risks

In current business operations, efficiency and potential in customer services, the management system, and the relevant technology systems are a key factor that will help in the entire process of receiving food orders, distributing orders to various points to get quick and accurate orders, as well as payment procedures, delivery of food in a delivery system through a supporting system, either through a food delivery service providers or through the Call Center 1376, as well as being able to control revenue, expenses, and payments in order to confirm details in the case that there is a problem of differences among all relevant parties. If the technology system is interrupted or fails to meet the needs, it may significantly affect the business operations of the Group.

The Group realizes the importance of information technology system development. Therefore, IT systems have been developed continuously to support the operations of all departments, including financial and accounting groups, the supply chain management group, procurement processes, procurement process, warehouse, logistic system, retail credit system, system integration of the head office with branches and franchisees, food delivery service system, including providing manuals and procedures to support normal operations and cases in which technology systems fail, regardless of the cause, for continuous operation. Backup and backup data centers are also provided to support and replace the primary data centers in the event of a disruption in order to prevent business interruption.

3. Management risks

3.1 Risk from the major shareholders having control over the management of the Group

After the Company has offered the newly issued shares to the public, Chirathivat family (consisting of Mr. Sakkanon Chirathiwat and Miss Jomkwan Chirathiwat) holds the shares in the Company, directly and indirectly, of not less than 66.92 percent of the total paid-up capital of the Company. In addition, the Chirathivat family members are also the management, directors, and authorized directors of the Group. Therefore, the major shareholder group have the authority to control the management of the Group and control the majority votes of the shareholders' meeting, whether it is the appointment of a committee or the application for approval in other matters that require the majority votes of the shareholders' meeting, except

for matters in which the Company's rules or regulations require a vote of not less than three-quarters of the shareholders who attend the meeting with their voting rights. Therefore, minor shareholders may not be able to gather votes to inspect and balance the issues proposed by the major shareholder group.

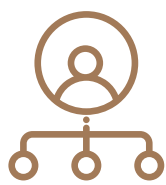
The Group has organized management structures by knowledgeable and capable personnel and has specified scope of operations, duties, and responsibilities, clear and transparent authorization to the directors and executives, as well as measures for making connected transactions with the directors, the major shareholders, controlling persons and persons with conflicts of interest. These persons shall not have the right to vote to approve the transaction for transparency of the Group's business operations.

Moreover, the structure of the Board of Directors consists of 5 independent directors, with three independent directors as the Audit Committee of the Group, to perform the audit duties, make balanced decisions, and consider matters, including considering the meeting agendas with the Chairman of the Board of Directors before presenting to the shareholders' meeting in order to build confidence for minority shareholders and other interested parties that the management structure of the Group contains a balance of power, transparency, and efficient administration, and proceeding or entering into any transaction for the best interest of the Group.

3.2 Risks from relying on personnel, especially the senior management personnel

Restaurant and related business operations require the knowledge, ability, expertise, and experience of the personnel, including a part of the management team that co-founded the Company, which has long experience in food business management. It is an important group of personnel managing and pushing the Group to have a good reputation, stable financial status, and continuous growing operating profits. Therefore, if the Group fails to maintain such key personnel or to find a suitable person at the same level as the senior management to replace the key personnel, it may affect the continuation of the management and operations of the Group.

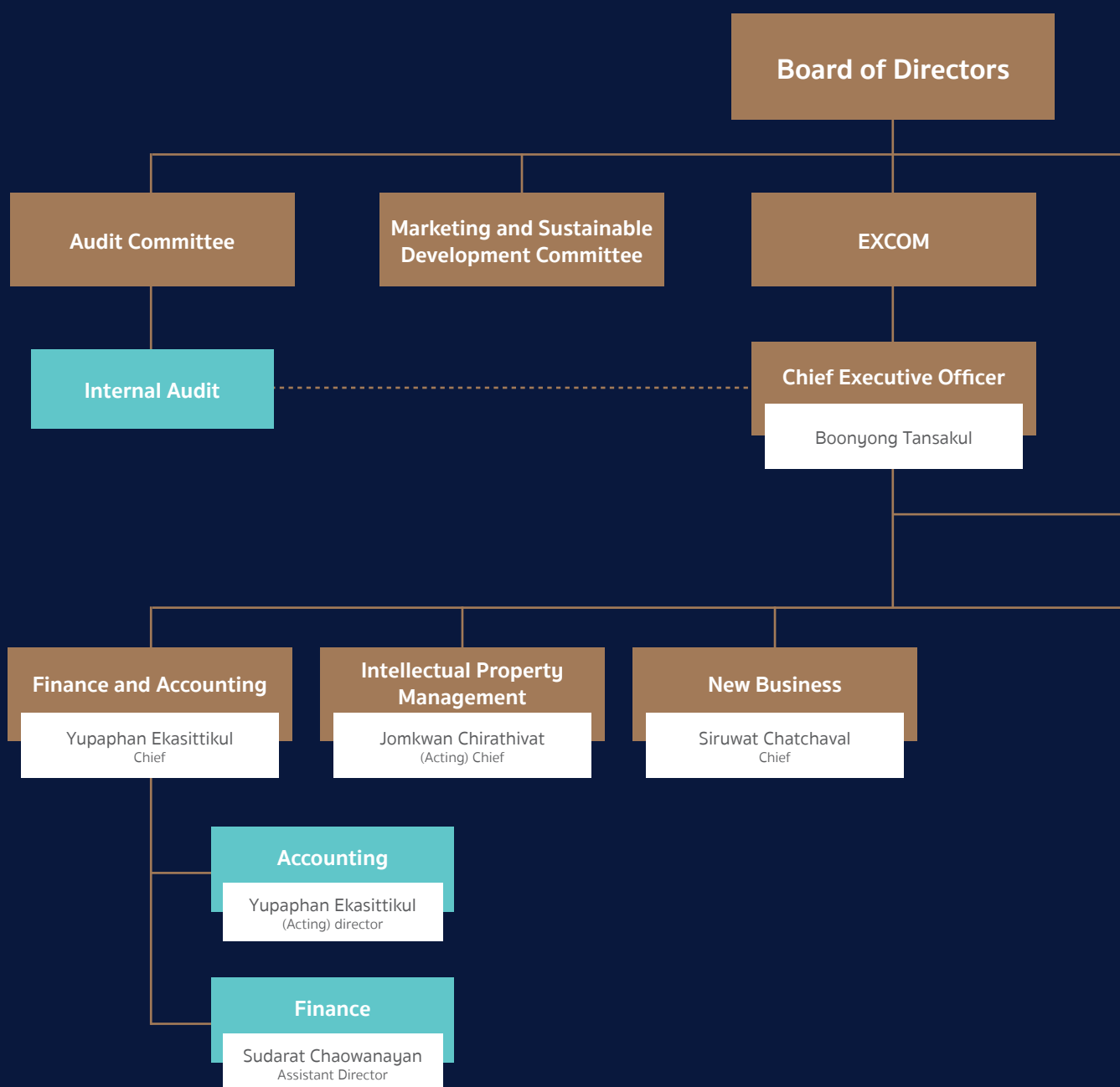
However, for the current management structure, the Group has decentralized management, the scope of duty and liability for executives in various fields according to their knowledge, ability, and previous work experience. The Group has also set a policy to promote and develop knowledge, competency, leadership skills for executives and personnel, as well as a policy to develop career advancement, a successor plan, a policy to recruit talented and knowledgeable personnel in order to work with the Group in addition to the business and expansion plans.



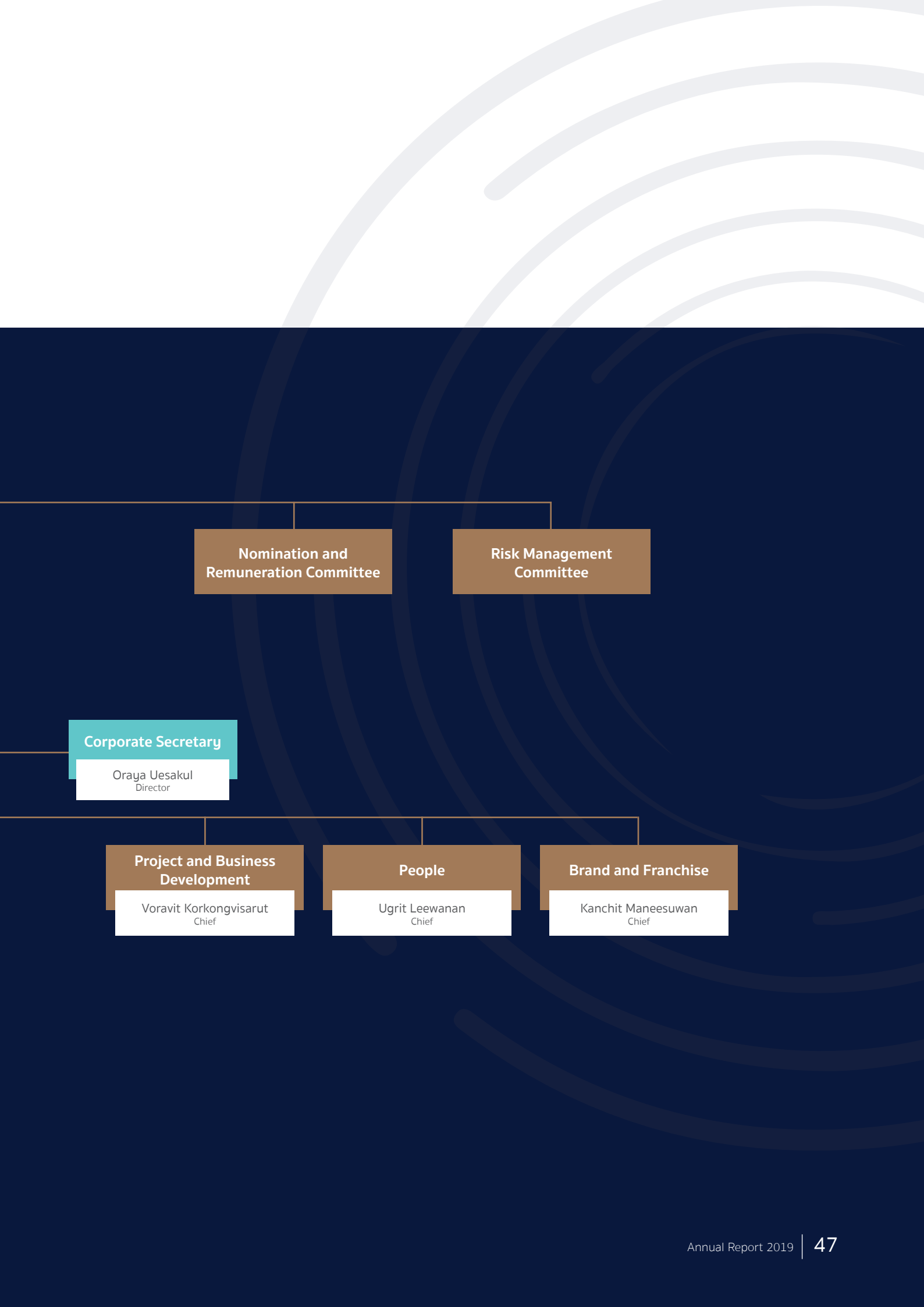
Management Structure

1. Company's Management Structure

1.1 Organization Chart



Note: Mr. Kanchit Maneesuwan and Mr. Ugrit Leewanan Resigned from the Company and Subsidiaries effective from January 1, 2020



**Nomination and
Remuneration Committee**

**Risk Management
Committee**

Corporate Secretary
Oraya Uesakul
Director

**Project and Business
Development**
Voravit Korkongvisarut
Chief

People
Ugrit Leewanan
Chief

Brand and Franchise
Kanchit Maneesuwan
Chief

1.2 Board of Directors Structure

Company's management structure consists of Director Board, and 5 Sub-committee including (1) Audit Committee (2) Marketing and Sustainable Development 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 10 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/ Risk Management Committee
3. Mr. Prawit Kijpaisalrattana	Independent Director/ Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee
4. Prof. Wilert Puriwat, Ph.D.	Independent Director/ Chairman of the Marketing and Sustainable Development Committee/ Nomination and Remuneration Committee
5. Mr. Chavalit Chindavanig	Independent Director/ Audit Committee/ Chairman of the Risk Management Committee
6. Mrs. Jotika Savanananda	Independent Director/ Audit Committee/ Marketing and Sustainable Development Committee
7. Mr. Boonyong Tansakul	Director / Chairman of the Executive Committee/ Risk Management Committee/ Marketing and Sustainable Development Committee / Chief Executive Officer
8. Miss Jomkwan Chirathivat	Director / Executive Director / Executive Vice President, Intellectual Property Management Business Group (Acting)
9. Mr. Chittapon Vivaddhanakasem	Director / Marketing and Sustainable Development Committee
10. 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. Mrs. Jotika Savanananda	Audit Committee
3. Mr. Chavalit Chindavanig	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) Marketing and Sustainable Development Committee

Marketing and Sustainable Development Committee consists of 4 persons as shown in the table below;

Name	Position
1. Prof. Wilert Puriwat, Ph.D.	Chairman of the Marketing and Sustainable Development Committee
2. Mrs. Jotika Savanananda	Marketing and Sustainable Development Committee

Name	Position
3. Mr. Boonyong Tansakul	Marketing and Sustainable Development Committee
4. Mr. Chittapon Vivaddhanakasem	Marketing and Sustainable Development Committee

Note: Miss Oraya Uesakul is a Secretary of the Marketing and Sustainable Development Committee

(4) Executive Committee

Executive Committee Consists of 3 members as follows

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

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

(5) Nomination and Remuneration Committee

Nomination and Remuneration Committee Consists of 3 members as follows

Name	Position
1. Mr. Prawit Kijpaisalrattana	Chairman of the Nomination and Remuneration Committee
2. Mr. Sakkanon Chirathivat	Nomination and Remuneration Committee
3. Prof. Wilert Puriwat, Ph.D.	Nomination and Remuneration Committee

Note: Mr. Chittapon Vivaddhanakasem is a Secretary of the Nomination and Remuneration Committee appointed as the on January 30, 2020

(6) Risk Management Committee

Risk Management Committee consists of 5 persons as shown in the table below;

Name	Position
1. Mr. Chavalit Chindavanig	Chairman of the Risk Management Committee
2. Mr. Sakkanon Chirathivat	Risk Management Committee
3. Mr. Boonyong Tansakul	Risk Management Committee
4. Mrs. Yupaphan Ekasittikul	Risk Management Committee
5. Mr. Siruwat Chatchaval	Risk Management Committee

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

1.3 Authorized Directors

Authorized Directors are either (1) 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 (2) Filing various tax transaction or or submitting financial statements to the Ministry of Commerce other than the authorized signatories under (1) done on behalf of the company Mr. Sakkanon Chirathivat or Miss Jomkwan Chirathivat or Mr. Chittapon Vivaddhanakasem or Mr. Steven David Halliday or Mr.Boonyong Tansakul two out of five people sign together and seal the company to be binding to the company

1.4 Board of Directors meeting

(1) Board of Directors meeting

Name	Number of Attendance / Total Meetings	
	Accounting Year ended on 31 December 2018	Accounting Year ended on 31 December 2019
1. Mr. Paitoon Taveebhol	11 / 11	10 / 10
2. Mr. Sakkanon Chirathivat	10 / 11	9 / 10
3. Mr. Prawit Kijpaisalrattana	11 / 11	10 / 10
4. Prof. Wilert Puriwat, Ph.D.	10 / 11	8 / 10
5. Mrs. Jotika Savanananda	6 / 7	10 / 10
6. Mr. Chavalit Chindavanig ⁽¹⁾	-	7 / 7
7. Mr. Boonyong Tansakul	11 / 11	9 / 10
8. Miss Jomkwan Chirathivat	10 / 11	10 / 10
9. Mr. Chittapon Vivaddhanakasem	10 / 11	10 / 10
10. Mr. Steven David Halliday	11 / 11	8 / 10

Note: ⁽¹⁾Appointed as the company's Director by the Annual General Meeting of Shareholders for the year 2019 on April 29, 2019

(2) Audit committee meeting

Name	Number of Attendance / Total Meetings	
	Accounting Year ended on 31 December 2018	Accounting Year ended on 31 December 2019
1. Mr. Prawit Kijpaisalrattana	10 / 10	9 / 9
2. Mrs. Jotika Savanananda	6 / 7	9 / 9
3. Mr. Chavalit Chindavanig ⁽¹⁾	-	6 / 6
4. Prof. Wilert Puriwat, Ph.D. ⁽²⁾	7 / 7	3 / 3
5. Mr. Boonyong Tansakul ⁽³⁾	3 / 3	-

Note: ⁽¹⁾ Appointed as Audit Committee member by the Annual General Meeting of Shareholders for the year 2019 on April 29, 2019

⁽²⁾ Resigned from Audit Committee since April 29, 2019

⁽³⁾ Resigned from Audit Committee since June 1, 2018

(3) Nomination and Remuneration Committee

Name	Number of Attendance / Total Meetings	
	Accounting Year ended on 31 December 2018	Accounting Year ended on 31 December 2019
1. Mr. Prawit Kijpaisalrattana	5 / 5	4 / 4
2. Mr. Sakkanon Chirathivat	5 / 5	4 / 4
3. Prof. Wilert Puriwat, Ph.D. ⁽¹⁾	-	2 / 2
4. Mrs. Jotika Savanananda ⁽²⁾	1 / 1	1 / 1
5. Mr. Boonyong Tansakul ⁽³⁾	1 / 1	-

Note: ⁽¹⁾ Appointed as Nomination and Remuneration Committee by Board of Directors Meeting number 6/2019 on August 8, 2019

⁽²⁾ Resigned from Chairman of the Nomination and Remuneration Committee since July 31, 2019

⁽³⁾ Resigned from Chairman of the Nomination and Remuneration Committee since August 14, 2018

1.5 Executives(1) (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⁾
1. Mr. Boonyong Tansakul	Chief Executive Officer
2. Mrs. Yupaphan Ekasittikul	Chief Financial Officer / Finance and Accounting Director (Acting)
3. Miss Jomkwan Chirathivat	Chief of Intellectual Property Management Group (Acting)
4. Mr. Voravit Korkongvisarut	Chief of Project Management and Business Development Group
5. Mr. Siruwat Chatchaval	Chief of New Business Group
6. Mrs. Dollaporn Bunyakul ⁽²⁾	Chief of Supply Chain Officer
7. Mr. Ugrit Leewanan ⁽³⁾	Chief of People Officer
8. Mr. Kanchit Maneesuwan ⁽⁴⁾	Chief of Brand and Franchise Group
9. Miss Sudarat Chaowanayan	Finance Assistant Director

Note: ⁽¹⁾ "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

⁽²⁾ Resigned from the Company effective from June 8, 2019

⁽³⁾ Resigned from the Company effective from January 1, 2020

⁽⁴⁾ Resigned from the Company effective from January 1, 2020

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, Marketing and Sustainable Development 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 ⁽¹⁾	40,000	60,000
- Director	25,000	40,000
Audit Committee		
- Chairman	35,000	-
- Director	25,000	-
Executive Committee		
- Chairman	35,000	-
- Director	25,000	-
Marketing and Sustainable Development Committee		
- Chairman	35,000	-
- Director	25,000	-
Nomination and Remuneration Committee		
- Chairman	35,000	-
- Director	25,000	-

Committee	Attendance Fee (Baht / Time)	Quarterly Fee (Baht / Quarter)
Risk Management Committee		
- Chairman	35,000	-
- Director	25,000	-

Note: ⁽¹⁾ Monetary compensation Chairman of the Board of Directors
January-April 2019, meeting allowance of 35,000 baht / Time, 40,000 baht / quarter
May - December 2019, meeting allowance of 40,000 baht / Time, 40,000 baht / quarter
Executive Director will not get additional financial remuneration from the company.

For Accounting Year December 31, 2018, and December 31, 2019, 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 2018	Accounting Year as of 31 December 2019
1. Mr. Paitoon Taveebhol	Chairman of the Board of Directors / Independent Director	545,000.0	605,000.0
2. Mr. Sakkanon Chirathivat	Vice Chairman of the Board of Directors/ Nomination and Remuneration Committee/ Risk Management Committee	293,187.0	560,000.0
3. Mr. Prawit Kijpaisalrattana	Independent Director/ Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee	960,000.0	865,000.0
4. Prof. Wilert Puriwat, Ph.D	Independent Director/ Chairman of the Marketing and Sustainable Development Committee/ Nomination and Remuneration Committee	690,000.0	625,000.0
5. Mrs. Jotika Savanananda	Independent Director/ Audit Committee/ Marketing and Sustainable Development Committee	425,659.0	735,000.0
6. Mr. Chavalit Chindavanig ⁽¹⁾	Independent Director/ Audit Committee/ Chairman of the Risk Management Committee	-	502,692.0
7. Mr. Boonyong Tansakul	Director / Chairman of the Executive Committee / Chief Executive Officer	241,813.0	-
8. Miss Jomkwan Chirathivat	Director / Executive Director / Executive Vice President, Intellectual Property Management Business Group (Acting)	-	-
9. Mr. Chittapon Vivaddhanakasem	Director / Marketing and Sustainable Development Committee	-	-
10. Mr. Steven David Halliday	Director	-	-
Total		3,155,659	3,892,692

Note: ⁽¹⁾ Appointed as the company's Director by the Annual General Meeting of Shareholders for the year 2019 on April 29, 2019

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 15%-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 31 December 2018 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	Accounting Year as of 31 December 2018
Number of executives	6	8	7
Salary and bonuses (Baht)	22,898,000	31,441,498	28,910,508.53
Provident fund And other benefits (baht)	1,968,852	2,058,350	3,935,856

(2) Non-cash Compensation

The company has group insurance for all Executives. Also, they get 15%-35% discount on food and beverage when taking service at the company's restaurants. Moreover, Chief Executive Officer is provided with 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 9.1.7 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, December 31, 2018 and December 31, 2019 Zen Group has 2,534, 2,241 and 2,703 employees respectively excluding all Executives as details shown in the table below;

Department	Employees (person)		
	December 31, 2017	December 31, 2018	December 31, 2019
1. Branch staff	2,071	1,817	2,239
2. Operations Support Management Group	145	153	173
3. Supply chain management group	116	57	56
4. Finance and Accounting Group	73	60	59
5. Human Resources Group	46	47	29
6. Project Management and Business Development Group	36	43	44
7. Brands and franchises	23	34	21
8. Corporate Strategy and Technology Management Group	16	19	25
9. Office of Management	8	11	23
10. New business group	0	0	8
11. Corporate Business Group	0	0	19
12. Management Group	0	0	7
Total	2,534	2,241	2,703

Note: Employees in year 2018 are lesser than those in year 2017 because Zen Group hired more part-time employees
The increase in the number of employees in the year 2019 is caused by business expansion of the group of companies.

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, the fiscal year ended December 31, 2018 and the fiscal year ended December 31, 2019, is equal to 654.1 million baht ,778.3 million baht and 845.3 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 15.0% to 35.0%, depending on the restaurant brands.

2.4 Provident fund

The Company and its subsidiaries Established a provident fund in accordance with the Provident Fund Act B.E. 2530 (including amendments) with details as follows

Company	Provident fund establishment date
1. ZCG	January 15, 2012
2. ZRH	September 1, 2012
3. AKF	September 1, 2012
4. GGG	September 1, 2012
5. OTT	September 1, 2012
6. ZPC	October 15, 2016
7. ZSM	October 15, 2016

2.5 Significant Labor Disputes Over the Past 3 Years

-none-

2.6 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.

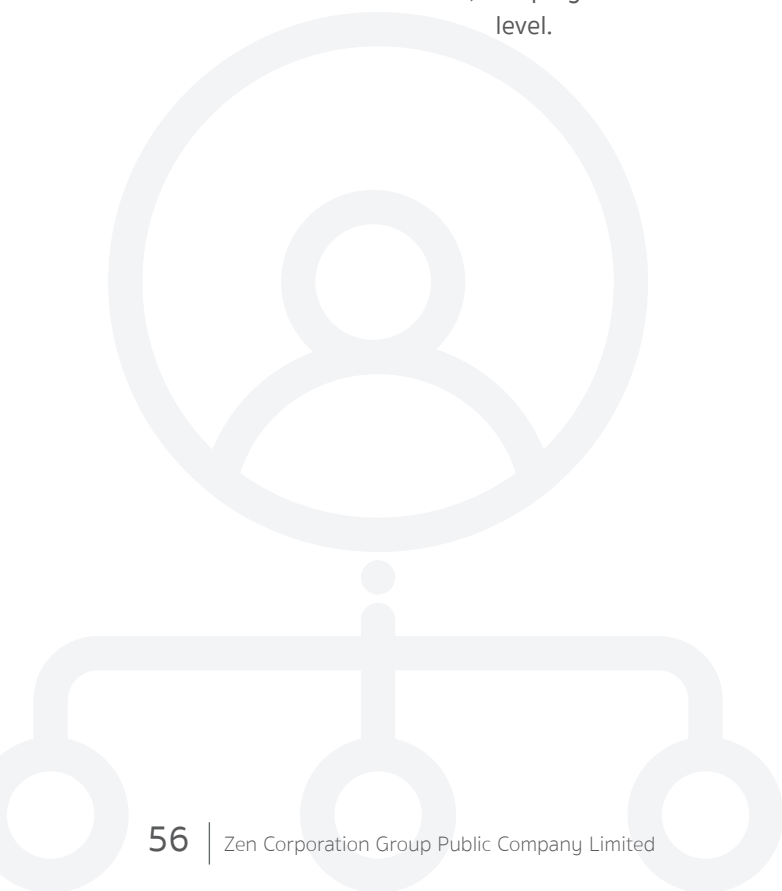
To enable employees to grow according to the set goals, the Company has provided the Employee Competency Assessment so that each employee will be aware of the gaps of his/her ability in comparison with the expected level of competency according to the Employee Competency Model set by the Company, and 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



1. Paid up capital of the Company

As of December 31, 2019, 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 300,000,000 Baht consisting of common stock 300,000,000 shares at the par value of 1.0 Baht per share.

2. Shareholders of the Company and subsidiaries

2.1 The Company

List of the top 10 shareholders listed in the shareholder registration book as of December 30, 2019 are as follows

List of Shareholders	No. of Shares (shares)	Percentage of Paid up Capital (Percent)
1. Mr. Sakkanon and Ms.Jomkwan Group ⁽¹⁾	200,750,400	66.92
1.1 AGB Siblings Holdings Company Limited ⁽²⁾	75,000,000	25.00
1.2 AGB Holdings Limited ⁽³⁾	65,400,000	21.80
1.3 Ms. Jomkwan Chirathivat	21,535,200	7.18
1.4 Mr. Sakkanon Chirathivat	21,535,200	7.18
1.5 Morgan Stanley & Co. International PLC ⁽⁴⁾	17,280,000	5.76
2. Mr. Siruwat Chatchawan	6,750,000	2.25
3. Central Pattana Public Company Limited	5,625,000	1.88
4. Mrs. Supajed Vivaddhanakasem	4,319,990	1.44
5. Ms. Suchanpa Balankura	3,780,000	1.26
6. Mr. Steven David Halliday	3,780,000	1.26
7. TISCO Mid/Small Cap Equity Fund	3,456,100	1.15
8. Mr. Konpong Akaraputisakun	3,393,500	1.13
9. Mr. Prin Chirathivat	3,225,800	1.08
10. Mrs. Kesara Manasilp	3,094,400	1.03

Note: ⁽¹⁾ Disclosure regarding shareholding number 1.1-1.5 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

⁽²⁾ 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

⁽³⁾ 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

⁽⁴⁾ Morgan Stanley & Co. International PLC is the total number of shares of) Dragon Sign Global Limited a company incorporated in British Virgin Islands, is held by Mr. Sakkanon Chirathivat 100.0% and Great Classic Limited, a company incorporated in British Virgin Islands, is held Ms. Jomkwan Chirathivat 100.0%

Foreign Shareholders

As at December 30, 2019 appears as follows:

The Company has 4 foreign shareholders with a total of 82,682,000 shares or equal to 27.56% 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 30, 2019 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	2,999,998	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	-	-
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.



Whistleblower Policy

of Zen Corporation Group Public Company Limited and Its Subsidiaries

Complainant

1. A person who has seen or known about directors, executives or employees of Zen Corporation Group Public Company Limited (“the Company”) and its subsidiaries acting of dishonesty or misrepresenting benefits, violating the law, rules, and regulations of the Company and its subsidiaries or the Code of Business Conduct of the Company and its subsidiaries.
2. A person who has been treated unfairly, bullied, threatened, or discriminated against by wrongful acts.

Complainee

1. Vice President of Internal Audit (email: internalaudit@zengroup.co.th)
2. Company Secretary (email: corporatesecretary@zengroup.co.th)
3. Audit Committee (email: auditcom@zengroup.co.th)

Complaint channels

Complaints can be made to one of the complainees through with the following channels:

1. To the email address of a complainee
2. By letter to a complainee
3. In the event that the complainant chooses not to disclose their name, the complainant shall specify sufficient details, facts or evidence to show that there are reasonable grounds to believe that the act is a fraud or has disrupted benefit, an act in violation of the law, rules, and regulations of the Company and its subsidiaries or unethical business conduct of the Company and its subsidiaries.

In this regard, the complaint shall be regarded with the highest confidentiality, and the complainant can make more than one complaint and do not need to reveal his/her identity. However, if the complainant discloses himself/herself, the Company will be able to report the operation or additional details regarding the complaint.

Investigation Process

1. The person receiving the complaint submits the matter that has been received to the Investigation Committee, which consists of the Human Resource Manager, the Internal Audit Department Manager, and the Legal Manager.
2. The Investigation Committee shall investigate and gather facts or may assign an appropriate person or department to carry out the investigation.
3. The Investigation Committee or an assigned person may invite any staff and employee to provide information or may request any relevant documents for investigation.
4. If it is found to be true, the Investigation Committee will propose the matter with comments and specify guidelines for proper, appropriate, and fair practices to the authorized persons as follows:
 - In the event that a complaint is a matter of fraud or disruption of interest, it shall be proposed with comments and guidelines to the Internal Audit Department Director for consideration.
 - In the event that a complaint is a matter of violation of laws, it shall be proposed with comments and guidelines to the Legal Director for consideration.
 - In the event that a complaint is a matter of violation of the rules, regulations, or business ethics of the Company and its subsidiaries, it shall be proposed with comments and guidelines to the Compensation and Welfare Management for consideration.
 - In the event that a complaint is an important issue such as affecting the reputation, image or financial status of the Company and its subsidiaries, or conflicting with the Company's and its subsidiaries' business policies or relating to high-level executives, for example, it shall be proposed to the Audit Committee or the Board of Directors for consideration.
 - In the event that a complaint causes damage to any person, appropriate and fair mitigation to the injured person shall be provided.

Protection for Complainants

1. A complainant may choose not to reveal himself or herself if he or she deems that disclosure may cause damage to himself or herself, but he or she shall provide sufficiently clear details of the facts or evidence to show that there are reasonable grounds to believe that the act is a fraud or has disrupted benefit, an act in violation

of the law, rules, and regulations of the Company and its subsidiaries or unethical business conduct of the Company and its subsidiaries.

2. For related information, the Company shall treat it as confidential and disclose as necessary with regard to the safety and damage of the complainant. The person responsible for the process shall keep the information in the highest level of confidentiality and not disclose it to others, and the violation is considered a disciplinary offense.
3. In the event that a complainant considers that he or she may not be safe or may suffer, the complainant may request the Company to set appropriate protection measures, or the Company may specify protective measures without the request of the complainant if the matter is likely to cause damage or insecurity.
4. Those who have suffered shall be mitigated by an appropriate and fair means or process.

This policy shall be effective from 10 October 2018 with the approval of the Board of Directors in the Meeting 1/2018.



(Mr. Paitoon Taveebhol)
Chairman of the Board of Directors

Conflict of Interest Policy



of Zen Corporation Group Public Company Limited and Its Subsidiaries

Zen Corporation Group Public Company Limited and its subsidiaries ("the Company") are committed to conducting business under the principles of good corporate governance with honesty and prevention of conflicts of interest in order to conduct the business with transparency and adherence to the principles of good corporate governance. The Company has set guidelines for the directors, executives and employees to comply with to prevent such conflict of interests with the following policies and guidelines:

1. Connected transactions shall comply with the policy of connected transactions and related parties' transactions and the manual for connected transactions. Processing such transactions, there shall be an investigation and oversight of transactions that occur without any stakeholder involved in the decision-making regarding connected transactions and related parties transactions. In the event that a transaction is required to be approved by the Board of Directors, the Audit Committee shall consider and give an opinion as well as complete and accurate information disclosure to the public.
2. To avoid any actions that may cause conflicts or conflicts of interest with the Company and the use of their position or allow others to use for their personal or related interests, whether directly or indirectly.
3. To avoid holding shares or transactions or participation or external activities or holding other positions, as well as being a committee, consultant, or representative in other businesses or organizations in which such business or organization or activity has a conflict or has a transaction or operation with conflicts or conflicts with the interests of the Company, whether directly or indirectly. The operations shall not affect or damage the Company and its internal operations.
4. The directors, executives, employees, including related persons, if any transactions or operations that may have direct or indirect interests may cause conflicts or conflict with the Company's interests, shall notify the assigned department or person or supervisor or authority and that person shall not participate in the decision-making in the interest.
5. No executives and employees are allowed to work as full-time or temporary employees in other businesses with the same nature of business of the Company, or other businesses which are a competitor of the Company or may have a conflict with the Company's interests.

This policy shall be effective from 13 January 2020 with the approval of the Board of Directors in the Meeting 1/2020.

(Mr. Paitoon Taveebhol)
Chairman of the Board of Directors



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	300,000,000 Baht (Three Hundred Million Baht Only) Consisting of 300,000,000 ordinary shares with a par value of 1 baht per share
Head Office	662 Soi Onnut 17 Suanluang, Suanluang, Bangkok 10250
Company’s registration number	0107561000439
Home Page	www.zengroup.co.th
Telephone	0-2019-5000
Facsimile	0-2030-5322

Details of subsidiaries and associated companies in which the company holds 10 percent or more of the total issued shares, please see details in the topic of “Company Group Structure”

Other Party's Reference Information

Reference Party	Details
Auditor	Baker Tilly Audit and Advisory Services (Thailand) Limited Head Office: Level 21 Sathorn City Tower 175 South Sathorn Road, Sathorn Bangkok, Thailand 10120 Telephone: 0-2679-5400 Facsimile: 0-2679-5500
Internal Control Auditor	Internal Audit Department P&L IT Audit Company Limited 281/160 The Fifth Avenue Building B,2nd Floor,Bangkok-Nonthaburi Road,T.Bangkheng,A.Muang,Nonthaburi 1100 Telephone: 025266100 Facsimile: 025260300
Registrar	Thailand Securities Depository Company Limited Head Office: The Stock Exchange of Thailand's building 93 Ratchadaphisek Rd, Khwaeng Din Daeng, Khet Din Daeng, Krung Thep Maha Nakhon 10400, Thailand Telephone: 0-2009-9000 Facsimile: 0-2009-9991



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 “ZEN BOX” and related businesses
Head Office	662 Soi Onnut 17 Suanluang, Suanluang, Bangkok 10250
Total Numbers of Paid up Shares	3,000,000 shares
Total Types of paid up Shares	Common Share
Number of Shares held by The Company	2,999,998 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	0-2030-5322
Company's registration number	0105554082521
Registered capital	300,000,000 Baht
Paid up capital	300,000,000 Baht

2. AKA Interfood Company Limited

Type of Business	Japanese style grill restaurant under brand “AKA” Neo-Taiwanese restaurant business under brand “Din's” and related businesses
Head Office	662 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	0-2030-5322
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	662 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	0-2030-5322
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”, A La Carte restaurant business under brand “Foo Flavor” Franchise business and related businesses
Head Office	662 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	0-2030-5322
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	662 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	0-2030-5322
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	662 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	0-2030-5322
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	662 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	0-2030-5322
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 aware of the importance of good corporate governance, which is important to enhance the Company's operations to be effective and lead to sustainable growth for the maximum benefit for all stakeholders, from employees, investors, shareholders, to other interested parties. Therefore, the Board of Directors has created the Corporate Governance Policy which covers the important principles from the structure, role, duties, and responsibilities of the Board, to the transparent, clear management principles of executives as a guideline for the administration of the organization, resulting in confidence that any operation of the Company shall be conducted fairly with the best interests of the shareholders and all other interested parties.

In this regard, the Board and the management of the Company shall adhere to the principles of business conduct with determination and honesty and specify the vision, policy, and guidelines that directors, executives, and employees uphold in performing their duties in order to continuously push for a culture of governance. This is the foundation for sustainable growth and creation of value for all stakeholders in order to achieve the objectives of the Board of Directors, in which the organization structure has been established with transparent and inspectable operations. This covers the principles of good corporate governance under the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Board of Directors places importance on the implementation of good corporate governance principles with the awareness of the roles and responsibilities of the Board and the management in promoting good corporate governance to increase the competitiveness of the business and gives confidence to shareholders, investors and all relevant parties with effective and transparent management. A policy has been established to support corporate governance, which covers the key principles according to the good corporate governance in 5 categories as follows:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Roles of Stakeholders
4. Disclosure of Information and Transparency
5. Responsibilities of the Board of Directors

Section 1 : Rights of Shareholders

1. Shareholder meetings

1. Zen Corporation Group Public Company Limited ("the Company") shall support all shareholders and the institutional shareholders to attend the shareholders' meetings.
2. The Company shall send documents stating the date, time, location, and agenda of a meeting, as well as explanations and reasons for each agenda, all information related to matters that need to be decided at a meeting, in an invitation letter of the shareholders' meeting or in an attachment of meeting agenda. All shareholders shall be notified at least 28 days in advance, and the details shall be available on the Company website <http://www.zengroup.co.th>.

3. The Company shall give shareholders an opportunity to submit questions regarding the meeting agenda to the Board of Directors in advance, from the date of the Company providing the details about the invitation letter of the shareholders' meeting and related documents on the Company website up to 7 days before the date of the shareholders' meeting. The shareholders may submit questions via the Company website or via fax or email of the Company Secretary. The Company shall notify the rules of the submission in advance through the news system of the Stock Exchange of Thailand ("SET") in the invitation letter of the shareholders' meeting and on the Company website <http://www.zengroup.co.th>.
4. The Company shall facilitate shareholders to fully exercise their rights to attend the meeting and vote. A meeting shall be held on working days, and its location shall be in Bangkok or its perimeter with convenient transportation for shareholders. It shall also provide sufficient personnel and technology for document verification and provide duty stamps for the proxies.
5. The Company shall nominate at least one independent director as a proxy from shareholders who are unable to attend the meeting with a power of attorney in the form where shareholders can specify the voting direction.

2) Actions on the day of the shareholders' meeting

1. The Company shall arrange to use ballots and/or technology for the shareholders' meeting, shareholder registration voting on important agenda such as connected transactions, acquisition or disposition of assets, and vote counts and voting display for transparency and accountability and enable the meeting to be conducted quickly, accurately, and precisely.
2. The Company shall require the directors and the senior management of the Company to attend the shareholders' meeting and answer questions at the shareholders' meeting.
3. The Company shall allow the shareholders to vote separately in accordance with the sub-transactions in each proposed agenda, such as the voting agenda for the election of individual directors.
4. The Company shall arrange an independent person(s) to count or check the votes in the shareholders' meeting, and the voting results shall be disclosed to the meeting and recorded in the minutes of the meeting.
5. The Chairman of the meeting shall manage the time appropriately and encourage the shareholders with an opportunity to express their opinions and ask questions related to the meeting according to the agenda.

3) Preparation of meeting minutes and the disclosure of the resolutions of the shareholders' meeting

1. The Company shall prepare the minutes of the shareholders' meeting within 14 days from the meeting date with the clarification of voting procedures, a method of displaying the scores to the meeting before conducting the meeting, an opportunity for shareholders to raise issues or raise questions, answering important issues, inquiries, clarifications, opinions, and voting methods, including the number of votes in approval or disapproval, or abstention of all agendas, as well as the names of the directors who attend the meeting and the directors who take leave. The minutes of the meeting shall be sent to the Stock Exchange of Thailand in accordance with the regulations and published on the Company website to be available to check and reference.
2. The Company shall disclose to the public the voting results of each agenda in the next shareholders' meeting on the Company website.

Section 2 : Equitable Treatment of Shareholders

1) Provision of Information before the Shareholders' Meeting

1. The Company shall inform the schedule of the shareholders' meeting along with the agenda and opinions of the Board of Directors to the SET and publish it on the Company website at least 28 days before the date of the shareholders' meeting.
2. The Company shall inform shareholders of various rules for the meeting, voting process, voting rights for each type of share in the invitation letter.
3. The Company shall make the invitation letter to the shareholders' meeting in both Thai and English.

2) Protection of Rights of Minority Shareholders

1. The shareholders have the right to propose the Company matters to be included in the agenda of the shareholders' meeting in accordance with the rules stipulated by the Company, which are disclosed on the Company website at <http://www.zengroup.co.th>, by December 31 of every year.
2. The shareholders may nominate persons to be elected as directors in accordance with the rules stipulated by the Company, which are disclosed on the Company website at <http://www.zengroup.co.th>, by December 31 of every year.
3. The executive shareholders shall not add an agenda item to the meeting or change important information without notifying the shareholders at least 21 days before the meeting date.

3) Prevention of Internal Information

1. The Company shall provide knowledge to the directors and executives of the

Company, including those with management positions in the accounting or finance department who are department managers or higher or equivalent (according to the definition of the Capital Market Supervisory Board and the Stock Exchange of Thailand) regarding the obligation to report the Company's securities holdings under Section 59 and the penalty under Section 275 of the Securities and Exchange Act B.E. 2535 (the "Securities Act"), including reporting of acquisition or disposal of the Company's securities under Section 246 and the penalty under Section 298 of the Securities Act.

2. (a) Directors and executives, including those with management positions in the accounting or finance department who are department managers or higher or equivalent are obliged to prepare and disclose their stock holding reports issued by the Company, including spouses or people who live together as husband and wife and children who are not of legal age and (b) a juristic person in which the persons under (a) hold more than 30% of the total voting rights of the juristic person and the combined shareholding is the largest proportion of that juristic person under the Notification of the Office of the Securities and Exchange Commission and Section 59 of the Securities and Exchange Act within seven working days from the reporting obligation and within three working days every time there is a change with buying, selling, transferring or accepting the transfer of securities, through the Company's Secretary in order to be submitted to the Office of the Securities and Exchange Commission at all times. The Company's Secretary shall summarize the report of securities holding and changes in securities holding to the Board of Directors meeting for acknowledgment on a regular basis every six months, and the directors and senior management shall notify the Board or the person assigned by the Board and trading the shares of the Company at least one day in advance before trading.
3. The directors and executives, including those with management positions in the accounting or finance department who are department managers or higher or equivalent, and relevant workers who have received internal information regarding the financial statements, financial status or results of operations of the Company, including other important internal information, shall not buy, sell, offer to buy or sell, or solicit other people to buy, sell, offer to buy or sell shares or other securities (if any) of the Company, either directly or indirectly within the period prior to the disclosure of the financial statements or the financial status and operating results of the Company until the Company has disclosed the information to the public. The Company shall notify the directors and executives in writing to refrain from the above actions for at least 30 days in advance of public disclosure, and they should wait for at least 24 hours after the information has been made public before performing the above actions.
4. The directors, executives, officers and employees of the Company and its subsidiaries, including those who are assumed to acknowledge or possess information within the

Securities Act shall not use the Company's and its subsidiaries' internal information that has or may have an effect on the price change of the Company's securities, and that has not been made public, which they have known due to their position or status for the purpose of buying, selling, offering to buy or sell, or solicit other people to buy, sell, offer to buy or sell shares or other securities (if any) of the Company, either directly or indirectly, and whether such actions are done for the benefit of themselves or others, or shall not reveal such facts for others to do so as to whether they gain benefits or not.

5. The Company's and its subsidiaries' directors, executives, officers and employees, including those who are assumed to acknowledge or possess information within the Securities Act shall not disclose internal or confidential information of the Company and its subsidiaries, including confidential information of business partners of the Company and its subsidiaries, which they have known due to their performance of duties to third parties even though the disclosure of the said information does not cause damage to the Company, its subsidiaries or partners.
6. The directors, executives, officers and employees of the Company and its subsidiaries, including those who are assumed to acknowledge or possess information within the Securities Act shall keep confidential and/or internal information of the Company and its subsidiaries and the directors, executives, officers and employees of the Company and its subsidiaries, including those who are assumed to acknowledge or possess information within the Securities Act shall not use confidential information and/or internal information of the Company and its subsidiaries to benefit other companies.
7. The directors, executives, officers and employees of the Company and its subsidiaries, including those who are assumed to acknowledge or possess information within the Securities Act shall be responsible for complying with the guidelines for using the internal information of the Securities Act and the Public Limited Companies Act, and other relevant rules.

4) Stake in directors

Company Code of Ethics stipulates that the directors, executives, and employees of the Company and its subsidiaries to cope with conflicts of interest by adhering to the benefits of the Company as a key point. The Company has set up a system to oversee connected transactions in accordance with the Notification of the Capital Market Supervisory Board and required that directors and executives to disclose information regarding to their own interests and those involved in consideration of any agenda in which their directors or executives have a stake, and they shall inform the interests before considering that agenda and record it in the minutes of the meeting. The directors or executives with interests in any agenda shall not participate in the decision of the agenda and shall leave the meeting room in that agenda.

Section 3 : The Role of Stakeholders

The Company and its subsidiaries place importance on the treatment of all groups of stakeholders and take into account legal rights or agreements. It shall not violate the rights of stakeholders such as customers, employees, shareholders or investors, business partners, creditors, society, communities in which the Company is located, including government sectors, auditors, and competitors for financial stability and sustainability of the business. Therefore, the Company and its subsidiaries also take into consideration the participation of interested parties and shall disclose important, relevant information to those interested parties sufficiently, including carrying out the process and channels for receiving and managing the complaints of the interested parties by disclosing processes and channels on the Company website and the annual report. All stakeholders of the Company are as follows:

1) Customers

The Company and its subsidiaries are committed to providing customers with maximum satisfaction with development of quality products and services to meet the needs of customers as much as possible at a fair price, providing accurate information about the operations and products of the Company and its subsidiaries, as well as maintaining communication channels with customers by regularly listening to customer feedback.

2) Employees

The Company and its subsidiaries shall focus on the development of employees' knowledge and capabilities with provision of opportunities for employees thoroughly and consistently and consider employees as valuable resources for the organization and important for growth and profitability of the Company and its subsidiaries along with provision of care and quality work environments for employees, focusing on health and safety, and shall treat all employees with fairness in order to gain fair returns when compared to similar businesses.

3) Shareholders

The Company and its subsidiaries are committed to the operation and shall perform their duties with honesty, transparency, and fairness, and use knowledge, expertise, and experience in management by taking into account the best interests of the shareholders with good returns and ongoing growth, as well as to report the situation of the Company and its subsidiaries continuously, completely, transparently, reliably, and give every shareholder equal rights.

4) Business Partners and Creditors

The Company and its subsidiaries deem that it is important to encourage business partners and creditors of the Company fully to understand the Company's business. In addition, in order to maintain a clear, lasting, and trustworthy relationship, the Company and its subsidiaries shall strictly comply with the terms and conditions of the agreements, as well as providing complete and accurate financial information to business partners and creditors of the Company. It also sets a policy not to demand, accept, or pay any dishonest benefits to business partners and creditors of the Company.

5) Society, Community, and Environment

The Company and its subsidiaries pay attention to and place importance to safety to society, environment, and quality of life of people involved in all operations of the Company and also provides supervision for compliance with laws and regulations in accordance with the spirit of the law and regulations of responsible departments. In addition, the Company seeks to raise awareness of responsibility to the community, society, and environment among employees at all levels, including ongoing evaluation and monitoring.

6) Competitors

The Company and its subsidiaries shall treat competitors in a fair and ethical manner and operate the business with the purpose of development and market progress, which is beneficial to the industry as a whole without seeking the confidential information of dishonest or inappropriate competitors.

7) Business Partners

The Company and its subsidiaries shall comply with trade conditions and agreements, aiming to treat trade partners based on fairness and consider mutual benefits. It also sets the rules to select partners by providing detailed information to all partners and shall not discourage anyone partner from competing in a business competition and provide a management and monitoring system to ensure that all agreements and contracts are fulfilled, including a process for on-time payment to partners in accordance with the agreed payment terms.

In addition, the Company and its subsidiaries shall conduct a partner evaluation annually and inform the evaluation results and recommendations to enable partners to continuously improve their quality of products and services. At the same time, it allows the partners to submit complaints.

Section 4 : Disclosure of Information and Transparency

The Board of Directors are committed to ensuring the disclosure of important information relating to the Company and its subsidiaries, including financial and non-financial information is accurate, complete, timely, transparent, through easy access channels, fair and reliable, and also strictly complies with relevant laws, regulations, and regulations. The main principles of information disclosure are as follows:

1. The disclosed information shall be accurate, sufficient, clear, timely, and not to cause any misunderstanding in the material contents.
2. It shall comply with regulations regarding disclosure of information correctly and completely.
3. The Company shall authorize an assigned person(s) to disclose important information that has not been disclosed to the public only.
4. In the case of information that affects the trading prices and the investment decision, the Company shall disclose to the public without delay through the SET.

5. Disclosures are made through various channels, such as reporting to the SET and/or the Office of the Securities and Exchange Commission or on the Company website.

Section 5 : Board responsibilities

1. Board of Directors Structure

1. The Company has set up its Board of Directors to consist of at least five directors as specified by the shareholders' meeting, but no more than 12 and at least 1 in 3 independent directors but not less than 3, and the remaining members are executive directors and non-executive directors. It has also set the structure of the Board to consist of various qualifications in terms of skills, experience, gender and specific talents that are beneficial to the Company with dissemination of policies on the diverse qualifications of the directors, including the number of years holding the position of each director in the annual report and on the Company website.
2. The directors shall be qualified and shall not be under any prohibition under the Public Company Limited Act and shall not have characteristics that indicate lack of appropriateness to be entrusted to the management of a public-owned business under the law and the Notification of the Securities and Exchange Commission and in the selection of new directors, it shall also consider from the Director Pool database.
3. To strengthen the Board of Directors and enable the directors to devote their time to perform duties in the Company, the Company requires that the directors be able to hold their position of no more than five registered companies.
4. To enable management in the Company's business to achieve effective results, the Company has guidelines in the case of the Chief Executive Officer, and the senior management of the Company will take a position of not more than five companies in which the Company invests and the company in which the directors hold their position shall not have a conflict of interest and shall not be a competitor of the Company. Directorship in other companies shall be proposed for approval by the Board of Directors, and they shall be prohibited from working in any other company other than companies that the Company invests in.
5. The Company requires qualifications of independent directors in accordance with the Notification of the Capital Market Supervisory Board, except for the matters of shares that the Company has stipulated to be stricter. The shares shall not be more than 0.5 percent of the Company's paid-up capital, and the shares held by related persons shall also be counted. The term of office for the independent directors shall be no more than nine years, and the shareholders may approve a position for more than nine years if needed.
6. The Company requires the Chairman of the Board and the Chief Executive Officer to be different persons in order to be able to independently carry out the audit for balance the work of the management by dividing duties and responsibilities for each as follows:

- (1) The Chairman is responsible for overseeing the meetings of the Board of Directors to be efficient and shall ensure provision of an important and necessary meeting agenda for the Company's business operations, especially in the strategic plan, allocate time for the management to present clear information, record the minutes of the meeting correctly, including overseeing the corporate governance of the Company to be in line with the stipulated policies. It also serves as the Chairman of the shareholders' meeting.
- (2) The Chief Executive Officer is responsible for overseeing the management as assigned by the Board of Directors, preparing the policy, business strategy guidelines, goals, work plans, and annual budgets of the Company and its subsidiaries to propose to the Board of Directors for approval as well as carry out operations in accordance with the policy, business strategy guidelines, goals, work plans, and annual budgets of the Company and its subsidiaries as approved by the Board of Directors.

7. The Company has established its Secretary to provide legal advice, rules, and regulations that the Board of Directors should acknowledge and to perform in overseeing the activities of the Directors, as well as coordinating the implementation of the resolutions of the Board of Directors. The Company Secretary shall hold a bachelor's degree in law or accounting or have passed training courses related to the performance of duties of the Company Secretary. The Company has specified the appropriate qualifications of the Company Secretary and disclose the qualifications and experience of the Company Secretary in the annual report and on the Company website and allow the Company Secretary to participate in training and knowledge development.

2. Establishment of Sub-Committees

The Board of Directors has appointed five sub-committees as follows

1. Audit Committee
2. Risk Management Committee
3. Sustainable Marketing and Marketing Committee
4. Nomination and Remuneration Committee
5. Board of Executive Directors

Each sub-committee shall perform its duties as assigned by the Board of Directors, which has the power to notify the management to attend the meeting to clarify or prepare the report to present as deemed appropriate.

Each sub-committee consists of the component, term of office, and duties in accordance with the charter, which can be summarized as follows:

1. **Audit Committee:** consists of at least three independent directors appointed by the Board of Directors, of which at least one shall have knowledge in accounting, finance, and shall have qualifications regarding independence under the Notification of the

Capital Market Supervisory Board. The Audit Committee is responsible for overseeing the Company to prepare sufficient and accurate financial reports, reviewing the internal control system and effective internal audit, as well as supervising compliance with relevant laws, selecting and appointing an auditor(s), and considering connected transactions or transactions that may have conflicts of interest to ensure compliance with the criteria.

2. **Risk Management Committee:** consists of at least three directors and executives of the Company, who shall be appointed by the Board of Directors.
3. **Sustainable Marketing and Marketing Committee:** consists of at least three directors of the Company and independent directors appointed by the Board of Directors, and an independent director shall be the Chairman of the Marketing and Sustainable Development Committee.
4. **Nomination and Remuneration Committee:** consists of at least three directors appointed by the Board of Directors, and an independent director shall be the Chairman of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee shall consist of more than half of independent directors.
5. **Board of Executive Directors:** consists of some of the Company's directors and may consist of one or more other persons, as deemed and appointed by the Board of Directors.

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

1. Duties and responsibilities of the Board of Directors shall be as stipulated by law, memorandum of association, articles of association, and resolutions of the shareholders' meeting, which include the following actions:
 - (1) To stipulate the vision, mission, policy, strategy and financial goals for the Company and its subsidiaries, as well as to consider and approve the policy and operation direction that the management proposes, and to supervise the management to proceed in accordance with the vision, mission, policy, strategy and financial goals, with the purpose to increase economic value for shareholders by taking into account all interested parties involved.
 - (2) To review the Board of Directors Charter at least once per year
 - (3) To set the structure and define the Company's and its subsidiaries' processes to ensure that operations are in accordance with the rules, regulations, board resolutions, resolutions of the shareholders' meeting, with honesty and carefulness.
 - (4) To set the structure and define the Company's and its subsidiaries' processes for a sound risk management system, supervision and inspection, and internal control.
 - (5) To monitor and evaluate the management of the Company and its subsidiaries to achieve the strategic plan under the budget approved by the Board of Directors.

- (6) To oversee the preparation of accounts and keep accounts and related documents, including the disclosure of appropriate information to shareholders and the general public.
- (7) To inspect and ensure that the Company and its subsidiaries have complied with the Code of Ethics and anti-corruption policy set by the Board of Directors and determine the Company's and its subsidiaries' policies in corporate governance and social responsibility.
- (8) To appoint a person to be a director or executive of a subsidiary company in proportion to his/her shareholding in the subsidiary company and provide a clear scope of duties and responsibilities of the appointed directors and executives, which include setting a clear framework for exercise discretion and allowing the voting in the Board of Directors' meeting on important matters to be approved by the Board of Directors, and also conduct management control in accordance with the Company policy and transactions to be legal, which includes the disclosure of financial status, information, performance, connected transactions and the acquisition or disposal of significant assets.

However, the delegation of authority and responsibility of the Board of Directors shall not be made in a power of attorney or sub-authorization which allows the Board of Directors or a delegate from the Board of Directors to approve transactions in which they or persons with potential conflicts of interest (as defined in the Notification of the Securities and Exchange Commission or Notification of the Capital Market Supervisory Board) may have a conflict of interest or may receive benefits in any manner or may have a conflict of interest with the Company or its subsidiaries, except for approval of items in accordance with the policies and criteria approved by the shareholders' meeting or the Board of Directors of the Company.

- 2. In the principles of the good corporate governance of the Company, apart from conducting business in accordance with the law, objectives, and regulations, as well as the resolutions of the shareholders' meeting, the Board of Directors also has the authority, duties, and responsibilities of the Board of Directors as shown in the Board of Directors Charter.

4. Board Meeting and Receipt of Documents

The Board of Directors operates through a meeting of the Board of Directors as follows:

- 1. The Company shall schedule a meeting of the Board of Directors in advance for the whole year, and the Company Secretary shall inform each director of the schedule.
- 2. The Board of Directors shall schedule a meeting at least six times a year and at least once within three months.
- 3. The Chairman of the Board of Directors and the Chief Executive Officer jointly consider and select matters for the agenda of the Board of Directors' meeting and allow each

director to propose matters that are beneficial to the Company.

4. Each meeting of the Board of Directors shall have a clear meeting agenda and sufficient and complete meeting documents that shall be submitted to the Board of Directors at least seven days in advance of the meeting date.
5. All directors shall attend every meeting of the Board of Directors and the shareholders, except in the case of necessity.
6. The Chairman of the Board shall allocate sufficient time for the management to propose the matters and to allow the directors to thoroughly discuss the important issues. The Chairman of the Board shall promote careful discretion, and every director shall pay attention to every matter and issue brought to the meetings, including corporate governance issues.
7. The minimum quorum at the time that the Board of Directors is passing a resolution shall not be less than 2 in 3 of the total number of directors.
8. In the case that the Chairman is not an independent director, the Board of Directors shall appoint one of the independent directors to consider the agenda of the meeting in order to be in accordance with the principles of good corporate governance for registered companies.
9. The Company has a policy for non-executive directors to have a meeting among themselves as necessary in order to discuss various issues regarding management that is of interest to the management without the management team and to inform the Chief Executive Officer of the meeting results.
10. The Company has the policy to encourage senior executives to attend the meeting of the Board of Directors.
11. All directors have access to additional necessary information from the Chief Executive Officer, the Company Secretary, or other assigned executives within the specified policy scope and, if necessary, they may provide independent opinions from consultants.
12. Board of Directors shall assign the Company Secretary to make the minutes completely and accurate, and the minutes shall be clear with the meeting results and the opinions of the Board for reference.

5. Board Self Assessment

The Board of Directors requires the evaluation of the Board of Directors' performance annually to consider the work and issues for further improvement.

The Company has the evaluation process of the Board of Directors as follows

1. The Board of Directors arranges for annual self-performance evaluation for the directors to jointly consider their work and issues for further improvement. The evaluation of the Board of Directors shall rely on the guidelines of evaluation suggested by the Stock Exchange of Thailand, and it shall carry out additional improvements to suit the company's business operations.
2. The Board of Directors arranges for the evaluation of the Chief Executive Officer to compare with the operating results. The Board of Directors shall evaluate in the evaluation form, and the Board of Directors shall assign the Chairman of the Board to inform the evaluation results to the Chief Executive Officer and the Board of Directors.

6. Directors' Remuneration

To prevent the conflict of interests of the Company, the Nomination and Remuneration Committee is responsible for determining and proposing to the Board of Directors for approval. Then, the shareholders may give approval to the work of the Board of Directors with the following rules and regulations:

1. The Committee shall consider the remuneration of the directors by comparing it with the companies in the same industry, company performance, and responsibilities of the directors. The consideration of the remuneration of directors is under the approval of the shareholders' meeting, and the shareholders have the right to consider the criteria and policies for determining remuneration for the directors every year. The Board of Directors has to propose the directors' remuneration for the shareholders to consider as the agenda of the annual general meeting of shareholders.
2. Executive remuneration shall be in accordance with the principles and policies determined by the Board of Directors, which are connected to the Company's operation and the performance of each executive.
3. Board of Directors and the senior management shall report on the directors' remuneration and rationale in the annual report and financial statements of the Company.

7. Development of Directors and Executives

1. The Company and its subsidiaries shall promote and facilitate the training and education of relevant parties in the corporate governance system of the Company and its subsidiaries, such as directors, audit committee, executives, and the Company Secretary, in order to continuously improve operations.
2. The Company and its subsidiaries shall arrange an orientation and arrange documents and information useful for the performance of the duties of the new directors.

3. The Board shall set a plan to develop the potential of executives from the level of Chief Executive Officer to the director level by assigning the management to create a succession plan and a report to the Board of Directors

8. Management team

Currently, the Company's management consists of 9 executives as follows

name	position
1. Mr. Boonyong Tansakul	Chief Executive Officer
2. Mrs. Yupaphan Ekasittikul	Executive Vice President, Finance and Accounting Business Group / Finance and Accounting Director (Acting)
3. Miss Jomkwan Chirathivat	Executive Vice President, Intellectual Property Management Business Group (Acting)
4. Mr. Voravit Korkongvisarut	Executive Vice President Business Group Project Management and Business Development
5. Mr. Siruwat Chatchaval	New Executive Vice President Business Group
6. Mrs. Dollaporn Bunyakul ⁽¹⁾	Executive Vice President, Supply Chain Management Business Group
7. Mr. Ugrit Leewanan ⁽²⁾	Vice President, Human Resources Business Group
8. Mr. Kanchit Maneesuwan ⁽³⁾	Vice President of Brand and Franchise Group
9. Miss Sudarat Chaowanayan	Finance Assistant Director

Remark: ⁽¹⁾ Resigned from the Company effective June 8, 2019
⁽²⁾ Resigned from the Company effective January 1, 2020
⁽³⁾ Resigned from the Company effective January 1, 2020

In this regard, Mrs. Yupapan Ekasittikul, Chief Financial Officer, is the person assigned to take the highest responsibility in accounting and finance, and Ms. Kalaya Chuanchoo is the person directly assigned to supervise the accounting.

Scope of duties and responsibilities of the Chief Executive Officer

The Board of Directors Meeting No. 6/2018, held on August 14, 2018, passed a resolution approving the scope of duties and responsibilities of the Chief Executive Officer as follows:

- 1) To define the policy, strategy, business plan and management structure of the Company, including responsibility for the preparation of the annual strategic plan and budget plan to propose to the Board of Executive Directors and the Board of Directors.
2. To Supervise, manage, and operate as normal business for the benefit of the Company to be in accordance with the objectives and the rules of the Company, as well as regulations, policies, work plans and budgets as determined by the Executive Directors and/or the Board of Directors' meeting and/or the shareholders' meeting.
3. To issue orders, regulations, notifications, memorandum for the operations to be in accordance with the policies and interests of the Company and to maintain discipline within the organization.

4. To consider and approve the payment of operating expenses in the normal course of business of the Company. Each limit shall be in accordance with the approval authority table approved by the Board of Directors.

The Chief Executive Officer shall approve investment expenses according to the budget, not over 5.0 million baht.

5. To appoint various working teams for good and transparent management benefits and performance and to authorize one or more than one person to take any actions under the control of the Chief Executive Officer or may authorize such person as the Chief Executive Officer deems appropriate and within a reasonable period. The Chief Executive Officer may cancel, withdraw, change, or amend such delegated authority or authorization as deemed appropriate.
6. To approve the appointment of consultants required for the business operations and to comply with the regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.
7. To monitor and control the Company's operations and subsidiaries in order to obtain performance as targeted and to report to the Board of Directors every quarter, including finding opportunities to improve and develop for better performance.
8. To coordinate with the audit committee and the Risk Management Committee to enable business operations and the risk management of the Company in accordance with the objectives and regulations of the Company, including the resolutions of the Board of Directors and/or the resolutions of the shareholders' meeting.
9. To perform other operations as assigned by the Board of Directors from time to time.

The delegation of authority and responsibility of the Board of Directors shall not be made in a power of attorney or sub-authorization which allows the Board of Directors or a delegate from the Chief Executive Officer to approve transactions in which they or persons with potential conflicts of interest (as defined in the Notification of the Securities and Exchange Commission or Notification of the Capital Market Supervisory Board) have interest or may be conflicts of interest with the Company or its subsidiaries and/or related companies. The Chief Executive Officer shall not have the authority to approve the operations in this matter, and it shall be proposed to the meeting of the Board of Directors and/or the shareholders meeting (as the case may be) for further approval, except for approval of transactions that are in accordance with normal business and normal trading conditions in accordance with the Notifications of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or related agencies.

9. Auditor's remuneration

1. Audit Fee

The Group shall pay the audit fees of the Company and its subsidiaries as follows:

Audit Fee	Fiscal year ended 31 December 2019
ZEN Corporation Group Public Company Limited	1,160,000.00
Subsidiary company	
ZEN Restaurant Holding Company Limited	1,250,000.00
ZEN Supply Chain Management Company Limited	455,000.00
ZEN and Spicy Company Limited	600,000.00
AKA Interfood Company Limited	710,000.00
Tokyo Concept Company Limited	660,000.00
Gyu Grill Group Company Limited	395,000.00
Spice Synergy Company Limited	190,000.00
Total	5,420,000.00

2. Other non-audit fees

-N/A-

10. Compliance with good corporate governance in other matters

-N/A-



Corporate Social Responsibility

ZEN Corporation Group Public Company Limited is committed and intends to conduct our businesses based on the corporate governance code with social, community and environmental responsibility to contribute to positive impacts for social changes in the way that promotes, support and enhances the potential development towards sustainable and quality business growth. ZEN Group attached great importance to the following matters:



Society

The “ZEN Spirit” project was started in 2017 to provide support to people with disabilities in their careers as farmers and creates job opportunities and income in order to sustainably improve quality of life for themselves and their families. The Group has supported the “Empowerment Plus” project for developing modern farming skills by applying appropriate technologies in the cultivation of pesticide residue free Yubari King melon, a melon cultivar from Japan, in the closed system farming at Hankha District, Chai Nat Province as the first pilot farm. This melon farming focuses on standardized production. Every step is inspected, from seed selection, pollination, sweetness measurement, to melon fruit screening to select only one fruit with the best quality per one melon tree in order to meet the prescribed standard.



Pesticide residue free Yubari King melon has been developed for commercial purpose and the **“Jaidee Farm”** brand was established to be better known in the market. From the success of the first farm in Hankha District, Chai Nat Province, ZEN Group recognizes the potential of the disabled and therefore continuously provides financial support to **“Jaidee Farm”** for network expansion into other areas. This is in order to develop **“Jaidee Farm”** as a tool to improve the quality of life of the disabled workers by providing them with income and job opportunities while promoting their recognition by people in the community and contributing to their self-esteem. Currently, **“Jaidee Farm”** expanded into Phrai Nok Yung District, Chai Nat Province and Takhli District, Nakhon Sawan Province with the support by ZEN Group in order to further support and increase income of the disabled people sustainably. In 2020, ZEN Group plans to purchase pesticide residue free Yubari King melons from **“Jaidee Farm”** to be served to customers after their meal without charge. Parts of these melons are used to prepare melon smoothies sold in Sushi Cyu. In addition, these melons are also used as an ingredient in new menus in Tummour and LaoYuan.

In the past year, ZEN Group also signed a memorandum of understanding (MOU) with Khon Kaen University and Pracharat Rak Samakkhi Khon Kaen (Social Enterprise) Company Limited. This MOU is an extension of research results of the Research and Development Network Center for Animal Breeding (Native Chicken) towards commercialization. KKKU-ONE, a native broiler breed, which has low uric acid content of only 1.91 mg and also has lower fat and cholesterol content compared to common broiler, is also known as 3LOW chicken. In addition, it also has a firmer but softer texture without GMOs or growth accelerators. The research results of this center are extended towards commercialization, starting from breeding in the laboratories of Khon Kaen University and Pracharat Rak Samakkhi Khon Kaen (Social Enterprise) Company Limited. The chicks are then transported to be raised by the villagers in free range system. After that, ZEN Group will buy these KKKU-ONE broilers when they mature to be used as the main ingredient of “Tom Yam Kai Rim Mae Khong (spicy chicken soup)”, a menu in Tummour and LaoYuan.



This cooperation is beneficial to farmers, starting from the upstream to downstream according to the civil state in reducing disparities, creating sustainable income and increasing value of agricultural products. Currently, the farmers have joined this chicken breeding project in both Mueang Khon Kaen District, Ubolratana District and Chonnabot District. In 2019, ZEN Group purchased 23,616 kilograms of KKKU-ONE native chickens, totaling 26,240 chickens.



In addition, the affiliates such as Tokyo Concept Company Limited under the management of ZEN Group produced 2020 calendar for selling at all branches of On the Table, Tokyo Café. The proceeds from the calendar sales were given to The Voice Foundation providing help for stray dogs and cats with disabilities. AKA Interfood Company Limited has also collected and donated money from fines for wasting food at AKA restaurant (all branches) and donated them to the priest hospitals for public benefits and foster home for infant with mental retardation and intellectual disabilities (Ban FuengFah) in order to share happiness in society.

Education

The Group has established “ZEN Scholarships for Employees’ Children” project providing scholarships to employees’ children of Zen Group and its affiliates for those who have good academic performance and strong study intention. The Group also aim to provide continuing scholarships to employees’ children until they complete their bachelor degree. This project was established to promote the education of employees’ children as well as to help alleviate the employee’s expenses. ZEN Group and its affiliates are pleased to accept employees’ children



for internships during the semester break and are pleased to accept the graduated employees' children to work for ZEN Group and its affiliates. This is in order to further their education and provide them the job opportunities after graduation, which is one of the projects for sustainable improvement of quality of life of all employees of ZEN Group



Environment

ZEN Group and its affiliates are aware of the importance of preservation and conservation of natural resources and the environment, we therefore encourage the use of paper packaging that can be recycled and reused as per the circular economy concept, along with expanding environmental sustainability policy by reducing the use of foam and plastic food packaging. We signed a memorandum of understanding under the **“Sharing is Caring, Fes Giving Back to the Environment”** project, a collaboration between Thai Paper Company Limited, Packaging Business, SCG together with 9 partnerships from modern trade business operators, chain restaurants and universities to promote the use of and access to clean, safe and environment-friendly food packaging among Thai people, which is a response to the government policy and to show the company’s strong intention to support the campaign to reduce and stop the use of single-use foam and plastic bags and to encourage people to use environment-friendly renewable materials. ZEN Group started using the packaging in its 3 affiliated restaurant brands and promoting the use of suitable packaging for each food category for consumer safety and environmental friendliness. ZEN Group also started using paper packaging in food delivery services of Tummour, Musha and Kiang brands and also plans to use this packaging in other affiliated brands.





Internal Control and Risk Management

Board of Directors' Report on Internal Control

The Board of Directors recognizes the importance of the effective internal control systems and considers it an important duty to ensure that the Group has the appropriate and sufficient internal control systems. This is in order to ensure that the operations are in line with the goals, objectives and relevant laws and regulations. The effective internal control systems also help in preventing and managing potential risks and damages to the Group and its stakeholders. In addition, they can protect assets from frauds and damages. The Group has accurate and reliable accounting systems and financial reporting practices as well as complete, adequate and timely disclosure of information.

At the Board of Directors Meeting No. 2/2020 on 24 February 2020, with 3 members of the Audit Committee attended, the Board of Directors considered and evaluated the sufficiency of the internal control systems through inquiry with the management of the Company. The Board of Directors considered the internal control systems of the Company in 5 areas in accordance with the guidelines of The Committee of Sponsoring Organizations of Treadway Commission ("COSO") consisting of

- (1) Control Environment
- (2) Risk Assessment
- (3) Control Activities
- (4) Information and Communication
- (5) Monitoring Activities

The Board of Directors concluded that the Company's internal control systems are suitable and adequate, and are functioning consistent with SEC's Internal Control Sufficiency Evaluation Form. The Company has provided sufficient personnel for efficient implementation of internal control systems. In addition, the Company has the internal control systems for monitoring and overseeing the operations of the subsidiaries to prevent the assets of the company from being misused or being used without authorization, including transactions with persons who may have conflicts of interests and connections. As for other areas of internal control, the Board of Directors agreed that the Company has sufficient internal control systems and has approved the Company's Internal Control Sufficiency Evaluation Form. In this regard, the Company summarized the details of the internal control sufficiency evaluation as per Attachment 4.

Internal Auditor's Report on Internal Control System

The internal audit department is an independent department of the Company that reports directly to the Audit Committee. This department is responsible for examining and evaluating the sufficiency of the Company's internal control systems, both financial and non-financial, as well as reviewing compliance with regulations and providing recommendations for development and improvement of operations. This is to ensure compliance with the rules and regulations of the relevant laws, good supervision and internal control systems, and the achievement of the operational objectives of the organization.

The internal audit department has an annual audit plan and a 3-year audit plan. These audit plans are prepared in accordance with the risk assessment principles that affect the Company's operations and cover the operational processes of the organization, which have been approved by the Audit Committee. The scope of work of the internal audit department covers auditing, monitoring, controlling, testing, reviewing and assessing of sufficiency and efficiency of the Company's internal control systems including the quality of operations in the following aspects:

- The reliability of the internal control systems as well as compliance with accurate and reliable accounting and financial standards and policies, reorganization plan, methods and measures for prevent assets from being misused and from all fraud and errors.
- The reliability of the internal control systems in management and operations to ensure compliance with the policies, plans and the laws, rules and regulations of the government and regulatory agencies and regulations of the Company covering activities in various fields including management, operation, procurement, marketing, administration, finance, accounting and human resources.
- The reliability of the internal control systems against corruption to be in line with and in response to the anti-corruption measures of the Company, which helps promote ethics and morality in business operations and sustainable development, consisting of the framework for receiving and managing complaints via the coordination with relevant agencies in order to solve problems and find preventive measures. This is to provide employees as well as other stakeholders the channels for reporting complaints or clues, in which the internal audit department is one of the channels in the process of receiving complaints.

The Company hired P&L IT Audit Company Limited to examine and review the internal control systems in terms of IT General Control in the following aspects:

- Information security policy
- Information security structure
- Control of human resources security
- Control of property management
- Access control
- Data encryption control
- Control of physical and environment security
- Control of operations security
- Control of communication security
- Control of procurement, system development and maintenance
- Control of relationships with service providers
- Control of information security incident management
- Control of information security management
- Compliance control

The internal audit department and the IT auditor regularly report the audit results and the progress in resolving deficiencies as suggested to the Audit Committee. The auditor is an independent external auditor who has access to the Company's information and assets related to the operations, and has the right to ask for information and explanations from those involved in areas he/she is assigned to audit. In addition, the internal audit department provides advice on operations and supports various departments of the Company in risk control self-assessment. This is in order to ensure effective and efficient internal control systems and operations of the Company, reliable financial reports, compliance with the requirements of laws, government regulations and regulations, orders and announcements of the Company, as well as to protect the assets of the Company and prevent potential damages to the Company. In addition, it also contributes to balance and investigation between each other to ensure reasonable confidence in the operations of the Company in order to achieve the Company's goals.

In addition, the internal audit department continues to support the development and training of personnel so that the Company's personnel have knowledge and expertise in the internal audit profession and other skills necessary for the operations.

Head of Internal Audit

The Company has established the internal audit department and appointed Mr. Supong Limthong as the Company's Internal Audit Director since 16 October 2014 onwards. This is because Mr. Supong Limthong has over 20 years of audit experience with knowledge and understanding of the Company's activities and operations. Therefore, the Audit Committee is of the opinion that Mr. Supong Limthong is qualified to perform the duties appropriately and sufficiently (For more details about the head of internal audit of the company, refer to Attachment 3 Details of the head of internal audit).

In this regard, the Audit Committee and the Chief Executive Officer are responsible for approving and considering the appointment, transfer, dismissal of the head of internal audit of the Company.

Related Parties



1. Related parties

Related parties	Business types	Relationship
Food Gimmick Co., Ltd.	Rental for space and service	<ul style="list-style-type: none"> - Mr.Sudthidej Chirathivat father of Mr.Sakkanon Chirathivat and Ms.Jomkwan Chirathivat shareholders held 36 percent of the Company and director - Mrs.Neangnong Chirathivat mother of Mr.Sakkanon Chirathivat and Ms.Jomkwan Chirathivat and director
Sudtrara Suite Co., Ltd.	Hotels, resorts and suites	<ul style="list-style-type: none"> - Mr.Sudthidej Chirathivat father of Mr.Sakkanon Chirathivat and Ms.Jomkwan Chirathivat shareholders held 36 percent of the Company and director - Mrs.Neangnong Chirathivat mother of Mr.Sakkanon Chirathivat and Ms.Jomkwan Chirathivat and director
Stork (Thailand) Co., Ltd.	Food services/ restaurants	<ul style="list-style-type: none"> - Mr.Sudthidej Chirathivat father of Mr.Sakkanon Chirathivat and Ms.Jomkwan Chirathivat shareholders held 36 percent of the Company and director - Mrs.Neangnong Chirathivat mother of Mr.Sakkanon Chirathivat and Ms.Jomkwan Chirathivat and director
Chef Best Co.,Ltd.	Rental and real property operation	<ul style="list-style-type: none"> - Mr.Siruwat Chatchawan is executives of the Company shareholders held 35 percent of the Company and director
Crazy spicy Co.,Ltd.	Food services/ restaurants	<ul style="list-style-type: none"> - Mrs.Kanjana Chatchawan married of Mr.Siruwat Chatchawan shareholders held 20 percent of the Company - Mrs.Thidarat Chatchawan sister of Mr.Siruwat Chatchawan shareholders held 20 percent of the Company
Mr.Siruwat Chatchawan	-	<ul style="list-style-type: none"> - Mr.Siruwat Chatchawan is executives of the Company
Mr.Boonyong Tansakul	-	<ul style="list-style-type: none"> - Mr.Boonyong Tansakul is director and executives of the Company
Mrs.Supajed Vivaddhanakasem	-	<ul style="list-style-type: none"> - Mrs.Supajed Vivaddhanakasem married of Mr.Chittapon Vivaddhanakasem is director and shareholders held 1.4 percent of the Company

2. Related Party Transactions

Related party transactions for the year ended 31 December 2018 and 2019

1. Food Gimmick Co., Ltd.		
Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
1.1 Rent space		
- Cost	2,197,421.0	2,413,687.2
- Account payable	310,399.7	303,816.51
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - 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 31st, 2023 - 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, currently, has renewed 6 months ending on January 2, 2020, area of 317.48 square meters - 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 - 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. 	
	<ul style="list-style-type: none"> - 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, 2018 (Baht)	Amount December 31, 2019 (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"> - 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. - 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. - 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. 	<ul style="list-style-type: none"> - The rental operation was a normal business transaction. settlement terms were subject to normalcommercialterms as well as outsiders. Such transaction is reasonable.

2. Sudtrara Suite Co., Ltd.		
Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
2.1 Revenue from sale - Revenue - Account Receivable	140,614.2 -	- -
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - In 2018, 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. - The selling price is comparable to the selling price of products that the Group Offered to other franchisees. - In June 2018, Suthara Suites Co., Ltd canceled the franchise agreement. 	<ul style="list-style-type: none"> - The normal business transaction settlement terms were subject to normalcommercialterms as well as outsiders. Such transaction is reasonable.

Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
2.2 Revenue from Royalty Fee		
- Revenue	4,069.4	-
- Account Receivable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - 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. - The Royalty Fee is based on the franchise agreement and is the same rate that the Group charged from other franchisees. - In June 2018, Suthara Suites Co., Ltd canceled that franchise agreement. 	<ul style="list-style-type: none"> - The normal business transaction settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.
Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
2.3 Revenue from Marketing Fee		
- Revenue	2,034.7	-
- Account Receivable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - 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. - The Marketing Fee is based on the franchise agreement and is the same rate that the Group charged from other franchisees. - In June 2018, Suthara Suites Co., Ltd canceled that franchise agreement. 	<ul style="list-style-type: none"> - The normal business transaction settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.

Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (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"> - For the opening of a new franchisee, the Group will provide franchise assistance. In the provision of various equipment necessary for business operations. - Set up fees are comparable to those of the Group collect from other franchisees. 	- The normal business transaction settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.
Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
2.5 Expenses from promotion return		
- Expenses	1,774.8	-
- Account Payable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - 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. - Expenses from the return of promotional expenses are comparable to those of the Group collect from another franchisee. 	- The normal business support settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.
Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
2.6 Purchase of goods		
- Cost		
- Account Payable	48,783.7	-
	-	-

	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - 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. - The price of repurchase the raw materials is comparable to the rates that the Group sold to other franchisees. 	- The normal business support based on actual sale which did not deprive the company. Such transaction is reasonable.
Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
2.7 Purchase asset		
- Asset	-	69,490.7
- Account Payable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - The Group has purchased tool and equipment from Suthara Suites Co., Ltd. for used in the business of the Group. By comparing the purchase price of new goods with suppliers, the price is lower than 47.8% - Sale price is net book value plus 2% 	- Is purchase asset for supporting business transaction and has less materiality. Such transaction is reasonable.

3. Stork (Thailand) Co., Ltd.		
Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
3.1 Revenue from sale		
- Revenue	-	13,380
- Account Receivable	-	-

	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - The Group has sales raw material to Stork (Thailand) Co., Ltd. for used in the restaurant. - The selling price is comparable to the selling price of products that the Group Offered to other franchisees. 	- The normal business support based on actual sale which did not deprive the company. Such transaction is reasonable.
Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
3.2 Purchase of goods		
- Cost	8,191,522.5	3,918,154.7
- Account Payable	851,103.0	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - The Group has purchased dessert from Stork (Thailand) Co., Ltd. to be sold within the restaurant of the Group. - The purchase price is comparable to buying from other distributors 	- The normal business support based on actual sale which did not deprive the company. Such transaction is reasonable.
Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
3.3 Other Expenses		
- Expenses	21,612.0	15,338.0
- Account Payable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	- In the 9-month period 2018 and sixth month in 2019, Stork (Thailand) Co., Ltd. charge transport expense to branch of the Group which is calculated based on actual costs.	- 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, 2018 (Baht)	Amount December 31, 2019 (Baht)
4.1 Office Rental		
- Expenses	720,000.0	360,000.0
- Account payable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - 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. - 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. - Currently, the company has moved all employees together in one office. Therefore, the rental of the office building will be terminated during this period. 	<ul style="list-style-type: none"> - The normal business support based on actual sale which did not deprive the company. Such transaction is reasonable.
Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
4.2 Lease Deposit		
- Deposit	180,000.0	180,000.0
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - Under the office building lease agreement require the Group to paid deposit for Chef Best Co., Ltd. - The deposit of the lease agreement is as specified in the contract and has a period comparable to the general conditions for space rental. - Currently, the company has moved all employees together in one office. Therefore, the office rental deposit will expire at that time. 	<ul style="list-style-type: none"> - The rental operation was a normal business transaction settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.

Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
4.3 Other expenses		
- Expenses	24,600.0	13,926.0
- Account payable	110,000.0	374.0
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - 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. - Expenses are calculated based on the actual cost of common expenses. - Currently, the company has moved all employees together in one office. Therefore, related transactions to the office lease will be terminated during this period. 	<ul style="list-style-type: none"> - The normal business support based on actual sale which did not deprive the company. Such transaction is reasonable.
Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
4.4 Rental		
- Cost	600,000.0	300,000.0
- Account payable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - 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. - 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. 	<ul style="list-style-type: none"> - The rental operation was a normal business transaction settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.

Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
4.5 Lease Deposit - Deposit	100,000.0	100,000.0
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - Under the land and building lease agreement require the Group to paid deposit for Chef Best Co., Ltd. - The deposit of the lease agreement is as specified in the contract and has a period comparable to the general conditions for space rental. 	<ul style="list-style-type: none"> - The rental operation was a normal business transaction settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.

5. Crazy spicy Co.,Ltd.		
Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
5.1 Other Expense - Expense - Account Payable	- -	12,133.0 -
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - The Group has purchase assts from Crazy Spicy Group Co., Ltd in 2015 which some assets have a mobile phone number attached to it, making Crazy Spicy Group Co., Ltd. collecting retroactive telephone charges for 2017-2018 - Currently, the company has changed to Supply Chain Management Company Limited. 	<ul style="list-style-type: none"> - The normal business support based on actual sale which did not deprive the company. Such transaction is reasonable.

6. Mr.Siruwat Chatchawan		
Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
6.1 Office rental - Expenses - Account payable	840,000.0 -	420,000.0 -
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - 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. - Currently, the company has moved all employees together in one office. Therefore, the rental of the office building will be terminated during this period. 	<ul style="list-style-type: none"> - The rental operation was a normal business transaction settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.
Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (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"> - Under the office building lease agreement require the Group to paid deposit for Mr. Siruwat Chatchawan. - The deposit of the lease agreement is as specified in the contract and has a period comparable to the general conditions for space rental. - Currently, the company has moved all employees together in one office. Therefore, the office rental deposit will expire at that time. 	<ul style="list-style-type: none"> - The rental operation was a normal business transaction settlement terms were subject to normal commercial terms as well as outsiders. Such transaction is reasonable.

Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
6.3 Other Expenses		
- Expenses	24,600.0	14,697.3
- Account payable	70,697.0	512.3
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - 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. - Expenses are calculated based on the actual cost of common expenses. - Currently, the company has moved all employees together in one office. Therefore, related transactions to the office lease will be terminated during this period. 	<ul style="list-style-type: none"> - The normal business support based on actual sale which did not deprive the company. Such transaction is reasonable.
Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
6.4 Advances		
- Expenses	23,960.5	-
- Account payable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - 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. - Utilities expense are calculated based on the actual cost of common expenses. - Currently, the company has moved all employees together in one office. Therefore, related transactions to the office lease will be terminated during this period. 	<ul style="list-style-type: none"> - The normal business support based on actual sale which did not deprive the company. Such transaction is reasonable.

7. Mr.Boonyong Tansakul		
Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (Baht)
7.1 Consulting fee		
- Expenses	300,000.0	-
- Account payable	-	-
	Necessity and Rationale	Comments from the Audit Committee
	<ul style="list-style-type: none"> - 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. - 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. - That is a one-time transaction. 	<ul style="list-style-type: none"> - 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.

8. Mrs.Supajed Viwattanakasem		
Description	Amount December 31, 2018 (Baht)	Amount December 31, 2019 (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"> - Mrs. Supajet Wiwatthanakasem 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. - Consultant expenses are comparable to the external advisory fees. 	<ul style="list-style-type: none"> - 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.

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.



Management Discussion and Analysis for the Year ending 31 December 2019

Business Overview

In 2019, the Group's total revenue growth (TSSG) increased by 6.1% compared to the previous year driven mainly by new branch expansion. In total, the Group opened a total of 100 new branches, divided into 71 equity branches owned by the Group and 29 franchise branches both domestic and international. Most new branches were under the new Khiang brand which was launched at the end of 2018. Furthermore, 2 new brands were opened at the end of 2019 to further enhance the variety of restaurants in the Group, these being Foo Flavor and Din's, both of which received favorable responses from consumers.

However, over the course of 2019, the economic situation and consumer confidence continuously worsened and this negatively impacted the Group. Full year same store sales growth (SSSG) decreased by -4.7%, mainly due to lower sales of the ZEN brand, which contributes approximately 40% of the Group's revenue, being affected by market conditions and increasing competition in the Japanese restaurant industry. Other brands such as AKA and On the Table were meanwhile able to maintain positive SSSG due to the strength of the brands and the popularity of grilled buffet and café-style restaurants.

Although the economic slowdown and severe competition in the restaurant industry resulted in the decrease of same store sales, the Group focused efforts to maintain profitability through effective marketing to boost sales, while increasing efficiency in the management of raw material costs and other expenses. Nonetheless, from the aforementioned factors, in the year 2019, the Group had a net profit from normal operations of 106.2 million baht, a decrease of 34.0 million baht or 24.2% from 2018. However, excluding one-time items such as the reversal of provision for decommissioning costs in 2018 and also the allowance for impairment of assets in 2019, adjusted net profit for 2019 was 113.9 million baht compared to 122.9 million baht in 2018, a decrease of 8.7 million baht or 7.1%.

For 2020, the Group will continue to open new branches in order to reach more consumers, but the expansion will be slower and more conservative to align with various uncertain factors such as the economic environment and consumer demand. Instead, the Group will focus on improving performance of existing branches in terms of sales and efficiency. Growth will come from opening new franchise branches, in particularly the small-size concepts such as brand Khiang. At the branch support and back-office, the Group will put efforts and resources into improving operational efficiency by investing in IT systems.

Performance

New Branch Openings in 2019

Brand	Equity Branch	Franchise Branch (Domestic)	Franchise Branch (International)	Total Branch
ZEN	5	-	-	5
AKA	8	-	2	10
On the Table	5	-	-	5

Brand	Equity Branch	Franchise Branch (Domestic)	Franchise Branch (International)	Total Branch
Musha	2	-	-	2
Tummour	8	9	-	17
Lao Yuan	-	7	-	7
Jaew Hon	-	2	-	2
Khiang	39	9	-	48
Kuaytiew (Pho)	1	-	-	1
Foo Flavor	2	-	-	2
Din's	1	-	-	1
Total	71	27	2	100

Revenues

Revenues	For the Year Ending 31 December				% Change
	2018		2019		
	THB Mn	% ⁽¹⁾	THB Mn	% ⁽¹⁾	
Revenue from Sales of Food & Beverages	2,852.6	96.2%	3,026.6	96.3%	6.1%
Franchise Fee Income	69.6	2.3%	75.9	2.4%	9.1%
Other Income	42.5	1.4%	41.7	1.3%	-2.0%
Total Revenue	2,964.7	100.0	3,144.2	100.0%	6.1%

Remark: ⁽¹⁾ Percentage of Total Revenue

For the years ending 31 December 2018 and 2019, the Group's total revenue increased from THB 2,964.7 Mn to THB 3,144.2 Mn respectively, an increase of THB 179.5 Mn or 6.1%. This was mainly due to increased revenue from sales of food and beverages which was the major contributor to the Group's revenue. During the years ending 31 December 2018 and 2019 revenue from sales of food and beverages made up 96.2% and 96.3% of total revenue respectively.

Revenue from Sales of Food and Beverages

Revenues	For the Year Ending 31 December				% Change
	2018		2019		
	THB Mn	% ⁽¹⁾	THB Mn	% ⁽¹⁾	
Revenue from Restaurant Business	2,672.6	93.7%	2,704.3	89.3%	1.2%
Revenue from Sales of Raw Material	159.4	5.6%	192.4	6.4%	20.9%
Revenue from Food Delivery & Catering	13.5	0.5%	101.6	3.4%	656.3%
Revenue from Retail Merchandise	7.2	0.2%	28.3	0.9%	293.1%
Total Revenue from Sales of Food and Beverages	2,852.6	100.0%	3,026.6	100.0%	6.1%

Remark: ⁽¹⁾ Percentage of Total Revenue

For the years ending 31 December 2018 and 2019, revenue from sales of food and beverages was THB 2,852.6 Mn and THB 3,026.6 Mn respectively, an increase of THB 174.0 Mn or 6.1%. This was mainly due to (1) the opening of new branches, (2) increased sales of delivery, (3) increased sales of raw material to franchisees and (4) increased sales of retail merchandise. However, during the year, the economic situation and consumer confidence continuously worsened which resulted in the Group's SSSG for year 2019 decreasing by -4.7%.

Item	For the Year Ending 31 December	
	2018	2019
Number of New Equity Branches Opened (Branch)	8	71
Number of Equity Branches at Period End (Branch)	110	174
Number of New Franchise Branches Opened (Branch)	34	29
Number of Franchise Branches at Period End (Branch)	145	171
Same Store Sales Growth: SSSG (%) ⁽¹⁾	4.7%	-4.7%

Remark: ⁽¹⁾ Calculated based on total revenue from sales of food and beverages per total operating days of the same branch

For the years ending 31 December 2018 and 2019, franchise fee income increased from THB 69.6 Mn to THB 75.9 Mn respectively, an increase of THB 6.3 Mn or 9.1%. This increase was mainly due to an increased number of franchise branches.

However, for the years ending 31 December 2018 and 2019, the Group's other income decreased from THB 42.5 Mn to THB 41.7 Mn respectively, a decrease of THB 0.8 Mn or 2.0%. This decrease was mainly due the Group recognizing THB 17.3 Mn other income in the 2nd quarter of 2018 from the reversal of the provision for decommissioning costs. However, excluding this 1-time item, the Group's other income increased from THB 25.2 Mn to 41.7 THB Mn, an increase of THB 16.5 Mn or 65.5%. due to (1) higher membership fee income (2) higher construction and set up income from opening new franchise branches and (3) higher interest income.

Costs of Sales of Food and Beverages

Item	For the Year Ending 31 December				% Change
	2018		2019		
	THB Mn	% ⁽¹⁾	THB Mn	% ⁽¹⁾	
Revenue from Sales of Food & Beverages	2,852.6	97.6%	3,026.6	97.6%	6.1%
Franchise Fee Income	69.6	2.4%	75.9	2.4%	9.1%
Revenue from Main Businesses	2,922.1	100.0%	3,102.5	100.0%	6.2%
Costs of Sales of Food & Beverages ⁽²⁾	1,519.8	52.0%	1,621.3	52.3%	6.7%
Gross Profit	1,402.4	48.0%	1,481.2	47.7%	5.6%

Remark: ⁽¹⁾ Percentage of Revenue from main businesses.

⁽²⁾ In 2019 the Group adjusted the accounting classifications of Costs of Sales of Food and Beverages and Selling Expenses to be more suitable and in line with other companies in the same industry.

For the years ending 31 December 2018 and 2019, the total costs of sales of food and beverages increased from THB 1,519.8 Mn to THB 1,621.3 Mn respectively, an increase of THB 101.5 Mn or 6.7% which was mainly due to the increased revenue from opening new branches during the year.

Meanwhile, the gross profit increased from THB 1,402.4 Mn to THB 1,481.2 Mn respectively, an increase of THB 78.8 Mn or 5.6%. The gross profit margin decreased from 48.0% in 2018 to 47.7% in 2019 due to (1) the cost of food and beverages of new brands, in particular Khiang, requiring promotional discounts to increase traffic and create brand awareness during the initial opening period of new branches. However, the cost of food and beverages for core brands was well-controlled and even decreased from the previous year.

Selling and Distribution Expenses ⁽¹⁾

For the years ending 31 December 2018 and 2019, selling and distribution expenses increased from THB 799.1 Mn to THB 901.9 Mn respectively, an increase of THB 102.8 Mn or 12.9%. The Group focused on more efficient marketing by switching towards more cost-effective marketing channels; the main factors for the increase were (1) higher staff, rental, utilities and depreciation expenses from opening new branches and (2) higher marketing support and commission expenses paid to delivery operators (Grab, Lineman, Food Panda and Get) which were related to the increased delivery sales. As a percent of total revenue, selling and distribution expenses increased from 27.0% in 2018 to 28.7% in 2019.

Remark: ⁽¹⁾In 2019 the Group adjusted the accounting classifications of Costs of Sales of Food and Beverages and Selling Expenses to be more suitable and in line with other companies in the same industry.

Administrative Expenses

For the years ending 31 December 2018 and 2019, administration costs increased from THB 448.6 Mn to THB 489.7 Mn respectively, an increase of THB 41.1 Mn or 9.2%. This increase was mainly due to (1) increased staff to support the branch expansion for the restaurants which the company owns itself as well as franchise restaurants, (2) higher rental expense due to the head office moving to a new location where all subsidiary companies are located together for more efficient management and (3) the allowance for impairment of assets. As a percent of total revenue, administrative expenses increased from 15.1% in 2018 to 15.6% in 2019.

Finance Expenses

For the years ending 31 December 2018 and 2019, finance expenses decreased from THB 24.6 Mn to THB 3.7 Mn respectively, a decrease of THB 20.9 Mn or 85.0%. This was due to the repayment of loans from commercial banks following the initial public offering.

Tax Expenses

For the years ending 31 December 2018 and 2019, income tax expense decreased from THB 32.3 Mn to THB 21.3 Mn, a decrease of THB 11.0 Mn or 34.1%.

Net Profit and Net Profit Margin

Net Profit	For the Year Ending 31 December		% Change
	2018	2019	
Net Profit (THB Mn) (as per financial statement)	140.2	106.2	24.2%
Net Profit Margin (%)	4.7%	3.4%	-1.3%
Exclusion of 1-Time Items (THB Mn)			
Reversal of Provision for Decommissioning Costs	-17.3	-0.7	-96.0%
Allowance for Impairment of Assets	-	8.7	-
Net Profit Excluding 1-Time Items (THB Mn)	122.9	114.2	-7.1%
Net Profit Margin Excluding 1-Time Items (%)	4.1%	3.6%	-0.5%

For the years ending 31 December 2018 and 2019, the net profit decreased from THB 140.2 Mn to THB 106.2 Mn respectively, a decrease of THB 34.0 Mn or 24.2% and the net profit margin decreased from 4.7% to 3.4%. The main reason was the negative same store sales growth. However, excluding the 1-time income from the reversal of the provision for decommissioning costs in the 2nd quarter of 2018 amount of THB 17.3 Mn and the provision for loss on termination of branches in the 4th quarter of 2019, the Group's net profit decreased from THB 122.9 Mn to THB 114.2 Mn, a decrease of THB 8.7 Mn or 7.1% and the net profit margin decreased from 4.1% to 3.6%.

Financial Position Analysis

Assets

As of 31 December 2018, and 31 December 2019, the Group had total assets of THB 1,564.0 Mn and THB 2,044.1 Mn respectively, an increase of THB 480.1 Mn or 30.7%. The assets increased mainly from (1) an increase in cash and cash equivalents remaining from the proceeds of initial public offering after deducting the repayment of loans from commercial banks, (2) an increase of property plants and equipment which was related to the branch expansion and (3) an increase in trade and other current receivables related to franchise branch construction work and marketing partnerships with banks, telephone network operators and food delivery aggregators.

Liabilities

As of 31 December 2018, and 31 December 2019, the Group had total liabilities of THB 1,095.4 Mn and THB 610.0 Mn respectively, a decrease of THB 485.3 Mn or 44.3%. The main factor in the decrease was repayment of loans from financial institutions.

Shareholder Equity

As of 31 December 2018, and 31 December 2019, the Group had shareholders' equity of THB 468.6 Mn and THB 1,434.1 Mn respectively, an increase of THB 965.5 Mn. This increase in shareholders' equity was mainly derived from the share premium relating to the initial public offering of THB 960.0 Mn. Other major changes in the shareholders' equity during the period were (1) increased paid-up capital from THB 225.0 Mn to THB 300.0 in preparation for the

initial public offering (2) payment of shareholder dividend of THB 101.3 Mn and (3) net profit of the company during the period of THB 106.2 Mn.

Cash Flow Analysis

Type of Cash Flow	For the Year Ending 31 December	
	2018	2019
	THB Mn	THB Mn
Net Cash from (used in) Operating Activities	264.7	302.1
Net Cash from (used in) Investing Activities	(121.2)	(296.9)
Net Cash from (used in) Financing Activities	(134.5)	215.5
Increase (Decrease) in Net Cash and Cash Equivalents	8.9	220.7

Overall the company had an increase in net cash and cash equivalents during the year ending 31 December 2019 of THB 220.7 Mn.

Net Cash from Operating Activities

The cash flow from operating activities was THB 302.1 Mn in the year ending 31 December 2019, an increase of THB 37.3 Mn compared to the same period in 2018. Net profit decreased by THB 34.0 Mn but this was offset mainly by an increase in working capital due to (1) accrued expenses which increased by THB 39.3 Mn in 2019 compared to a decrease of THB 4.8 Mn in 2018 (change of THB +44.1 Mn) and (2) unearned income increased by THB 17.0 Mn in 2019 compared to no change in 2018.

Net Cash from Investments

The cash flows from investments decreased from THB -121.2 Mn in the year ending 31 December 2018 to THB -296.9 Mn in the same period of 2019, a decrease of THB -175.6 Mn. This was mainly due to higher purchase of fixed assets in 2019 compared to 2018 which was due to the opening of more new branches in 2019 compared to the previous year.

Net Cash from Financing Activities

The cash flows from financing activities increased from THB -134.5 Mn in 2018 to THB 215.5 Mn in 2019, an increase of THB 350.0 Mn. This was mainly due to (1) cash received from shareholders for share capital THB 975.0 Mn and (2) net repayment of short-term borrowings from financial institutions of THB 630.0 Mn.

Liquidity and Capital Structure

As of 31 December 2019, the Group had a current ratio of 1.24, increased from 0.32 at end of 2018. This improvement was mainly due to a repayment of all short-term borrowing from financial institutions.

The debt-to-equity ratio reduced to 0.43 at 31 December 2019 compared to 2.34 at the end of 2018. This improvement was mainly due to (1) the repayment of all short-term borrowings from financial institutions and (2) increased shareholder equity derived from the initial public offering.



Report of securities holding and changes in securities holding of directors and executives

Name of Directors / Executives	Position	Number of shares held (Including related persons) As of 1 November 2019	Increasing number During the period	Number reduced During the period	Number of shares held (Including related persons) As of December 13, 2019	Share-holding proportion (%)
1. Mr. Paitoon Taveebhol	Chairman of the Board of Directors / Independent Director	-	-	-	-	0.0%
2. Mr. Sakkanon Chirathivat	Director / Vice Chairman of the Board of Directors / Nomination and Remuneration Committee / Risk Management Committee / Directors of Subsidiaries	100,375,200	-	-	100,375,200	33.46%
3. Mr. Prawit Kijpaisalrattana	Independent Director / Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee	-	-	-	-	0.0%
4. Asst.Prof. Wilert Puriwat	Independent Director / Chairman of the Marketing and Sustainable Development Committee / Nomination and Remuneration Committee	-	-	-	-	0.0%
5. Mrs. Jotika Savanananđ	Independent Director / Audit Committee / Marketing and Sustainable Development Committee	-	-	-	-	0.0%
6. Mr. Boonyong Tansakul	Director / Chairman of the Executive Committee / Risk Management Committee / Marketing and Sustainable Development Committee / Chief Executive Officer / Director of Subsidiaries / Executive of Subsidiaries	-	-	-	-	0.0%
7. Miss Jomkwan Chirathivat	Director / Executive Director / Chief of Intellectual Property Management Group (Acting) / Director of Subsidiaries / Executive of Subsidiaries	100,375,200	-	-	100,375,200	33.46%
8. Mr. Chittapon Vivaddhanakasem	Director / Marketing and Sustainable Development Committee / Director of Subsidiaries	4,320,000	-	-	4,320,000	1.44%
9. Mr. Steven David Halliday	Director / Director of Subsidiaries	7,560,000	-	-	7,560,000	2.52%

Name of Directors / Executives	Position	Number of shares held (Including related persons) As of 1 November 2019	Increasing number During the period	Number reduced During the period	Number of shares held (Including related persons) As of December 13, 2019	Share-holding proportion (%)
10. Mr. Chavalit Chindavanig	Independent Director / Chairman of the Risk Management Committee / Audit Committee	-	-	-	-	0.0%
11. Mrs. Yupaphan Ekasittikul	Executive Director / Risk Management Committee / Chief Financial Officer	-	-	-	-	0.0%
12. Mr. Voravit Korkongvisarut	Chief of Project Management and Business Development Group	-	-	-	-	0.0%
13. Mr. Ugrit Leewanan	Chief of People Officer	-	-	-	-	0.0%
14. Mr. Siruwat Chatchaval	Risk Management Committee / Chief of New Business Group	6,750,000	-	-	6,750,000	2.25%
15. Mr. Kanchit Maneesuwan	Chief of Brand and Franchise Group	-	-	-	-	0.0%
Total		219,380,400	-	-	219,380,400	73.13%





Report of the Executive Committee 2019

The Board of Directors of Zen Corporation Group Public Company Limited has appointed the Executive Committee to ensure the management and business operations of Zen Corporation Group Public Company Limited and its subsidiaries are in the right direction and in line with current economic conditions.

The Executive Committee as of 31 December 2019 consists of

- | | |
|------------------------------|---|
| 1. Mr. Boonyong Tansakul | Chairman of the Executive Committee /
Chief Executive Officer |
| 2. Miss Jomkwan Chirathivat | Executive Committee / Chief of Intellectual Property
Management Group (Acting) |
| 3. Mrs. Yupaphan Ekasittikul | Executive Committee / Chief Financial Officer |

In the year 2019, the Executive Committee performed the duties and responsibilities according to the specified framework by organizing a total of 24 meetings and with the summary of key points of the meetings as follows:

1. Consider and conduct the organizational goals, financial targets and business strategic plan (short, medium, and long term) including the 2019 annual budget and consider the suitable organizational structure to manage the various departments of the company and subsidiaries for the year 2019 in order to present to the Board of Directors.
2. Consider and approve various business affairs of the Company and its subsidiaries.
3. Consider and screen all works that are proposed to the Board of Directors for consideration except for work that is under the responsibility and / or the power of other sub-committees of the company to consider and submit to the Board of Directors directly.
4. Monitor and follow up on the performance and progress of investment projects of each business and report the results including problems or obstacles that occur and guidelines for improvement to the Board of Directors.
5. Consider the company's profits and losses, propose interim dividend payment or annual dividend payment to the Board of Directors.
6. Report to the Board of Directors on the Executive Committee's work within the scope, authority and duties of the Executive Committee on a regular basis, including any matters that are necessary and appropriate to be submitted to the Board of Directors for acknowledgment.
7. Review the Executive Committee Charter. In 2019, there was no amendment on the Charter since the current Charter is complete and appropriate.

The Executive Committee has performed duties as assigned by the Board of Directors by using their knowledge and competence in performing their duties prudently, carefully and reasonably to the best of their abilities by considering the best interests of the company, shareholders and all other stakeholders. In addition, the Company adheres to the principles of good corporate governance for the organization to be effective and sustainable.

(Mr. Boonyong Tansakul)
Chairman of the Executive Committee
ZEN Corporation Group Public Company Limited

Report of the Marketing and Sustainable Development Committee 2019



The Board of Directors of Zen Corporation Group Public Company Limited defines that the company conducts business under the code of conduct and corporate governance policy and adheres to the principles of continuous sustainable development with the Marketing and Sustainable Development Committee being responsible for proposing and considering the policy, supervising and following-up the work plan to be implemented throughout the organization.

The Marketing and Sustainable Development Committee consists of 4 directors as follows:

- | | |
|--|---|
| 1. Associate Professor Dr. Wilert Puriwat, | Chairman of the Marketing and Sustainable Development Committee |
| 2. Mrs. Jotika Savanananda | Member of Marketing and Sustainable Development Committee |
| 3. Mr. Boonyong Tansakul | Member of Marketing and Sustainable Development Committee |
| 4. Mr. Chittapon Vivaddhanakasem | Member of Marketing and Sustainable Development Committee |

In performing the duties for the year 2019, the Marketing and Sustainable Development Committee held a total of 3 meetings to follow up the operations and perform the duties as specified and report the meeting results to the Board of Directors with the key points summarized as follows:

1. Defining marketing policy for the company and subsidiaries and scrutinize the marketing strategy plan for presentation to the Board of Directors.
2. To advise the Board of Directors in matters relating to marketing, Corporate Governance, Ethics, Social Responsibility and sustainable development.
3. Consider the operational guidelines for the environment, social, corporate governance (ESG) and social responsibility project (CSR).
4. Consider preparing the renewal of certification for membership of the Private Sector Collective Action Coalition Against Corruption (CAC) which will be expired in August 2021.
5. Consider and revise the good corporate governance policy to better cover and comply with the guidelines of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) to present to the Board of Directors.
6. Reviewing the Code of Conduct to present to the Board of Directors for approval. In the year 2019, there was no amendment since the current version is complete and appropriate.
7. Reviewing the social responsibility policy in order to propose for approval from the Board of Directors. In the year 2019, there is no amendment because the current version is complete and appropriate.
8. Consider the Charter of the Marketing and Sustainable Development Committee to present to Board of Directors.

The Marketing and Sustainable Development Committee adheres to develop the operations of the organization in accordance with the good corporate governance policy and strictly with business code of conduct including emphasis on marketing development to sustain the business and anti-corruption in order to build confidence to shareholders and all interested parties which will contribute to the sustainable growth of the organization.

(Assoc. Prof. Dr. Wilert Puriwat)
Chairman of the Marketing and Sustainable Development Committee
ZEN Corporation Group Public Company Limited



Report of the Nomination and Remuneration Committee 2019

The Board of Directors of Zen Corporation Group Public Company Limited has appointed the Nomination and Remuneration Committee in accordance with good corporate governance guidelines of listed companies. The members of the Committee have sufficient experience and ability, including knowledge of corporate governance, fully understand their duties and responsibilities and are able to devote sufficient time to perform their duties in order to achieve the Nomination and Remuneration Committee's objectives.

In the year 2019, the Nomination and Remuneration Committee of Zen Corporation Group Public Company Limited consists of 3 members as follows:

- | | |
|---|--|
| 1. Mr. Prawit Kijpaisalrattana | Chairman of the Nomination and Remuneration Committee (Independent Director) |
| 2. Associate Professor Dr. Wilert Puriwat | Nomination and Remuneration Committee (Independent Director) |
| 3. Mr. Sakkanon Chirathivat | Nomination and Remuneration Committee |

The Nomination and Remuneration Committee perform duties according to their responsibility in considering the criteria and guidelines of the recruitment process as well as determining suitable remuneration for the Company's directors and sub-committee members for presentation to the Board of Directors meeting to consider and approve before proposing to the shareholders for approval on an annual basis including considering the remuneration of the top management of the company for presentation to the Board of Directors meeting for approval.

In the year 2019, the Nomination and Remuneration Committee completed the duties and responsibilities according to the specified framework by organizing a total of 4 meetings and the summary of key points of the meeting are as follows:

1. Evaluate the annual performance of the Chief Executive Officer and presenting the Board of Directors approval.
2. Consider the annual salary increase and bonus of the company and subsidiaries in accordance with the performance of the company and subsidiaries including benchmarks of the same industry to propose for approval from the Board of Directors.
3. Consider and provide a policy for the selection of qualified persons to be appointed as the Company's directors and the sub-committee to replace the directors who are retired by rotation and considering to propose the appointment of a new director to the Board of Directors before proposing to the Annual General Meeting of Shareholders for the year 2019.
4. Consider and approve the new organization structure of the company and its subsidiaries to be more streamlined and support more efficient operations management.
5. Consider and offer necessary and appropriate compensation, both monetary and non-monetary, including meeting allowances, salaries, stock, bonuses and other related benefits for the Board of Directors and the subcommittees of the Company to propose for approval to the Board of Directors.
6. Consider the succession plan of the Chief Executive Officer.
7. Review the Nomination and Compensation Committee Charter for the year 2019; there was no amendment since the current Charter is complete and appropriate.

The Nomination and Remuneration Committee has performed their duties as assigned with care, prudence and transparency and has adhered to the principles of good corporate governance for the best interests of shareholders, investors and all other stakeholders.

(Mr. Prawit Kijpaisalrattana)

Chairman of the Nomination and Remuneration Committee
ZEN Corporation Group Public Company Limited

Report of the Risk Management Committee Year 2019



The Board of Directors of Zen Corporation Group Public Company Limited emphasis on risk management in both the formulation process, strategy, and driving performance. The Risk Management Committee overseeing the risk management of Zen Corporation Group Public Company Limited and its subsidiaries to be in accordance with the strategic plan, set operational goals, supervise and control the risk management to be efficient and effective

Risk Management Committee as of December 31, 2019 consists of

1. Mr. Chavalit Chindavanig Chairman of the Risk Management Committee
2. Mr. Sakkanon Chirathivat Risk Management Committee
3. Mr. Boonyong Tansakul Risk Management Committee
4. Mrs. Yupaphan Ekasittikul Risk Management Committee
5. Mr. Siruwat Chatchaval Risk Management Committee

In the performance for the year 2019, there were 3 meetings to monitor the operation performance as specified and report the meeting results to the Board of Directors with significant details summarized as follows:

1. Define the risk policies of the group of companies, set strategies, consider the risk management plan of the organization and the risk of the business group for the year 2019 in order to present to the Board of Directors including advice on risk management to the management
2. Monitoring and follow up the policy implementation for Risk management plan of the risk owner including improving the operation plan assess the efficiency and effectiveness of the system to reduce the risk to be suitable for the company's business operations and its' subsidiaries
3. Review the adequacy of the Risk Management Committee Charter, risk management policy in order to propose for approval from the Board of Directors. In the year 2019, there is no amendment since the current version is complete and appropriate
4. Encourage management and employees to realize the importance of risk management in order to achieve the specified goal

The Risk Management Committee is confident that The company's risk management is continuous and effective in consistent with the principles and guidelines for good corporate governance including sufficient internal control systems and suitable for business and compliance with legal and regulations related to business operations correctly and completely.

(Mr. Chavalit Chindavanig)

Chairman of the Risk Management Committee
ZEN Corporation Group Public Company Limited



Report of the Audit Committee

Dear Shareholders

The Audit Committee of ZEN Corporation Group Public Company Limited comprises of 3 knowledgeable independent directors, consisting of

Mr. Prawit Kijpaisalrattana	Chairman of the Audit Committee
Mrs. Jotika Savanananda	Member of the Audit Committee
Mr. Chavalit Chindavanig	Member of the Audit Committee

The Audit Committee has fulfilled its duties and carried out all the responsibilities stipulated in the charter of the Audit Committee and as assigned by the Board of Directors without limitation in obtaining information for performing its duties. The Audit Committee focuses on the implementation of the principles of corporate governance in accordance with the rules and best practices set by the Securities and Exchange Commission and the Stock Exchange of Thailand.

In 2019, the Audit Committee held 9 meeting, with all 3 members attending in each meeting. In these meetings, the Audit Committee discussed with the management team, auditor, risk management committee, and internal audit department in relevant matters. Its main activities can be summarized as follows:

- 1. Financial Report** To review the Company's quarterly and annual financial statements by taking into account the significant items, suitability of accounting policies used, disclosure of information supplementary to the financial statements, completeness and accuracy of the disclosure in the notes to financial statements and the auditor's observations. The Audit Committee requested for the auditor's opinion on the accuracy and completeness of the financial statements, disclosure of information, including adjusting important entries, in which the auditor gave a consistent opinion that the financial statements and financial disclosures were sufficient and appropriate in accordance with generally accepted accounting standards.
- 2. Internal Control and Risk Management** To review the internal control system and corporate governance to ensure that the Company's operations achieved the objectives. The Audit Committee continuously reviewed both the audit reports of the independent external auditor responsible for auditing the general control system regarding information technology and also the reports of the internal audit department of the Company, which were continuously followed up and reviewed. The suggestions on internal control system can be used by the management to prevent such events from recurring. This reasonably ensures that the Company has a good and sufficient internal control system in order for identifying weaknesses and significantly preventing fraud or unusual operations.
- 3. Anti-Corruption Supervision** The Audit Committee recognizes the importance of corporate compliance and reviewing the anti-fraud and corruption guidelines by supervising the expansion of the anti-fraud and corruption practices of the

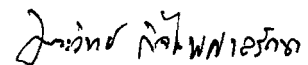
management to its subsidiaries and trading partners to create a balance such as the guidelines for accepting and giving gifts.

On 21 August 2018, Thailand's Private Sector Collective Action Coalition Against Corruption had a resolution to approve ZEN Corporation Group Public Company Limited as its member.

4. **Internal Audit Supervision** The Audit Committee reviewed the scope of operation, duties, responsibilities, personnel adequacy, personnel knowledge and competency development, and also supervised the internal audit to ensure that the internal audit activity and the role as a consultant of the internal audit department regarding internal control systems, risk management systems and corporate governance are independent, effective and efficient. In addition, the Audit Committee also approved the internal audit plan for the year 2020, which was established in accordance with the strategic direction of the Company and was risk-based by focusing on auditing the effectiveness of operations which were the important preventive control points, including fraud prevention audit.
5. **Compliance with Rules and Regulations** The Audit Committee reviewed the operations of the company to be in accordance with the Securities and Exchange Act, rules and regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and other laws related to the Company's businesses. The Audit Committee gave an opinion that the Company strictly complied with the said laws and regulations.
6. **Connected Transactions or Potential Conflicts of Interest** The Audit Committee reviewed, supervised, and gave an opinion on the connected transactions or potential conflicts of interest on a quarterly basis based on reasonability, transparency and adequate information disclosure for the best interest of the Company.
The Audit Committee gave an opinion that the management decided to make the aforementioned transaction for the benefit of the Company, as it normally did with external parties with normal trading conditions at a reasonable price and comparable to the reference price of the market in that business.
7. **Auditor** The Audit Committee selected, appointed and proposed the remuneration of the auditor for the year 2020 by considering the qualifications of the auditor, skills, knowledge, abilities and experience in auditing, independence of the auditor in accordance with the ethics of accounting professionals and the requirements of the Securities and Exchange Commission, the quality of auditing work for the past year and the appropriateness of audit fees. The Audit Committee therefore had a resolution to propose to the Board of Directors for approval in the shareholders' meeting to appoint an auditor from KPMG Phoomchai Audit Company Limited as an auditor for the year 2020.
8. **Self-assessment** The Audit Committee evaluated its performance using self-assessment as group or as individual according to the guidelines of the Stock

Exchange of Thailand. The results showed that the Audit Committee performed its duties and responsibilities as specified in the Audit Committee Charter by adhering to the accuracy, prudence, transparency, sufficient independence and fairness without restrictions on access to information from executives, employees and relevant parties, as well as providing constructive comments and suggestions for the equal benefit of all stakeholders.

In conclusion, the audit committee is of an opinion that the Board of Directors, the Executive Committee, and the management of the Company have ethics and a commitment to perform their duties in order to achieve the Company's goals with quality, professionalism, keeping up with the changes by attaching great importance to operations under an efficient, transparent corporate governance system. In addition, the Company has concise, sufficient and appropriate risk management and internal control systems.



(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 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, 2019, 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 of the Company as at December 31, 2019, and their consolidated and separate financial performance and 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
Recognition of revenues from sales of foods and beverages 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	• 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

Key Audit Matter Details	Auditor's Approach
are material to the financial statements as a whole.	<p>selecting representative samples to test the operation of the designed controls.</p> <ul style="list-style-type: none"> On a sampling basis, examined supporting documents for sales transactions occurring during the year and near the end of the accounting period. Performed analytical procedures to detect possible irregularities in revenue transactions throughout the accounting period.
<p>Assessment of impairment loss on trademarks and goodwill</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 expert. 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"> 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. 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. 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. Considered the adequacy and appropriateness of the Group's disclosures made in notes to financial statements.

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 24, 2020

Statement of Financial Position

As at December 31, 2019

(In Baht)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2019	2018	2019	2018
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		363,311,215	142,601,036	221,442,293	66,071,159
Trade and other current receivables - net	4, 5	106,499,991	44,308,267	28,745,138	24,841,637
Short-term loans to subsidiaries	4	-	-	271,168,588	170,240,026
Inventories - net	6, 29	94,905,703	107,661,605	-	-
Current tax asset		13,485,046	9,341,230	7,302,697	3,712,023
Other current assets	4, 7	19,625,430	15,366,439	6,807,653	3,559,769
Total Current Assets		597,827,385	319,278,577	535,466,369	268,424,614
NON-CURRENT ASSETS					
Investments in subsidiaries - at cost	8, 10, 14	-	-	723,816,207	453,816,207
Property, plant and equipment - net	9, 11, 14, 16, 29	884,257,748	722,787,817	370,762,022	342,336,824
Goodwill	8, 10	181,955,945	181,955,945	-	-
Other intangible assets - net	11	89,722,823	90,728,694	11,544,833	7,151,488
Leasehold rights - net	12	40,080,491	48,437,357	-	-
Deferred tax assets	13	33,332,460	26,438,188	6,648,182	1,170,483
Refundable deposits	4, 26	197,426,395	163,507,629	6,392,689	1,799,820
Other non-current assets		19,521,096	10,852,205	5,452,096	1,740,074
Total Non-Current Assets		1,446,296,958	1,244,707,835	1,124,616,029	808,014,896
TOTAL ASSETS					
		2,044,124,343	1,563,986,412	1,660,082,398	1,076,439,510

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

Statement of Financial Position

As at December 31, 2019

(In Baht)

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2019	2018	2019	2018
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term borrowings from financial institutions - net	8, 9, 14, 29	-	629,816,667	-	629,816,667
Trade and other current payables	4, 15	295,078,613	236,845,306	8,157,548	3,613,290
Short-term borrowings from subsidiaries	4	-	-	150,690,435	78,290,980
Current portion of liabilities under finance lease contracts	9, 16	602,180	1,302,228	602,180	1,302,228
Current income tax payable		7,110,831	12,738,912	-	-
Accrued expenses	4	106,774,081	67,588,426	24,361,613	16,597,347
Current portion of deferred income of membership fee		15,012,208	12,065,030	-	-
Current portion of deferred income of initial fee		7,081,383	3,017,892	-	-
Current provision for liabilities from loyalty programmes	17	4,562,062	3,828,828	-	-
Retention payables		18,710,000	18,031,909	837,638	142,697
Other current liabilities	29	26,482,274	22,962,916	2,653,958	3,625,163
Total Current Liabilities		481,413,632	1,008,198,114	187,303,372	733,388,372
NON-CURRENT LIABILITIES					
Liabilities under finance lease contracts - net	9, 16	281,188	1,281,754	281,188	1,281,754
Non-current provision for employee retirement benefit	18	16,683,351	12,204,610	6,574,290	4,681,135
Non-current provision for decommissioning costs	9, 26	67,603,540	51,110,517	6,273,300	2,578,000
Deferred income of membership fee - net of current portion		5,164,388	4,753,680	-	-
Deferred income of initial fee - net of current portion		13,507,480	8,142,604	-	-
Unearned income	29	13,593,883	-	-	-
Other non-current liabilities		11,800,515	9,682,116	-	-
Total Non-Current Liabilities		128,634,345	87,175,281	13,128,778	8,540,889
Total Liabilities		610,047,977	1,095,373,395	200,432,150	741,929,261

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

Statement of Financial Position

As at December 31, 2019

(In Baht)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2019	2018	2019	2018
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)					
SHAREHOLDERS' EQUITY					
Share capital	19				
- Authorized share capital, ordinary share 300,000,000 shares at Baht 1 par value as at		300,000,000	300,000,000	300,000,000	300,000,000
- Issued and paid share capital, ordinary share 300,000,000 shares as at December 31, 2019 and 225,000,000 shares as at December 31, 2018 at Baht 1 per share		300,000,000	225,000,000	300,000,000	225,000,000
Share premium on ordinary shares	19	959,976,629	78,332,685	959,976,629	78,332,685
Surplus on business combination under common control		147,820,939	145,001,204	-	-
Retained earnings					
- Appropriated for legal reserve	20	30,000,000	30,000,000	30,000,000	30,000,000
- Unappropriated (Deficit)		(3,722,123)	(9,722,944)	169,673,619	1,177,564
Equity Attributable to Owners of the Parent		1,434,075,445	468,610,945	1,459,650,248	334,510,249
Non-controlling interests		921	2,072	-	-
Total Shareholders' Equity		1,434,076,366	468,613,017	1,459,650,248	334,510,249
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		2,044,124,343	1,563,986,412	1,660,082,398	1,076,439,510

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

Statement of Comprehensive Income

For the Year Ended December 31, 2019

(In Baht)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2019	2018	2019	2018
REVENUES	4				
Revenues from sales of foods and beverages	23	3,026,641,470	2,852,587,206	-	-
Franchise fee income	23	75,855,505	69,551,663	-	-
Management fee income and others	23	-	-	242,772,237	253,599,605
Dividend income	8	-	-	272,608,626	94,499,370
Other income	9, 23	41,670,959	42,512,065	12,024,497	11,555,631
Total Revenues		3,144,167,934	2,964,650,934	527,405,360	359,654,606
EXPENSES	4				
Costs of sales of foods and beverages	24, 31	1,621,286,468	1,519,762,094	-	-
Selling and distribution expenses	24, 31	901,873,711	799,079,144	-	-
Administrative expenses	24	489,729,906	448,636,175	253,418,672	233,293,556
Finance costs		3,705,200	24,627,587	6,070,827	25,732,898
Total Expenses		3,016,595,285	2,792,105,000	259,489,499	259,026,454
Profit before Tax		127,572,649	172,545,934	267,915,861	100,628,152
Tax income (expense)	13	(21,349,582)	(32,328,063)	1,076,987	(3,497,558)
PROFIT FOR THE YEAR		106,223,067	140,217,871	268,992,848	97,130,594
Other Comprehensive Income:					
Item that will not be reclassified subsequently to profit or loss:					
Actuarial gains	18	1,284,969	2,667,707	941,509	1,719,643
Income tax relating to other comprehensive income	13	(256,994)	(533,541)	(188,302)	(343,928)
Other Comprehensive Income for the Year - Net of Tax		1,027,975	2,134,166	753,207	1,375,715
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		107,251,042	142,352,037	269,746,055	98,506,309
Profit for the year attributable to:					
Owners of the parent		106,222,846	140,214,676	268,992,848	97,130,594
Non-controlling interests		221	3,195	-	-
		106,223,067	140,217,871	268,992,848	97,130,594
Total comprehensive income for the year attributable to:					
Owners of the parent		107,250,821	142,348,842	269,746,055	98,506,309
Non-controlling interests		221	3,195	-	-
		107,251,042	142,352,037	269,746,055	98,506,309
Basic Earnings per Share Attributable to Owners of the Parent	25	0.36	0.86	0.92	0.60

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

Statement of Changes in Shareholders' Equity

For the Year Ended December 31, 2019

(In Baht)

	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, 2018		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
Profit for the year		-	-	-	-	106,222,846	106,222,846	221	106,223,067
Other comprehensive income for the year		-	-	-	-	1,027,975	1,027,975	-	1,027,975
Total comprehensive income for the year		-	-	-	-	107,250,821	107,250,821	221	107,251,042
Disposal of discount on purchases of fixed assets from companies under common control		-	-	2,819,735	-	-	2,819,735	-	2,819,735
Increase in share capital	19	75,000,000	881,643,944	-	-	-	956,643,944	-	956,643,944
Dividend payments	21	-	-	-	-	(101,250,000)	(101,250,000)	(1,372)	(101,251,372)
Balance as at December 31, 2019		300,000,000	959,976,629	147,820,939	30,000,000	(3,722,123)	1,434,075,445	921	1,434,076,366

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

Statement of Changes in Shareholders' Equity (Continued)

For the Year Ended December 31, 2019

(In Baht)

	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, 2018		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
Profit for the year		-	-	-	268,992,848	268,992,848
Other comprehensive income for the year		-	-	-	753,207	753,207
Total comprehensive income for the year		-	-	-	269,746,055	269,746,055
Increase in share capital	19	75,000,000	881,643,944	-	-	956,643,944
Dividend payments	21	-	-	-	(101,250,000)	(101,250,000)
Balance as at December 31, 2019		300,000,000	959,976,629	30,000,000	169,673,619	1,459,650,248

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

Statement of Cash Flows

For the Year Ended December 31, 2019

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit for the year	106,223,067	140,217,871	268,992,848	97,130,594
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:				
Depreciation and amortization	188,791,124	170,240,244	12,855,702	12,295,087
Loss (gain) on sales of fixed assets	(743,967)	724,864	(849,717)	(1,349)
Write-off fixed assets	4,173,977	3,207,497	2,015,248	-
Gain on sales of other intangible assets	(13,666)	-	-	-
Write-off other intangible assets	951,365	5	-	-
Write-off inventories	714,498	1,192,962	-	-
Allowance for deteriorated inventories	1,524,361	1,575,128	-	-
Allowance for impairment of assets	8,694,970	-	395,485	-
Allowance for doubtful accounts	1,055,354	-	-	-
Write-off unclaimed withholding income tax deducted at source	3,901	233	-	-
Recognition of membership fee income - net	(12,060,756)	(5,259,331)	-	-
Recognition of initial fee income - net	(2,374,204)	(6,446,763)	-	-
Reversal of provision for decommissioning costs	(2,558,810)	(17,265,832)	(647,200)	-
Provision for employee retirement benefit	7,082,003	4,074,193	3,534,099	1,768,347
Provision for liabilities from loyalty programmes	733,234	877,230	-	-
Finance costs	3,705,200	24,627,587	6,070,827	25,732,898
Dividend income	-	-	(272,608,626)	(94,499,370)
Interest income	(2,465,319)	(1,344,207)	(10,658,453)	(8,522,961)
Tax expense (income)	21,349,582	32,328,063	(1,076,987)	3,497,558
Decrease (Increase) in Operating Assets:				
Trade and other current receivables	(63,247,078)	(18,247,289)	(3,903,501)	(2,950,157)
Inventories	10,517,043	(13,297,764)	-	-
Other current assets	(5,871,562)	6,689,419	(2,909,760)	557,864
Refundable deposits	(34,566,770)	(15,272,530)	(4,592,869)	(424,300)
Increase (Decrease) in Operating Liabilities:				
Trade and other current payables	27,737,288	(18,925,240)	52,889	1,807,525
Retention payables	678,091	5,637,147	694,941	(26,780)
Accrued expenses	39,260,860	(4,789,954)	7,757,796	1,224,835
Other current liabilities	85,607	(9,442,114)	(971,205)	61,745
Deferred income of membership fee	15,418,642	13,531,217	-	-
Deferred income of initial fee	11,802,571	6,186,281	-	-
Unearned income	17,027,634	-	-	-
Other non-current liabilities	2,118,399	1,428,860	-	-

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, 2019

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Cash refund from withholding income tax deducted at sources	668,437	2,170,207	-	901,822
Employee retirement benefit paid	(1,318,293)	-	(699,435)	-
Tax paid	(43,024,960)	(39,695,908)	(7,302,696)	(7,664,450)
Net Cash Provided by (Used in) Operating Activities	302,071,823	264,722,076	(3,850,614)	30,888,908
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales of fixed assets	14,382,086	2,022,161	2,486,670	7,176
Proceeds from sales of other intangible assets	22,292	-	-	-
Increase in investment in shares of subsidiary	-	-	(270,000,000)	(19,900,000)
Cash received from short-term loans to subsidiaries	-	-	1,596,659,431	1,784,621,733
Short-term loans to subsidiaries	-	-	(1,697,587,993)	(1,813,681,303)
Purchases of fixed assets	(303,484,949)	(115,485,823)	(33,948,672)	(7,916,040)
Purchases of other intangible assets	(9,476,931)	(6,460,330)	(6,449,390)	(6,363,628)
Decommissioning costs paid	(773,500)	(2,664,137)	(490,000)	-
Dividend received	-	-	272,608,626	94,499,370
Interest received	2,463,486	1,347,873	10,320,329	8,512,907
Net Cash Provided by (Used in) Investing Activities	(296,867,516)	(121,240,256)	(126,400,999)	39,780,215
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash received from short-term borrowings from financial institutions	490,000,000	2,955,000,000	490,000,000	2,955,000,000
Cash received from short-term borrowings from subsidiaries	-	-	1,295,832,711	973,477,773
Repayment of short-term borrowings from financial institutions	(1,120,000,000)	(3,025,000,000)	(1,120,000,000)	(3,025,000,000)
Repayment of short-term borrowings from subsidiaries	-	-	(1,223,433,256)	(929,430,655)
Repayment of liabilities under finance lease contracts	(1,700,641)	(1,014,253)	(1,712,071)	(1,014,253)
Cash received from shareholders for share capital	975,000,000	84,375,000	975,000,000	84,375,000
Payment of expenses relating to increase in share capital	(22,945,070)	-	(22,945,070)	-
Dividend paid	(101,251,372)	(124,313,130)	(101,250,000)	(124,312,500)
Finance costs paid	(3,597,045)	(23,585,983)	(5,869,567)	(24,642,801)
Net Cash Provided by (Used in) Financing Activities	215,505,872	(134,538,366)	285,622,747	(91,547,436)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	220,710,179	8,943,454	155,371,134	(20,878,313)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	142,601,036	133,657,582	66,071,159	86,949,472
CASH AND CASH EQUIVALENTS AT END OF YEAR	363,311,215	142,601,036	221,442,293	66,071,159

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, 2019

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
1) Cash and cash equivalents consisted of:				
- Cash on hand	11,206,329	10,291,663	231,044	141,014
- Cash in banks - current accounts	146,263,605	71,282,728	20,393,977	6,917,892
- Cash in banks - savings accounts	205,841,281	61,026,645	200,817,272	59,012,253
Total	363,311,215	142,601,036	221,442,293	66,071,159
2) Fixed assets increased from:				
- Cash payments	303,484,949	115,485,823	33,948,672	7,916,040
- Other current payables - net	30,496,019	6,221,519	4,491,369	-
- Non-current provision for decommissioning costs (Note 9)	20,274,384	4,561,245	4,832,500	-
- Finance lease contract	-	1,660,274	-	1,660,274
Total	354,255,352	127,928,861	43,272,541	9,576,314

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

Notes to Financial Statements

December 31, 2019

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Notes to Financial Statements

December 31, 2019

1. GENERAL INFORMATION

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

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, 2019 and 2018, the major shareholders of the Company is Mr. Sakkanon Chirathivat and Ms. Jomkwan Chirathivat, who directly and indirectly owned totalling 66.92% and 89.22% of the Company's authorized share capital, respectively.

The registered head office address of the Company is located at 662 Soi On Nut 17, Kwang Suanluang, Khet Suanluang, Bangkok, Thailand.

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

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, 2019

- e) The financial statements for each of the years ended December 31, 2019 and 2018 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 (%)	
		2019	2018	2019	2018		2019	2018
Zen Restaurant Holding Co., Ltd.	Restaurants	88	48	300.0	30.0	Direct	99.99	99.99
Tokyo Concept Co., Ltd.	Restaurants	25	18	25.0	25.0	Direct	99.99	99.99
Aka Interfood Co., Ltd.	Restaurants	26	17	80.0	80.0	Direct	99.99	99.99
Gyu Grill Group Co., Ltd.	Restaurants	4	4	30.0	30.0	Direct	99.99	99.99
Zen Supply Chain Management Co., Ltd.	Sale and services of food	-	-	17.5	17.5	Direct	99.99	99.99
Zen & Spicy Co., Ltd.	Restaurants/ Owner of franchise	24	23	20.0	20.0	Direct	99.99	99.99
Spice Synergy Co., Ltd.	Owner of trademark/ servicemark	-	-	5.0	5.0	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 shareholder's 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) 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, 2019

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
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 - 10 years)
Patent	Term of patent protection (3 years - 10 years)

Notes to Financial Statements

December 31, 2019

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.

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.

Notes to Financial Statements

December 31, 2019

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
- Determination of impairment of assets

Revenue Recognition

To determine whether to recognize revenue, the Group follows a 5-step process:

- 1) Identifying the contract with a customer
- 2) Identifying the performance obligations
- 3) Determining the transaction price
- 4) Allocating the transaction price to the performance obligations
- 5) Recognizing revenue when/as performance obligations are satisfied.

Revenue is recognized either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognizes revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, relevant tax and after deduction of any trade discounts and volume rebates.

Sale of goods and services

Revenue from sales of goods is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data.

Notes to Financial Statements

December 31, 2019

Revenue for rendering of services is recognized over time as the services are provided. The stage of completion is assessed based on actual cost to budget cost (input method). The related costs are recognized in profit or loss when they are incurred.

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

Management fee income

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

Royalty fee and franchise fee income

Royalty fee, initial fee and franchise fee are recognized overtime in accordance with the substance of the relevant agreements.

Membership fee income

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

Customer loyalty programme

The consideration received are allocated based on the relative stand-alone selling price of the products and the loyalty points. The amount allocated to the loyalty points is recognized as contract liabilities and revenue is recognized when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. The stand-alone selling prices of the points is estimated based on discount provided to customers and the likelihood that the customers will redeem the points, and the estimate shall be reviewed at the end of the reporting period.

Long-term advances received from customers

Long-term advances received from customers is recognized as revenue when the Group transferred control over the goods to the customers. For the advances that contain a significant financing component, they include the interest expense accreted on the contract liability under the effective interest method. The Group uses practical expedient which is not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Interest income

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

Dividend income

Dividend income is recognized in the statement of comprehensive income on the date the Group's right to receive payments is established.

Other income

Other income is recognized as income 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.

Notes to Financial Statements

December 31, 2019

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.

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.

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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.	Thailand	Related party, some common directors and shareholders are close members of family of the Group's directors and shareholders
Stork (Thailand) Co., Ltd.		
Sudtrara Suite Co., Ltd.		
Chef Best Co., Ltd.	Thailand	Related party, common shareholder
Crazy Spicy Group Co., Ltd.	Thailand	Related party, a director is a close member of family of a shareholder of the Company

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
Purchase of fixed assets	Mutual negotiation
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 exceeding the amount approved by shareholders

Significant transactions for each of the years ended December 31, 2019 and 2018 with related parties were as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Management fee income and others				
Subsidiaries	-	-	242,772	253,600
Dividend income				
Subsidiary	-	-	272,609	94,499
Franchise fee income				
Related party	-	6	-	-
Interest income				
Subsidiaries	-	-	8,773	7,661
Other income				
Subsidiaries	-	-	622	2,488
Related party	-	12	-	-
Total	-	12	622	2,488

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	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Sales of fixed assets				
Subsidiary	-	-	40	21
Revenue from sales				
Related parties	13	141	-	-
Purchases of food materials				
Related parties	3,918	8,240	-	-
Purchases of fixed assets				
Subsidiaries	-	-	2	-
Related party	69	-	-	-
Total	69	-	2	-
Rental and service fee expenses				
Related parties	3,086	3,542	-	-
Related person	432	889	-	-
Total	3,518	4,431	-	-
Other expenses				
Subsidiaries	-	-	8,268	138
Related parties	29	23	-	-
Related persons	2	861	-	861
Total	31	884	8,268	999
Interest expense				
Subsidiaries	-	-	2,366	1,105
Directors and management remuneration				
Short-term benefits	35,275	35,958	35,275	35,958
Long-term benefits	1,439	698	1,439	698
Total	36,714	36,656	36,714	36,656

Significant balances as at December 31, 2019 and 2018 with related parties were as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Other Current Receivables				
Subsidiaries:				
Zen Restaurant Holding Co., Ltd.	-	-	10,767	10,119
Tokyo Concept Co., Ltd.	-	-	4,203	4,288
Aka Interfood Co., Ltd.	-	-	7,233	6,028
Gyu Grill Group Co., Ltd.	-	-	932	599
Zen Supply Chain Management Co., Ltd.	-	-	193	1,058
Zen & Spicy Co., Ltd.	-	-	5,266	2,718
Spice Synergy Co., Ltd.	-	-	32	32
Total other current receivables	-	-	28,626	24,842

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	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Advances				
Subsidiaries:				
Zen Restaurant Holding Co., Ltd.	-	-	727	-
Tokyo Concept Co., Ltd.	-	-	330	-
Aka Interfood Co., Ltd.	-	-	390	-
Gyu Grill Group Co., Ltd.	-	-	14	-
Zen & Spicy Co., Ltd.	-	-	157	-
Total advances	-	-	1,618	-
Refundable Deposits				
Related parties:				
Food Gimmick Co., Ltd.	2,667	2,667	-	-
Chef Best Co., Ltd.	280	280	-	-
Total related parties	2,947	2,947	-	-
Related person	210	210	-	-
Total refundable deposits	3,157	3,157	-	-
Trade Payables				
Related parties:				
Food Gimmick Co., Ltd.	304	310	-	-
Stork (Thailand) Co., Ltd.	-	851	-	-
Chef Best Co., Ltd.	-	110	-	-
Total related parties	304	1,271	-	-
Related person	1	71	-	-
Total trade payables	305	1,342	-	-
Other Current Payables				
Subsidiaries:				
Zen Restaurant Holding Co., Ltd.	-	-	198	35
Zen Supply Chain Management Co., Ltd.	-	-	40	28
Zen & Spicy Co., Ltd.	-	-	209	23
Aka Interfood Co., Ltd.	-	-	3	-
Tokyo Concept Co., Ltd.	-	-	6	-
Total other current payables	-	-	456	86
Accrued Interest Receivables (included in other current assets)				
Subsidiaries:				
Gyu Grill Group Co., Ltd.	-	-	251	148
Tokyo Concept Co., Ltd.	-	-	152	27
Zen Supply Chain Management Co., Ltd.	-	-	356	307
Zen & Spicy Co., Ltd.	-	-	216	137
Aka Interfood Co., Ltd.	-	-	48	-
Zen Restaurant Holding Co., Ltd.	-	-	-	68
Total accrued interest receivables	-	-	1,023	687
Accrued Interest Payables (included in accrued expenses)				
Subsidiaries:				
Zen Restaurant Holding Co., Ltd.	-	-	157	-
Spice Synergy Co., Ltd.	-	-	2	17
Aka Interfood Co., Ltd.	-	-	-	61
Total accrued interest payables	-	-	159	78

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	Interest Rate (% Per annum)		In Thousand Baht			
			Consolidated		Separate	
	2019	2018	Financial Statements	Financial Statements	Financial Statements	Financial Statements
	2019	2018	2019	2018	2019	2018
Short-term Loans to Subsidiaries:						
Gyu Grill Group Co., Ltd.	4.15	4.15	-	-	35,862	41,345
Tokyo Concept Co., Ltd.	4.15	4.15	-	-	59,175	8,957
Zen Supply Chain Management Co., Ltd	4.15	4.15	-	-	100,505	54,191
Zen & Spicy Co., Ltd.	4.15	4.15	-	-	34,426	43,744
Aka Interfood Co., Ltd.	4.15	-	-	-	41,201	-
Zen Restaurant Holding Co., Ltd.	-	4.15	-	-	-	22,003
Total			-	-	271,169	170,240

Movements of short-term loans to subsidiaries for each of the years ended December 31, 2019 and 2018 were as follows:

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Short-term Loans to Subsidiaries		
As at January 1, 2018	-	141,180
Increase	-	1,813,681
Decrease	-	(1,784,621)
As at December 31, 2018	-	170,240
Increase	-	1,697,588
Decrease	-	(1,596,659)
As at December 31, 2019	-	271,169

	Interest Rate (% Per annum)		In Thousand Baht			
			Consolidated		Separate	
	2019	2018	Financial Statements	Financial Statements	Financial Statements	Financial Statements
	2019	2018	2019	2018	2019	2018
Short-term Borrowings from Subsidiaries:						
Zen Restaurant Holding Co., Ltd.	1.05	-	-	-	147,819	-
Spice Synergy Co., Ltd.	1.05	1.05	-	-	2,871	17,531
Aka Interfood Co., Ltd.	-	1.05	-	-	-	60,760
Total			-	-	150,690	78,291

Movements of short-term borrowings from subsidiaries for each of the years ended December 31, 2019 and 2018 were as follows:

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Short-term Borrowings from Subsidiaries		
As at January 1, 2018	-	34,244
Increase	-	973,478
Decrease	-	(929,431)
As at December 31, 2018	-	78,291
Increase	-	1,295,832
Decrease	-	(1,223,433)
As at December 31, 2019	-	150,690

Notes to Financial Statements

December 31, 2019

5. TRADE AND OTHER CURRENT RECEIVABLES - Net

As at December 31, 2019 and 2018, the trade and other current receivables - net were detailed as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Trade receivables				
- Other companies	78,782	37,974	-	-
Other current receivables				
- Related parties	-	-	28,626	24,842
- Other companies	28,773	6,334	119	-
Total other current receivables	28,773	6,334	28,745	24,842
Total	107,555	44,308	28,745	24,842
Less: Allowance for doubtful accounts	(1,055)	-	-	-
Net	106,500	44,308	28,745	24,842
Bad and doubtful debts expenses during the year	1,055	-	-	-

As at December 31, 2019 and 2018, the aging analysis of trade and other current receivables - net were detailed as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Trade receivables				
Within credit-term	31,093	25,851	-	-
Overdue				
- Not over 3 months	31,443	11,891	-	-
- Over 3 months to 6 months	7,095	186	-	-
- Over 6 months to 12 months	7,943	46	-	-
- Over 12 months	1,208	-	-	-
Total trade receivables	78,782	37,974	-	-
Other current receivables				
Within credit-term	15,930	4,467	25,586	24,842
Overdue				
- Not over 3 months	11,111	1,441	686	-
- Over 3 months to 6 months	1,693	409	2,473	-
- Over 6 months to 12 months	39	17	-	-
Total other current receivables	28,773	6,334	28,745	24,842
Total	107,555	44,308	28,745	24,842
Less: Allowance for doubtful accounts	(1,055)	-	-	-
Net	106,500	44,308	28,745	24,842

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6. INVENTORIES - Net

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Food materials	60,138	74,430	-	-
Beverages	2,624	3,262	-	-
Consumable supplies	35,664	31,965	-	-
Total	98,426	109,657	-	-
Less: Allowance for deteriorated inventories	(3,520)	(1,995)	-	-
Net	94,906	107,662	-	-
Write-off inventories as an expense during the year	714	1,193	-	-
Allowance for deteriorated inventories during the year	1,525	1,575	-	-

7. OTHER CURRENT ASSETS

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Input tax pending	3,956	3,663	129	368
Prepaid expenses	7,555	4,789	3,967	1,863
Refundable deposits within one year	5,312	3,217	1,223	-
Others	4,416	3,697	1,489	1,329
Total	21,239	15,366	6,808	3,560
Less: Allowance for impairment loss	(1,614)	-	-	-
Net	19,625	15,366	6,808	3,560

8. INVESTMENTS IN SUBSIDIARIES - At Cost

As at December 31, 2019 and 2018, investments in subsidiaries were as follows:

	Paid Share Capital (In Million Baht)		Percentage of Ownership		In Thousand Baht Cost Value Separate Financial Statements	
	2019	2018	2019	2018	2019	2018
Zen Restaurant Holding Co., Ltd.	300.0	30.0	99.99	99.99	300,000	30,000
Tokyo Concept Co., Ltd.	25.0	25.0	99.99	99.99	25,000	25,000
Aka Interfood Co., Ltd.	80.0	80.0	99.99	99.99	80,000	80,000
Gyu Grill Group Co., Ltd.	30.0	30.0	99.99	99.99	29,999	29,999
Zen Supply Chain Management Co., Ltd.	17.5	17.5	99.99	99.99	17,500	17,500
Zen & Spicy Co., Ltd.	20.0	20.0	99.99	99.99	20,000	20,000
Spice Synergy Co., Ltd.	5.0	5.0	99.99	99.99	251,317	251,317
Total					723,816	453,816

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.

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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.

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 Zen Restaurant Holding Co., Ltd. (subsidiary) at Baht 240 per share for ordinary shares of 300,000 shares, totalling Baht 72 million.
- c) 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.
- d) 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.
- e) 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.

The above interim dividends of the subsidiaries were paid to the subsidiaries' shareholders in January and February 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 14.0 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 were paid to the subsidiaries' shareholders in March 2019.

At the Board of Directors' meeting of the Company held on May 13, 2019, the Board of Directors approved:

- a) the appropriation of interim dividend of Zen Restaurant Holding Co., Ltd. (subsidiary) at Baht 7.50 per share for ordinary shares of 3,000,000 shares, totalling Baht 22.5 million.
- b) the appropriation of interim dividend of Tokyo Concept Co., Ltd. (subsidiary) at Baht 29 per share for ordinary shares of 250,000 shares, totalling Baht 7.25 million.
- c) the appropriation of interim dividend of Aka Interfood Co., Ltd. (subsidiary) at Baht 22 per share for ordinary shares of 800,000 shares, totalling Baht 17.6 million.

The above interim dividends of the subsidiaries were paid to the subsidiaries' shareholders in July 2019.

At the Board of Directors' meeting of the Company held on December 20, 2019, the Board of Directors approved:

- a) the appropriation of interim dividend of Zen Restaurant Holding Co., Ltd. (subsidiary) at Baht 6 per share for ordinary shares of 3,000,000 shares, totalling Baht 18 million.
- b) the appropriation of interim dividend of Tokyo Concept Co., Ltd. (subsidiary) at Baht 55 per share for ordinary shares of 250,000 shares, totalling Baht 13.75 million.

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- c) the appropriation of interim dividend of Aka Interfood Co., Ltd. (subsidiary) at Baht 35 per share for ordinary shares of 800,000 shares, totalling Baht 28 million.

The above interim dividends of the subsidiaries were paid to the subsidiaries' shareholders in December 2019.

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
Cost							
As at January 1, 2018	320,728	749,774	86,206	92,724	12,798	14,799	1,277,029
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)	-
As at December 31, 2018	326,313	762,972	101,589	109,752	14,458	20,635	1,335,719
Additions	-	269,698	36,475	38,746	-	9,336	354,255
Disposals and write-off	-	(53,356)	(2,771)	(7,588)	(9,075)	-	(72,790)
Reversal of provision for decommissioning costs	-	(449)	-	-	-	-	(449)
Transfers in (out)	-	3,642	355	25	-	(4,022)	-
As at December 31, 2019	326,313	982,507	135,648	140,935	5,383	25,949	1,616,735
Accumulated Depreciation							
As at January 1, 2018	-	380,022	47,820	56,774	6,126	-	490,742
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)
As at December 31, 2018	-	471,747	60,450	71,852	8,882	-	612,931
Depreciation charge for the year	-	128,679	18,929	21,306	1,997	-	170,911
Disposals and write-off	-	(41,675)	(2,092)	(6,554)	(7,477)	-	(57,798)
As at December 31, 2019	-	558,751	77,287	86,604	3,402	-	726,044
Allowance for Impairment Loss							
As at January 1, 2018 and December 31, 2018	-	-	-	-	-	-	-
Impairment loss	-	6,256	90	87	-	-	6,433
As at December 31, 2019	-	6,256	90	87	-	-	6,433
Net Book Value							
Owned assets	326,313	291,225	41,139	37,900	2,842	20,635	720,054
Assets under finance lease	-	-	-	-	2,734	-	2,734
As at December 31, 2018	326,313	291,225	41,139	37,900	5,576	20,635	722,788
Owned assets	326,313	417,500	58,271	54,244	849	25,949	883,126
Assets under finance lease	-	-	-	-	1,132	-	1,132
As at December 31, 2019	326,313	417,500	58,271	54,244	1,981	25,949	884,258

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	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
Cost							
As at January 1, 2018	320,728	21,095	5,504	14,520	11,913	-	373,760
Additions	5,585	26	37	1,888	1,660	381	9,577
Disposals	-	-	-	(21)	-	-	(21)
Reversal of provision for decommissioning costs	-	(724)	-	-	-	-	(724)
As at December 31, 2018	326,313	20,397	5,541	16,387	13,573	381	382,592
Additions	-	35,342	211	7,595	-	125	43,273
Disposals and write-off	-	(17,189)	(240)	(2,022)	(9,139)	-	(28,590)
Transfers in (out)	-	381	-	-	-	(381)	-
As at December 31, 2019	326,313	38,931	5,512	21,960	4,434	125	397,275
Accumulated Depreciation							
As at January 1, 2018	-	10,938	3,068	9,681	6,263	-	29,950
Depreciation charge for the year	-	4,070	1,107	2,565	2,579	-	10,321
Disposals	-	-	-	(16)	-	-	(16)
As at December 31, 2018	-	15,008	4,175	12,230	8,842	-	40,255
Depreciation charge for the year	-	4,277	1,088	3,657	1,778	-	10,800
Disposals and write-off	-	(15,253)	(206)	(1,918)	(7,561)	-	(24,938)
As at December 31, 2019	-	4,032	5,057	13,969	3,059	-	26,117
Allowance for Impairment Loss							
As at January 1, 2018 and December 31, 2018	-	-	-	-	-	-	-
Impairment loss	-	219	90	87	-	-	396
As at December 31, 2019	-	219	90	87	-	-	396
Net Book Value							
Owned assets	326,313	5,389	1,366	4,157	1,997	381	339,603
Assets under finance lease	-	-	-	-	2,734	-	2,734
As at December 31, 2018	326,313	5,389	1,366	4,157	4,731	381	342,337
Owned assets	326,313	34,680	365	7,904	243	125	369,630
Assets under finance lease	-	-	-	-	1,132	-	1,132
As at December 31, 2019	326,313	34,680	365	7,904	1,375	125	370,762

All of the Company's land and certain assets of a subsidiary, which have net book value as at December 31, 2019 and 2018 totalling Baht 342.6 million, 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 13.3 million and Baht 350.5 million were fully depreciated as at December 31, 2019, respectively, (2018: Baht 5.2 million and Baht 206.7 million, respectively) but these items are still in active use.

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Non-current provision for decommissioning costs

Movements of non-current provision for decommissioning costs for each of the years ended December 31, 2019 and 2018 were as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Balance as at January 1	51,111	104,011	2,578	3,302
Additions	20,274	4,561	4,832	-
Reversal of provision for decommissioning costs by:				
- Deducting property, plant and equipment	(449)	(37,531)	-	(724)
- Recognition as a part of other income	(2,559)	(17,266)	(647)	-
Paid	(773)	(2,664)	(490)	-
Balance as at December 31	67,604	51,111	6,273	2,578

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 26.

10. GOODWILL

	Consolidated Financial Statements (In Thousand Baht)	
	2019	2018
Goodwill	181,956	181,956

Goodwill derived from business combination by acquisition method of Thai food business. 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 14, 2020.

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:

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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"> - Royalty and marketing fee income determined from revenue from sales of franchisees at varying rates estimated by the Company's management. - Initial franchise fee at varying fixed rates per new franchise restaurant estimated by the Company's management. - Revenue from sales of food materials at the average growth rate of 3% per annum.
Number of owned and franchise restaurants	:	Estimated by the Company's management based on number of owned and franchises restaurants in year 2019 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 th year
Discount rate	:	At the rate of 12.29% 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, 2019) 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)	27
- Change of 1%	(46)	57

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
Cost					
As at January 1, 2018	22,547	68,893	36,034	-	127,474
Additions	2,707	-	-	3,753	6,460
Write-off	(160)	-	(4,413)	-	(4,573)
As at December 31, 2018	25,094	68,893	31,621	3,753	129,361
Additions	8,611	-	834	32	9,477
Write-off	(107)	-	(8,438)	-	(8,545)
Transfers in (out)	(21)	-	-	21	-
As at December 31, 2019	33,577	68,893	24,017	3,806	130,293
Accumulated Amortization					
As at January 1, 2018	17,246	-	13,571	-	30,817
Amortization charge for the year	2,894	-	9,342	152	12,388
Write-off	(160)	-	(4,413)	-	(4,573)
As at December 31, 2018	19,980	-	18,500	152	38,632
Amortization charge for the year	2,668	-	6,702	152	9,522
Disposal and write-off	(45)	-	(7,539)	-	(7,584)
As at December 31, 2019	22,603	-	17,663	304	40,570
Net Book Value					
As at December 31, 2018	5,114	68,893	13,121	3,601	90,729
As at December 31, 2019	10,974	68,893	6,354	3,502	89,723

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 the total amount of Baht 35.9 million.

On July 22, 2019, another subsidiary of the Company entered into the Master Franchise, License and Technical Assistant Agreement, with an effective date of July 22, 2019 with a foreign company (licensor), whereby the latter will be granted a license to develop and operate Chinese dumplings restaurants under the name "Din's" in Thailand. In consideration thereof, such subsidiary is committed to pay initial license fee and royalty payment to the licensor at the rates that indicated in the agreement. The agreement will become effective for the period of 10 years until July 22, 2029 with renewal option for an additional period of 10 years by a notice in writing given in advance not less than 12 month. As at December 31, 2019, such subsidiary paid the initial license fee of Baht 0.8 million and record as a part of franchise agreements.

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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 14, 2020.

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 12.29% 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 12.37% 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
Cost			
As at January 1, 2018	11,607	-	11,607
Additions	2,611	3,753	6,364
As at December 31, 2018	14,218	3,753	17,971
Additions	6,333	117	6,450
Write-off	(43)	-	(43)
Transfers in (out)	(21)	21	-
As at December 31, 2019	20,487	3,891	24,378
Accumulated Amortization			
As at January 1, 2018	8,845	-	8,845
Amortization charge for the year	1,823	152	1,975
As at December 31, 2018	10,668	152	10,820
Amortization charge for the year	1,903	153	2,056
Write-off	(43)	-	(43)
As at December 31, 2019	12,528	305	12,833
Net Book Value			
As at December 31, 2018	3,550	3,601	7,151
As at December 31, 2019	7,959	3,586	11,545

The gross carrying amounts of the Company and the Group's certain intangible assets totalling approximately Baht 8.9 million and Baht 18.0 million were fully amortized as at December 31, 2019, respectively, (2018: Baht 7.2 million and Baht 16.6 million, respectively) but these items are still in active use.

12. LEASEHOLD RIGHTS - Net

	Consolidated Financial Statements (In Thousand Baht)
Cost	
As at January 1, 2018, December 31, 2018 and 2019	83,996
Accumulated Amortization	
As at January 1, 2018	26,279
Amortization charge for the year	9,280
As at December 31, 2018	35,559
Amortization charge for the year	8,357
As at December 31, 2019	43,916
Net Book Value	
As at December 31, 2018	48,437
As at December 31, 2019	40,080

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13. DEFERRED TAX ASSETS

The details of deferred tax assets in the consolidated financial statements as at December 31, 2019 and 2018 are as follows:

	Consolidated Financial Statements (In Thousand Baht)			
	Credited (Charged) to			
	December 31, 2018	Profit for the year	Other comprehensive income for the year	Shareholders' Equity
December 31, 2019				
Deferred tax assets				
Tax loss carry-forwards				
- Loss from operation	12,185	(6,688)	-	-
- Expenses relating to offer share capital	-	-	-	4,589
Allowance for doubtful accounts	-	211	-	-
Allowance for deteriorated inventories	399	305	-	-
Allowance for impairment of assets	-	1,739	-	-
Provision for employee retirement benefit	2,441	1,153	(257)	-
Provision for liability from loyalty programmes	766	146	-	-
Rental expense	1,253	(522)	-	-
Depreciation - decommissioning costs	7,562	534	-	-
Deferred income of initial fee	1,832	2,286	-	-
Unearned income	-	3,398	-	-
Total	26,438	2,562	(257)	4,589

The details of deferred tax assets in the separate financial statements as at December 31, 2019 and 2018 are as follows:

	Separate Financial Statements (In Thousand Baht)			
	Credited (Charged) to			
	December 31, 2018	Profit for the year	Other comprehensive income for the year	Shareholders' Equity
December 31, 2019				
Deferred tax assets				
Tax loss carry-forwards				
- Loss from operation	-	453	-	-
- Expenses relating to offer share capital	-	-	-	4,589
Allowance for impairment of assets	-	79	-	-
Provision for employee retirement benefit	936	567	(188)	-
Depreciation - decommissioning costs	234	(22)	-	-
Total	1,170	1,077	(188)	4,589

Notes to Financial Statements

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Tax expense (income) for each of the years ended December 31, 2019 and 2018 consisted of:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Current tax:				
Corporate tax for the year	23,912	33,442	-	3,952
Deferred taxes :				
Add (less) : Tax effect from deferred tax of temporary differences				
- Tax loss carry-forwards	6,688	(1,009)	(453)	-
- Allowance for doubtful accounts	(211)	-	-	-
- Allowance for deteriorated inventories	(305)	(315)	-	-
- Allowance for impairment of assets	(1,739)	-	(79)	-
- Provision for employee retirement benefit	(1,153)	(815)	(567)	(353)
- Provision for liability from loyalty programmes	(146)	(176)	-	-
- Rental expense	522	(84)	-	1
- Depreciation - decommissioning costs	(534)	2,283	22	(102)
- Deferred income of initial fee	(2,286)	(998)	-	-
- Unearned income	(3,398)	-	-	-
Tax expense (income)	<u>21,350</u>	<u>32,328</u>	<u>(1,077)</u>	<u>3,498</u>

Reconciliations between tax expense (income) and accounting profit multiplied by the applicable tax rate for each of the years ended December 31, 2019 and 2018 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Accounting profit before tax	<u>127,573</u>	<u>172,546</u>	<u>267,916</u>	<u>100,628</u>
Income tax rates at 15% and 20%	25,438	34,314	53,583	20,126
Add : Tax effect of permanent difference of				
- Non-deductible expenses	1,675	2,958	33	2,489
- Additional tax deduction expenses	(6,146)	(4,478)	(171)	(217)
- Exemption of dividend income	-	-	(54,522)	(18,900)
- Write-off deferred income tax asset on expiration of tax loss carry-forwards	-	169	-	-
- Depreciation - discount on business combination under common control	383	(635)	-	-
Tax expense (income)	<u>21,350</u>	<u>32,328</u>	<u>(1,077)</u>	<u>3,498</u>

Notes to Financial Statements

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14. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS - Net

	Interest Rate (% p.a.)		In Thousand Baht			
	2019	2018	Consolidated Financial Statements		Separate Financial Statements	
			2019	2018	2019	2018
Promissory notes	-	3.3 - 3.8	-	630,000	-	630,000
Less : Deferred loan arrangement fee			-	(183)	-	(183)
Net			-	629,817	-	629,817

Movements of short-term borrowings from financial institutions for each of the years ended December 31, 2019 and 2018 were as follows:

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
As at January 1, 2018	700,000	700,000
Additional borrowing during the year	2,955,000	2,955,000
Repayment during the year	(3,025,000)	(3,025,000)
As at December 31, 2018	630,000	630,000
Additional borrowing during the year	490,000	490,000
Repayment during the year	(1,120,000)	(1,120,000)
As at December 31, 2019	-	-

In February 2019, the Company has fully repaid short-term borrowings from financial institutions by using proceeds from capital increase from initial public offering.

As at December 31, 2019 and 2018, the Group obtained credit facilities from 2 local financial institutions as follows:

Type of Credit Facilities	Credit Line (Million Baht)		Interest Rate	Repayment Term
	2019	2018		

Credit facilities of the Company from the first financial institution

- | | | | |
|---|--------------|--|--|
| <p>a) Term loan (for land, purchase of assets from related company and investment in shares of Gyu Grill Group Co., Ltd.)</p> | <p>- 380</p> | <p>Minimum Loan Rate minus 2.75% per annum</p> | <ol style="list-style-type: none"> 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. 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. The Company can renew promissory note that is matured subject to the Bank's concurrence. |
|---|--------------|--|--|

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Type of Credit Facilities	Credit Line (Million Baht)		Interest Rate	Repayment Term
	2019	2018		
b) Short-term borrowings including letter of credit, trust receipt and letter of guarantee	170	190	- Short-term borrowings at Minimum Loan Rate minus 2.6% per annum - Other credit facilities at the rates as indicated in each agreement	- Short-term borrowings - principals will be repayable at call but no later than 180 days. - Other credit facilities are repayable as indicated in each agreement.
c) Overdraft	30	10	Minimum Overdraft Rate	Repayable at call
d) Short-term borrowing (for supporting the dividend payment)	-	200	Minimum Loan Rate minus 2.95% per annum	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. 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	200	780		
<i>Joint credit facility of the Group from the second financial institution</i>				
e) Short-term borrowing (for working capital)	100	100	Minimum Loan Rate minus 3% per annum	Repayable at call
Grand total	300	880		

On October 30, 2019, the Company has entered to amendment agreement with such financial institution to revise certain portion credit facilities of short-term borrowings including letter of credit, trust receipt and letter of guarantee to be overdraft line of Baht 20 million, and to release certain significant conditions of loan agreements such as maintaining the proportion of shareholders and certain financial ratios.

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 29 (2019: Nil). In addition, the Company has comply with the conditions specified in loan agreements

The credit facility e) is unsecured.

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15. TRADE AND OTHER CURRENT PAYABLES

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Trade payables				
- Related parties	305	1,342	-	-
- Other companies	219,219	188,505	-	-
Other current payables				
- Related parties	-	-	456	86
- Other companies	75,555	46,998	7,702	3,527
Total	<u>295,079</u>	<u>236,845</u>	<u>8,158</u>	<u>3,613</u>

16. LIABILITIES UNDER FINANCE LEASE CONTRACTS - Net

The Company had various finance lease contracts with a leasing company covering vehicles 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 such leasing company, which are summarized as follows:

Year	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
2019	-	1,531	-	1,531
2020	702	1,108	702	1,108
2021	293	293	293	293
Total minimum lease payments	995	2,932	995	2,932
Less: Deferred interest	(112)	(348)	(112)	(348)
Present value of net minimum lease payments	883	2,584	883	2,584
Less: Portion due within one year - net deferred interest	(602)	(1,302)	(602)	(1,302)
Net	<u>281</u>	<u>1,282</u>	<u>281</u>	<u>1,282</u>

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, 2019 and 2018 were as follows:

	In Thousand Baht	
	Consolidated	Separate
	Financial Statements	Financial Statements
Balance as at January 1, 2018	2,952	-
Additions	3,977	-
Utilized	(2,525)	-
Write-off	(575)	-
Balance as at December 31, 2018	<u>3,829</u>	<u>-</u>
Additions	5,311	-
Utilized	(3,616)	-
Write-off	(962)	-
Balance as at December 31, 2019	<u>4,562</u>	<u>-</u>

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18. NON-CURRENT PROVISION FOR EMPLOYEE RETIREMENT BENEFIT

Non-current provision for employee retirement benefit as at December 31, 2019 and 2018 was as follows:

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Provision for employee retirement benefit as at January 1, 2018	10,798	4,632
Current service cost	3,893	1,704
Interest cost	181	65
Actuarial gains	(2,667)	(1,720)
Provision for employee retirement benefit as at December 31, 2018	12,205	4,681
Current service cost	6,041	3,210
Interest cost	283	107
Past service cost from change in defined benefit plan	757	217
Benefit paid	(1,318)	(699)
Actuarial gains	(1,285)	(942)
Provision for employee retirement benefit as at December 31, 2019	16,683	6,574

Expenses recognized in the statements of comprehensive income for each of the years ended December 31, 2019 and 2018 were as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
In profit for the year :				
- Current service cost	6,041	3,893	3,210	1,704
- Interest cost	283	181	107	65
- Past service cost from change in defined benefit plan	757	-	217	-
In other comprehensive income for the year :				
- Actuarial gains	(1,285)	(2,667)	(942)	(1,720)
Total	5,796	1,407	2,592	49

Actuarial assumptions

	Consolidated/Separate Financial Statements	
	2019	2018
Discount rate	1.33% per annum	2.23% per annum
Future salary increase	5% per year	5% per year
Employee turnover	0% - 64%	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

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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	
	2019	2018	2019	2018
Effect on the non-current provision for employee benefit at December 31,				
Discount rate				
1% increase	(0.9)	(0.5)	(0.3)	(0.2)
1% decrease	0.9	0.6	0.4	0.2
Salary increase rate				
1% increase	0.9	0.6	0.4	0.2
1% decrease	(0.9)	(0.6)	(0.4)	(0.2)
Employee turnover rate				
1% increase	(1.0)	(0.6)	(0.4)	(0.2)
1% decrease	0.5	0.3	0.2	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 April 5, 2019, the Labor Protection Act (No. 7) B.E. 2562 (dated April 4, 2019) was announced in the Government Gazette and it will become effective 30 days after its publication, 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 former maximum rate of 300 days. The Group recorded past service cost from change in such defined benefit plan when the labor law has come into force in the statement of comprehensive income for the year ended December 31, 2019.

19. SHARE CAPITAL AND SHARE PREMIUM ON ORDINARY SHARES

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

- a) 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.
- b) 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.

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.

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. The Company incurred expenses relating to the share offering (net of tax expense) totalling Baht 18.4 million which were presented as a deduction from the share premium on ordinary shares.

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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, 2019 and 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 30.09 million, 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 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 94.22 million. Such dividend was paid to the Company's shareholders in September 2018.

At the Board of Directors' meeting of the Company held on January 21, 2019, the Board of Directors approved 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. The interim dividend was paid to the Company's shareholders in January and February 2019.

Such resolution of the appropriation of interim dividend has been acknowledged by the 2019 Annual General Meeting of shareholders on April 29, 2019.

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 12.4 million and Baht 6.6 million for each of the years ended December 31, 2019 and 2018, respectively (of the Company amounting to approximately Baht 4.8 million and Baht 2.8 million for each of the years ended December 31, 2019 and 2018, respectively).

Notes to Financial Statements

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23. REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenues of the Group arise mainly from revenue from revenues from sales of foods and beverages, service income and franchise fee income.

Disaggregation of revenue from contracts with customers

Consolidated Financial Statements			
2019 (In Million Baht)			
	Revenues from Thailand	Revenues from Overseas	Total
Segment revenue			
- Revenues from sales of foods and beverages	3,019.5	7.1	3,026.6
- Franchise fee income	69.1	6.8	75.9
- Membership fee income and other	18.9	-	18.9
Total revenues	<u>3,107.5</u>	<u>13.9</u>	<u>3,121.4</u>

Timing of revenue recognition			
- At a point in time	3,019.5	7.1	3,026.6
- Over time	88.0	6.8	94.8
Total revenues	<u>3,107.5</u>	<u>13.9</u>	<u>3,121.4</u>

Consolidated Financial Statements			
2018 (In Million Baht)			
	Revenues from Thailand	Revenues from Overseas	Total
Segment revenue			
- Revenues from sales of foods and beverages	2,846.1	6.5	2,852.6
- Franchise fee income	61.8	7.8	69.6
- Membership fee income and other	9.3	-	9.3
Total revenues	<u>2,917.2</u>	<u>14.3</u>	<u>2,931.5</u>

Timing of revenue recognition			
- At a point in time	2,846.1	6.5	2,852.6
- Over time	71.1	7.8	78.9
Total revenues	<u>2,917.2</u>	<u>14.3</u>	<u>2,931.5</u>

Separate Financial Statements			
2019 (In Million Baht)			
	Revenues from Thailand	Revenues from Overseas	Total
Segment revenue			
- Management fee income and others	<u>242.8</u>	<u>-</u>	<u>242.8</u>
Timing of revenue recognition			
- At a point in time	-	-	-
- Over time	242.8	-	242.8
Total revenues	<u>242.8</u>	<u>-</u>	<u>242.8</u>

Notes to Financial Statements

December 31, 2019

	Separate Financial Statements		
	2018 (In Million Baht)		
	Revenues from Thailand	Revenues from Overseas	Total
Segment revenue			
- Management fee income and others	253.6	-	253.6
Timing of revenue recognition			
- At a point in time	-	-	-
- Over time	253.6	-	253.6
Total revenues	253.6	-	253.6

Revenues expected to be recognized in the future related to performance obligations that are unsatisfied as at December 31, 2019 are as follows:

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Revenues expected to be recognized in year:		
2020	31,738	-
2021	13,555	-
2022	7,340	-
2023	6,330	-
2024	4,826	-
2025 onwards	393	-
Total	64,182	-

The Group applies the practical expedient not to disclose revenue expected to be recognized in the future related to performance obligations that are unsatisfied as at December 31, 2019 when it is initially expected that the contracts have original durations of one year or less. The Group recognized revenue in an amount that corresponds directly with the value to the customer of the date on which performance obligations are satisfied.

Significant changes in the contract assets and the contract liabilities during the year are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
As at January 1, 2019	-	(27,979)	-	-
Recognized as revenue during the year	58,521	39,875	242,772	-
Advance received	-	(69,689)	-	-
Transfer to receivables	(58,521)	-	(242,772)	-
As at December 31, 2019	-	(57,793)	-	-

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December 31, 2019

24. EXPENSES BY NATURE

Significant expenses by nature for each of the years ended December 31, 2019 and 2018 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Costs of materials	1,112,087	1,034,351	-	-
Employee benefit expenses	878,108	811,756	177,587	179,117
Rental, service and utility expenses	571,145	492,107	25,150	10,013
Depreciation and amortization	188,791	170,240	12,856	12,295
Other expenses	262,759	259,023	37,826	31,869
Total	<u>3,012,890</u>	<u>2,767,477</u>	<u>253,419</u>	<u>233,294</u>

25. 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, 2019 and 2018 are as follows:

	In Million Shares	
	2019	2018
Number of shares outstanding as at January 1	225.0	14.1
Effect of shares from the change of par value (Note 19)	-	126.5
Effect of shares issued during the year	66.4	22.4
Weighted average number of shares (basic)	<u>291.4</u>	<u>163.0</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, 2018 for comparative purpose assuming that the change in par value has occurred since the beginning.

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December 31, 2019

26. LONG-TERM AGREEMENTS

As at December 31, 2019 and 2018, the Group had various operating lease and service 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 196.6 million and Baht 162.1 million, respectively, and in the separate statements of financial position totalling Baht 6.4 million and Baht 1.3 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	
	2019	2018	2019	2018
Not later than 1 year	382,510	331,619	23,209	597
Later than 1 year and not later than 5 years	376,810	349,060	104,424	402
Later than 5 years	116,849	10,779	106,883	-
Total	876,169	691,458	234,516	999

27. 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, 2019 and 2018 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 Group 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, 2019

Significant financial assets and liabilities as at December 31, 2019 and 2018, 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							Effective interest rate (% p.a.)
2019 (In Thousand Baht)							
Fixed interest rates						Total	
Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing			
Financial assets							
Cash and cash equivalents	-	-	-	312,897	50,414	363,311	0.30 - 1.10
Trade and other current receivables	-	-	-	-	106,500	106,500	-
Refundable deposits	-	-	-	-	197,426	197,426	-
Total	-	-	-	312,897	354,340	667,237	
Financial liabilities							
Trade and other current payables	-	-	-	-	295,079	295,079	-
Retention payables	-	-	-	-	18,710	18,710	-
Liabilities under finance lease contracts	602	281	-	-	-	883	17.48
Total	602	281	-	-	313,789	314,672	

Consolidated Financial Statements							Effective interest rate (% p.a.)
2018 (In Thousand Baht)							
Fixed interest rates						Total	
Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing			
Financial assets							
Cash and cash equivalents	-	-	-	114,726	27,875	142,601	0.37 - 1.10
Trade and other current receivables	-	-	-	-	44,308	44,308	-
Refundable deposits	-	-	-	-	163,508	163,508	-
Total	-	-	-	114,726	235,691	350,417	
Financial liabilities							
Short-term borrowings from financial institutions - net	-	-	-	629,817	-	629,817	3.3 - 3.8
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	5.19, 17.48
Total	1,302	1,282	-	629,817	254,877	887,278	

Notes to Financial Statements

December 31, 2019

Separate Financial Statements							Effective interest rate (% p.a.)
2019 (In Thousand Baht)							
Fixed interest rates							
Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total		
Financial assets							
Cash and cash equivalents	-	-	-	201,181	20,261	221,442	0.30 - 1.10
Trade and other current receivables	-	-	-	-	28,745	28,745	-
Short-term loans to subsidiaries	-	-	-	271,169	-	271,169	4.15
Refundable deposits	-	-	-	-	6,393	6,393	-
Total	-	-	-	472,350	55,399	527,749	
Financial liabilities							
Trade and other current payables	-	-	-	-	8,158	8,158	-
Short-term borrowings from subsidiaries	150,690	-	-	-	-	150,690	1.05
Retention payables	-	-	-	-	838	838	-
Liabilities under finance lease contracts	602	281	-	-	-	883	17.48
Total	151,292	281	-	-	8,996	160,569	

Separate Financial Statements							Effective interest rate (% p.a.)
2018 (In Thousand Baht)							
Fixed interest rates					Non-interest bearing	Total	
Within 1 year	1- 5 years	Over 5 years	Floating interest rate				
Financial assets							
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	
Financial liabilities							
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	

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.

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.

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December 31, 2019

28. 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, 2019 and 2018 were as follows:

	2019 (In Million Baht)		
	Revenues from Thailand	Revenues from Overseas	Total
Revenues from sales of foods and beverages	3,019.5	7.1	3,026.6
Costs of sales of foods and beverages	(1,615.9)	(5.4)	(1,621.3)
Gross margin	<u>1,403.6</u>	<u>1.7</u>	1,405.3
Other income			117.5
Selling and distribution expenses			(901.9)
Administrative expenses			(489.7)
Finance costs			(3.7)
Tax expense			(21.3)
Profit for the year			<u>106.2</u>

	2018 (In Million Baht)		
	Revenues from Thailand	Revenues from Overseas	Total
Revenues from sales of foods and beverages	2,846.1	6.5	2,852.6
Costs of sales of foods and beverages	(1,515.2)	(4.6)	(1,519.8)
Gross margin	<u>1,330.9</u>	<u>1.9</u>	1,332.8
Other income			112.1
Selling and distribution expenses			(799.1)
Administrative expenses			(448.6)
Finance costs			(24.7)
Tax expense			(32.3)
Profit for the year			<u>140.2</u>

Notes to Financial Statements

December 31, 2019

29. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2019 and 2018,

- a) the Company and the Group had commitments under the agreements to purchase assets, inventories and services totalling Baht 59.3 million and Baht 162.8 million, respectively (2018: Baht 52.2 million and Baht 120.8 million, respectively).
- b) the Group was contingently liable for letters of guarantee issued by a local bank to various private companies totalling Baht 0.6 million (2018: Baht 0.4 million).
- c) a subsidiary was a guarantor for short-term credit facilities of the Company of Baht 780.0 million (2019: Nil) as discussed in Note 14.
- d) the Company has a 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. On June 26, 2019, the Company entered into the first amendment agreement to extend such cooperation agreement to be December 31, 2019. Subsequently on December 25, 2019, the Company had sent the termination letter of business cooperation to such local company.
- e) the Group has the Marketing Support Agreement with 2 local companies for promoting and distributing of certain products of such companies in the Group's and franchisees' restaurants for the period from July 1, 2019 to December 31, 2024. In consideration thereof, the Group is committed to perform promotion activities and comply with certain conditions as indicated in the agreement.

30. 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, 2019 and 2018, debt-to-equity ratios were as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Debt-to-equity ratio	0.4 : 1	2.3 : 1	0.1 : 1	2.2 : 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, 2019 and 2018.

31. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2018 financial statements have been reclassified to conform to the presentation in the 2019 financial statements as follows:

	In Thousand Baht		
	Before reclassification	Reclassification	After reclassification
Consolidated statement of comprehensive income			
Costs of sales and services	2,218,548	(2,218,548)	-
Costs of sales of foods and beverages	-	1,519,762	1,519,762
Selling and distribution expenses	100,293	698,786	799,079
Total	2,318,841	-	2,318,841

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32. THAI FINANCIAL REPORTING STANDARDS NOT YET ADOPTED

New Thai Financial Reporting Standards, which are relevant to the Group's operations, expected to have material impact on the Group's financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after January 1, 2020, are as follows:

TFRS	Topic	Effective date
TFRS 7	Financial Instruments: Disclosures	2020
TFRS 9	Financial Instruments	2020
TFRS 16	Leases	2020
TAS 32	Financial Instruments: Presentation	2020
TFRIC 16	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	2020

When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognizes a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognize new assets and liabilities for its operating leases.

As at December 31, 2019, the Group's and the Company's future minimum lease payments under non-cancellable operating leases amounted to Baht 568.9 million and Baht 234.5 million, respectively, on an undiscounted basis.

Management is currently considering the actual impact from these TFRS on the financial statements in the period when they become effective.

33. APPROVAL OF FINANCIAL STATEMENTS

The Company's directors have authorized these financial statements for issue on February 24, 2020.





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