



**FOOD CAPITALS**

**Company Information (Form 56-1)**

**as of 31 December 2016**

**Food Capitals Public Company Limited**

## CONTENTS

	PAGE
Part 1	Business
	1. Business Overview
	2. Nature of Business
	3. Risk
	4. Assets and Material Agreements
	5. Legal Dispute
	6. General Information
Part 2	Management and Corporate Government
	7. Capital Structure and Shareholders
	8. Management Structure
	9. Corporate Governance
	10. Corporate Social Responsibility
	11. Internal Control and Risk Management
	12. Connected Transaction
Part 3	Financial Information
	13. Financial Information
	14. Management Discussion and Analysis
Appendix 1	Director, Management, Controlling Person and Corporate Secretary Information
Appendix 2	Subsidiaries' Director Information
Appendix 3	Chief of Internal Auditor and Compliance Information
Appendix 4	Asset Appraisal Value Information
Appendix 5	Other

Part 1  
Business

1. Business Overview of the Group Company

Food Capitals Public Company Limited with symbol “FC” has changed from “Evolution Capital Public Company Limited” with symbol “E” by the resolution of an Extraordinary General Meeting of Shareholders No. 1/2016 of Evolution Capital Public Company Limited dated June 14, 2016 and registered the name of company at Department of Business Development dated June 23, 2016

Food Capitals Public Company Limited (the “Company”) was incorporated on 22 December 2003 with the current registered and paid-up capital of Baht 1,959,306,678.00 (One Thousand Nine Hundred Fifty-Nine Million Three Hundred Six Thousand Six Hundred Seventy-Eight Thai Baht). The Company focuses on quick-service restaurants, casual dining restaurants, lifestyle restaurants and bars, and the investment in hospitality sector in Thailand and across Asia.

The Group Company is the franchisee of a leading brands:

- (1) Domino’s Pizza (“Domino’s”) in Thailand and Cambodia;
- (2) The Coffee Bean & Tea Leaf (“CBTL”) in Thailand; and
- (3) Kyochon (“Kyochon”) in Thailand, Myanmar, Lao, and Cambodia.

The Company also owns and operates its 7 lifestyle restaurants and bars namely:

- (1) The Iron Fairies, Sukhumvit 55 (Soi Thonglor)
- (2) The Iron Fairies, Central Festival Eastville, 1<sup>st</sup> Floor;
- (2) Fat’R Gut’Z, Seen Space Thonglor 13;
- (3) Cloud, Seen Space Thonglor 13;
- (4) Bon Bon, Seen Space Thonglor 13;
- (5) Maggie Choo’s, Novotel Fenix Silom; and

(6) Fat Gut'Z Saloon, Central East Ville.

The Company is also engaged in the hospitality sector, Red Planet Hotels Limited ("RPHL"). RPHL operates budget hotels under its own brand in Thailand, The Philippines, Indonesia, and Japan

1.1 Vision Mission and Goal of the Company

The Company's vision is to be a leader in restaurant business by bringing the experience of restaurant management under international brands to create sustained value and growth of restaurants of the Company and create sustainable return for shareholders.

The Company's mission focus on building the professional team that specialize on food business by giving new generation the opportunity to expand the business to the World. The company focus on the investment in new food business and co-management with the expertise with passion in food business. The Company's mission to create "Food Culture" in order to serve the nutrient food and international standard service to customer.

The Company believes in long-term growth in food business around the world. Therefore, the Company's goal to utilize the expertisement in food business in order to expand the business both in domestic and international, In particular, countries with high potential for economic growth and high purchasing power to create the value of the Company and return to stakeholders.

Key Milestones and Major Development of the Company in the past 3 years

- 2014
- : The Company held an equity interests in Sweetstar K.K. of 28.5% in Sweetstar K.K. is a franchisee of Magnolia Bakery and Mr. Jones' Orphanage in Japan. Besides, it also made a partial acquisition of Q's Dining Inc., an owner of 17 restaurants in Japan.
  - : The first Magnolia Bakery store in Asia was opened in Tokyo, Japan.
  - : The first Mr. Jones' Orphanage store in Japan was opened in Sapporo, Hokkaido.
  - : The first Kyochon store of the Company was opened at MBK Center.
  - : The Company entered into a joint-venture agreement with CBM Corporation Company Limited ("CBM") to operate Domino's Pizza in Cambodia.
  - : At year-end 2014, the Company and its subsidiaries owned 54 restaurants in Thailand and Asia.
- 2015
- : The first Domino's Pizza store in Cambodia was opened in Phnom Penh in January 2015.
  - : The Company restructured its internal group structure by incorporating a subsidiary namely, Evolution Foods (Thailand) Company Limited, to hold all equity interests in:

- Fenix Pizza Company Limited<sup>1</sup>, D. Pizza Public Company Limited (the master franchisees of Domino's Thailand and Cambodia respectively);
- Fico Coffee Company Limited<sup>2</sup> (the master franchisee of The Coffee Bean & Tea Leaf); and
- Kyochon Company Limited (the master franchisee of Kyochon).

Mr. Wuttisak Limphanit increased capital in Evolution Foods (Thailand) Company Limited in an amount of Baht 150 million, representing 10% equity interests in order to support its growth strategy.

- : The second Magnolia Bakery store was opened in Pangyo-Hyundai department store in Gyeonggi-do Korea in August 2015.
- : The Board of Directors of the Company resolved to approve the closure of Monster Media Company Limited and PhotoME.Com Company Limited on 14 August 2015. These subsidiaries conducted digital media business. The rationale was to focus on core businesses of the Company.
- : The Company granted the franchise right to operate Mr. Jones' Orphanage in Myanmar to Alpha Plus Company Limited in August 2015.
- : The Company entered into a joint-venture with CBM to operate Kyochon in Cambodia. The first Kyochon store in Cambodia was opened in Phnom Penh.
- : The first Mr. Jones' Orphanage store in Myanmar was opened in HAGL Center in Yangon.
- : As of year-end 2015, the Company and its subsidiaries owned 73 restaurants in Thailand and overseas.

- 2016
- : In 2016, the Company has disposed its investment in Sweetstar K.K. by selling 222,250 ordinary shares, representing 11.1% shareholding, 3,000 ordinary shares in Sweetstar Asia Limited, representing 12.2% shareholding, and 213 ordinary shares in Q's Dining Inc., representing 29.3% shareholding.
  - : The Company changed its company name from former name of "Evolution Capital Public Company Limited" to "Food Capitals Public Company Limited" and its symbol from "E" to "FC" according to the resolutions of the Extraordinary General Meeting of Shareholders No. 1/2016 held on 14 June 2016.

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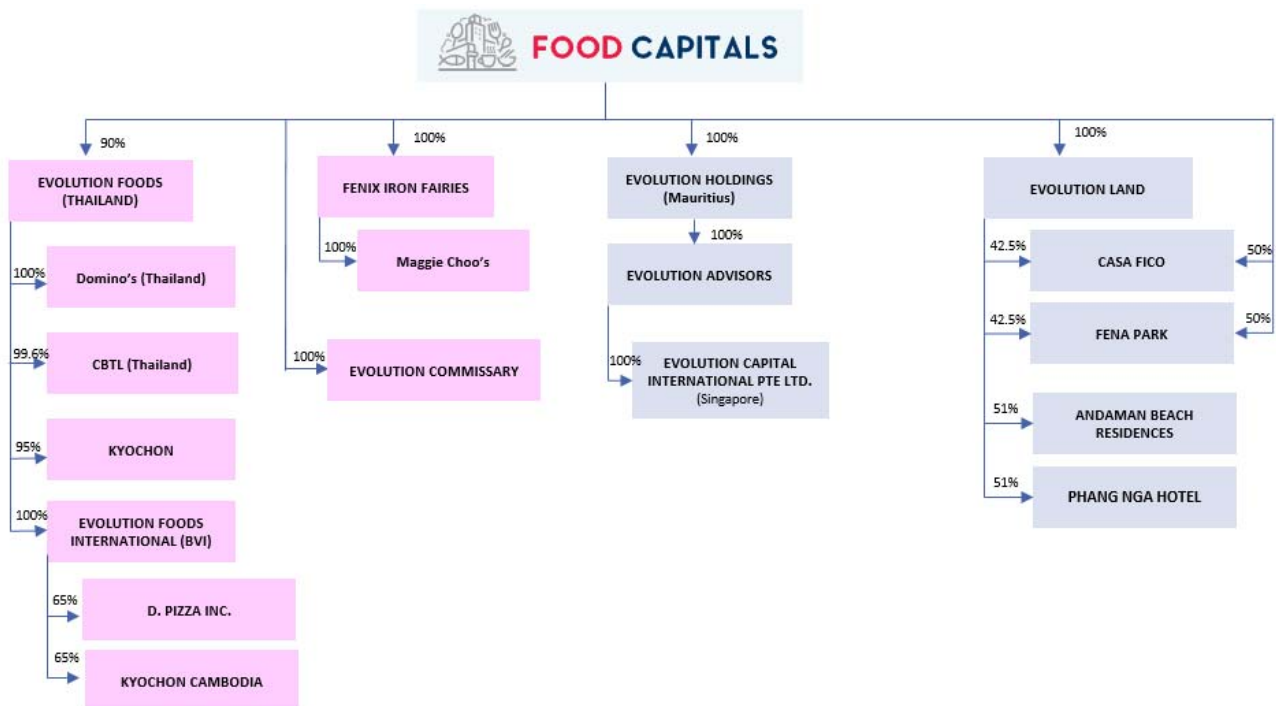
<sup>1</sup> The company has changed its name to "Domino's (Thailand) Company Limited".

<sup>2</sup> The company has changed its name to "CBTL (Thailand) Company Limited".

- : In September 2016, the Company disposed 100% shares in Mr. Jones International Company Limited (“MJO”), a subsidiary of the Company, at the sale price of Baht 27 million, and sold MJO trademark at the price of USD 40,000 according to the resolutions of the Board of Directors’ Meeting No. 3/2015 held on 13 May 2016.
- : In December 2016, the Company acquired 12,000 ordinary shares of Maggie Choos’ Company Limited at the price of Baht 3 million. Consequently, the shareholding in Maggie Choos’ Company Limited was increased from 80% to 100%.
- : As of year-end 2016, the Company and its subsidiaries owned 61 restaurants in Thailand and overseas.

### 1.2 Shareholding Structure of the Group Company

Food Capitals Public Company Limited operates as the holding company which mainly invest in the subsidiaries in food business under franchise rights and own brand/trademark and in property development, and invest in associate companies in property development business. The shareholding structure in subsidiaries and associated companies as of 31 December 2016 as the following:



## Details of Subsidiaries and Associated Companies

No.	Company Name (Registration Number)	Address	Type of Business	Registered Capital (Baht unless stated otherwise)	Paid-up Capital (Baht unless stated otherwise)	Ownership Percentage
Subsidiaries						
1	Evolution Land Co., Ltd. (0105550103680)	Fico Place Building, 12th Floor, 18/8 Sukhumvit 21 Rd., Klongtoey Nua, Wattana, Bangkok 10110	Investment in Real Estate	229,107,500	229,107,500	100.00%
2	Monster Media Co., Ltd. <sup>3</sup> (0105550089946)	Fico Place Building, 12th Floor, 18/8 Sukhumvit 21 Rd., Klongtoey Nua, Wattana, Bangkok 10110	Multimedia Provider	10,000,000	10,000,000	100.00%
3	Evolution Advisors Limited (205720)	89 Nexus Way Camana Bay Grand Cayman KY1-9007 Cayman Islands	Investment Advisory	USD 50,000	USD 46,160	100.00%
4	Evolution Holdings Limited (081787)	113, 2nd Floor, Medine Mews, Chaussee Street, Port Louis, Mauritius	Holding Company	USD 4,675,000	USD 4,675,000	100.00%
5	FC Commissary Co., Ltd (0105551131555)	725 Metropolis Building, 14th Floor, Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110	Central Kitchen	10,000,000	10,000,000	100.00%
6	Evolution Investments Limited (229379)	89 Nexus Way Camana Bay Grand Cayman KY1-9007 Cayman Islands	Investment Holding Company	USD 50,000	USD 5,700	100.00%

<sup>3</sup> The Board of Directors of the Company resolved to approve the closure of Monster Media Company Limited on 14 August 2015. The subsidiary conducted digital media business. The rationale was to focus on core businesses of the Company.

No.	Company Name (Registration Number)	Address	Type of Business	Registered Capital (Baht unless stated otherwise)	Paid-up Capital (Baht unless stated otherwise)	Ownership Percentage
7	Evolution Capital International Pte. Ltd. (201129170N)	100 Beach Road # 25-06, Shaw Towers, Singapore	Investment Holding Company	SGD 5,000	SGD 5,000	100.00%
8	Domino's (Thailand) Co., Ltd. (0105555060342)	725 Metropolis Building, 14th Floor, Sukhumvit Road, Klongton Nua, Wattana, 10110	QSR business	213,000,000	213,000,000	100.00%
9	CBTL (Thailand) Co., Ltd. (0105554072967)	725 Metropolis Building, 14th Floor, Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110	Coffee Shop / Bakery	279,000,000	279,000,000	99.86%
10	Fenix Iron Fairies Co., Ltd. (0105553125897)	725 Metropolis Building, 14th Floor, Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110	Restaurants	4,000,000	4,000,000	85.00%
11	Maggie Choos' Co., Ltd. (0105555053257)	725 Metropolis Building, 14th Floor, Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110	Restaurant	6,000,000	6,000,000	80.00%
12	Casa Fico Co., Ltd. (0105550050799)	Fico Place Building, 10th Floor, 18/8 Sukhumvit 21 Rd., Klongtoey, Wattana, Bangkok 10110	Residential Property Development	285,000,000	285,000,000	92.50%
13	Fena Park Co., Ltd. (0105549116277)	Fico Place Building, 10th Floor, 18/8 Sukhumvit 21 Rd., Klongtoey, Wattana, Bangkok 10110	Residential Property Development	100,000,000	100,000,000	92.50%
14	Kyochoon Co., Ltd	725 Metropolis Building, 14th Floor, Sukhumvit Road,	Fried chicken restaurant	90,000,000	90,000,000	94.67%



No.	Company Name (Registration Number)	Address	Type of Business	Registered Capital (Baht unless stated otherwise)	Paid-up Capital (Baht unless stated otherwise)	Ownership Percentage
		Klongton Nua, Wattana, Bangkok 10110				
15.	PhotoME.com Co., Ltd. <sup>4</sup>	Unit 1707, 17th Floor, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Digital Media Provider	10,000,000	10,000,000	99.97%
16.	D Pizza Public Limited Company (9926 PN.ChBP)	35-37, St. Samdach Panh, Sangkat Boeung Raing, Khan Daun Penh, Phnom Penh	Restaurant	Riels 9,000,000	Riels 9,000,000	65.00%
17.	Evolution Foods (Thailand) Company Limited	725 Metropolis Building, 14th Floor, Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110	Restaurant	661,130,000	661,130,000	90.00%
18.	Evolution Foods International Limited	c/o CCS Trustees Limited, No. 263 Main Street, P.O. Box 2196, Road Town, Tortula, British Virgin Island	Restaurant	1,500,030 เหรียญสหรัฐ	1,500,030 เหรียญสหรัฐ	100.00%
19.	Kyochoon (Cambodia) Company Limited	35-37, St. Samdach Panh, Sangkat Boeung Raing, Khan Daun Penh, Phnom Penh	Restaurant	Riels 2,000,000	Riels 2,000,000	65.00%
Associated Companies						
20.	Andaman Beach Residences Co., Ltd. (0105551106224)	Fico Place Building, 12th Floor, 18/8	Residential Real Estate Development	10,000,000	10,000,000	51.00%

<sup>4</sup> The Board of Directors of the Company resolved to approve the closure of PhotoME.Com Company Limited on 14 August 2015. The subsidiary conducted digital media business. The rationale was to focus on core businesses of the Company.

No.	Company Name (Registration Number)	Address	Type of Business	Registered Capital (Baht unless stated otherwise)	Paid-up Capital (Baht unless stated otherwise)	Ownership Percentage
		Sukhumvit 21 Rd., Klongtoey Nua, Wattana, Bangkok 10110				
21.	Phang Nga Hotel Co., Ltd. (0105551106241)	Fico Place Building, 12th Floor, 18/8 Sukhumvit 21 Rd., Klongtoey Nua, Wattana, Bangkok 10110	Hotel Real Estate Development	10,000,000	10,000,000	51.00%

## 2. Nature of Business and Industry Overview

### 2.1 Nature of Business

#### (1) Franchised Restaurant Business

The Company operates Domino's Pizza in Thailand and Cambodia, The Coffee Bean & Tea Leaf in Thailand, Kyochon Company Limited in Thailand and Cambodia and owns master franchise rights for Kyochon in Myanmar and Laos.

##### Domino's Pizza in Thailand and Cambodia

Domino's Pizza ("Domino's") was initially founded in 1960 in Michigan, the United States. Domino's Pizza is one of the most popular pizzeria in the US with more than 12,000 stores spreading out in more than 80 countries across the world and more than 1 million pizzas sold daily. This makes Domino's Pizza the second world's largest pizza brand. High-quality ingredient, specially-made dough, and fresh oven-baked pizzas only upon customers' orders are highlights of Domino's Pizza. It emphasized on the new technology to respond to the change of customers' lifestyle by introducing online ordering in 2013 and launching voice-over mobile application in iOS, Android, and Window Phone 8 in 2014.

Fenix Pizza Co., Ltd. ("Fenix Pizza"), the Company's subsidiary, has the exclusive franchise rights to operate Domino's Pizza stores in Thailand. Domino's Pizza offers a variety dishes e.g. pizza, bread, pasta, side dishes and desserts. Customers can either dine in, take away or have the order delivered to their places through 3 channels: (1) Call center 1612, (2) website [www.dominospizza.co.th](http://www.dominospizza.co.th), and (3) Mobile application in both iOS and Android, starting from October 2015.

In November 2014, the Company entered into a joint venture agreement with CBM to incorporate D. Pizza Public Company Limited ("D. Pizza") to operate Domino's Pizza in Cambodia. D Pizza opened the first Domino's Pizza store in Phnom Penh on 21 January 2015.

#### Kyochon in Thailand and Cambodia

Kyochon F&B Company Limited, the franchisor of Kyochon chicken, was founded in 1991. Kyochon offers unique fried chicken reflecting the original Korean food culture and emphasizes on high-quality products and health consciousness at the same time. Additionally, it uses high-quality cooking oil which helps reduce LDL cholesterol. These healthy ingredients make Kyochon become very popular with over 1,000 outlets throughout Korea. Kyochon also spreads out its outlets internationally, namely the US, China, Indonesia, Malaysia, The Philippines, Japan, Thailand and Cambodia. In 2011, Kyochon was praised as “New York’s best chicken wing” by NBC and received Brand of the Year award for 12 consecutive years, which assured the food quality and deliciousness to the public.



Kyochon Company Limited (“KCL”) is a subsidiary of the Company and is partially owned by Korean F&B Company Limited, the franchisor. KCL owns the exclusive rights to operate Kyochon stores in Thailand, Cambodia, Myanmar and Laos PDR.

As for Cambodia, KCL granted a franchise right to Kyochon (Cambodia) Company Limited (“KCC”), a joint-venture between the Company and CBM, the same joint-venture partner as that of Domino’s Pizza in Cambodia. The first store was opened in the heart of Phnom Pehn at the corner of 288 and 51 Street (Pasteur) in October 2015.

#### The Coffee Bean & Tea Leaf Thailand

Founded in 1963, in southern California, USA. International Coffee & Tea, LLC the franchisor of The Coffee Bean & Tea Leaf (“CBTL”) and also the oldest and largest privately-held specialty coffee and tea retailer in the United States. At present, there are over 1,000 CBTL outlets, spreading out in 32 countries, offering traditional tea and coffee, hand brewed by baristas. Consistency of the flavor is the key to CBTL, therefore sourcing key ingredients such as coffee and tea are done in high-selection standard. Aside from hot and iced coffee and tea, CBTL also serves a wide variety of ice-blended coffee and non-coffee drinks which are the brand’s signature drinks. CBTL is among the first to introduce ice-blend drink. Fico Coffee Company Limited, the Company’s subsidiary, has been granted the franchise rights to operate CBTL stores in Thailand.

Store details of the Company's franchised restaurant business are as follows:

				
Thailand	Cambodia	Thailand	Cambodia	Thailand
30 Stores	Domino's Pizza 5 stores and Pizza World 1 store	6 stores	1 stores	10 stores
1. Sukhumvit 1 2. Holiday Inn Sukhumvit 22 3. Sukhumvit 47/49 4. Sukhumvit 77 5. Sukhumvit 103 6. I'M Park, Samyan 7. Vanilla Moon 8. Sena Fest 9. The Sense Pinklao 10. Victoria Garden 11. The Season Phaholyothin 12. Prachanivet 13. Sutthisarn 14. Ladprao 71 15. The Paseo Town 16. The Nine 17. Pleamary Mall Watcharapon 18. Jas Ramintra 19. Amorini 20. Muang Thong Thani 21. Pattaya 2 (Na Kluea) 22. Pattaya, Sai 3 23. Lotus Chonburi 24. The Bright 25. Food Villa 26. 55 Srinakarin 27. Metropole Thonglor 28. Seacon Bangkae 29. Silom 30. Jazz Srinakarin	1. BKK 1, St. 51 (Pasteur), Corner St. 288, Phnom Penh 2. City Mall, Charles de Gaulle Blvd, Phnom Penh 3. IFL, Confederation de la Russie, Phnom Penh 4. AEON Mall, Samdach Sothearos Blvd, Phnom Penh 5. PPT, Sangkat Phnom Penh Thmey, Phonm Penh 6. Souvanna, Phnom Penh	1. Digital Gateway Siam 2. The Paseo Town, Ramkamhaeng 3. Market Village Suvannabhumi 4. Mega Bangna 5. Fashion Island 6. Central Westgate	Corner St.288, Phnom Penh	1. Central World, 2 FI 2. Central World, 3 FI 3. Fashion Island 4. Bangkok Hospital 5. Paradise Park 6. Central Embassy 7. MBK Center 8. Mike Pattaya 9. Mega Bangna 10.Zpell

(2) Own-Brand Group

The Company operates casual restaurants and bars under its subsidiaries. There are 8 restaurants in Fenix Iron Fairies group. The detail of restaurants are as follows:

Maggie Choo's

Maggie Choo's is a bar operated by Fenix Silom Co., Ltd., the Company's subsidiary. The interior decoration is inspired by Shanghai in 1930's. Aside from serving soft drinks, there is a wide variety of live performance available in the bar as well.

Bon Bon Bar

Bon Bon is a pub and restaurant under "an adult's playground" concept. Playful desserts, modern tacos and wines are offered at Bon Bon. There is also an ice bar with -17 °C available for customers who would like to explore icy ambience in Bangkok.

Clouds

Clouds is a lounge with futuristic eco-tech park sets in the cloud, where the premium wine, cocktails and tapas are offered.

The Iron Fairies

The Iron Fairies is a jazz bar with a magical fairytale-inspired theme.

Fat'R Gut'Z

A nautical themed pub and restaurant, offering wine and spirits bar with a stream-punk feel and serving comfort food.

Fat Gut'z Saloon

Pub style restaurant with the concept of west meets east serving food and alcohol featuring live bands.

Details of stores of owned brand group are as follows:



Maggie Choo's  
Novotel Fenix, Silom



Clouds  
Seenspace, Thong Lor 13



Bon Bon Bar  
Seenspace, Thong Lor 13



Fat'R Gut'Z Seenspace,  
Thong Lor 13



The Iron Fairies  
Sukhumvit 55 (Thong Lor)  
and Central Festival  
Eastville, 1<sup>st</sup> Floor



Fat Gut'z Saloon  
Central Festival Eastville,  
1<sup>st</sup> Floor

In February 2017, the Company has acquired 100% shares of G Enterprise & Co Company Limited from the existing shareholders. As a result, the Company has additional 6 restaurants under the brands "Chingcha Chalee", "MoommumPark", "Umami", "Fallabella", "Pirate Chambre", and "Pirate Bazaar" at the total investment amount of up to Baht 121,809,000.

### (3) Other Investment of the Company

The Company invests in Red Planet Hotels Limited which operates budget hotels under its own brand.

The concept of Red Planet Hotel is redefining the value of hotel experience to the guests. Red Planet Hotels provide a high-quality, hygienic, comfortable and convenient stay with professional service at desirable locations at attractive prices. Red Planet Hotel operates over 4,000 keys in 27 hotels in Thailand, The Philippines, Indonesia and Japan.

## 2.2.2 Industry Overview and Competition

### (1) Restaurant Industry

In 2017, Thai economy is expected to expand. According to the forecast by the Bank of Thailand, the GDP growth is 3.2% with government spending as main supporting factor, compensated for contractions in export and private investments. Tourism industry tends to lower due to bomb, sanction on zero Baht tours, and bi-lateral economy. Although private consumption decreased in 2016, the government consumption stimulus plan during 14 – 31 December 2016 was expected to relieve the contraction.

Kasikorn Research Centre projected that the restaurant market value (including restaurant chain) in 2016 is Baht 382 – 385 billion and the market value of restaurant chain alone is Baht 114 – 116 billion.

For the restaurant market, the contraction of economy in 2016 has an impact in spending on restaurants by Thai consumers who give more importance on value in selecting restaurants. Therefore, promotions remain one of the strategies to attract more Thai consumer's spending on restaurants. In addition, there are more players in the franchised restaurant business. Therefore, restaurant operators must build brand to create uniqueness and become well known among consumers.

## (2) Budget Hotel Industry

Asian economic growth was expected to grow steadily at 5.4% in 2015-2016 according to International Monetary Fund (IMF). The growth should benefit from a strong labor market, disposable income growth along with the ongoing gradual recovery in the world economy. Based on the forecast of IMF, GDP of major geographic market of Red Planet Hotel was expected at 5.0% CAGR for Thailand, 10.9% CAGR for the Philippines, 5.4% CAGR for Indonesia, and 2.6% CAGR for Japan.

GDP (US Billion) and GDP Growth Forecast

	2013	2014	2015*	2016*	2017*	2018*	USD Billion CAGR (2015 – 2018)
Thailand	420	405	374	393	411	432	
<i>Growth</i>		-3.7%	-7.7%	5.2%	4.6%	5.1%	5.0%
Philippines	272	285	299	330	367	408	
<i>Growth</i>		4.7%	5.2%	10.3%	11.1%	11.2%	10.9%
Indonesia	913	889	873	876	950	1,021	
<i>Growth</i>		-2.6%	-1.8%	0.4%	8.5%	7.4%	5.4%
Japan	4,920	4,602	4,116	4,171	4,342	4,446	
<i>Growth</i>		-6.4%	-10.6%	1.3%	4.1%	2.4%	2.6%

\* Forecasted Source: International Monetary Fund (IMF)



### 3. Risk Factors

The Company is aware that there are always risk factors associated with the business operation. Therefore, the Company always cautiously assess any potential risk, which may adversely affect the business performance, and seek proper preventions and mitigate risk to an acceptable level. The business risk factors are as follow:

#### 3.1 Fluctuated World Economy

The sluggish growth of Chinese economy has an impact on regional economic growth while the US economy as well as European economy picked up in gradual pace. The world economic growth trend adversely affected the business sentiment and confidence in private sectors domestically and internationally. The sluggish business sentiment and confidence led to a slowdown in consumption and consequently suppress the revenue growth of the Company.

Even though the Bank of Thailand reported a continuous growth of service sector, especially tourism in Thailand, which was one of the supporting factors for business growth, the Company managed the risk by diversifying its investment to other potential countries in the region. The Company also controlled its debt to equity ratio at an appropriate level to ensure sufficient working capital for uncertainties.

#### 3.2 Foreign Exchange Rate Fluctuation

A proportion of revenue of the Company was generated from investment in foreign countries and thus fluctuated by the foreign exchange rates which could affect the Company's performance. However, such revenue proportion was not significant while the expense and investment amount made in the overseas business were also denominated in foreign currencies as well which provided a natural hedge.

#### 3.3 Major shareholders holding more than 25% equity interest

As of 6 January 2016, FICO Corporation Co., Ltd. ("FICO") and Srichawla Family, the major shareholder of FICO (aggregately referred to as "Major Shareholders") aggregately owned almost 28 percent equity interest in the Company. Major shareholders will be able to control partly the

shareholders' resolution that requires more than 75 percent of total voting rights through the vote against proposals. The Company ensures check and balance in the segregated scope and fiduciary duties of the Chairman of the Board of Directors and Chief Executive Officer under the supervision of the audit committee.

However, the fact that the major shareholders hold nearly 28 percent equity interest in the Company allows the Major Shareholders to make decisions for the benefit of shareholders as well.

#### 3.4 Intense competition

Casual restaurant and quick service restaurant business are among industries that have fierce competition. Hygiene, savories, and service quality are crucial factors in business operation. Aside from the mentioned factors, active marketing strategy, efficient operations, brands' reputation and popularity are required to create competitive advantages as well.

The Company has additionally increased its operation efficiency, provided staff training to maintain the service quality, and created flexible and various marketing strategies to quickly respond to the fast-changing environment.

#### 3.5 Change in consumer taste and behavior

Consumers' tastes in food and beverage consumption naturally change and evolve over time and changing surroundings. The Internet has become an influential mainstream source of information, which can easily access through mobile devices and consequently change consumers' taste and behavior these days. The businesses have to adapt promptly to the change, by continually adjusting their business strategies as well as researching consumer behavior to maintain their customer base and competitive advantages.

Food and beverage operators who have the capability of studying consumers' behavior are in an advantageous position when compared to others as they can foresee the change. The ability to predict changes will enable those operators to deploy concurrently strategies and tactics to reflect changes in consumers' tastes as they occur. The Company receives know-how and experience from global franchisors that have long experience in the industry. These franchisors will ascertain

that the Company will be able to handle the changes when they occur to reduce or eliminate adverse impact.

### 3.6 Raw Material Price Fluctuation

The direct cost in the casual restaurant and quick service restaurant business is raw material cost. Significant changes in raw material cost significantly affect the financial performance of the company. Food and beverage operators typically adjust their selling price to reflect higher raw material cost, which will, to an extent, reduce the impact of such change. Aside from method as mentioned earlier to abate the risk, supply chain management, which is a know-how of the franchisors provides the various benefits to the Company, realizing from operating under exclusive franchises from franchisors that have long successful track records.

### 3.7 Perishable inventory

In the casual restaurant and quick service restaurant business, perishable inventory is unavoidable and prone to waste that causes an increase in the overall cost as well as a loss in an opportunity to sell food and beverage. Besides the use of such strategy, the Company also receives a know-how on cost management from the franchisors.

### 3.8 Skilled labor shortage

Skilled labor is significant to the profitability of the casual restaurant and quick service restaurant as an opportunity to generate revenue in the future directly relates to the quality of their services and customers' experience.

Given the shortage of skilled labor and the general turnover rate in the labor market, players attract labor force with lucrative remuneration and thus creates high turnover in the labor market. The Company attempts to mitigate its reliance on labor by simplifying the work process at the stores. The Company also launches a campaign to promote online purchase, on mobile application and LINE GIFT SHOP to help reduce the reliance on labor. Besides, the Company has cooperated with The Vocational Education Commission for the Dual Vocational Education program in 2015. With this program, the students have on-job training opportunity that should be beneficial for the

future career for all the attendees of the program. All of these activities are to reduce the risk from the shortage in labor workforce.

### 3.9 Performance of Associated Firms and Joint-Ventures

The performance of associated firms and joint-ventures directly affects the Company's performance. In other words, when the performance of these firms is positive, the Company's net profit shifts upwards and vice versa. Therefore, the Company has studied all possible outcome before making any investment decisions. The investment has diversified regarding business nature, geographies and other related factors to balance risk profile and the return. The Company regularly monitors the performance of the invested companies to assess its overall investment performance.

#### 4. Assets and Material Agreements

##### 4.1 Assets

As of 31 December 2016, the Company and its subsidiaries Fixed Assets are as follows:

(Unit: Million Baht)

No.	Description	Location	The significant of agreement	Net Book Value	Owner	Loan Facility	Remaining Loan	Property Right
1	Land (Including cost of Construction in Progress)	Samui District, Surat Thani	-	338.67	Casa Fico Co.,Ltd (Subsidiary Company)	-	-	Owner
2	Land (Property for Investment)	Samui District, Surat Thani	-	59.40	the Company	-	-	Owner
3	Leasehold	Samui District, Surat Thani	30-year leasehold agreement with remaining 22 years	84.10	Fena Park Co.,Ltd (Subsidiary Company)	-	-	Owner under leasehold agreement
4	Leasehold	Samui District, Surat Thani	30-year leasehold agreement with remaining 22 years	55.37	the Company	-	-	Owner under leasehold agreement
5	Office Equipment	Head Office	-	28.86	the Company and its subsidiaries	-	-	Owner
6	Vehicle	-	Leasing Agreement with remaining 56 months	6.48	the Company and Domino's (Thailand) Co.,Ltd (Subsidiary Company)	6.24	5.64	Vehicle under Leasing Agreement
7	Leasehold Improvement	Head Office at Metropolis Building on Sukhumvit Road	3 – 10 year Lease Agreement with the extension	211.16	the Company and its subsidiaries	-	-	Owner

No.	Description	Location	The significant of agreement	Net Book Value	Owner	Loan Facility	Remaining Loan	Property Right
		and restaurant in Bangkok, Thailand in total of 56 branches and 3 branches in Chonburi and 6 branches in Cambodia	right of 3 – 10 years					
8	Furniture and Fixtures	Head Office at Metropolis Building on Sukhumvit Road and restaurant in Bangkok, Thailand in total of 56 branches and 3 branches in Chonburi and 6 branches in Cambodia	-	93.66	the Company and its subsidiaries	-	-	Owner
9	Construction in Progress	One Restaurant in Bangkok	-	1.44	the Company	-	-	Owner
Total				879.14				

## 4.2 Material Agreement of the Company

### 4.2.1 Material Agreements of the Company

#### 1) Shareholders Agreement for investment in Red Planet Hotels Limited.

Through its subsidiary, Evolution Advisors Limited, the Company entered into a shareholder agreement for investment in Red Planet Hotels Limited (incorporated and registered under the laws of Cayman Islands) in May 2010. Currently, the Company has a 11.1 percent equity interest in Red Planet Hotels Limited.

### 4.2.3 Material Agreements of the Company's Subsidiaries

#### 1) Casa Fico Company Limited and Fena Park Company Limited

Casa Fico and Fena Park have entered into various agreements in relation to design development as well as hotel and residential management for a project in Koh Samui, Suratthani Province, with the Marriott group in August 2009. All agreements remain valid in full force and effect.

#### 2) Domino's (Thailand) Company Limited (Change from "Fenix Pizza Company Limited")

Domino's (Thailand) Company Limited (Change from "Fenix Pizza Company Limited") has entered into the Master Franchise Agreement with Domino's Pizza International Franchise Inc. (franchisor) in May 2012, to obtain an exclusive right to operate and develop a pizza restaurant chain under the brand "Domino's Pizza" in Thailand. The Agreement remains valid in full force and effect.

#### 3) CBTL (Thailand) Company Limited (Change from "Fico Coffee Company Limited")

CBTL (Thailand) Company Limited (Change from "Fico Coffee Company Limited") has entered into the Area Development Agreement with CBTL Franchising LLC (franchisor) in July 2011, to obtain an exclusive right to operate and develop a coffee shop chain under the brand "The Coffee Bean & Tea Leaf" in Thailand. The Agreement remains valid in full force and effect.

#### 4) Kyochon Company Limited

Kyochon Company Limited, is a joint-venture company between the Company with a 95 percent equity interest and Kyochon F&B Company Limited has entered into the Master Franchise Agreement with Kyochon F&B Company Limited (franchisor) in October 2013, to obtain an exclusive right to operate and develop a fried chicken restaurant chain under the brand “Kyochon” in Thailand, Myanmar, Laos, and Cambodia.

5) D. Pizza Public Company Limited

D. Pizza Public Company Limited, is a joint-venture company registered under Cambodian law between the Company with a 65 percent equity interest and CBM Corporation Company Limited has entered into the Master Franchise Agreement with Domino’s Pizza International Franchise Inc. (franchisor) in December 2014, to obtain an exclusive right to operate and develop a pizza restaurant chain under the brand “Domino’s Pizza” in Cambodia. The Agreement remains valid in full force and effect.

6) Kyochon (Cambodia) Company Limited

Kyochon (Cambodia) Company Limited, is a joint-venture company registered under Cambodian law between the Company with a 65 percent equity interest and CBM Corporation Company Limited has entered into the Sub-franchise Agreement with Kyochon Co., Ltd. in October 2015, to obtain an exclusive right to operate and develop a restaurant chain under the brand “Kyochon Chicken” in Cambodia. The Agreement remains valid in full force and effect.



5. Legal Dispute

As of December 31, 2016, the Company and its subsidiaries (“the Company”) have a unresolved case from its regular business operations, an estimated total amount Baht 1 million which was less than 5% of its shareholders’ equity as the follow:-

On 28 August 2015, one of a company as the plaintiff filed an arbitral dispute against the Company to claim for the outstanding service fee and interest in amount of Baht 999,312 and the penalty interest at the rate of 15% per annum of the outstanding service fee in amount of Baht 747,000 counting from the dispute date until the Company will pay the principal amount of Baht 999,312 to the plaintiff. The Company filed the statement of defense that such plaintiff failed to comply with the agreement and the case is currently under the arbitration process.

## 6. General Information

**General Information**

Company Name	Food Capitals Public Company Limited
Symbol	FC
Registration Number	0107546000415
Business Type	Invest in hospitality and food & beverage sectors
Head Office	725 Metropolis Building, 14 <sup>th</sup> Floor Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110
Telephone	0-2259-9522
Facsimile	0-2259-9590
Website	<a href="http://www.foodcapitals.com">www.foodcapitals.com</a>

**Investor Relations Contact Information**

Telephone	0-2259-9522
E-mail	<a href="mailto:ir@foodcapitals.com">ir@foodcapitals.com</a>

**Company Secretary**

Telephone	0-2259-9522
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**Registered Capital (as of 31 December 2016)**

Registered Capital	THB 2,887,153,921 divided into 2,887,153,921 ordinary shares with a par value of THB 1
Issued and Paid-up Capital	THB 1,959,269,063 divided into 1,959,269,063 ordinary shares with a par value of THB 1

**Security and Warrant Registrar**

Thailand Securities Depository Co., Ltd.	
93 Ratchadaphisek Road, Dindaeng, Bangkok 10400	
Telephone	0-2009-9000
Facsimile	0-2009-9991
E-mail	<a href="mailto:SETContactCenter@set.or.th">SETContactCenter@set.or.th</a>
Website	<a href="http://www.set.or.th/tsd">http://www.set.or.th/tsd</a>

**Auditor**

EY Office Limited  
33<sup>rd</sup> Floor, Lake Rajada Office Complex  
193/136-137 Rajadapisek Road,  
Klongtoey, Bangkok 10110

**Telephone** 0-2264-0777, 0-2661-9190

**Facsimile** 0-2264-0789-90

## Part 2

## Management and Corporate Governance

## 7. Securities and Shareholders

## 7.1 Registered and Paid Up Capital

As of December 31, 2016, the Company's registered capital is Baht 2,887,153,921 consisting of 2,887,153,921 ordinary shares with a par value of Baht 1 per share and the Company's paid up capital is Baht 1,959,306,678 consisting of 1,959,306,678 ordinary shares with a par value of Baht 1 per share.

## 7.2 Shareholders

The top ten majority shareholder as of March 17, 2017 were as follows:

	Name	Number of Share (Shares)	The proportion of shareholding
1	Shichawla Group	565,182,466	28.90%
	1.1 Mr. Krit Srichawla	141,102,000	7.20%
	1.2 Mr. Theprit Srichawla	108,814,533	5.55%
	1.3 Mr. Akradej Srichawla	107,601,200	5.49%
	1.4 Mr. Amorn Srichawla	106,481,200	5.44%
	1.5 Fico Corporation Co.,Ltd	102,183,533	5.22%
2	Mr. Pichai Wijuckhapan	93,199,516	4.76%
3	EFG BANK AG	82,829,263	4.23%
4	HOLLY GROVE II LLC	80,000,000	4.08%
5	Mr. Tarakorn Angpubate	59,500,000	3.04%
6	Thai NVDR Co.,Ltd	47,487,336	2.42%
7	MORGAN STANLEY & CO. INTERNATIONAL PLC	42,866,600	2.19%

Name	Number of Share (Shares)	The proportion of shareholding
8 Mr. Pin Thammarat	38,881,400	1.98%
9 Mr. Na-Chanok Ratnadaros	37,500,000	1.91%
10 Mr. Sanpan Sinchaowala	32,000,000	1.63%

Source: Thailand Securities Depository Co.,Ltd

Remark:

1. Mr. Krit Srichawla Mr. Theprit Srichawla Mr. Akraej Srichawla Mr. Amorn Srichawla and Fico Corporation Co., are acting in concert under the Notification “the nature of a relationship or behaviour and requirements under section 246 and section 247”.

2. Fico Corporation Co.,Ltd operates the lease of office building, utilities service of office building and parking service.

The Fico’s major shareholders are Mr. Krit Srichawla Mr. Theprit Srichawla Mr. Akraej Srichawla and Mr. Amorn Srichawla hold share in total of 340,000 shares or equal to 85% of registered and paid-up capital

### 7.3 Other Securities

#### 7.3.1 Warrants on ordinary shares of the Company

- Warrants on the ordinary shares to the existing shareholders No.1 (FC-W1)

Term of Warrants (year)	10 years
Issue Date	December 23, 2010
Expiration Date	December 22, 2020
Conversion Ratio	1 unit of warrant per 1.065 ordinary share
Exercise Price	Baht 1.408 per share
Offering Unit	347,000,000 units
Number of new ordinary share reserved	347,000,000 shares
Number of exercised warrants as of December 31, 2016	-0- units
Number of unexercised warrants as of December 31, 2016	347,000,000 units
Number of remaining shares reserved as of December 31, 2016	391,293,529 shares

- Warrants on the ordinary shares to the existing shareholders No.2 (FC-W2)
 

Term of Warrants (year)	10 years
Issue Date	December 23, 2010
Expiration Date	December 22, 2020
Conversion Ratio	1 unit of warrant per 1 ordinary share
Exercise Price	Baht 2 per share
Offering Unit	261,750,000 units
Number of new ordinary share reserved	261,750,000 shares
Number of exercised warrants as of December 31, 2016	-0- units
Number of unexercised warrants as of December 31, 2016	261,750,000 units
Number of remaining shares reserved as of December 31, 2016	227,147,059 shares
  
- DEBENTURES OF FOOD CAPITALS PUBLIC COMPANY LIMITED No. 1/2559 Due 2018
 

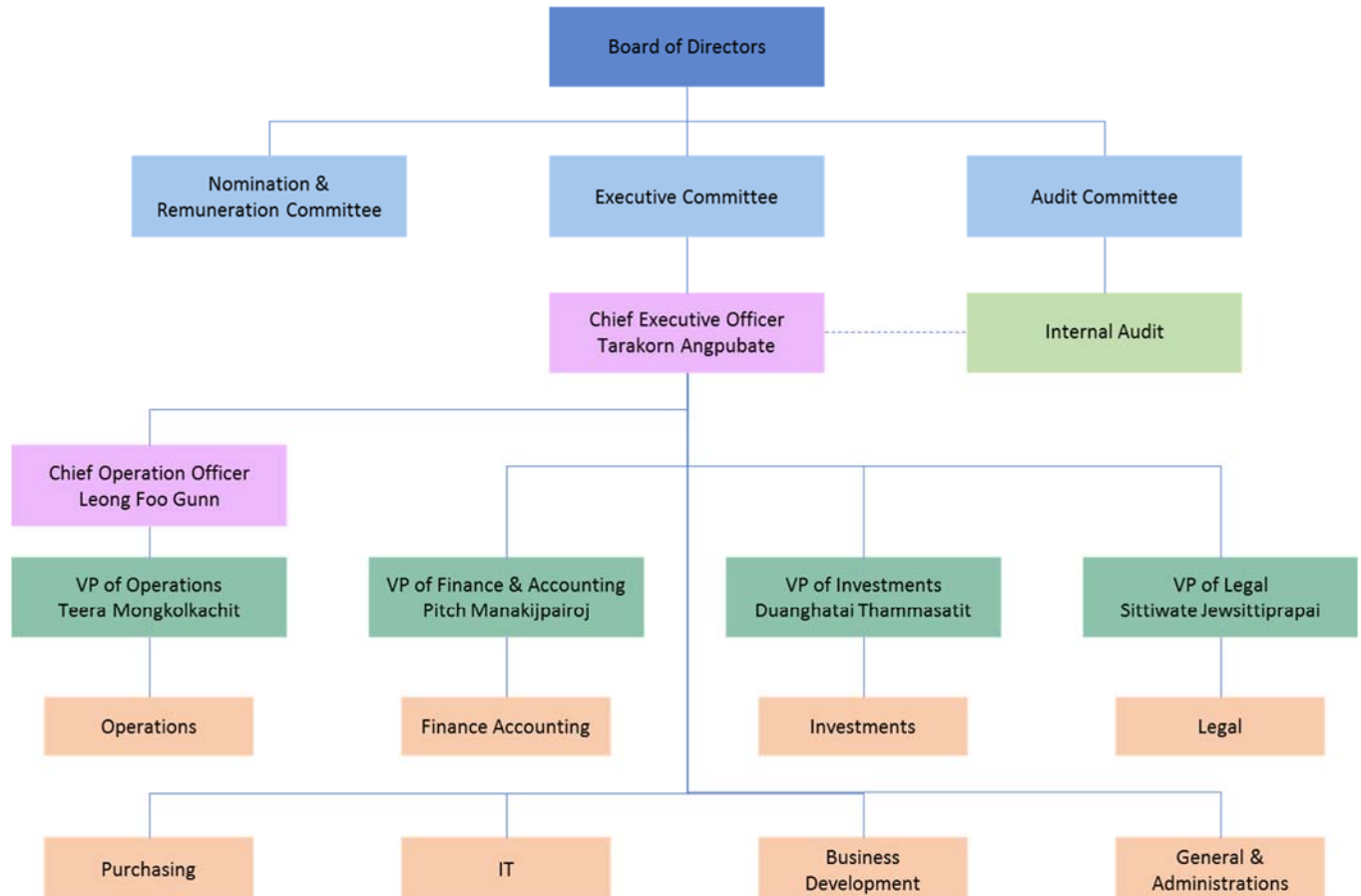
Type of debenture	: Name-Registered Certificate, Unsubordinated and Unsecured Debentures without a Debentureholders' Representative
Term of debenture	: 1 year 9 months from the issue date
Offering amount	: Baht 600,000,000
Offering unit	: 600,000 units
Par value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issue Date	: August 11, 2016
Redemption Date	: May 11, 2018
Interest Rate	: Fixed Interest Rate 6% per annum
Interest Payment Date	: Quarterly Interest Payment on August 11, November 11, February 11 and May 11 of year and the first interest payment is November 11, 2016
Financial Ratio condition	: Debt to Equity ratio is not exceeding 2.5:1
Debenture registrar	: Bank of Ayudhya Pcl.
Debenture Holders' Representative	: - n.a. -
Secondary Market	: The Thai Bond Market Association

#### 7.4 Dividend Payment Policy

The Company has not made dividend payments in the past 3 years as it has accumulated losses.

Pursuant to the Company's Article of Association, dividend shall be paid at a rate of not less than 50 percent of the net profit after deduction of tax and statutory reserves required by applicable laws and regulations; provided that the Company would still have adequate cash for on-going operation and working capital purposes. The Company's dividend policy is subject to change from time to time as approved by Shareholders in a General Shareholders Meeting.

## 8. Management Structure

**Management Structure as of 31<sup>st</sup> December 2016**


## 8.1 Board of Directors

Management structure of the company consist of three committees which are the Audit Committee Executive Committee and the Nomination and Remuneration Committee. The details are as follows;

Board of Directors

As of December 31, 2016, the Company's Board of Directors consists of 10 members with the following members:

Name	Position
1 Mr. Akarat Na Ranong	Chairman of the Board of Directors
2 Mr. Krit Srichawla	Executive Chairman / Director



	Name	Position
3	Mr. Tarakorn Angpubate	Chief Executive Officer / Director
4	Mr. Akradej Srichawla	Director
5	Mr. Thosaphol Pongsom	Director
6	Mr. Witit Sujjapong	Chairman of Audit Committee / Independent Director
7	Mr. Krish Detter	Audit Committee / Independent Director
8	Mr. Viroj Tangjetanaporn	Audit Committee / Independent Director
9	Mr. Mr. Sanjay Kumar Singh	Director
10	Mr. Marut Chalotorn <sup>1</sup>	Independent Director

**Remark**

1. Mr. Marut Chalotorn is appointed as Independent Director in place of Mr. Thaweesak Lertprapan who has resigned, effective from November 14, 2016.

The authorized signatories have three members; 1) Mr. Krit Srichawla, 2) Mr. Akradej Srichawla and 3) Mr. Tarakorn Angpubate. Two thirds of authorized Directors of the Company's authorized signatories jointly sign.

**Audit Committee**

The Company has appointed the Audit Committee who has the duty and authority to supervise the business of the Company in accordance with the management structure. The Audit Committee consists of 3 members, all of them are Independent Directors as follows;

- 1) Mr. Witit Sujjapong      Chairman of Audit Committee
- 2) Mr. Krish Detter      Audit Committee
- 3) Mr. Viroj Tangjetanaporn      Audit Committee

Mr. Witit Sujjapong is a director who has knowledge and experience in accounting and finance to review the reliability of the Company's financial statement. He has Bachelor Degree in Economics from Hitosubashi University (Japan), Master Degree in Economics from Hitosubashi University (Japan) and recently he is one of the Audit Committee member for Easy Buy Public Company Limited.

**Executive Director**

The Executive Board determines the direction and goals of the Company. Including advice on decisions in areas such as Business Strategy, Investment Policy, and Risk Management for the Board of Directors. The Executive Committee is as follows.

- 1) Mr. Krit Srichawla Executive Chairman / Director
- 2) Mr. Tarakorn Angpubate Chief Executive Officer / Director

Nomination and Remuneration Committee

Nomination and Remuneration Committee consists of three Audit Committees to promote the principles of good corporate governance. They are responsible for setting the criteria and policy for nomination of directors. And sub-committees, as well as recruiting, selecting and nominating appropriate persons to be the Company's directors. It also reviews and determines the remuneration of top executives and the Board of Directors, including stock compensation plan to motivate. The Nomination and Remuneration Committee members are shown as follows;

- 1) Mr. Witit Sujjapong Chairman of Nomination and Remuneration Committee
- 2) Mr. Krish Detter Nomination and Remuneration Committee
- 3) Mr. Viroj Tangjetanaporn Nomination and Remuneration Committee

Details of attendance of the Board of Directors in 2016 are as follows

Name	Number of attendance / total number of meetings		
	Board of Directors	Audit Committee	Nomination and Remuneration Committee
1 Mr. Akarat Na Ranong	7/7	n.a.	n.a.
2 Mr. Krit Srichawla	7/7	n.a.	n.a.
3 Mr. Tarakorn Angpubate	3/3	n.a.	n.a.
4 Mr. Akradej Srichawla	6/7	n.a.	n.a.
5. Mr. Thosaphol Pengsom	3/3	n.a.	n.a.
6. Mr. Witit Sujjapong	7/7	3/3	3/3
7. Mr. Krish Detter	7/7	3/3	3/3
8. Mr. Viroj Tangjetanaporn	7/7	3/3	3/3
9. Mr. Sanjay Kumar Singh <sup>1</sup>	3/7	n.a.	n.a.
10. Mr. Amorn Srichawla <sup>2</sup>	2/3	n.a.	n.a.
11. Mr. Thaweesak Lertprapan <sup>3</sup>	2/2	n.a.	n.a.
12. Mr. Marut Chalotorn <sup>4</sup>	n.a.	n.a.	n.a.

Remark

1. Mr. Sanjay Kumar Singh has resigned from the Board of Directors, effective since February 27, 2017.
2. Mr. Amorn Srichawla has resigned from the Board of Directors, effective since June 24, 2016
3. Mr. Thaweesak Lertprapan has resigned from the Board of Directors, effective since October 20, 2016

4. Mr. Marut Chalotorn is appointed as Independent Director in place of Mr. Thaweesak Lertprapan who has resigned, effective from November 14, 2016.

## 8.2 Executives

The list of executives as of March 15, 2017 is as follows.

	Name	Position
1	Mr. Tarakorn Angpubate	Chief Executive Officer
2	Mr. Leong Foo Gunn	Chief Operating Officer
3	Mr. Teera Mongkolkajit	VP of Operations
4	Mr. Pitch Manakijpairoj	VP of Finance and Accounting
5	Ms. Duanghatai Thammasatit	VP of Investments
6	Mr. Sittiwate Jewsittipapai	VP of Legal

## 8.3 Corporate Secretary

The Board of Directors has resolution to appoint Mr. Sittiwate Jewsittipapai as the Corporate Secretary since November 14, 2016 to act as a consultant to advise the directors on the compliance with the law on directors' duties and responsibilities. His duty includes the minutes of the Board of Directors and always attend the Board of Directors' meetings. The qualification of the Company Secretary is shown in Attachment 1.

## 8.4 Remuneration Package

### 8.4.1 Remuneration of Directors in 2016

Remuneration of Directors in 2016 is the amount of 2,264,167 Baht consisting of monthly compensation and meeting remuneration. The details are as follows;

Unit: Baht

No.	Name	Remuneration of Director		
		Director	Audit Committee	Nomination and Remuneration Committee
1.	Mr. Akarat Na Ranong	387,500	n.a.	n.a.
2.	Mr. Krit Srichawla	75,000	n.a.	n.a.
3.	Mr. Tarakorn Angpubate	-	n.a.	n.a.
4.	Mr. Akradej Srichawla	52,500	n.a.	n.a.

No.	Name	Remuneration of Director		
		Director	Audit Committee	Nomination and Remuneration Committee
5.	Mr. Thosaphol Pengsom	54,167	n.a.	n.a.
6.	Mr. Witit Sujjapong	127,500	460,000	37,500
7.	Mr. Krish Detter	127,500	310,000	37,500
8.	Mr. Viroj Tangjetanaporn	127,500	310,000	37,500
9.	Mr. Sanjay Kumar Singh	40,000	n.a.	n.a.
10.	Mr. Amorn Srichawla <sup>2</sup>	-	n.a.	n.a.
11.	Mr. Thaweesak Lertprapan <sup>3</sup>	65,000	n.a.	n.a.
12.	Mr. Marut Chalotorn <sup>4</sup>	15,000	n.a.	n.a.
Total		1,071,667	1,080,000	112,500

#### 8.4.2 Details of Executive Remuneration

In 2016, the Company paid management remuneration as follows;

Unit: Baht

Type of Remuneration	Headcount	Amount
Salary	6	10,935,400
Other benefits such as social security, provident fund, Health insurance		2,059,244
Total	6	12,994,644

#### 8.4.3 Employee

As of December 31, 2016, the Company and its subsidiaries employed a total of 862 people, excluding management executives 6 people. The details are as follows;

Department	Headcount
Operations	755
Commissary and Warehouse	34
Finance and Accounting	23

Department	Headcount
Investments	2
Legal	1
Human Resource	8
Purchasing	7
Marketing	10
Information Technology	5
Business Development	10
General and Administrative	7
Total	862

Details of the Company's employee remuneration in 2016 are as follows:

Unit: Baht

Type of Remuneration	Headcount	Amount
Salary	862	10,935,400
Other benefits such as social security, provident fund, Health insurance		2,059,244
Total	6	12,994,644

#### 8.5 Human Resources Development Policy

Promoting Learning and Self-Development: Employees are encouraged to grow with the Company. The Company seeks to encourage employees to continually develop their skills in order to grow their jobs which is extremely important. The company provides in-house training for executive level employees at the merchant level to develop leadership skills, such as interviews to get the most out of your position. In addition, the Company encourages the development of staff at the operational level in accordance with the standards of the franchise brand.

## 9. Corporate Governance

### 9.1 Corporate Governance Policy

In recognition of the importance of good corporate governance, the Board of Directors agree to establish standards of business administration in order to achieve efficient and transparent operations, increase competitiveness and provide fair treatment and confidentiality to all stakeholders. In 2004, the Company appointed an Audit Committee to provide advice and scrutinise the Company's good governance policy. The policy should establish the rights and equality of shareholders and stakeholders, the definition of the structure, responsibilities, duties, accountability and independence of the committee, accurate and regular disclosure of information to the public, risk control and management, and ethical business administration.

The Company has complied with the principles of good corporate governance for listed companies, as follows:

#### 9.1.1 Rights of Shareholders

The Company recognises the rights of all shareholders and demonstrates its respect for shareholders' rights by encouraging them to exercise their basic rights after stock trading and the right to receive dividends. These rights include:

- Secure method of ownership registration
- Convey and transfer shares
- Obtain relevant and material information on timely and regular basis
- Participate and vote in general shareholder meetings
- Assign a proxy to vote on their behalf in meetings
- Be informed of the rules that govern shareholder meetings
- Give opinions and ask questions in shareholder meetings
- Vote to elect or remove Directors
- Vote to appoint independent auditors and set annual audit fees
- Share the profits of the Company
- Participate in and be informed regarding major decisions concerning fundamental corporate changes

### 9.1.2 Equitable Treatment of Shareholders

- The Board of Directors values the importance of shareholders' meetings and shall facilitate all shareholders to attend the meetings, gain access to information, and exercise voting rights at these meetings in an equitable manner.
- The Board of Directors shall present important matters to shareholders so that they can participate in the decision-making while ensuring that shareholders receive full, adequate and timely information for decision-making purposes. In addition, it shall support and facilitate appropriate voting procedures including voting by proxy.

The Company has adopted measures to prevent misuse of inside information by the Board and management, abusive self-dealing, insider trading or disclosure of inside information to those related to the Board and management, which might cause damages to shareholders as a whole.

### 9.2.3 Role of Stakeholders

The Company recognises the importance of the rights of all stakeholders, including shareholders, management, employees, customers, suppliers, the community, society, and relevant government and private agencies. Recognising the need for stakeholders' support, which strengthens competitiveness and business operations in the long term, the Company operates in accordance with relevant rules and regulations, to ensure that the rights of all stakeholders are upheld.

1. Shareholders: The Company aims to represent the best interests of its shareholders in all its business operations and accurately disclose information to them.
2. Management and Employees: The Company shall treat all managers and employees equally and fairly. Management and employees have the right to receive remuneration and benefits in accordance with their position, duties, and performance.
3. Customers: The Company shall devote itself to its customers, be responsible to them, offer quality service, respect their confidentiality and assign personnel to deal with their complaints and inquiries as effectively as possible.
4. Suppliers and Creditors: The Company shall buy products and services from suppliers in accordance with trade regulations, including agreeing to act in accordance with supply contracts.

With respect to borrowing of money, the Company will act in accordance with the terms of the contract or agreement.

5. Competitors: The Company will act in accordance with a good regulatory framework, avoiding unethical or underhanded means to eliminate competition.
6. Community and Society: The Company shall act responsibly with respect to the community and society, in that the Company's products shall not have negative effects on society and shall create a good image for the Company.

#### 9.1.4 Disclosure and Transparency

The Company gives a high priority to the disclosure of the Company's financial reports, and operational information and is committed to their accuracy, completeness, transparency, quality and the timely release of these reports to investors and the public through the Stock Exchange of Thailand and the Company's website [www.foodcapitals.com](http://www.foodcapitals.com) . In addition, the Legal Department is responsible for information disclosure to the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission ("SEC") to ensure the Company's compliance with the laws and regulations.

#### 9.1.5 Responsibilities of the Board of Directors

##### (1) Leadership and Vision

Based on the values of integrity, morality, and business ethics; the Board of Directors shall determine the Company's vision, policy and business direction, annually review and approve strategies, policies, financial and operating objectives, follow up on the management's implementation of the operating plan, provide appropriate internal control, internal audit, and risk management. They shall also ensure that the management team performs its duties according to the objectives and guidelines, thereby delivering maximum benefits to shareholders.

##### (2) The Board of Directors' Responsibilities

- To perform its duties in compliance with the law, the Company's objectives and Articles of Association, including resolutions of the shareholders' meetings, with honesty, integrity and prudence while protecting the Company's interest.



- To set up vision, policies and the direction of the Company's business operations and monitor the implementation of the Company policies by management to ensure efficiency, effectiveness and maximum value to the Company and its shareholders.
- To evaluate performance and determine remuneration for the Company's management.
- To consider and approve material issues as stipulated by law.
- To establish reliable systems of accounting, financial reporting and auditing. This includes evaluating procedures in internal control assessment and follow-up processes, and ensuring the efficiency and effectiveness of internal audits, risk management, and financial reports.
- To ensure that no conflicts of interest occur among stakeholders.
- To monitor business operations with the aim of ensuring ethical work standards.

## 9.2 Shareholders' Meeting

### 9.2.1 Distribution of meeting notices

Ahead of each Shareholder meeting, the Company sends out invitation letters which state the agenda of the meeting and information relating to each agenda item, both in Thai and English. The letter reaches shareholders seven working days prior to the meeting. The Company advertises the date of the meeting in the press for at least three consecutive days, at least three days prior to the meeting.

### 9.2.2 Assigning a proxy to vote on their behalf in the meeting

Shareholders can exercise their rights to vote either in person or in absentia with equal rights. By completing a proxy form and including the notice of the meeting, Independent Directors grant permission to a shareholder to use him as their proxy.

### 9.2.3 Meeting attendance and registration

To attend the shareholders' meeting, shareholders must present documents to verify their identity, such as an identification card or passport. A proxy must provide evidence such as the completed proxy form along with a copy of an identification card or the passport of the shareholder. Where a proxy is assigned by a juridical person, he/she must bring proxy evidence, such as the proxy form, along with a certified copy of business registration certificate.

Shareholders presenting an identification card can pre-register two hours prior to the AGM. The Company organises a systematic and effective registration process to facilitate the shareholders attending the meeting.

#### 9.2.4 Board of Directors attendance at shareholder meetings

The Company recognises the importance of shareholders' meetings. Therefore the meeting is attended by the Board of Directors. Moreover, the Chief Executive Officer, Chairman of each Board Committee and the external auditor or a representative also attend the meetings to listen to opinions and answer questions raised by shareholders.

#### 9.2.5 Shareholders' opportunities to ask questions and give opinion, resolution and records of meetings

The Company facilitates equitable rights among shareholders at meetings by declaring clear voting procedures and counting methods to all shareholders present before the meeting begins. During the meeting, shareholders have equal opportunities and are allowed sufficient time to address issues relevant to every agenda with the Board. The Chairman of the meeting gives shareholders the opportunity to fully examine the operations of the business, ask questions and make inquiries, express their views, and make various recommendations. The Company has a policy to encourage all committee members to attend the shareholders meeting, particularly the Chairman of the Board and the Chairman of the Audit Committee, so that they may respond to inquiries and express their own views at the Shareholders' Meeting, with respect to important questions and opinions. These are recorded as a part of a report of the meeting, which is then made available for the scrutiny of shareholders unable to attend the meeting. The Company will facilitate voting by proxy. The voting and counting of votes will be carried out in an efficient and transparent manner. One vote is counted per share and a resolution is carried by the majority vote. Voting tickets will be used where shareholders wish to make objection votes or abstention votes and will be kept for later inspection. The Company will record the resolutions of the meeting by classifying votes into approval votes, objection votes, and abstention votes for each agenda in writing and will also record in detail the questions, answers, and opinions made during the meeting. Resolution with voting results will be recorded in the minutes of shareholders' meeting.

#### 9.2.6 Disclosure

The results of the meeting are released by the Stock Exchange of Thailand on the following working day. Within 14 days, the Company then sends to the Stock Exchange of Thailand the complete minutes of the meeting containing names of Board Members/Executives in attendance, numbers/proportions of shareholders who attended resolutions, important issues and questions and answers.

### 9.3 Conflicts of Interest

To prevent issues regarding conflicts of interest, the Company appoints the Audit Committee to participate in reviewing the disclosure of connected transactions. In any Board of Directors' meeting, if there is any connected transaction in which conflict of interest is observed, individual Directors who may be involved in such conflict refrain from voting. Only non-involved Directors and Audit Committee members are eligible to carefully review such connected transactions in the best interests of the Company. However, in the case that such connected transactions need be handled in compliance with regulations, announcements or any rules of the Stock Exchange of Thailand, enforcement shall be strictly applied.

### 9.4 Business Ethics

The Board of Directors of the Company acknowledge their roles, duties and accountability, to ensure efficient, clear, transparent operations, in accordance with relevant laws and the regulations of the Company, as well as resolutions of any Shareholders' Meeting. The principles, policies, morals and ethics of good corporate governance are issued to the Board of Directors as guidelines in carrying out their duties with honesty, morality, accountability, loyalty and integrity, in the best interests of the Company and shareholders.

The Company establishes principles regarding business ethics for the Board of Directors and the Audit Committee.

### 9.5 Balance of power for Non-Executive Directors

The Board of Directors of the Company currently comprises 10 Directors; three Executive Directors and seven Non-Executive Directors. The Audit Committee comprises three Independent Directors who account for one-third of the entire Board. The balance between Executive and Non-Executive Directors is appropriate and ensures that the

Directors represent the best interests of shareholders, as Non-Executive Directors make up two-thirds of the entire Board. The Audit Committee shall be considered as representatives of minority shareholders and have the duty of ensuring the accuracy and transparency of the Company's operations.

#### 9.6 Aggregation or Segregation of Positions

The Chairman of the Board of Directors shall not be the same person as the Chief Executive Officer. The authority of the Chairman of the Board of Directors shall be separated from that of the Chief Executive Officer to ensure a clear distinction between supervisory, policy-making duties and day-to-day business administration. The Company clearly defines the responsibility and authorisation of the Board of Directors and the Audit Committee to ensure transparent operations, a balance of power, and appropriate performance reviews. However, significant agenda items must be approved by the Board of Directors' meeting or Shareholders' Meeting. Authorisation granted to the Board of Directors, the Audit Committee and the Chief Executive Director, does not give power to any of them to approve any connected transaction involving themselves or their representatives, which may cause a conflict of interest with the Company.

In addition, during Board meetings, each member is free to express his views. Members' views are documented in detail in meeting reports.

#### 9.7 Remuneration of the Board of Directors and Management

The Company clearly and transparently specifies the remuneration of Directors to be comparable to the rest of the industry and appropriate to their duties. Remuneration is approved at the Shareholders' Meeting and is in compliance with pre-defined policies and principles set by the Directors and therefore ties the Company's operating results to the Directors' performance.

The Company specifies the remuneration of Directors and management in accordance with regulations set by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

#### 9.8 Meetings of the Board of Directors

Board of Directors' meetings for the Company are held no less than once every quarter. Additional meetings may be called to discuss special agenda items. Directors must attend, except in case of an emergency. An invitation, along with the meeting agenda and relevant documents, are sent out to each Director at least seven days before the meeting to allow adequate time to study the information. In every meeting, each Director can openly and freely express his opinion. The minutes of each meeting are properly documented and after approval from the Board, filed for auditing purposes.

## 9.9 Sub-Committees

### 9.9.1 Audit Committee

The Audit Committee was appointed to supervise the Company's business, including its composition, scope of authority and the responsibilities of each committee member, and management structure. The Audit Committee comprises three non-executive Independent Directors as follows:

- |    |                          |                             |
|----|--------------------------|-----------------------------|
| 1) | Mr. Witit Sujjapong      | Chairman of Audit Committee |
| 2) | Mr. Krish Detter         | Audit Committee Member      |
| 3) | Mr. Viroj Tangjetanaporn | Audit Committee Member      |

The Committee is required to call meetings no less than once every quarter. A special meeting may be requested to discuss urgent agenda items. It is the duty of the Audit Committee to independently review the Company's financial reports, internal control and audit, operations, selection and appoint the Company's external auditor, disclose connected transactions or items concerning conflict of interest. Such an auditing process is aimed at strengthening the efficiency of control and supervision, in compliance with the policy of the Market for Alternative Investment ("mai").

The Audit Committee Members/Independent Directors must possess the qualifications set out by the Capital Market Supervisory, as follows:

- 1) Holds shares not exceeding 1 percent of the total shares with voting right of the Company, its parent company, subsidiaries, associates, major shareholders, and controlling parties of the Company, provided that the shares held by the related parties of such Independent Director shall be included.
- 2) Is not or has never been an Executive Director, employee, staff, advisor who receives salary, nor controlling parties of the Company, its parent company, subsidiaries, associates, same-level

subsidiaries, major shareholders or controlling parties of the Company unless the foregoing status ended at least 2 years.

- 3) Is not the person who has relationships by means of descent or legal registration under the status of father, mother, spouse, brothers and sisters and children, of Management, major shareholders, controlling party or the person who is in the process of nomination to be Management or controlling party of the Company or its subsidiary.
- 4) Have no or has never had business relationships with the Company, its parent company, subsidiaries, associates, major shareholders or controlling parties of the Company in respect of holding power which may prove to be an obstacle in independent decision-making, including not being or never having been the significant shareholder or controlling parties of any person having business relationship with the Company, its parent company, subsidiaries, associates, major shareholders or controlling parties of the Company unless the foregoing status ended at least 2 years.

The business relationship mentioned under the first paragraph shall include business transaction in ordinary business manner of renter lease the immovable property, transaction related to assets or services or the financial support regardless of being lent or borrowed, guaranteed, secured, by assets, debt and any otherwise similar performance which causes liability or obligation to the Company or counter party, have provided that such liability is equal to or exceed 3 percent of the net tangible assets of the Company or equal or above 20 million baht, whichever is lower. In this regard, the calculation of such liability shall be in accordance with the calculation method of the value of connected transaction under the Notification of Capital Market Supervisory Board governing the conditions of connected transaction mutatis mutandis. The liabilities incurred during a period of 1 year prior to the date of having business relationship with the above party shall be included in calculation of such liabilities.

- 5) Is not or has never been the auditor of the Company, its parent company, subsidiaries, associates, major shareholders or controlling parties of the Company and is not the significant shareholder, controlling parties, or partner of the auditing firm which employs such auditor of the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the Company unless the foregoing status ended at least 2 years
- 6) Is not or has never been the professional service provider, including but not limited to legal service or financial advisor with received service fee more than 2 million baht per year from the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties and is not the

significant shareholder, controlling parties or partner of the above mentioned service firms unless the foregoing status ended at least 2 years.

- 7) Is not the director who is nominated to be the representative of directors of the Company, major shareholders or any other shareholder related to major shareholders.
- 8) Does not operate the same and competitive business with the business of the Company or its subsidiaries is neither a significant partner of the partnership, is nor an executive director, employee, staff, advisor who receives salary, does not hold more than 1 percent of the total shares with voting right of any other company which operates same and competitive business with the business of the Company or its subsidiaries.
- 9) Is not any otherwise which is unable to have the independent opinion regarding the business operation of the Company.

#### 9.9.2 Executive Committee

The Executive Committee was appointed to provide organizational direction and advise the Board of Directors on decisions and business matters ranging from strategy planning, policy, investment and risk. The Executive Committee comprises 2 members as follows

- 1) Mr. Krit Srichawla                      Chairman of Executive Committee
- 2) Mr. Tarakorn Angpubate            Chief Executive Officer

### 9.9.3 Nomination and Remuneration Committee

Nomination and Remuneration Committee comprising the three Audit Committee Members, was appointed to consider and determine the criterias and policy to nominate senior Management and the Board of Directors' compensation, including the consideration of any share incentive programmes. The Nomination and Remuneration Committee comprises 3 members as follows:

- 1) Mr. Witit Sujjapong Chairman of Nomination and Remuneration Committee
- 2) Mr. Krish Detter Nomination and Remuneration Committee Member
- 3) Mr. Viroj Tangjetanaporn Nomination and Remuneration Committee Member

### 9.10 Reports of the Audit Committee

The Audit Committee supervises significant business transactions, good governance, financial statements and financial information contained in the annual report. Such financial statements and reports must be prepared in accordance with generally acceptable accounting policies and standards. In addition, proper discretion, optimum evaluation and sufficient disclosure of important information must also be incorporated in the financial notes.

The Audit Committee establishes efficient and effective internal control to ensure financial information is recorded accurately, completely, sufficiently and in a timely manner, while it facilitates fault finding and prevents corruption.

### 9.11 Investor Relations

The Company recognises the importance of accurate, complete, transparent and thorough disclosure of information. Operating results and organisational information must be regularly released to investors, shareholders, and stakeholders to ensure they can make accurate decisions. Financial reports, operational guidelines and other information are released to investors and the public through the Stock Exchange of Thailand and the Company's website at [www.foodcapitals.com](http://www.foodcapitals.com)

### 9.12 Inside Information Handling

The Company enforces strict policies regarding the use of inside information as follows:

- 1) Inside information shall be disclosed only to relevant persons, who shall handle it properly. Disclosure of such information shall be made by authorised persons only.



- 2) Directors and Management must be aware of the scope of responsibility and accountability in handling inside information, without revealing such information for personal benefit or share trading.
- 3) The Company's Directors and management must prepare a report on the securities holdings of the Directors and/or Management, spouses and minor children and persons related to the Directors and/or Management, in accordance with the Securities and Exchange Act.
- 4) The Company establishes degrees of punishment for different levels and intention concerning information mishandling, ranging from written warnings, salary deductions, unpaid employment, suspension, to termination of employment.

#### 9.13 Human Resources Development Policy

The Company's human resource development policy emphasises the enhancement of staff quality through continual in-house training in a number of areas, as appropriate to the work functions of the staff from each division. This is to ensure that the Company's staff continually enhances its knowledge and understanding of techniques, technology and work-related skills. In addition, the Company sends personnel with suitable potential to attend external training seminars run by field experts, in order to enhance and deepen their knowledge in various specialist areas, such as technology, thus helping them to work more effectively.

#### 9.14 คำตอบแทนของผู้สอบบัญชี

Section 120 of the Public Companies Act B.E. 2535 requires that every year the Annual General Meeting of Shareholders appoints the Company's auditors and determines their remuneration. The existing auditors may be reappointed.

In addition, the Notification of the Securities and Exchange Commission No. Kor Jor. 39/2548 Re: Rules, Criteria and Procedures for Disclosure of Financial Status and Operating Results of Securities Issuing Companies (Item No. 20) and the Notification of the Capital Market Supervisory Board No. Tor Jor. 11/2552 Re: Rules, Criteria and Procedures for Disclosure of Financial Status and Operating Results of Securities Issuing Companies, requires that a company ensures the rotation of their auditors if such auditors have performed their duties for 5 consecutive accounting years. However the Company is not required to engage a new audit firm which means the Company may appoint any auditors in the existing audit firm to replace the existing auditors.

The resolution of the 2016 Annual General Meeting of Shareholders consider and approve to appoint Khitsada Lerdwana, Certified Public Accountant (Thailand) No. 4958 and/or Mrs. Poonnard Paocharoen, Certified Public Accountant (Thailand) No. 5238 and/or Ms. Thipawan Nananuwat, Certified Public Accountant (Thailand) No. 3459 of

EY Office Limited as the auditors of the Company and any one of them is authorised to conduct the audit and render an opinion on the financial statements of the Company.

No relationships or interests exist between the nominated auditors and the Company and its subsidiaries or any of its executives, major shareholders or their affiliates.

The remuneration of auditor for the year 2016 are the follows:

Name	Audit Fee (Baht)
The Company	2,250,000
Subsidiaries company	3,000,000
Total	5,350,000

## 10. Corporate Social Responsibility Policy

Business expansion, while giving back to society, the environment, and all stakeholders has been increasingly important to the sustainable growth of the Company. In 2016, the Company and its subsidiaries conducted the following Corporate Social Responsibilities as below.

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### Environment Conservation

The Company promotes an environmental-friendly business conduct as interpreted into the reduction of waste, energy-saving programs both at the store level of all of its brands as well as the corporate level. The Company uses LED light bulbs at the stores. It also advocates the avoidance of plastic bags and the use of environmental-friendly packaging in its Kyochon stores and The Coffee Bean & Tea leaf. Besides, it also promotes the use of on-line applications which helps reduce the use of papers.

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### **Activities for Society**

The Company promotes sustainable development with social responsibility, environment and stakeholders. โดยที่ผ่านมา บริษัทได้ดำเนินกิจกรรมเพื่อร่วมแบ่งปันและเติมเต็มความสุขให้แก่เด็กพิการซ้ำซ้อนโรงเรียนประชาบดี โดยจัดเลี้ยงอาหารกลางวัน

In the past, the company has carried out an activities to share and fulfill the happiness of disabled children at Prachabodee School with charity lunch.

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### Anti-corruption Policy

Anti-corruption has been an increasing focus in the business environment around the world. Operating as a franchisee of globally and regionally renowned restaurant brands, the Company has adopted best practices in promoting awareness of corruption within the group of Companies. The Company has also set internal policies to correspond to Thai and international anti-corruption policies and practices.

### Responsibility for Employees

The key asset of the Company is its employees. The Company has continuously helped employees enhance their operational skills, maintain a balance between company and social responsibility goals, while also maintaining a work-life balance. The Company has set suitable working hours to allow its staff to spend time after work with their families.

### Responsibility for Consumer

Operating in a consumer service sector, the responsibility towards consumers has been of utmost importance to the Company. Attaining and even exceeding superior standards in terms of the quality of products, services, hygiene, and safety as required by the Company's franchisors has been an emphasis of the Company from the policy level to the daily operational level. For example, the Company strictly control the temperature of the freezer to maintain the freshness of raw material while monitoring the temperature in the hall and kitchen area for energy saving as well. Also, hygiene was done at utmost level with a very careful selection of only health-safety products for consumers and environment. Besides, the Company has set and welcomed all comments and complains on the quality of products and services via website, mobile application, facebook, call center, and feedback book, etc.

#### Responsibility for Stakeholders

The Company strives to grow and enhance its business relationship with its franchisors, joint-venture partners, shareholders, landlords, suppliers, third-party service providers, as well as the various regulators with which it interacts daily. As such, the Company seeks to not only comply with all guidelines, policies, agreements, bylaws, and laws governing its operations, but also to develop an enriched business association with its various stakeholders through the fostering of mutual trust and respect.

## 11. Internal Control and Risk Management

### 11.1 Internal Control and Internal Audit

The Company recognises the importance of internal control at managerial and operational levels in order to originate the efficiency and effectiveness in the operation, and clearly designate the scope of the responsibilities and authorisation of Management and employees in written documents. In addition, policies to optimise the usage of the Company's assets, segregate responsibilities among operating staff, supervising staff, and appraise performance, are also implemented to ensure a proper balance of power, prevention and reduction of errors, losses, and fraud, trustworthiness of financial statement and business operation including compliance with the laws, regulations, and relevant procedures, and encourage to originate the internal control appropriately and effectively.

#### 11.1.1 Internal control

It is the responsibility of the Board and the Audit Committee to ensure an internal control system which is effective and facilitates the management of risk at acceptable levels. Furthermore, the Audit Committee shall regularly monitor and assess the efficiency of internal control system in the following core components: the control environment, risk assessment, control activities, information and communication systems, and monitoring and evaluation processes. The internal control system is an important mechanism that assists management in the reduction of business risks, the efficiency of business operations through proper procurement of resources and attainment of goals, the protection of Company assets from losses and corruption, the accountability of financial reporting, the compliance of all personnel with laws and regulations and the protection of shareholders' capital, including to prevent the conflict of interest, the related transactions, the safeguard and usage of the assets of the Company in order to prevent the fraud or misconduct.

#### 11.1.2 Internal audit

In July 2016, the Audit Committee, on behalf of the Company, has appointed Mr.Nattapol Sanmunkongkul as the Internal Auditor to perform the Internal Audit function for the Company.

After the Audit Committee has considered the internal auditor's qualifications, the Audit Committee give an opinion that her qualification is properly qualified for being the internal auditor for the Company. With these qualifications and capabilities, he is able to independently audit the various departments within the Company according to the internal control assessment guidelines determined by the Securities and Exchange Commission by report directly to the Audit Committee and also report to Chief Financial Officer.

The duty of the Internal Audit Department who is independent in performing auditing work, evaluating performance and adequacy of the internal control system, the Risk Management system and the Corporate Governance system in the performances of all units in the companies and its affiliates. They adopts the framework of COSO (The Committee of Sponsoring Organizations of the Tread way Commission) and Enterprise Risk Management, and monitoring regulations in compliance with the Stock Exchange of Thailand (SET), and Thai Institute of Directors (IOD) to be used to fulfil internal control, and follows the action plan approved by the Audit Committee using a risk-based approach and includes consultation to ensure that the Company's objectives are achieved as targeted. Internal Audit Department also regularly monitors and adjusts these implemented systems to be in line with changes in the environment and to ensure that errors can be corrected in time. In assessing the effectiveness of Risk Management, the Internal Audit Department reviews event identification and risk factors that affect the Company's objectives and then reviews the Risk Management approach. This ensures the accuracy of both event identification and risk factors and ensures that a systematic Risk Management approach exists. It also ensures that risk is managed at the appropriate level, reported in a timely manner to all relevant personnel and reviewed continuously. In assessing the effectiveness of Internal Control, the Internal Audit Department has developed a questionnaire for each process and reviews the outcome of each operation to ensure that the Company's objectives are achieved effectively and efficiently, that rules and regulations are strictly followed, and that the financial report is reliable. In assessing the effectiveness of corporate governance, the Internal Audit Department performs audits following the good corporate governance criteria of the Securities Exchange Commission ("SEC"). This ensures that the Company has the necessary infrastructure and supporting processes to approach good corporate governance and achieve fairness for all stakeholders.

The Internal Auditor acts as a secretary to the Audit Committee to enhance the efficacy of its responsibility and accountability for all functions of the Audit Committee, as assigned by the Board of Directors and arrange Audit Committee meetings regularly. The Internal Auditor has the additional role of advising management in the area of information security and supporting employees to realise the importance of information security.

The Internal Audit Department adheres to the Standards for the Professional Practice of Internal Auditing and the Company continuously encourages its Internal Audit staff to work independently and objectively, comply with relevant standards and emphasize quality and continuous development through training programs.

#### 11.2 Risk management

The Company has established a risk management system, whereby the Company has designated that managers at all levels must assess various risks that may arise in the business operations of the Company in both external and internal factors covering all aspect of the risks, and include them in a regular report to the Chief Executive Officer, in order that he/she may analyse, summarise and report the monthly operating results to the Board. Furthermore, there is the revision for the risk factors which are changing from external and internal source that may impact towards the organization by annually.

## 12. Connected Transactions

A policy regarding possible future connected transactions was specified as follows:

1. In the case where the Company has connected transactions, the Company policy is to proceed in the same manner as all other businesses which refer to market prices and conditions, in that the Company shall allow the Audit Committee to consider or give its opinions on the necessity and suitability of engaging in the connected transaction. This includes those cases where it is necessary for the Company to have independent values, experts or financial advisers, express their views on aforementioned connected transactions, in order to be able to use this as information on which to base the decisions of the Board or Shareholders, depending on the case. This is to ensure that the connected transactions are aligned with market prices, are suitable and are compatible with normal business activity. Thus, the Company shall disclose information pertaining to connected transactions in the budget report, as compiled by the Company's auditor and the annual report.
2. In the case where the Company has connected transactions, the Board shall act in accordance with the law related to securities and the Stock Exchange, including decrees, announcements, orders and the regulations of the Stock Exchange of Thailand, i.e. act in accordance with regulations regarding the transparency of information concerning connected transactions and the valuation of assets, where they have been received or sold, where they are assets crucial to the Company and its subsidiaries.

The significant related party transactions have followed the commercial conditions and standards mutually agreed upon by the Company and the persons or those related businesses, which are normal business transactions. Details are as in table below:

### Related party transactions:

Significant related party transactions between the Company and its subsidiaries and related person or juristic person for the year ended 31 December 2014, 2015 and 2016, respectively and balance as at 31 December 2014, 2015 and 2016, respectively.



Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
<b>Red Planet Hotels (Thailand) Limited</b> Other investment which held 51% by Evolution Land Co., Ltd.	Debt guarantee services incomes	1.75	1.15	0.92	Fee calculated at the rate of 3% per annum from outstanding loan balance. It is reasonable compared to the market.	The Company provided debt guarantee to Red Planet which was followed the normal business transaction in entered into credit facility between an associate and the financial institution.
	Accrued incomes	0.51	0.29	0.19	It was recognized as incomes but has not billed yet as at the reporting period	
	Amount due from related companies	0.43	0.69	0.49	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
	Other payables	-	0.64	0.64	It was represented undue amount as at the reporting period.	
<b>Red Planet Hotels Two (Thailand) Limited</b> Other investment which held 51% by Evolution Land Co., Ltd.	Debt guarantee services incomes	1.80	1.67	1.47	Fee calculated at the rate of 3% per annum from outstanding loan balance. It is reasonable compared to the market.	The Company provided debt guarantee to Red Planet which was followed the normal business transaction in entered into credit facility between an associate and the financial institution.
	Accrued incomes	0.45	0.40	0.35	It was recognized as incomes but has not billed yet as at the reporting period	
	Other receivable and amount due from related companies	-	0.90	0.79	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	Other receivable and amount due from related companies

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
<b>Red Planet Hotels Three (Thailand) Limited</b> Other investment which held 51% by Evolution Land Co., Ltd.	Debt guarantee services incomes	1.32	1.04	0.76	Fee calculated at the rate of 3% per annum from outstanding loan balance. It is reasonable compared to the market.	The Company provided debt guarantee to Red Planet which was followed the normal business transaction in entered into credit facility between an associate and the financial institution.
	Accrued incomes	0.31	0.24	0.17	It was recognized as incomes but has not billed yet as at the reporting period	
	Other receivable and amount due from related companies	-	0.56	0.41	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
<b>Red Planet Hotels Four (Thailand) Limited</b> Other investment which held 51% by Evolution Land Co., Ltd.	Debt guarantee services incomes	2.69	2.55	2.22	Fee calculated at the rate of 3% per annum from outstanding loan balance. It is reasonable compared to the market.	The Company provided debt guarantee to Red Planet which was followed the normal business transaction in entered into credit facility between an associate and the financial institution.
	Accrued incomes	0.67	0.61	0.53	It was recognized as incomes but has not billed yet as at the reporting period	
	Other receivable and amount due from related companies	-	2.06	1.19	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
<b>Red Planet Hotels Five (Thailand) Limited</b> Other investment which held 51% by Evolution Land Co., Ltd.	Debt guarantee services incomes	-	-	2.08	Fee calculated at the rate of 2% per annum from outstanding loan balance. It is reasonable compared to the market.	The Company provided debt guarantee to Red Planet which was followed the normal business transaction in entered into credit facility between an associate and the financial institution.
	Accrued incomes	-	-	0.60	It was recognized as incomes but has not billed yet as at the reporting period	
	Other receivable and amount due from related companies	-	-	1.28	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
<b>Red Planet Hotels Limited</b> Other investment which held 11.1% by Evolution Advisor Limited, (2015 : 11.3%)	Interest expense	0.20	0.27	0.27	The Company has loan credit facility of Baht 30 million and interest rate at 1% per annum for use in working capital.	
	Other receivable	5.58	-	-	Representing amount for selling of intellectual properties which was not due as of the end of accounting period	
	Loan and accrued interest	27.79	28.06	28.34	The Company has loan credit facility of Baht 30 million and interest rate at 1% per annum for use in working capital.	



Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
<b>Andaman Beach Residences Co., ltd.</b> Associate company which held 51% by Evolution Land Co., Ltd.	Management incomes	0.47	0.47	0.47	Representing accounting and tax services which charged reasonable fee and comparable to the market price.	The Company had capable personnel and able to provide service at the comparable rate to the external service provider.
	Accrued incomes	0.04	0.04	-	It was recognized as incomes but has not billed yet as at the reporting period	
	Amount due from related companies	-	-	0.24	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
<b>Phang Nga Hotel Co., Ltd.</b> Associate company which held 51% by Evolution Land Co., Ltd.	Management incomes	0.47	0.47	0.47	Representing accounting and tax services which charged reasonable fee and comparable to the market price.	The Company had capable personnel and able to provide service at the comparable rate to the external service provider.
	Accrued incomes	0.04	0.04	-	It was recognized as incomes but has not billed yet as at the reporting period	
	Amount due from related companies	-	-	0.24	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
<b>Q's Dining Inc.</b> Related company which was held 29.3% by the Company (disposed in 2016)	Revenue from sales	5.40	-	-	Selling prices was reasonable with normal course of business.	
	Trade receivable	1.78	1.58	-	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
<b>Fena Property Co., Ltd.</b> Related company with common directors	Rental fee	3.50	3.28	2.88	The rental fee and relating expenses was reasonable and comparable to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
	Expenses relating to the rental of restaurant operation	6.85	6.17	5.56		
	Deposit for rental	2.35	2.35	2.35	The deposit for rental was due by Landlord which in line with the normal course of business	
	Other payables	0.11	0.12	0.04	Representing payable for purchase of services was not due at the end of accounting period.	

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
<b>Fico Corporation Co., Ltd.</b> Related company with common directors	Revenue from sales	-	0.07	0.04	Selling prices was reasonable with normal course of business.	
	Rental fee	1.66	1.59	2.18	The rental fee and relating expenses was reasonable compared to the market price.	The lease payment for restaurant operation and office which was normal business transaction and was reasonable.
	Expenses relating to the rental of restaurant operation	3.01	3.08	0.42		
	Deposit for rental	1.08	1.08	1.08	The deposit for rental was due by Landlord which in line with the normal course of business	
	Other payables	0.27	0.20	-	Representing payable for purchase of services was not due at the end of accounting period.	
<b>B&amp;G Park Co., Ltd.</b> Related company with common directors	Rental fee	0.36	0.18	0.27	The rental fee and relating expenses was reasonable and comparable to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
	Expenses relating to the rental of restaurant operation	0.68	0.41	0.54		

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
<b>Fenix Thonglor Co., Ltd.</b> Related company with common directors	Rental fee	-	-	0.84	The rental fee and relating expenses was reasonable and comparable to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
	Deposit for rental	-	-	0.33	The deposit for rental was due by the normal course of business and was comparable to the market price.	
<b>Fenacon Co., Ltd.</b> Related company with common directors	Purchase of leasehold improvement and equipment	16.30	8.27	-	The contract price was reasonable and comparable to the market price.	The payment for renovation area of the restaurant operations and central kitchen was normal business transaction and was reasonable.
	Other payables	3.79	0.30	0.30	Representing payable for purchase of leasehold improvement and equipment which unpaid as at the reporting period.	
<b>Fena Assets Co., Ltd.</b> Related company with common directors	Consulting incomes	-	0.15	-	Service fee rate was reasonable.	
	Revenue from sales	-	0.04	0.05	Selling prices was reasonable with normal course of business.	
	Management fee	2.98	3.62	0.74	Management fee was reasonable and comparable to the market price.	Fena Assets had capable personnel and able to provide service at the comparable rate to the external service provider.



	Rental fee	-	0.36	0.15	The rental fee and relating expenses was reasonable and comparable to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
	Expenses relating to the rental of restaurant operation	-	0.69	0.26		
		Value (Million Baht)				
Related person/ juristic person	Transaction	2014	2015	2016	Conditions of transactions	Necessity and reasonableness
	Accrued incomes	-	7.10	-	The settlement receivable from EBITDA guarantee of Fenix Iron Fairies pursuant to the Share Sales and Purchase agreement date 14 November 2012.	
	Other payable	0.33	0.11	-	Representing payable for purchase of services was not due at the end of accounting period which was followed the normal business	
<b>Fena Estate Co., Ltd.</b> Related company with common directors	Revenue from sales	-	0.35	0.23	Selling prices was reasonable with normal course of business. Selling prices was reasonable	
	Purchase of inventory	1.41	1.09	0.33	The transfer price was reasonable and comparable to the market price.	
	Other receivable	-	0.03	0.10	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
	Other payables	0.13	0.15	-	Representing payable for purchase of services was not due at the end of accounting period which was followed the normal business	
<b>Fico Development Co., Ltd.</b> Related company with common directors	Revenue from sales	-	0.17	0.31	Selling prices was reasonable with normal course of business.	
	Purchase of inventory	1.56	0.84	0.73	The transfer price was reasonable	

					and comparable to the market price.	
	Other receivable	-	0.05	0.11	It was represented receivable which unpaid as at the reporting period.	
	Other payables	0.11	0.08	0.11	Representing payable for purchase of services was not due at the end of accounting period.	
		Value (Million Baht)				
Related person/ juristic person	Transaction	2014	2015	2016	Conditions of transactions	Necessity and reasonableness
<b>Fico Plus Co., Ltd.</b> Related company with common directors	Rental fee	-	0.13	0.13	The rental fee and relating expenses was reasonable when compared to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
<b>Fico Holding Co., Ltd.</b> Related company with common directors	Rental fee	-	1.01	1.14	The rental fee and relating expenses was reasonable when compared to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
	Expenses relating to the rental of restaurant operation	-	2.15	2.45		
	Other receivable	-	0.04	0.05	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
<b>Fena Land Co., Ltd.</b> Related company with common directors	Expenses relating to the rental of restaurant operation	-	0.23	0.41	Selling prices was reasonable with normal course of business.	
	Other payables	-	0.01	0.04	Representing payable for purchase of services was not due at the end of accounting period which was followed the normal business	



Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
<b>Sweetstar Holdings Limited</b> Related company with common Directors (disposed in 2016)	Trade receivable	3.71	-	-	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
	Accrued incomes	1.04	-	-	It was recognized as incomes but has not billed yet as at the reporting period	
<b>Mr. Krit Srichawla</b> Directors	Interest expense	-	-	0.60	Interest expense from short-term loan. It is reasonable compared to the market rate.	It was used in working capital which was flexible.
<b>Srichawala group</b> Related parties	Loan from related parties	-	122.5	130.00	<p>The Group has issued a promissory note as a conditional corporate guarantee in the amount of Baht 100 million to the Srichawla Group as protection against loss of value of the consideration of subsidiaries, such obligation if the Group's share price is at least equal to Baht 2.00 per share where in the next 3 years from the closing date of the transaction through 26 November 2015.</p> <p>As of 31 December 2015, the Company has contractual obligation</p>	

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					to pay a guarantee payment in full amount of Baht 100 million plus accrued interest in an amount of Baht 22.5 million under such corporate guarantee and promissory note issued to Srichawla group due to the fact that the Company's share price was failed below Baht 1.10 per share at the end of guarantee period.	
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## Part 3

## Financial Highlights and Operation Results

## 13. Financial Highlights and operation results of the Company and its subsidiaries.

The table below was shown statement of financial position and statement of comprehensive income for the year ended 31 December 2016 and for the previous two years of the Company and its subsidiaries.

Statement of Financial Position	As of 31 December 2014 (Restated)		As of 31 December 2015		As of 31 December 2016	
	Baht	%	Baht	%	Baht	%
<b>ASSETS</b>						
Current Assets						
Cash and Cash Equivalents	87,466,840	4.30%	106,086,938	4.70%	300,228,119	13.42%
Trade and other receivables	38,798,380	1.90%	34,886,300	1.50%	11,098,862	0.50%
Accrued Income	9,691,762	0.50%	14,119,199	0.60%	5,007,974	0.22%
Short-term loans to non-related parties	4,921,920	0.20%	5,388,495	0.20%	5,348,820	0.24%
Inventory	29,056,831	1.40%	50,598,161	2.20%	35,704,583	1.60%
Other Current Assets	27,813,803	1.40%	31,159,128	1.40%	27,384,589	1.22%
<b>Total Current Assets</b>	<b>197,749,536</b>	<b>9.80%</b>	<b>242,238,221</b>	<b>10.60%</b>	<b>384,772,947</b>	<b>17.20%</b>
Non-Current Assets						
Restricted deposit at bank	2,743,099	0.10%	2,753,292	0.10%	-	0.00%
Receivable from disposal of investment	-	0.00%	-	0.00%	36,113,779	1.60%
Investment in Associates	500,173,194	24.70%	87,699,473	3.90%	-	0.00%
Other Investment	-	0.00%	594,338,521	26.10%	594,338,521	26.57%
Project Development Costs In Progress	343,266,778	16.90%	338,666,778	14.90%	327,011,544	14.62%
Investment Properties	59,403,868	2.90%	59,403,868	2.60%	59,403,868	2.66%
Leasehold Improvement and Equipment	315,601,534	15.60%	417,271,612	18.30%	341,597,915	15.27%
Goodwill	308,046,153	15.20%	257,046,153	11.30%	213,310,113	9.54%
Intangible Assets	52,259,241	2.60%	58,598,966	2.60%	56,285,485	2.52%
Leasehold Right of Lands	152,868,260	7.50%	146,231,860	6.40%	139,464,142	6.23%
Deferred Tax Assets	48,482,760	2.40%	9,296,090	0.40%	22,352,006	1.00%
Other Non-Current Assets	44,679,055	2.20%	64,234,897	2.80%	62,357,692	2.79%
<b>Total Non-Current Assets</b>	<b>1,827,523,942</b>	<b>90.20%</b>	<b>2,035,541,510</b>	<b>89.40%</b>	<b>1,852,235,065</b>	<b>82.80%</b>
<b>Total Assets</b>	<b>2,025,273,478</b>	<b>100.00%</b>	<b>2,277,779,731</b>	<b>100.00%</b>	<b>2,237,008,012</b>	<b>100.00%</b>

Statement of Financial Position	As of 31 December 2014 (Restated)		As of 31 December 2015		As of 31 December 2016	
	Baht	%	Baht	%	Baht	%
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>						
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Overdrafts	-	0.00%	-	0.00%	1,883,032	0.08%
Trade and Other Payables	137,911,526	6.80%	165,589,054	7.27%	129,910,866	5.81%
Current Portion of Loans from Financial Institution	74,921,449	3.70%	51,581,408	2.27%	-	0.00%
Current Portion of Loans from Non-Related Parties	57,500,000	2.80%	57,925,342	2.54%	-	0.00%
Short-Term Borrowings	3,395,160	0.20%	6,668,898	0.29%	3,924,762	0.18%
Current Portion of Financial Lease Payable	-	0.00%	279,722	0.01%	1,165,982	0.05%
Assume Liabilities	6,000,000	0.30%	6,000,000	0.26%	6,000,000	0.27%
Contingent Consideration	33,900,000	1.70%	-	0.00%	-	0.00%
Other Current Liabilities	8,545,069	0.40%	10,226,984	0.45%	8,797,012	0.39%
<b>Total Current Liabilities</b>	<b>322,173,204</b>	<b>15.90%</b>	<b>298,271,408</b>	<b>13.09%</b>	<b>151,681,654</b>	<b>6.78%</b>
<b>Non-Current Liabilities</b>						
Debenture	-	0.00%	-	0.00%	588,177,109	0.2629
Long-Term Loan from Financial Institution	96,158,463	4.70%	44,577,055	1.96%	4,469,684	0.20%
Long-Term Loan from Related Parties	43,532,005	2.10%	151,305,670	6.64%	-	0.00%
Deferred Tax Liabilities	14,916,014	0.70%	19,256,415	0.85%	159,078,059	7.11%
Provision for Employee Benefits	1,314,396	0.10%	2,290,819	0.10%	18,997,077	0.85%
Other Non-Current Liabilities	10,419,016	0.50%	17,116,123	0.75%	17,630,479	0.79%
<b>Total Non-Current Liabilities</b>	<b>166,339,894</b>	<b>8.20%</b>	<b>234,546,082</b>	<b>10.30%</b>	<b>788,352,408</b>	<b>35.24%</b>
<b>Total Liabilities</b>	<b>488,513,098</b>	<b>24.10%</b>	<b>532,817,490</b>	<b>23.39%</b>	<b>940,034,062</b>	<b>42.02%</b>
<b>SHAREHOLDERS' EQUITY</b>						
Issued and Fully Paid-up Share Capital	1,654,052,845	81.70%	1,959,269,063	86.02%	1,959,306,678	87.59%
Premium on Shares	491,942,289	24.30%	519,509,836	22.81%	519,528,644	23.22%
Discount on Shares from Business Acquisition	(120,020,000)	-5.90%	(120,020,000)	-5.27%	(120,020,000)	-5.37%
Warrnats	37,963,921	1.90%	37,963,921	1.67%	37,963,921	1.70%
Legal Reserve	2,661,312	0.10%	2,661,312	0.12%	2,661,312	0.12%
Retained Losses	(555,293,249)	-27.40%	(834,983,976)	-36.66%	(1,256,900,146)	-56.19%
Other Component of Shareholder	(9,606,320)	-0.50%	129,280,681	5.67%	125,623,065	5.62%
Non-Controlling Interest	35,059,582	1.70%	51,281,404	2.25%	28,810,476	1.29%
<b>Total Shareholders' Equity</b>	<b>1,536,760,380</b>	<b>75.90%</b>	<b>1,744,962,241</b>	<b>76.61%</b>	<b>1,296,973,950</b>	<b>57.98%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,025,273,478</b>	<b>100.00%</b>	<b>2,277,779,731</b>	<b>100.00%</b>	<b>2,237,008,012</b>	<b>100.00%</b>

Statement of Comprehensive Income	31-Dec-14 (Restated)		31-Dec-15		31-Dec-16	
	Baht	%	Baht	%	Baht	%
Continuing operations						
Revenue						
Sales	426,521,309	86.00%	697,055,094	75.20%	671,418,191	94.14%
Consultant Income	16,571,491	3.30%	17,769,303	1.90%	11,281,190	1.58%
Sub-Franchise Income	5,334,043	1.10%	2,417,531	0.30%	889,716	0.13%
Investment Service Income	19,352,535	3.90%	11,155,934	1.20%	-	0.00%
Management Income	1,936,000	0.40%	2,090,828	0.20%	1,988,920	0.28%
Interest Income	569,981	0.10%	1,408,083	0.20%	1,687,555	0.24%
Profit from Change in Investmetn Classification	-	0.00%	158,378,847	17.10%	-	0.00%
Other Income	25,599,626	5.20%	36,179,707	3.90%	25,917,392	3.63%
<b>Total Revenue</b>	<b>495,884,985</b>	<b>100.00%</b>	<b>926,455,327</b>	<b>100.00%</b>	<b>713,182,964</b>	<b>100.00%</b>
Expenses						
Cost of Sales	(169,610,494)	-34.20%	(258,679,681)	-27.90%	(252,864,663)	-35.46%
Selling Expenses	(292,885,944)	-59.10%	(537,187,557)	-58.00%	(524,470,237)	-73.54%
Administrative Expenses	(234,777,096)	-47.30%	(353,247,685)	-38.10%	(373,476,018)	-52.37%
Share Profit (loss) from Investment in Associates	(83,735,022)	-16.90%	(8,401,531)	-0.90%	762,720	0.11%
<b>Total Expenses</b>	<b>(781,008,556)</b>	<b>-157.50%</b>	<b>(1,157,516,454)</b>	<b>-124.90%</b>	<b>(1,150,048,198)</b>	<b>-161.26%</b>
Loss Befroe Financial Cost and Income Tax	(285,123,571)	-57.50%	(231,061,127)	-24.90%	(436,865,234)	-61.26%
Financial Costs	(22,592,372)	-4.60%	(21,299,137)	-2.30%	(31,125,927)	-4.36%
Income tax revenue (expense)	22,224,360	4.50%	(44,951,195)	-4.90%	13,315,254	1.87%
Loss for the year from continuing operations	(285,491,583)	-57.60%	(297,311,459)	-32.10%	(454,675,907)	-63.75%
Discontinued operations						
Loss for the year from discontinued operations	(6,029,681)	-1.20%	(10,031,001)	-1.10%	-	0.00%
<b>Loss for the year</b>	<b>(291,521,264)</b>	<b>-58.80%</b>	<b>(307,342,460)</b>	<b>-33.20%</b>	<b>(454,675,907)</b>	<b>-63.75%</b>
Loss attributable to:						
Equity holders of the Company						
Loss for the year from continuing operations	(281,890,147)	-56.80%	(269,659,726)	-29.10%	(423,361,374)	-59.36%
Loss for the year from discontinued operations	(6,029,681)	-1.20%	(10,031,001)	-1.10%	-	0.00%
Non-controlling interest of the subsidiaries	(3,601,436)	-0.70%	(27,651,733)	-3.00%	(31,314,533)	-4.39%
<b>Net Loss for the Year</b>	<b>(291,521,264)</b>	<b>-58.80%</b>	<b>(307,342,460)</b>	<b>-33.20%</b>	<b>(454,675,907)</b>	<b>-63.75%</b>



Statement of Cash Flows	31-Dec-14 (Restated)	31-Dec-15	31-Dec-16
Cash flows from operating activities			
Loss before tax from continuing operations	(307,715,943)	(252,360,264)	(467,991,161)
Loss before tax from discontinued operations	(6,029,681)	(10,031,001)	-
Loss before tax	(313,745,624)	(262,391,265)	(467,991,161)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	67,068,959	91,852,825	110,943,638
Bad debts and allowance for doubtful accounts	6,886,256	4,595,830	54,147,892
Reduction of inventory to net realisable value	361,101	49,415	72,471
Investment services income	(19,352,535)	(11,155,934)	-
Share of loss from investments in associates	84,259,322	8,401,531	(762,720)
Profit on reclassification investment	-	(158,378,847)	-
Unrealised loss on exchange	23,367	342,936	39,675
Loss on disposal of investment in subsidiary	(4,858,404)	-	2,294,491
Loss on Impairment loss from investment	(269,496)	-	-
Loss (gain) on disposal of equipment	1,404,114	9,725,910	39,063,557
Loss on disposal of intangible assets	(5,241,125)	165,250	-
Allowance for impairment of project development cost in progress	-	4,600,000	11,655,234
Allowance for impairment of equipment	7,720,297	8,788,280	14,483,710
Allowance for impairment of intangible assets	-	273,284	1,548,308
Allowance for impairment of goodwill	-	51,000,000	43,736,040
Impairment loss on leasehold right of land	6,000,000	-	-
Withholding tax written off	512,320	-	-
Loss of written-off deposits	-	1,787,897	1,724,636
Provisions for liabilities	2,080,023	1,349,179	95,543
Contingent consideration	20,340,000	66,100,000	-
Interest Income	(569,981)	(1,408,083)	(1,687,555)
Interest expenses	22,592,372	21,299,137	31,125,927
Loss from operating activities before changes in operating assets and liabilities	(124,789,034)	(163,002,655)	(159,510,314)

Statement of Cash Flows	31-Dec-14 (Restated)	31-Dec-15	31-Dec-16
Cash flows from operating activities			
Loss before tax from continuing operations	(307,715,943)	(252,360,264)	(467,991,161)
Loss before tax from discontinued operations	(6,029,681)	(10,031,001)	-
Loss before tax	(313,745,624)	(262,391,265)	(467,991,161)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	67,068,959	91,852,825	110,943,638
Bad debts and allowance for doubtful accounts	6,886,256	4,595,830	54,147,892
Reduction of inventory to net realisable value	361,101	49,415	72,471
Investment services income	(19,352,535)	(11,155,934)	-
Share of loss from investments in associates	84,259,322	8,401,531	(762,720)
Profit on reclassification investment	-	(158,378,847)	-
Unrealised loss on exchange	23,367	342,936	39,675
Loss on disposal of investment in subsidiary	(4,858,404)	-	2,294,491
Loss on Impairment loss from investment	(269,496)	-	-
Loss (gain) on disposal of equipment	1,404,114	9,725,910	39,063,557
Loss on disposal of intangible assets	(5,241,125)	165,250	-
Allowance for impairment of project development cost in progress	-	4,600,000	11,655,234
Allowance for impairment of equipment	7,720,297	8,788,280	14,483,710
Allowance for impairment of intangible assets	-	273,284	1,548,308
Allowance for impairment of goodwill	-	51,000,000	43,736,040
Impairment loss on leasehold right of land	6,000,000	-	-
Withholding tax written off	512,320	-	-
Loss of written-off deposits	-	1,787,897	1,724,636
Provisions for liabilities	2,080,023	1,349,179	95,543
Contingent consideration	20,340,000	66,100,000	-
Interest Income	(569,981)	(1,408,083)	(1,687,555)
Interest expenses	22,592,372	21,299,137	31,125,927
Loss from operating activities before changes in operating assets and liabilities	(124,789,034)	(163,002,655)	(159,510,314)
Decrease (increase) in operating assets			
Trade and other receivables	(10,982,801)	7,149,772	20,506,096
Accrued income	332,413	(5,951,334)	9,111,225
Inventories	5,588,322	(21,590,745)	12,893,413
Other current assets	(3,386,021)	(1,043,256)	(1,360,480)
Other non-current assets	(15,059,765)	(21,981,581)	(5,108,072)

Statement of Cash Flows	31-Dec-14 (Restated)	31-Dec-15	31-Dec-16
Increase (decrease) in operating liabilities			
Trade and other payables	26,345,858	15,295,925	(12,964,440)
Other current liabilities	793,672	2,079,962	(621,799)
Employee Benefit Paid	(1,231,160)	-	-
Cash flows used in operating activities	(122,388,516)	(189,043,912)	(137,054,371)
Cash received from income tax refund	-	-	3,190,770
Cash paid for interest expenses	(15,854,163)	(12,932,378)	(18,483,814)
Cash paid for corporate income tax	(3,091,065)	(3,063,844)	(1,251,684)
Net cash flows used in operating activities	(141,333,744)	(205,040,134)	(153,599,099)
Cash flows from investing activities			
Interest income	558,993	1,397,890	1,687,555
Increase in restricted bank deposit	(2,521,380)	-	2,753,292
Cash paid for additional investment in subsidiaries	(17,721,485)	-	(3,000,000)
Proceeds from sale of investment in subsidiary	6,748,423	-	25,814,538
Cash paid for purchase of leasehold improvements and equipment	(135,314,867)	(177,933,311)	(119,213,292)
Cash paid for purchase of intangible assets	(17,209,857)	(15,401,841)	(11,461,971)
Proceeds from disposals of equipment	559,568	2,142,000	5,261,453
Net cash flows used in investing activities	(164,900,605)	(189,795,262)	(98,158,425)
Cash flows from financing activities			
Overdrafts increase	-	-	1,883,032
Cash receipt from loan from financial institution	64,485,404	-	-
Proceeds from the issuance of the debentures	-	-	600,000,000
Deferred debenture issuing costs	-	-	(15,231,506)
Repayment of long-term loans from banks	(31,337,749)	(74,921,449)	(96,158,463)
Repayment of loans from unrelated parties	(400,000)	-	(57,500,000)
Repayment of financial lease payable	(358,385)	(876,537)	(707,023)
Cash receipt from short-term loans from related parties	-	3,009,065	1,990,935
Cash receipt from long-term loans from related parties	4,590,000	-	-
Non-controlling interests invested in subsidiaries	-	150,000,000	9,247,324
Proceeds from increase in share capital	284,316,415	332,783,765	56,423
Issuance of warrants	646,421	-	-
Dividend paid to non-controlling interests	-	(2,200,000)	-
Net cash flows from financing activities	321,942,106	407,794,844	443,580,722
Cash increase from business acquisition	59,623	-	-
Increase in translation adjustments	(135,527)	5,660,650	2,317,983
Net increase (decrease) in cash and cash equivalents	15,631,853	18,620,098	194,141,181
Cash and cash equivalents at beginning of year	71,834,987	87,466,840	106,086,938
Cash and cash equivalents at end of year	87,466,840	106,086,938	300,228,119

Financial Ratio	Unit	31-Dec-14	31-Dec-15	31-Dec-16
<b>Liquidity Ratio</b>				
Current Ratio	Times	0.61	0.81	2.54
Quick Ratio	Times	0.42	0.52	2.09
Cash Ratio	Times	(0.58)	(0.66)	(0.68)
Receivable Turnover	Times	9.60	14.94	21.00
Cash Collection period	Days	37.52	24.09	17.15
Inventory Turnover	Times	5.31	6.50	5.86
Inventory Trade period	Days	67.83	55.43	61.43
Trade Payable Turnover	Times	1.32	1.70	1.71
Cash payment period	Days	273.30	211.19	210.35
Cash Cycle	Days	(167.95)	(131.67)	(131.77)
<b>Profitability Ratio</b>				
Gross Profit Margin	%	63.74%	64.49%	63.01%
Operating Profit Margin	%	-49.06%	-57.76%	-68.35%
Cash to Net Profit Ratio	%	-61.58%	-48.74%	-32.87%
Net Profit Margin	%	-62.32%	-42.19%	-66.51%
Return on Equity	%	-18.97%	-17.61%	-35.06%
<b>Efficiency Ratio</b>				
Return on Assets	%	-15.04%	-14.28%	-20.14%
Return on Fixed Assets	%	-85.68%	-63.19%	-95.83%
Assets Turnover	Times	0.24	0.43	0.32
<b>Leverage Ratio</b>				
Debt to Equity Ratio	Times	0.32	0.31	0.72
Interest Coverage Ratio	Times	(7.72)	(14.62)	(7.24)
Dividend Ratio	%	N/A	N/A	N/A

## 14. Management Discussion and Analysis

## Description and Analysis of Financial Position and Operating Results

## Operating Performance Overview

There were 30 Domino's Pizza stores, 10 The Coffee Bean & Tea Leaf stores, 5 Kyochon Chicken, and 7 stand-alone restaurants at end of 2016. The Company also signed up for exclusive franchise rights in Cambodia for Domino's Pizza and Kyochon which are operated through the subsidiaries in Cambodia.

## 14.1 Analysis of operating results

Table 14.1 – Revenue Structure

Description	Year 2015		Year 2016		Increase (decrease)	
	Amount (Million Baht)	% of Total	Amount (Million Baht)	% of Total	Amount (Million Baht)	Change (%)
Revenue from sales	697.06	75.18%	671.42	94.14%	(25.64)	(3.68%)
Consultant income	17.77	1.92%	11.28	1.58%	(6.49)	(36.52%)
Sub-franchise revenue	2.42	0.26%	0.89	0.12%	(1.53)	(63.22%)
Investment service income	11.16	1.21%	-	-	(11.20)	(100.00%)
Management income	2.09	0.23%	1.99	0.28%	(0.10)	(4.78%)
Interest income	1.41	0.15%	1.69	0.24%	0.28	19.86%
Profit from change in investment classification	158.98	17.15%	-	-	(158.98)	(100.00%)
Other income	36.18	3.90%	25.92	3.63%	(10.26)	(28.36%)
Total income *	927.07	100.00%	713.19	100.00%	(213.88)	(23.07%)

Total Revenue comprises of revenue from sales and services, management income, interest income and other income according to the presentation of Statement of Comprehensive income.

Revenue from continuing operation during 2016 decreased by THB 213.88 million or -23.07%, compared to 2015 due arise to the following reasons:

The mainly reason was arise from the change in classification of an investment in Red Planet Hotels Limited (RPHL) due to the cease in significant influent over RPHL effect from 30 June 2015. The Company recognised profit in 2015 of Baht

158.98 million as a result of such change in investment classification. After that, there were no investment income recognized based on equity method and affect to the decrease in investment service income from RPHL of Baht 11.16 million in the current year.

In addition, there were other factors and circumstances that affect to the overall revenue decrease as follows:

- Revenue from food and beverage for the year 2016 was Baht 671.42 million which was decreased by Baht 25.64 million, or -3.68% compare with the year 2015 directly affect from the life style restaurant business segment due to the passing of His Majesty the Late King Bhumibol Adulyadej in October 2016.
- Revenue from business and investment advisory has decreased by Baht 6.5 million, or 37% due to changing in the scope of advisory service during the current year as the Company focused in the food and beverage retails segment as core business of the company.
- The decrease in sub-franchise revenue Baht 1.53 million, or 63.22% due to the divestiture of Mr. Jones International Co., Ltd.

Revenue breakdown by segment

The Company's two main continuing operating businesses comprise: 1) Food & Beverage retail and 2) Investment Services (including business, investment, and property development consulting services) as follows:

Table 14.2 – Revenue breakdown by segment

Description	Year 2015		Year 2016		Increase (decrease)	
	Amount (Million Baht)	% of Total	Amount (Million Baht)	% of Total	Amount (Million Baht)	Change (%)
Food and beverage retails	699.48	96.03%	672.31	98.35%	(27.17)	(3.88%)
Business advisory, investment and property development consulting services	28.93	3.97%	11.28	1.65%	(17.65)	(61.01%)
Total revenue from sales and services	728.41	100.00%	683.59	100.00%	(44.82)	(6.15%)

## a) Food &amp; Beverage Retail

The Company consolidated revenue from sales comprising revenue from stand-alone restaurant outlets in the Thonglor, Sukhumvit, Silom and Ladprao area of Bangkok, Coffee Bean & Tea Leaf stores, Domino's Pizza store, and Kyochon fried chicken stores. Revenue from this business segment decreased from last year by Baht 27.17 million or -3.88% due to the closure of non-performing restaurant outlets during the year 2016 as described in Table 14.3, as well as the divestiture of Mr. Jones International Co., Ltd. ("Mr. Jones") in September 2016.

Table 14.3 – Number of equity stores

Description	As of 31 December 2015	As of 31 December 2016	Change in No. of stores
Domino's Pizza Thailand	29	30	1
Domino's Pizza Cambodia	4	5	1
Pizza World	2	1	(1)
Coffee Bean & Tea Leaf	18	10	(8)
Fenix Iron Fairies	7	6	(1)
Maggie Choo's	1	1	-
Kyochon Thailand	7	6	(1)
Kyochon Cambodia	1	1	1
Mr. Jones Orphanage <sup>1</sup>	7	-	(7)
<b>Total</b>	<b>76</b>	<b>60</b>	<b>(16)</b>

(\*) Investment in Mr. Jones International disposed effect from 5 September 2016.

## b) Business advisory, investment and property development services

In 2016 revenue from services business was THB 11.28 million, a decrease of THB 17.65 million or -61.65% compared to 2015. The revenue decrease was summarised in Table 14.4 below.

Table 14.4 – Breakdown of revenue from advisory service

Description	Year 2015		Year 2016		Increase (decrease)	
	Amount (Million Baht)	% of Total	Amount (Million Baht)	% of Total	Amount (Million Baht)	Change (%)
Investment service income	11.16	38.58%	-	-	(11.16)	(100.00%)
Advisory services	17.77	61.42%	11.28	100.00%	(6.49)	(36.50%)
Total – Segmental income	28.93	100.00%	11.28	100.00%	(17.65)	(61.65%)

- In 2015, the Company recognised revenue from investment service income from Red Planet Hotels Limited. During the year 2015, the Company changed investment classification in Red Planet Hotels in accordance with the Financial Reporting Standards due to cease in significant influent in Red Planet Hotels effect from 30 June 2015. As the Company has no significant voting right and control over Red Planet due to such change in investment classification, the Company could not able to recognise investment service income derived from the increase in value of investment in Red Planet Hotels since 30 June 2015.
- Revenue from business and investment advisory decreased from previous year by Baht 6.49 million, or 36.5% due to changing in the scope of advisory service during the current year.

#### Cost Breakdown by Segment

In 2016 the cost of sales and services from continuing operations amounted to THB 252.87 million, a decrease of Baht 5.81 million or -2.25% compared to 2015 were due to a decrease in costs relating to food & beverage retails.

Table 14.5A – Cost of sales and services breakdown by segment

Description	Year 2015		Year 2016		Increase (decrease)	
	Amount (Million Baht)	% of Total revenue	Amount (Million Baht)	% of Total revenue	Amount (Million Baht)	Change (%)
Food and beverage retails	258.68	37.11%	252.87	37.40%	(5.81)	(2.25%)
Business advisory, investment and property development consulting services	-	-	-	-	-	-
Total Cost of sales and services	258.68	37.11%	252.87	37.40%	(5.81)	(2.25%)



With the F&B operations, the cost of sales in the food & beverage business amounted to Baht 252.87 million which was 37.40% of total food & beverage revenues derived from cost of food and beverage sales compare with cost of F&B of Baht 258.68 million, accounted in previous year, representing 37.11% of F&B revenue. Cost of F&B sales changed by 2.25% due from the decrease in number of stores as resulting from the closure of non-performing stores during 2016. The Company try to control material prices and select proper vendor to maintain cost of sales and products quality.

#### Selling and Administrative Expenses

Table 14.5B - Selling and Administrative Expenses

Description	Year 2015		Year 2016		Increase (decrease)	
	Amount (Million Baht)	% of Total revenue	Amount (Million Baht)	% of Total revenue	Amount (Million Baht)	Change (%)
Selling expenses	537.19	77.06%	524.47	77.57%	(12.72)	(2.37%)
Administrative expenses	353.25	50.68%	373.48	55.23%	20.23	5.73%
Total selling and administrative expenses	890.44	127.74%	897.95	132.80%	7.51	0.84%

In 2016, the Company recognised selling expenses of THB 524.47 million or 77.57% of total revenue, derived mainly from the food & beverage retail business. Selling expenses mainly comprised lease payments for restaurant operations, marketing, advertising, promotional expenses as well as depreciation of leasehold improvement and assets used in the restaurant. The lease payments for restaurant included commercial building leases for Domino's Pizza, department store lease/hotel leases for the Coffee Bean & Tea Leaf, Kyochon and Mr. Jones Orphanage, as well as the outdoor mall leases for stand-alone restaurants.

Administrative expenses for the year 2016 were Baht 373.48 million, representing 55.23% of total revenue, an increase from the previous year of Baht 20.23 million (+5.73%). The increase in administrative expenses pertains to food & beverage business which mainly due to one-time losses recognized from non-cash transactions increase from the previous year Baht 16.5 million which are mainly due to loss from fixed assets written-off as result from the closure of non-performing stores during the year, as well as doubtful debt from a receivable from sale of investment and impairment loss of goodwill.

## Financial Costs

Table 14.6 – Financial Costs

Description	Year 2015		Year 2016		Increase (decrease)	
	Amount (Million Baht)	% of Total	Amount (Million Baht)	% of Total	Amount (Million Baht)	Change (%)
Promissory note Baht 57.5 million	4.31	20.2%	3.78	12.15%	(0.53)	(12.30%)
Promissory note Baht 100 million	7.50	35.2%	7.50	24.10%	-	-
Debenture Baht 600 million	-	-	14.10	45.31%	14.10	100.00%
Loan from financial institutions	8.68	40.8%	4.48	14.39%	(4.20)	(48.39%)
Other borrowing	0.81	3.8%	1.14	3.66%	0.33	40.74%
<b>Total financial costs</b>	<b>21.30</b>	<b>100.0%</b>	<b>31.12</b>	<b>100.00%</b>	<b>9.82</b>	<b>46.10%</b>

In 2016, the Company incurred increment in interest of Baht 9.82 million or 46.10% due to the issuance of unsecured debenture for the maturity within 1 year 9 month, at fixed interest rate of 6% per annum in the aggregate amount of Baht 600 million, representing debenture of 600,000 units at Baht 1,000 each. The interest incurred from debenture issuance will be due for payment on a quarterly basis through the debenture period until maturity in May 2018. The Company was repaid promissory note, Baht 57.50 million and closed a financial institution loan facility by using cash obtaining from issuance of debenture in the late year 2016.

## Net Profit (Loss)

In 2016, the Company posted a net loss from continuing operations of Baht 454.67 million, an increase in net loss of Baht 147.33 million or 47.94% compared to 2015, was mainly due to the change in an investment classification in 2015. The Company recognised profit from change in Red Planet Hotels's investment classification in accordance with the Financial Reporting Standards which is non-recurring and not arisen from the Company's normal operating results. Profit from such investment classification was recognised in 2015 of Baht 158.38 million.

## 14.2 Analysis of Financial Positions

## Assets

Table 14.7 - Assets

Assets	As of 31 December 2015		As of 31 December 2016		Increase (decrease)	
	Amount (Million Baht)	% of total	Amount (Million Baht)	% of total	Amount (Million Baht)	Change (%)
Current Assets	242.24	10.63%	384.72	17.19%	142.48	58.82%
Non-Current Assets	2,035.54	89.37%	1,853.23	82.81%	(182.31)	(8.96%)
Total Assets	2,277.78	100.00%	2,237.95	100.00%	(39.83)	(1.75%)

As of 31 December 2016, the Company had total assets of Baht 2,237.92 million, a decrease of Baht 39.83 million from the end of 2015, was primarily due to disposal of investment in associate, reduction in value of leasehold improvement and equipment, and intangible assets as resulted from depreciation and amortisation recognised for the year.

As of 31 December 2016, the Company had total current assets of Baht 384.72 million, an increase from 2015 of Baht 142.48 million or +58.82% resulted from cash increase from the issuance of debenture during the year 2016.

As of 31 December 2016, the Company had total non-current assets of Baht 1,853.23 million, a decrease from 2015 of Baht 182.31 million or -8.96% resulted from the following issues.

- The Company had entered into Share Purchase and Sell agreement in order to dispose of its investment in Sweetstar K.K., Sweetstar Asia Limited and Q's Dining Inc., at the total carrying value of Baht 87.70 million. The Company accepted to be received a consideration in form of transfable ordinary shares of Red Planet Foods Inc. ("RPF") which is representing 15.8% of issued and paid up capital in Red Planet Foods Inc. accounted for receivable from sale of investment in approximate with its current book value in RPF of Baht 88.11 million. During the year 2016, the Company's assessed and decided to account for provision on impairment loss on receivable from sale of investment for the year 2016 in the amount of Baht 52 million. As a resulted of this transaction, carrying value of receivable from sale of investment were presented in the amount Baht 36.11 million as of 31 December 2016.

- As of 31 December 2016, the total net book value of leasehold improvement and equipment was Baht 341.60 million (2015: Baht 417.27 million) decreased by Baht 75.67 million from the previous year, which mainly due to the write down book value of assets from the closure of non-performing stores, the divestment of investment in Mr. Jones International Co., Ltd., as well as book value decrease as resulted from the impairment loss, disposed value of assets and assets depreciation on leasehold improvement and equipment during the year 2016.
- As of 31 December 2016, as resulted from the change in business plan, the Company's management considered that there is an indication that the allocated goodwill to CBTL may be impaired. Therefore, impairment loss on goodwill allocated to CBTL of THB 43.74 million were accounted for the year 2016.

#### Liabilities and Shareholders' Equity

Table 14.8 – Liabilities and Shareholders' Equity

Liabilities and shareholders' equity	As of 31 December 2015		As of 31 December 2016		Increase (decrease)	
	Amount (Million Baht)	% of total	Amount (Million Baht)	% of total	Amount (Million Baht)	Change (%)
Total liabilities	532.82	23.39%	940.03	42.00%	407.21	76.43%
Total shareholders' equity	1,744.96	76.61%	1,297.92	58.00%	(447.04)	(25.62%)
Total Liabilities and Shareholders' Equity	2,277.78	100.00%	2,237.95	100.00%	(39.83)	(1.75%)

As of 31 December 2016, the Company had total liabilities of Baht 940.03 million, an increase of Baht 407.21 million from the end of 2015, due to the issuance of debenture of Baht 600 million during 2016 for the purpose of working capital and loan repayment.

Total shareholders' equity was Baht 1,297.92 million, a decrease of Baht 447.04 million from the end of 2015, as resulted from net comprehensive expenses accounted for the year 2016.

#### 14.3 Liquidity Ratio

As of 31 December 2015 and as of 31 December 2016, liquidity ratio were 0.81 times and 2.54 times, respectively. The increment in liquidity ratio due to increase in cash and cash equivalents, decrease in loans from financial institutions, and decrease in loans form non-related parties.

#### 14.4 The Company's capital structure

Capital structure of the Company as of 31 December 2015 and 31 December 2016, the debt-to-equity ratio were 0.31 times and 0.72 times, respectively. In 2016, the Company's debt-to-equity ratio increase due to the issuance of debenture in the amount Baht 600 million during the year 2016.

## Appendix 1

### President, Directors and Executive Management Background as of 31 December 2016

No	Name / Surname	Age	Education	Percentage of Shares	Relationship between Director/ Management	Past 5 Years Experiences		
						Period	Position	Company/Business
1	Mr. Krit Srichawla	39	<u>Master Degree</u> MBA. American University of Hawaii  <u>Bachelor Degree</u> BBA. American University of Hawaii, USA	6.50% (127,352,000 shares)	Son of Mr. Akradej Srichawla	Jul 2016 - Present 2012 – Jun 2016  1994 - Present	Executive Chairman  Chairman of the Board of Director  President	Food Capitals PCL.  Food Capitals PCL.  Fico Corporation Co., Ltd.
2	Mr. Tarakorn Angpubate	52	<u>Master Degree</u> MBA Financial and Marketing, Sasin Graduate Institute of Business Administration of Chulalongkorn University  <u>Bachelor Degree</u> Bachelor of Engineering (Computer Engineering), Chulalongkorn University	3.01% (59,000,000 shares)	--	Jul 2016 - Present  2015 – Present 2014 - Present 2013 - 2014 2011- 2014 2012 – 2013 2010 – 2011 2007 - 2010	Executive Director / Chief Executive Officer  Independent Director Managing Director Director Director President Managing Director Managing Director	Food Capitals PCL.  Kiattana Transport PCL. 998 Plus Co., Ltd. Government Housing Bank Airports of Thailand PCL Islamic Bank of Thailand Easy Topup Co., Ltd. McThai Co., Ltd.
3	Mr. Sanjay Singh	55	<u>Bachelor Degree</u> Bachelor of Technology,	0.67%	-	2012 - Present	Director	Food Capitals PCL.

No	Name / Surname	Age	Education	Percentage of Shares	Relationship between Director/ Management	Past 5 Years Experiences		
						Period	Position	Company/Business
			Banaras Hindu University, India	(13,155,580 shares)		2012 – Jun 2016	Chief Executive Officer	Food Capitals PCL.
						2010 - Present	Managing Director	Fico Corporation Co., Ltd. - Hospitality/Property Development/Trading
						2008 - 2010	Director/ Executive Vice President - Real Estate Investment	Capital Advisory Services (Thailand) Ltd. - Real Estate Management
4	Mr. Witit Sujjapong	62	<u>Master Degree</u> M.S. in Economics, Hitotsubashi University, Japan <u>Bachelor Degree</u> B.S. in Economics, Hitotsubashi University, Japan Thai Institute of Directors - Director Certification Program (DCP57)	0.04% (700,000 shares)	-	2006 – Present	Chairman of Audit Committee/ Independent Director	Food Capitals PCL.
						2005 – Present	Audit Committee /Director	Easy Buy PCL. - Consumer Finance
						2006 – Present	Director	Advanced Concept Plating Co., Ltd. - Electronic parts manufacturer
5	Mr. Krish Detter	47	<u>Bachelor Degree</u> University of Southern California, Los Angeles, U.S.A.	0.04% (726,862 shares)	-	2007 - Present	Audit Committee /Independent Director	Food Capitals PCL.
						2007 – Present	Managing Director	Espy Capital Co., Ltd. -Importing Sanitary ware

No	Name / Surname	Age	Education	Percentage of Shares	Relationship between Director/ Management	Past 5 Years Experiences		
						Period	Position	Company/Business
			Thai Institute of Directors - Director Certification Program (DCP)			2002 – 2006	Vice President, Head of Capital Markets Department	SCB Securities Co., Ltd. - Investment Banking
6	Mr. Viroj Tangjetanaporn	55	<u>Bachelor Degree</u> Bachelor in Finance, University of New South Wales, Australia Thai Institute of Directors - Director Accreditation Program (DAP)/ Audit Committee Programme (ACP)	-	-	2012 - Present	Audit Committee /Independent Director	Evolution Capital PCL
						2011 - Present	Director	PropMaxx Co., Ltd.
						2007 - Present	Chairman of Audit Committee/ Independent Director	UOB Kay Hian Securities (Thailand) PCL - Investment Banking
7	Mr. Akarat Na Ranong	62	<u>Master Degree</u> Business Administration (Management), Marshall University, U.S.A.  <u>Bachelor Degree</u> Economics, Chulalongkorn University	-	-	2013 - Present	Director	Food Capitals PCL.
						2011 - Present	Lecturer	Mahidol University - College of Music
						2011 - Present	Independent Director / Chairman of Audit Committee / Nominating and Remuneration Committee	Krungthai Card PCL - Consumer Finance
						2011 - Present	Independent Director / Audit Committee	Finansa PCL - Financial Advisory and Management



No	Name / Surname	Age	Education	Percentage of Shares	Relationship between Director/ Management	Past 5 Years Experiences		
						Period	Position	Company/Business
						2011 - Present	Independent Director / Audit Committee	Finansa Securities Co., Ltd. - Investment Banking
						2011 - Present	Independent Director / Audit Committee	Finansa Asset Management Co., Ltd. - Fund Management
						2010 - Present	Independent Director / Chairperson of the Audit Committee	Matching Maximize Solution PCL - Media & Publishing
8	Mr. Akradej Srichawla	63	Seventh Day Adventist School	5.49% (107,601,200 shares)	Father of Mr. Krit Srichawla	Mar 2016 - Present	Director	Food Capitals PCL.
9	Mr. Thosaphol Pengsom	54	<u>Master Degree</u> Master of Art in Criminal Justice Administration  <u>Bachelor Degree</u> LLB., Ramkamhang University	-	-	June 2016 - Present 2016 - Present	Director Lawyer	Food Capitals PCL. Bangbuathong Law office (Owner)
10	Mr. Marut Chalotorn	39	<u>Master Degree</u> - Japan Maritime Self-Defense Force - Naval Command and Staff College (The equivalent of a Master Degree)  <u>Bachelor Degree</u>	-	-	Nov 2016 - Present 2016 - Present 2014 - Present	Independent Director Chief Operation Officer Executive Director	Food Capitals PCL Foodinnopolis, Ministry of Science and Technology Food innovation and packaging center, Chiang Mai University

No	Name / Surname	Age	Education	Percentage of Shares	Relationship between Director/ Management	Past 5 Years Experiences		
						Period	Position	Company/Business
			Electrical engineering, National Defense Academy(NDA), Japan			2013 - Present	Consultant	National Innovation Agency (Public Organization)
						2012 - Present	Chief Executive Officer	Group company of HAK
						2011 - Present	Director	Siam Nippon Parking Solutions co. ltd.
11	Mr. Anthony Leong Foo Gunn	58	Diploma, Cornell University School of Administration – Management Development Program (Singapore)	-	-	Jul 2016 - Present	Chief Operation Officer	Food Capitals PCL
						2012 - 2013	Consulting – Restaurant business	Yum Asia Franchise Pte.Ltd.
						2010 - 2011	Chief Operation Officer	Yum Restaurants International (Thailand) Co., Ltd.
12	Mr. Teera Mongkongkachit	50	<u>Master Degree</u> MBA, Middle Tennessee state University	-	-	Sep 2016 - Present	General Manager	Food Capitals PLC.
			<u>Bachelor Degree</u> BBA, Assumption University			2015 - 2016	General Manager	Oakley (Thailand) Co., Ltd.
						2013 - 2015	Associate Director Marketing	Yum Restaurants International (Thailand) Co., Ltd.

No	Name / Surname	Age	Education	Percentage of Shares	Relationship between Director/ Management	Past 5 Years Experiences		
						Period	Position	Company/Business
13	Mr. Pitch Manakijpairoj	37	<u>Master Degree</u> Master of Commerce and Accountancy, Chulalongkorn University  <u>Bachelor Degree</u> Bachelor of Accountancy, Bangkok University	0.00% (100 shares)	-	2009 - Present	Vice President – Accounting and Finance	Food Capitals PLC.
14	Ms. Duanghatai Thammasatit	38	<u>Master Degree</u> - Master of Applied Finance, Sydney Australia - Master of Accountancy, Thammasat University  <u>Bachelor Degree</u> - Bachelor of Accountancy, Chulalongkorn University - Bachelor of Law, Thammasat University	-	-	Jul 2016 – Present  2013  2012	Vice President – Investment  Executive Vice President – Risk Management  Chief Financial Officer	Food capitals PLC.  Islamic Bank of Thailand  Plan B Media PCL.
15	Mr. Sittiwate Jewsittiprapai	30	<u>Master Degree</u> - Master of Law, Commercial Law, Bristol University, United Kingdom	-	-	Nov 2016 - Present Nov 2016 - Present 2015 - 2016	Vice President - Legal  Secretary  Legal Consultant	Food Capitals PLC.  Food Capitals PLC.  Herbert Smith Freehills (Thailand) Ltd.

No	Name / Surname	Age	Education	Percentage of Shares	Relationship between Director/ Management	Past 5 Years Experiences		
						Period	Position	Company/Business
			<u>Bachelor Degree</u> - Bachelor of Law, Thammasat University			2011 - 2014	Legal Consultant	Hunton & Williams (Thailand) Ltd.

Remark: number of shareholding as of 23 September 2016

## Appendix 2

## List of Directors and Management

	Mr. Akarat Na Ranong	Mr. Krit Srichawla	Mr. Tarakorn Angpubate	Mr. Amorn Srichawla*	Mr. Akradej Srichawla	Mr. Sanjay Singh	Mr. Witit Sujjapong	Mr. Krish Dettter	Mr. Viroj Tangjetanaporn	Mr. Thosaphol Pengsom	Mr. Marut Chalotorn	Mr. Chokdee Wisansing**
Food Capitals Public Company Limited	X/	/	Y/		/	/	/	/	/	/	/	
Subsidiaries	1. Evolution Land	/			/	/						
	2. Monster media	/			/	/						
	3. Evolution Advisor Limited	/				/						
	4. Evolution Holding Limited	/				/						
	5. FC Commissary	/	/		/							
	6. Evolution Capital International					/						
	7. Domino's (Thailand)	/	/		/							
	8. CBTL (Thailand)	/	/		/							
	9. Fenix Iron Fairy	/	/		/							
	10. Maggie Choo's	/	/		/							
	11. Casa Fico	/		/	/	/						
	12. Fina Park	/		/	/	/						
	13. Kyochon	/	/		/							
	14. Photo Mee.com					/						
	15. <b>D Pizza Plc</b>	/				/						
	16. Evolution Food (Thailand)	/	/		/							
	17. Evolution Food International	/				/						
	18. Kyochon (Cambodia)	/				/						
Associates	1. <i>Andaman Beach Residences</i>											
	2. <i>Phang Nga Hotel</i>											

X = Chairman of director

Y = Chief Executive Officer

/ = Director

\*Resign from director in June 2016

\*\* Resign from Chief Executive Officer in April 2016

***Appendix 3******Chief of Internal Auditor and Compliance Information***1. Chief of Internal Auditor

In the process of recruiting

2. Chief of Compliance Information

- None -

## Appendix 4

## Asset Appraisal Value Information

Name	Description		Property Appraiser / Supervisor or Principal Appraiser	Objectives of Property Valuation	Report Date
	Asset	Fair Market Value (Baht)			
Casa Fico Company Limited (Subsidiary Company)	7 title deed of Land at Maret district, Samui district, Surat Thani in total area of 26-2-87.2 Rai	309,900,000	KK Valuation Company Limited	To know the market value of the property.	15 November 2016

## Appendix 5

Other

- None -