

“ เติบโตไปด้วยกัน...อย่างยั่งยืน ”



ICHITAN

ANNUAL REPORT 2016

รายงานประจำปี 2559



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Highlight in the year 2016

May

Welcomed ICHI's Shareholders.

ICHITAN Group welcomed shareholders who had visited Ichitan Green Factory which was the most modern beverage production factory and environmentally-friendly in Thailand.



ICHITAN Cha'rity Project

ICHITAN Group started year with Standard of living and Education Development Project for tea agriculturalist and their children in Chiang Rai province, where was the largest tea growing areas in Thailand as upstream agriculturalist communities of ICHITAN Group. (please consider more detail at "Sustainable Development Report" at www.ichitangroup.com)

June



Launched ICHITAN Green Tea (UHT) new bigger packaging with 300 milliliters.

Bigger packaging with the same price. Ichitan had certified by FSC™ labelled packages which was international standard certification that was used to indicate that products were certified under the FSC logo on a label, consumer could buy forest products with confidence that they were helping to ensure forests were alive for generations to come.

** FSC™ : The Forest Stewardship Council"

August



Launched ICHITAN "Chew Chew" a new RTD fruit tea with coconut jelly.

A new experience to drink green tea with magnificently.



September

Launched "Yen Yen" Gold

Full-Flavored Cool Herb Tea, Smooth and Honey-scented including with enrich drinking tea by adding 11 kinds of herbal.

November

Solar Rooftop Installation

Solar Rooftop Project which could generate electricity from solar energy that had already installed at Ichitan Green Factory. Solar Rooftop system would generate renewable energy for using in the production line up to 2.5 MWp.



ICHITAN (UHT) used FSC™ label on packaging that show responsibility to the world and forest resources.

ICHITAN Group began using paper for UHT package production that had been approved by Forest Stewardship Council™. Packaging with FSC™ label represent to forest management, responsibility and reforestation together with strictly inspect at the same level of worldwide standard.

Increasing entry into Foreign Market

Entry into AEC countries such as Laos PDR , Cambodia, The Republic of The Union of Myanmar and etc. In the year 2017, we expect that export sales volume will increase significantly.

General Information of the Company and Associated Company

Information of the Company

Company's name	: Ichitan Group Public Company Limited (the Company)
Stock's symbol	: ICHI
Market/Index	: SET / SET 100
Industry / Sector	: Agro & Food Industry / Food & Beverage
Type of business	: The Company operates beverage business, and manufactures and sells RTD tea beverage under the brands of Ichitan, YenYen by Ichitan, including fruit juice beverage "Bireley's".
Head Office	: 2922/301, Charn Issara II Building., 28th Floor, New Pethchburi Road, Bangkok, Huaykwang, Bangkok (10310)-Thailand
Telephone	: (662) 716 5555
Fax	: (662) 716 7000
Factory	: Ichitan Green Factory, Rojana Industrial Park Zone 3 111/1 Moo 4 U-Thai, U-Thai, Ayutthaya (13210) -Thailand
Telephone	: (035) 276 111
Fax	: (035) 276 123
Registration No.	: 0107556000485
Registered capital	: 1,300,000,000 Baht
Paid-up capital	: 1,300,000,000 Baht
The Company's website	: www.ichitangroup.com
The Company secretary	: Mr.Apichat Sukachirawat
Email/Telephone	: ir@ichitangroup.com / (662)716 5555 ext 314

Information of Associated Company

Company's name	: PT Ichitan Indonesia Company Limited
Type of business	: Manufactures and distributes RTD tea beverage under the brand of "ICHITAN"
Head Office	: Jl. MH. Thamrin No.9, Kel. Cikokol, Kec. Tangerang, Tangerang 15117, Banten
Telephone	: 021-5575-5951
Registered capital	: 400,000 million IDR (about 1,184 million Baht)
Paid-up capital	: 180,000 million IDR

References

Registrar	: Thailand Securities Depository Company Limited (TSD)
Address	: 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Klongtoey, Bangkok (10400) -Thailand
Telephone	: (662) 009 9000
Fax	: (662) 009 9991
Website	: http://www.set.or.th/tsd
Auditor's Office	: KPMG Phoomchai Audit Limited
Address	: 1, Empire Tower, 50th- 51th Floors, South Sathorn Road, Yannawa, Sathorn, Bangkok (10120)-Thailand
Telephone	: (02) 677 2000

Vision, Objective and Goal

The Company is a mission-led business and aspires to be a leader in the quality beverage business and innovation and grow sustainably with the quality society. Mr. Tan Passakornnatee has consistently demonstrated strong commitment towards building a business that can solidly grow and make far-reaching contribution to the society betterment. To this end, the Company has strived to source the best and quality ingredients for our drinks from farms of hill tribes with an aim to create legitimate, self-sustaining jobs for these farmers as well as has invested in the renewable energy system of our production plant for a greener environment.

Vision

To be a leader in beverage business with both quality and innovation that grows along with the society.

Mission

ICHITAN Group is not only emphasized on product development but also emphasizes on social and quality of life development, together with build good performance for highest earnings, as well as continuously give back to society.

To consumer:

ICHITAN Group will produce and develop quality beverage which is good for customer health and maximum customer satisfaction.

To shareholder:

ICHITAN Group will apply innovative to its business for improving management efficiency as well as always looking for opportunity of new channel distribution and improve the channel for highest turnover.

To society:

ICHITAN Group will be a role model organization that has social responsibility and give social return, thereby contributing to sustainable development of Thai society.

To employee:

ICHITAN Group will support its employees to develop their potential until they become professional and have better quality of life and pride in being part of the organization

Financial Highlights



5,361.8

Total Revenues



307.8

Net Profit(Loss)



8,626.9

Total Asset



0.24

Earnings per Share

Detail (Unit : million Baht)	Financial Statements in which the equity method is applied			Separate Financial Statements		
	Year 2016	Year 2015	Year 2014	Year 2016	Year 2015	Year 2014
Statements of Comprehensive Income						
Total Revenues	5,361.8	6,356.8	6,208.9	5,361.8	6,356.8	6,208.9
Total Expenses	4,936.9	5,451.5	5,189.2	5,093.3	5,451.5	5,189.2
Net Profit(Loss)	368.5	812.7	1,078.8	307.8	861.5	1,078.7
Statements of Financial Position						
Total Asset	8,626.9	8,851.6	9,008.2	8,626.9	8,912.7	9,026.2
Total Liabilities	2,875.6	2,819.2	2,813.3	2,875.6	2,819.2	2,813.3
Shareholder's equity	5,751.3	6,032.4	6,194.9	5,751.3	6,093.5	6,212.9
Paid-up shares at the end of the year (million shares)	1,300.0	1,300.0	1,300.0	1,300.0	1,300.0	1,300.0
Share Information						
Earnings per Share (Baht)	0.28	0.63	0.89	0.24	0.66	0.89
Book Value per Share (Baht)	4.4	4.6	4.8	4.4	4.7	4.8
Dividend Payment (Baht)	325.0	650.0	1,300.0	–	–	–
Dividend Payout (%)	88.2%	80.0%	120.5%	–	–	–
Weighted average number of ordinary shares(million shares)	1,300	1,300	1,213	1,300	1,300	1,213
Financial Ratios (%)						
Earnings before finance costs, income taxes, depreciation and amortization including non-operating incomes and expenses (EBITDA)	17.2	22.6	24.1	16.1	23.3	24.1
Net Profit Margin	7.0	12.8	17.4	5.7	13.6	17.4
Return on Shareholders' Equity (ROE)	6.3	13.3	26.4	5.2	14.0	26.4
Return on Total Assets	4.2	9.2	13.9	3.5	9.6	13.9
Ratio of Liability to Capital (Times)	0.5	0.5	0.5	0.5	0.5	0.5

Message from Chairman



Dear Shareholders;

Being a beverage company in Thailand means the opportunity to build a sustainable business from consumer products because beverages are essential in the daily life of everyone. At the same time, it means intense competition, however, high intense it will return highest profitable to the consumer but for ICHITAN result from competition, it is the “Development”

In the year 2016, it is a challenging year for the Ichitan Group Public Company Limited, as our operating results did not reach the target as we had estimated, and I accept that we still do not do it well but we will keep trying work hard further.

As overlook the existing economic situation that is slowing down together with the great loss of Thailand, which the competition situation and market direction that lead ICHITAN to enter into the another organization development plan. From now on the main policy of ICHITAN will focus on product development, innovative to make a difference and has a clear selling point. At present, there is products segment that developed completely which are waiting for the right time to launch to the consumer in Thailand and it may generate revenue without having to fight in the price war in the market.

At the same time, ICHITAN has strengthened the sales team one more time to increase its potential for generating revenue in traditional trade channel and new distribution channel, as well as distribution planning in the AEC countries (ASEAN Economic Community), has succeeded and satisfactory. In the year 2017, our new product segments not only continually launch into the domestic market but also the consumer will find a wide variety of beverages from ICHITAN in the international market.

“Ichitan Green Factory” is a modern, sterile cold drink manufacturing factory, environmentally friendly and world class standard manufacturing factory, which will be another important force to generate additional income from the OEM beverages services (Original Equipment Manufacturer). Besides, existing Ichitan’s product line, shareholders will see our beverage product in various brands that will launch in the year 2017 as well.

I, and ICHITAN’s staffs may ask our shareholders to trust and believe in our development model together with be part of the sustainable growth of the ICHITAN Group in the future.

Mr. Tan Passakornnatee
Chairman of the Boards / President

The Board of Directors



1. Mr. Tan Passakornnatee

Chairman of the Board of Directors

2. Mrs. Eng Passakornnatee

Director / Chairman of the Risk Management Committee / Member of the Nomination and Remuneration Committee / Member of the Good Corporate Governance Committee

3. Mr. Yueh-Chin Chiu

Director

4. Mr. Viroj Supasoon

Director / Member of the Risk Management Committee

5. Mr. Thanapan Khongnuntha

Director / Member of the Risk Management Committee

6. Miss Araya Panichayunont

Director



7. Air Vice Marshal (AVM) Nathawat Nimmolthanakorn

Independent Director / Chairman of the Audit Committee/ Member of the Risk Management Committee

10. Mr. Apichat Sukachirawat

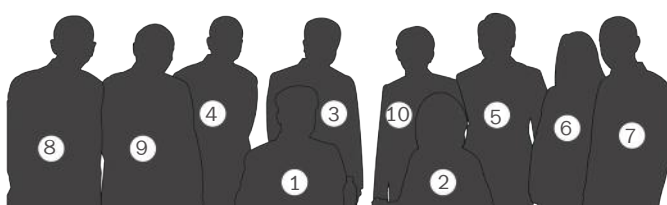
The Company Secretary

8. Mr. Prasan Limpipatanakul

Independent Director / Member of the Audit Committee/ Chairman of the Good Corporate Governance Committee/ Member of the Nomination and Remuneration Committee

9. Mr. Issarachai Decharit

Independent Director / Member of the Audit Committee / Chairman of the Nomination and Remuneration Committee/ Member of the Good Corporate Governance Committee



Executive Boards



1. Mr. Tan Passakornnatee

President/ Chief Executive Officer

2. Mrs. Eng Passakornnatee

Member of Executive Committee/
Senior Executive Vice President

3. Mr. Yueh-Chin Chiu

Member of Executive Committee / Factory Consultant

4. Mr. Thanapan Khongnuntha

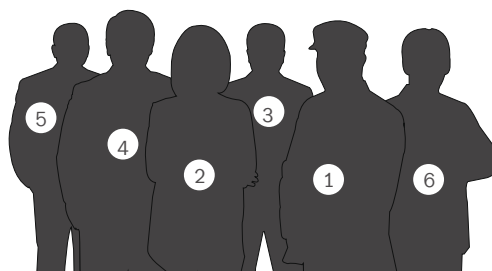
Member of Executive Committee /
Executive Vice President,
Beverage Business

5. Mr. Viroj Supasoon

Member of Executive Committee / Executive Vice President,
Factory Department

6. Mr. Preecha Augcharanonda

Member of Executive Committee / Executive President,
Accounting and Finance



Business Overview

History

Ichitan Group Public Company Limited (hereinafter referred to as “the Company” or “Ichitan Group”) which was formerly known as “Mai Tan Company Limited” has been established since September 3rd, 2010 with the registered capital of 500 million Baht to operate fusion Japanese-styled steak and food restaurant, Japanese-styled fresh chocolate shop business and beverage business. However, the Company divested its restaurant business in January, 2013 to solely focus on the beverage business as the Company aspires to be the leader of the quality green tea business in Thailand. The Company had operated the beverage business since its inception. The first two (2) flavors of our functional drinks under the brand “Ichitan Double drink” since January, 2011. Also, Ready-to-Drink green tea beverage, had three (3) flavors and launched to the market in May, 2011. The products were then manufactured by our sub-contracted partners. Afterwards, the Company constructed its own production plant with two (2) production lines, one for bottle type and another for box type, at Rojana Industrial Park in Ayutthaya province, and the first running production lines in September, 2011. Unfortunately, the factory had faced severely flood in October, 2011 which caused it could not run the line until the beginning of the year 2012 with production capacity divided into one (1) production lines for bottle type and another one (1) production line for box type.

Business Overview

Ichitan Group Public Company Limited, the Company has been incorporated since September 3rd, 2010. As of December 31st, 2015, the Company has registered capital of 1,300 million Baht, fully paid up registered capital 1,300 million and ordinary share 1,300 million shares, at the par value of 1.00 Baht each. The Company operates its business as manufacturer and seller ready-to-drink green tea beverage “Ichitan Green Tea”, herbal drink “Yen Yen by Ichitan”, Green tea mixed coconut jelly “Ichitan Chew Chew” and juice mixed jelly beverage “Bireley’s”. For marketing strategy, the Company has positioning its product at a high quality beverage by selecting raw materials and meticulously production process together with packaging safety for consumer health as well as preservation of the natural flavor.

The Company’s product outstanding as following;

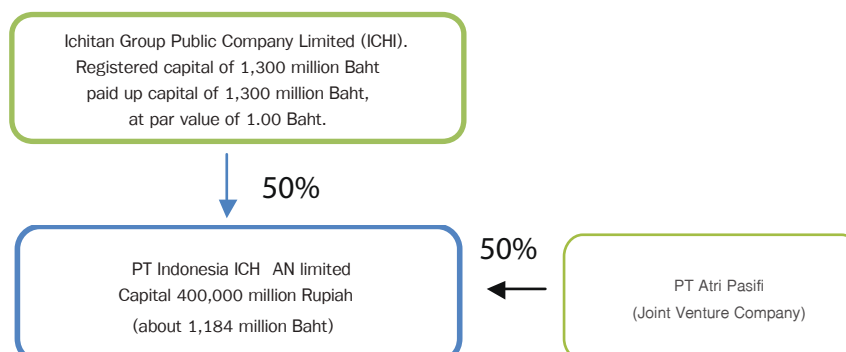
- It is a healthy drink with quality that made from organic green tea leaves which have been certified by the Department of Agriculture, Ministry of Agriculture and Cooperatives.
- The product has a modern look and a variety of packaging to meet consumer demand in all segments.
- The favorable matches Thai consumer.
- Beverages that love and grow a line with good society.

As of December 31st, 2016, total capacity of the Company is as follows;

- A production line including six (6) bottle production lines or 1,200 million bottles/year (or equivalent 504 million liters/year)
- Two (2) UHT boxing production lines or 200 million boxes/year (or equivalent 60 million liters/year)

The shareholding structure of the Company

Ichitan Group Public Company Limited has operated beverage business as manufacturer and seller ready-to-drink green tea beverage “Ichitan Green Tea”, herbal drink “Yen Yen by Ichitan”, Green tea mixed coconut jelly “Ichitan Chew Chew” and juice non-carbonated beverage “Bireley’s”. On August 27th, 2014, the Company entered into a joint venture agreement with PT Atri Pasifik (“AP”), a company incorporated in Indonesia, in order to invest in PT Ichi Tan Indonesia (“PTI”), a new joint venture established in Indonesia. The purposes of the joint venture are to produce and sell ready-to-drink beverage branded “Ichitan” in Indonesia. The Company and AP equally invested in the joint venture (50% of the issued and paid-up share capital of the joint venture) totaling Indonesian Rupiah 200,000 million for the portion of the Company (or approximately 575 million Baht). The Company paid an initial authorized share capital in 50% of the paid-up share capital of Rupiah 50,000 million or equivalent to 135.6 million Baht and the incorporation of the joint venture was completed on November 25th, 2014. As established by the joint venture agreement, investors have joint control over, whereby, the Company has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities. Accordingly, the Company has accounted for the investment in the joint venture using the equity method and thus, as December 31st, 2014 PT Ichitan Indonesia is a jointly controlled entity with the Company. On June 21st, 2016, the Company received a funding call notice from the joint venture to call for an additional paid-up of 40,000 million Rupiah (or approximately 115.6 million Baht) for the purpose of land acquisition and additional working capital. The Company paid the said capital-paid up on June 30th, 2016 and the joint venture completely registered the capital increase with the Indonesia Investment Coordinating Board on August 8th, 2016.



Month/Year	Changing and Key Developments
year 2010	
September	– Established Mai Tan Co., Ltd. on 3 September 2010 with the registered capital of 500 million Baht and issued 5,000,000 ordinary shares at the par value of Baht 100 per share.
November	– Entered into an agreement to buy or sell land for a land property in Rojana Industrial Park in Ayutthaya Province with the area size of 75–3–80 for factory construction. – Applied for an investment promotion certificate and other licenses.
December	– Hired OEM in the production of Ichitan Double Drink product and launched marketing and promotion campaign for the product.
year 2011	
January	– Distributed Ichitan Double Drink, a functional drink, in 420–ML package to the market.
March	– The Extraordinary General Meeting of Shareholders No. 2/2011 to pass a resolution to increase its registered capital to 600.0 million Baht divided into 6 million shares of ordinary share with par value of 100 Baht / share which increased capital to existing shareholders.
April	– Received promotional privileges from the Board of Investment of Thailand (BOI) No. 1496 (2) / 2554.
May	– Distributed Ichitan Green Tea, a ready-to-drink green tea beverage, in 420–ML package to the market.
September	– Started the test-run of the production lines which comprise 1 production line for bottle type and 1 production line for box type.
October	– Faced the 2011 flood crisis which inflicted the financial damage worth Baht 1,180.6 million on the Company, partially offset by the initial insurance indemnity of Baht 600 million which reduced the net loss from flood recognized in 2011 to Baht 580.6 million. In the following year, the Company was paid the remaining indemnity of Baht 518.8 million from the insurer which was additionally recognized as income in 2012 (net of the loss from building and equipment amortization worth Baht 50.5 million in 2012)
November	– Renamed to Ichitan Group Company Limited.
year 2012	
January	– Introduced Ichitan Green Tea in 250–ML box package to the market.
March–April	– Started 1 production line for bottle type in March and 1 production line for box type in April.
July	– Increased production capacity by another one production line for box type, totaling 2 production lines for box type.
September	– Started a new production line for bottle type, increasing the production line for bottle type to 2. – EGM No. 4/2012 of the Company approved the registered capital increase to Baht 1,000 million through the right issue by offering 10,000,000 ordinary shares at the par value of Baht 100 per share to existing shareholders. – Introduced Ichitan Dragon Black Tea, a ready-to-drink black tea beverage, in 420–ML package to the market. – Introduced Ichitan Green Tea in 840–ML package to the market.
Year 2013	
January	– Divested the food business.
February	– Distributed Yen Yen by Ichitan, a cool herbal green tea drink, in 400–ML package to the market.
March	– Started a new production line for bottle type, increasing the line for bottle type totaling 3 lines.
June	– Distributed Yen Yen by Ichitan, a cool herbal green tea drink, in 250–ML box package to the market.
July	– EGM No. 2/2013 of the Company approved the conversion of the Company into a public limited company, the decrease of the par value from Baht 100 per share to Baht 1 per share, and the registered capital increase to Baht 1,300 million, divided into 1,300 million shares at the par value of Baht 1 per share.
September	– EGM No. 4/2012 of the Company approved the registered capital increase to Baht 1,000 million through the right issue by offering 10,000,000 ordinary shares at the par value of Baht 100 per share to existing shareholders.
year 2014	
March	– Introduced Ichitan Selected, a low-sugar tea drink, in 450–ML package to the market. – Introduced Yen Yen by Ichitan, a cool herbal green tea drink, in 240–ML slim can package to the market.

April	<ul style="list-style-type: none"> Listed and traded on the Stock Exchange of Thailand. Started a new production line for bottle type, increasing the production line for bottle type totaling 4 lines.
May	<ul style="list-style-type: none"> Acquired the Bireley's trademark and beverage formula from Sunny Herb International Beverage Company.
June	<ul style="list-style-type: none"> Discontinued Ichitan Double Drink functional beverage.
July	<ul style="list-style-type: none"> Introduced Yen Yen by Ichitan, a cool herbal green tea drink, in 800-ML package (also known as Giant Yen Yen) to the market.
August	<ul style="list-style-type: none"> Invested in a joint venture in Indonesia. Introduced Yen Yen by Ichitan, a cool honey-mixed chrysanthemum drink, in 400-ML package to the market.
September	<ul style="list-style-type: none"> Introduced Yen Yen by Ichitan, a cool honey-mixed chrysanthemum drink, in 250-ML box package and 800-ML bottle package (also known as Giant Yen Yen honey-mixed chrysanthemum drink) to the market. Increase capacity by another 1 bottle production line, totaling 5 lines. Introduced a ready-to-drink honey and lemon green tea beverage in 290-ML package to the market. Introduced Ichitan Dragon Black Tea, a ready-to-drink mulberry-flavored black tea beverage in 290-ML package to the market.
November	<ul style="list-style-type: none"> Introduced a ready-to-drink lychee-flavored green tea beverage, in 420-ML package to the market.
Year 2015	
January	<ul style="list-style-type: none"> Started a new production line for bottle type, totaling 5 lines
March	<ul style="list-style-type: none"> Introduced a ready-to-drink lychee-flavored green tea beverage, in 250-ML box package to the market.
April	<ul style="list-style-type: none"> Started a new production line for bottle type, totaling 6 lines. The Company launched "Bireley's" non-carbonated juices in the new look. "Joy of fruit". Introduced contains two original flavors, Bireley's orange juices and Bireley's grape juice in 290 ml size.
June	<ul style="list-style-type: none"> Discontinued Ichitan Selected beverage.
July	<ul style="list-style-type: none"> Discontinued back greentea ready-to-drink Ichitan Dragon Black Tea storbery flavor beverage.
August	<ul style="list-style-type: none"> Introduced Yen Yen by Ichitan, a cool herbal green tea drink, in 315-ML package to the market. Introduced a ready-to-drink lychee-flavored green tea beverage, in 840-ML package to the market.
September	<ul style="list-style-type: none"> Introduced non-carbonated juice "Bireley's". It's a new flavor "Bireley's Lychee" in 290 ml.
October	<ul style="list-style-type: none"> Launch of green tea ready-to-drink at Indonesia, under PT Indonesia ICHITAN limited by the availability of green tea ready-to-drink with Honey Lemon; mix two flavors of Lychee flavor. To introduced drink herbal "YEN YEN". The Honey Chrysanthemum by ICHITAN 315 ml packing size. Introduce non-carbonated drinks fruit juice, "Bireley's" new flavors Bireley's Apple flavored packing 290 ml.
November	<ul style="list-style-type: none"> Introduced green Tea ready-to-drink. The two flavors of Organic Green Tea with Honey Lemon flavor and Organic Green Tea with Genmai flavor contains 600 ml.
year 2016	
May	<ul style="list-style-type: none"> Distributed ICHITAN and YEN YEN, box size 300 ml. instead of the size 250 ml., that was choice for consumers to drink in bigger size at the same price of 10 Baht.
June	<ul style="list-style-type: none"> Distributed Bireley's juice 10% orange flavor with a new size 250 ml, to be available in Traditional Trade channel.
July	<ul style="list-style-type: none"> Distributed Bireley's juice 10% grape flavor with a new size 250 ml, to be available in Traditional Trade channel.
August	<ul style="list-style-type: none"> Distributed Bireley's fruit juice creation 100% ,orange mixed mango flavor and orange mixed carrot flavor with size 1,000 ml to target consumer who look after their health which distributed through the Super / Hyper Market Channel.
September	<ul style="list-style-type: none"> Distributed Bireley's fruit juice creation 100% ,orange mixed tomato flavor and orange mixed carrot flavor with size 1,000 ml to target consumer who look after their health which distributed through the Super / Hyper Market Channel Distributed Bireley's " Fruit to Go jelly" that made from original fruit consist of grape and orange flavors with size 150 g., target consumer who look after their health and want to be in good shape.
October	<ul style="list-style-type: none"> Distributed Bireley's fruit juice creation 100% ,orange mixed mango flavor , orange mixed carrot flavor and orange mixed tomato flavor with size 230 ml to target consumer who look after their health which distributed through the Convenience Stores Channel.

Currently, the company's products have all five products categories in the form of bottles, UHT boxes and bags of jelly packaging

1. Ichitan Green Tea is quality ready-to-drink green tea and is available in eight flavors include : (1) original flower tea (2) Honey Lemon (3) Kikucha (Chrysanthemum) (4) Rice Japan (5) No sugar mixed Matcha (6) Berry Berry (7) Oolong no sugar and (8) Lychee .

2. Herbal Drink Under the trade name Yen Yen by Ichitan with total three flavors include: (1) Green tea mixed herbal (2) Honey mixed Chrysanthemum and (3) Yen Yen Gold .

3. Fruit juice and jelly beverage under the trade name Bireley's with total four flavors include: (1) Orange (2) Red grape (3) Lychee (4) Orange juice mixed mango 100% (5) Orange juice mixed Carrot 100 % (6) Orange juice mixed tomato100% jelly two flavors (1) orange (2) grape.

4. RTD Green Tea mixed coconut jelly "Ichitan Chew Chew" that green tea is focused on chewing fun with delicious with total two flavors include: (1) grape (2) strawberry.

5. RTD Black tea with three flavors include: (1) Lemon (2) Mulberry (3) Apple.

The Company distributes all products through three distributors, namely (1) DKSH (Thailand) Co., Ltd. (2) Boonrawd Asia Co., Ltd. and (3) I Am Green Tea Co., Ltd. (IGT) which is the Company's related-party. To protect our customer base from existing traditional trade channels, focusing on the target group that does not overlap with those of DKSH and Boonrawd Asia, the Company founded I Am Green Tea Co., Ltd. (IGT) in June 2011 which was 75% owned by Mrs. Eng Passakornnatee (Mr. Tan Passakornnatee's spouse) and 25% owned by the Tri Pruek Family which is related to neither the Company nor its executives. The purpose of establishing IGT is to distribute Ichitan products through the dealers. However, the Company subsequently shifted its focus only to manufacturing, marketing and branding in order to avoid distribution-related works which require substantial dedication and resources. Therefore, the Company agreed to separate IGT from the Company's business group before proceeding with the SET-listing. In addition, Mrs. Eng Passakornnatee entirely sold her equity in IGT to Ms. Tanita Passakornnatee (Mr. Tan's elder sister) who owns 80.0% shares in O.G.T. Company Limited (OGT). Formerly, OGT had distributed green tea beverage products through the dealer channel for another green tea drink company distribution. At the present, OGT no longer provides such distribution service to the said green tea drink company and do not run any competing or related business with Ichitan. OGT earns land lease fees from IGT under the existing land lease agreement.



ICHITAN

Product and Package

The Company's products has 24 flavors under the package size of 13 type, the details are shown in the table below;

package	Box 300 ml	Box 230 ml. (OEM)	Box 1,000 ml. (OEM)	Bag 150 g.	Bottle 250 ml	Bottle 290 ml	Bottle 315 ml	Bottle 400 ml	Bottle 410- 420 ml	Bottle 555 ml	Bottle 600 ml	Bottle 800 ml	Bottle 840 ml
price (Unit: Baht)	10	20	69	10/12	10	10/13	10	15	15/16	20	20	27	25
RTD Green Tea Beverage													
1. Original flower tea	√					-	-	-	√		-	-	-
2. Honey Lemon	√					√	-	-	√		√	-	√
3. Kikucha(Chrysanthemum)						-	-	-	√		-	-	-
4. Rice Japan	√					√	-	-	√		√	-	√
5. No sugar mixed Matcha						-	-	-	√		-	-	-
6. Berry Berry	√					-	-	-			-	-	-
7. Oolong no sugar									√				

package	Box 300 ml	Box 230 ml. (OEM)	Box 1,000 ml. (OEM)	Bag 150 g.	Bottle 250 ml	Bottle 290 ml	Bottle 315 ml	Bottle 400 ml	Bottle 410- 420 ml	Bottle 555 ml	Bottle 600 ml	Bottle 800 ml	Bottle 840 ml
price (Unit: Baht)	10	20	69	10/12	10	10/13	10	15	15/16	20	20	27	25
RTD Green Tea Beverage													
8. Lychee	√					-	-	-	√		-	-	
Green Tea mixed Coconut jelly Beverage													
9. Grape									√				
10. Strawberry									√				
RTD Black Tea Beverage													
11. Lemon						√	-	-			-	-	-
12. Mulberry						√							
13. Apple						√	-	-			-	-	-
Herbal Drink (Yen Yen)													
14. Green tea mixed herbal	√					-	√	√	-		-	√	-
15. Honey mixed Chrysanthemum	√					-	√	√	-		-	√	-
16. Yen Yen Gold										√			
Juice Beverage													
17. Orange 10%					√	√	-	-	-		-	-	-
18. Red grape 10%					√	√	-	-	-		-	-	-
19. Lychee 10%						√	-	-	-		-	-	-
20. Orange mixed Mango 100%		√	√										
21. Orange mixed Carrot 100%		√	√										
22. Orange mixed Tomato 100%		√	√										
Fruit jelly													
23. Orange 20% flavour				√									
24. Grape 20% flavour				√									

Revenue Structure

The Company's revenue structures for the year 2014 to year 2016 are as follows;

Detail	Year 2016		Year 2015		Year 2014	
	million Baht	%	million Baht	%	million Baht	%
Net Sales	5,338.3	99.6	6,339.6	99.7	6,179.1	99.5
Other Income	23.5	0.4	17.2	0.3	29.8	0.5
Total Revenue	5,361.8	100.0	6,356.8	100.0	6,208.9	100.0
Market Share*	40.4%		43.4%		43.8%	
Number of Flavors	24 Flavors		17 Flavors		19 Flavors	

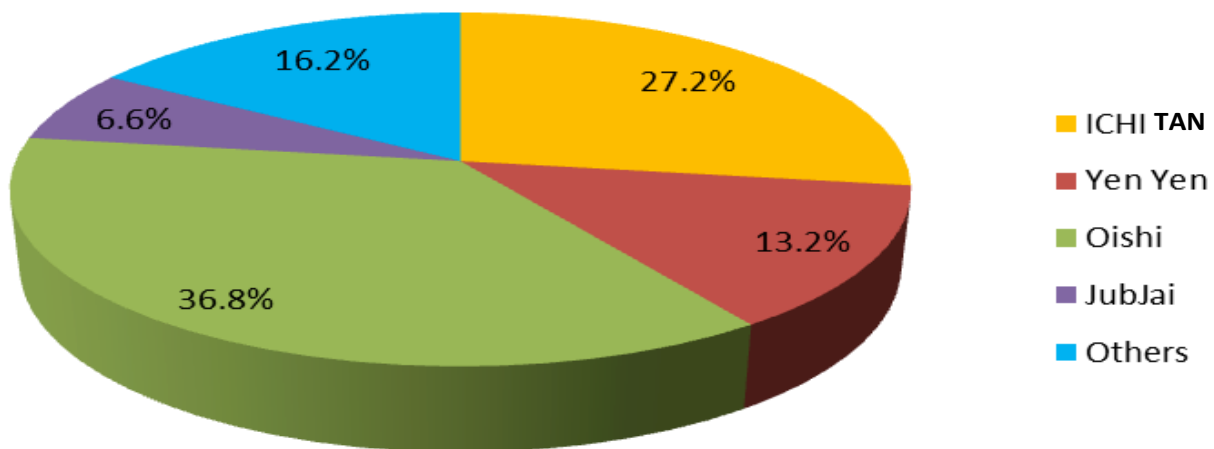
Source: Retail Index of Nielsen, January 2017.



Revenue structure brake down by core business lines.

Detail	Year 2016		Year 2015		Year 2014	
	million Baht	%	million Baht	%	million Baht	%
Ready-To-Drink Tea Beverage Group	5,122.7	96.0	6,096.5	96.2	6,170.1	99.8
Juice Beverage Group and Others	215.6	4.0	243.1	3.8	9.0	0.2
Total	5,338.3	100.0	6,339.6	100.0	6,179.1	100.0

Industrial conditions and Competitions



The Company has major income from ready-to-drink(RTD) tea beverage which is accounting for 96.0% of total revenues. For the year 2016 (a non-carbonated juice drink of 4.0%), so the information of Industrial Conditions will focus mainly on ready-to-drink tea beverage.

In the year 2016, RTD tea beverage market totaling 14,493 million Baht which slowed down 7% due to intense price competition continuously together with economics do not improved significantly. In the year 2016, the market share were Ichitan 27.2%, Yen Yen 13.2%, Oishi 36.8%, JubJai 6.6% and Other 16.2% (Source: Retail Index of Nielsen).

Investment trend and Market expansion

Trends of consumers in Beverage consumption, currently there is several range of products for consumer to select, such as drinking mixed coconut jelly and healthy drinks which will focus on low sugar, no sugar or sweeteners of nature because consumer has more focus on their health. Making healthy beverage products that focus on such matters it is the market opportunity for the Company. Research and Development Department of ICHITAN Group has expertise and experience in the beverage industry that has better understanding of the need of customers as well, so it will develop new products to meet the needs of consumers who look after their health.

RTD tea market is also likely to continue to grow in the future due to new category product entering into the market and get good feedback from consumer such as green tea mixed coconut jelly, green tea for health that will make the competition in RTD tea market actively and growing up.

ICHITAN Group also focuses on expanding market to the CLMV countries such as Vietnam, Cambodia, Myanmar, Laos, etc. those are a part from Indonesia, which have been good feedback as well and it is likely that the proportion of sales from overseas markets will rise steadily in the future.

Policy and Marketing

1. Competitive Strategy

In the year 2016, RTD tea market remains fiercely competitive and has also been affected by slowdown of economics condition both the domestic and abroad which caused consumer spending to cuts down on unnecessary luxuries. As a result, RTD tea market and other market in the year 2016, are not growing as it should be. Moreover, the government also has a policy regarding to collect tax

of non-alcoholic vegetables and fruit drinking, especially drinking that contain caffeine which has exempted previously. However, the said policy is still just a concept of government taxation that make beverage manufacturers have to adapt to the situation. The use of marketing budget is one part that will stimulate the tea market. The tea market has not reached saturation point, if market players both old and new in the market have also do marketing and public relation continuously. But there are green tea market, it have to develop for matching with healthy trend.

1) A Strong Brand Strategy Management

Presently, there is minimal differentiation in Thailand's green tea market in terms of products' appearance and taste. Therefore, the outstanding product design and powerful branding are considered key differentiators and contributors to customer base protection. The Company also aims to position "Ichitan" as a quality brand and thus consistently convey such brand image to the market through the 360-degree marketing strategy.

2) Product Strategy

In order to reinforce the position of the brand, to standpoint of the quality brand, the Company strictly controls quality at every step of our process, from the initial steps of research and development and raw materials selection to the production which employs advanced technology to preserve ingredients' freshness and deliver quality products to consumers. In addition, our Research and Development team is comprised of professional experts in the beverage field which truly understand customers' needs and expectation which enable them to develop new products that match the taste among Thais consumers such as herbal drink "Yen Yen Gold by Ichitan" and green tea mixed coconut jelly "Ichitan Chew Chew". For packaging, the Company pays attention to the details of package designs that respond to customers' needs and the needs for food safety and convenience. The Company has selected labels that present modern design to draw attention and urge purchase decision at the point of sale.

3) Inventory Management and Effective Cost Management

Because fixed costs such as depreciation of machinery and equipment which made the production cost per unit, will be reduced as production volume increased. Also, the Company has applied the cold aseptic filling system, which is advanced technology in our production process for reducing our production cost. The technology offers the benefits of (1) lighter materials used (2) longer, continuous production up to 120 hours before each cleaning session which makes production (3) automation features which offers labor-cost saving advantage. Also, the Company has implemented the Automated storage and Retrieval system for inventory management, which leads to higher efficiency and reduce labor costs. These factors contribute to enhance cost management with efficiency together with able to meet customer needs in a timely manner.

4) Channel Management Strategy and Distribution

In order to distribute the Company's products reach the customer in a timely manner and avoid product shortage, the Company has controlled the finished goods distribution process from the manufacturing site to distributors and retailers. Moreover, the Company also has team to keep track of sale volume result, analyze sales performance and inventory turnover in each area to forecast the suitable sales volumes and inventory in the future. In addition, the Company has planned to boost up sale volume among the ASEAN Economic Community (AEC) aggressively.

5) Marketing and Sales Strategies

Forecasting consumer demand: The Company has forecasted beverage demands that based on historical and statistical data and seasonal factors such as weather conditions, special and festive occasions, competition environment and the economic situations. The Company has strived to ensure the forecast accuracy and limit the deviation to maximum at 10%. Realistic forecasts will contribute to the efficiency of production and promotional activities.

Marketing and promotion planning: As , beverage business is a business with fluctuations in the demand for seasonal consumption especially in summer higher than other month of the year ,due to meet customer in a timely manner the Company has strategy to promote the market both Above the line: ATL (marketing medium to reach a wider audience) and Below the line: BTL (marketing targeted specifically audience) in the summer and offers trade discounts to distributors in the month that low consumption rates. Furthermore, the Company has implemented the proactive marketing plan to increase its market share including with focus on PR communications to enhance Ichitan brand as a quality manufacturing product brand. To emphasize the Company's product position, it has four different types of sales promotions: specific sales promotion to retailers, specific sales promotions to distributors, nationwide campaigns, and online sales promotions. Our annual budget allocations to these activities are based on the sales forecast.

Fixed pricing and discount : As, RTD beverage is the product that has seasonal fluctuations, the Company has to review and adapt the policy on trade discounts in accordance with the demand of the market regularly and continuously. Whileas, the selling price will not change much because competitive environment of the beverage industry is also intensely.

2. Target customer

The main target group of Ichitan Group is teenagers and working age that have demand and consumption habits changing frequently, so the Company plan to launch new products to meet the needs of consumer both RTD tea segment and fruit juice segment together with bring out the differentiate of products to communicate to consumers for their easily access. For the year 2016, the Company had launched Ichitan Chew Chew – green tea mixed with coconut jelly that had grape and strawberry flavor to

enable teen consumers to enjoy the fun of drinking and chewing. Bireley's 100% original fruit juice, fruitcreation orange mix mango ,orange mix carrot and orange mix tomato which target consumer who look after their health. Bireley's fruit to go that was jelly which made from original fruit juice which had orange and grape flavor which target consumer who want delicious but low calories. In the future, the Company remains the plan to expand the scope of products more diversify and access to the target group including with develop new products to the market continuously as well as increasing market share in abroad.

3. Distribution Channels

Distribution	Year 2016	Year 2015	Year 2014
Domestic	98.0%	97.3%	99.7%
Abroad	2.0%	2.7%	0.3%
Total	100%	100%	100%

The Company mainly operates in Thailand more than 98 percent. Transactions in detail including with related transaction show in the notes to the financial statements.

At present, the Company has distributed its products through four main distributors hereto;

1. DKSH (Thailand) Co., Ltd. ,is a main distributor of the Company, representing 83.4% of total sale for the year 2016 that will focus on modern retail group (Modern Trade) ,wholesaler and traditional retailers (traditional trade), the Company has made long-term contracts with the distributor and follow up track record of modern retailers, agents, distributors that can access for ability to manage the distribution and trade discounts.

2. I Am Green Tea Co., Ltd. , representing 11% of total sale in the year 2016, focusing on selling through dealer networks, restaurants, traditional trade shops, cash vans and other channels not covered by other distributors.



3. Boonrawd Asia Co., Ltd., representing 3.8 % of total sale in the year 2016, focusing on the distributor network, traditional trade and outlets in its network of Boonrawd Asia co.,ltd.

4. Exporting to countries in the ASEAN Economic Community (AEC) is mainly accounted for 1.8% of total sale in the year 2016 such as Laos, Cambodia, Myanmar, Indonesia and etc.

However, the distributors have their exclusive sales territory and networks which do not overlap.

Product Procurement

Ichitan's products are from its factory and outsourcing from external suppliers. The Company will hire external suppliers only if the capacity of the plant is not sufficient to sales volume as forecasted , or the new product that the Company wants to test

the market. In the past three years (2014–2016), the proportion of outsourcing continuously dropped from 9%, 3% and 4% for the year 2014, 2015 and 2016 respectively. For the year 2016, there was outsourcing some new product category only.

In terms of the sourcing of main raw materials such as tea leaves, fructose, cane sugar, water and flavor ingredients, the Company has set quality control measurement at every process in pre-production process, from cultivation, raw material selection and storage raw material, to ensure that all ingredients will meet the high-quality standards. Outsourcing manufacturers have been provided with premix substance to protect the secrecy of our drink recipe. In addition, as a quality control measure, all manufacturers are provided with detailed list of ingredients and obligated to use raw materials supplied by approved vendors list. In addition, our quality control team will conduct a monthly inspection to ensure that the goods produced by external supplier that will meet our quality standards.

Organic Tea Leaves: To mitigate the risk of raw material shortage, the Company has developed an annual production and sourcing plan as well as entered into sale and purchase agreements, usually with the validity period of one year, with suppliers who gather tea leave supplies from farmers. Moreover, controlling the quality of tea leaves, our research and development team jointly supervises the entire process, from organic farming, tea leave fermentation, harvesting, steaming to pre-delivery storage. The team also checks the quality of tea leave supplies in terms of odor, flavor, weight and color, prior to the manufacturing process. Then, tea leaves are stored in the temperature chamber to prevent quality deterioration. Tea leaves supplies are from the Northern region of Thailand where the weather conditions are ideal for tea leave growing and thus the Company has never experienced tea leave supply shortage. The Company has entered into sale and purchase agreement with 2 to 3 suppliers and tea leaves from these supplies are of equivalent substitutes of each other, given that fact that all products, despite varying flavor additives, use the same kind of fresh tea leaves and difference between green tea and black tea line in the way tea leaves are processed through a fermentation process and fill out different kind of flavor.

Fructose and Sugar: These materials can be easily procured in Thailand and sugar products from different manufacturers, it do not has differentiate in the quality significantly. Also, sugar price will fluctuate sometime due to the quantity supply in each year in line with sugar global price. However, the domestic sugar prices are controlled by the government, which cause the price do not much fluctuate.

Water : Water used in our production process is supplied by Rojana Industrial Park PLC. The water has been purified by the reverse osmosis system and treated in accordance with WHO's 1993 guidelines. Flavor: As minor components of total raw material, but it are also one of the key ingredients because it scents our drinks and creates first impression of customers towards our products. The Company has purchased flavor from various suppliers.

Package : The Company sources PET bottles, boxes, lids, cartons and labels from reliable suppliers who successfully meet our selection criteria which also factor in the reliability of the suppliers' work system. This provides us with the assurance that the suppliers will be able to punctually deliver quality materials as agreed upon. The Company also regularly monitors and checks performance and quality of goods provided by the suppliers.

Natural gas: The Company has entered into a natural gas sale and purchase agreement with a domestic supplier. The agreement is valid until August 31st ,2018 and can be renewed with a 90-day prior written notice.

In addition, to reduce the risk from overdependence on suppliers and to receive the reasonable prices, the Company has the policy to purchase raw materials from various major manufacturers . Also, the Company has positive business relationship with suppliers and do not purchase from any supplier more than 30% of total purchasing

Environmental impact

– none –

The Company takes into account the impact on the environment, employee health and others who live nearby the factory as well as focusing on business development together with growth steady and commitment to reward back to the society and community continuously. By adhering to environmental and social responsibility, the Company recognizes that the beginning of a great start from "Give" as a part of the community or society which is responsible for supporting public activities that will benefit to the community, through the environment and community development to ensure that the well-being with the creation of employment and create a variety of economic activities. The strengthening of the community and social and community development that are the cooperation and participation between the Company and the community which is affected by the operations or activities of the Company. To develop and promote a strong social through restore cultural ,social and nature to be fertility although the community will located adjacent or close to the Company, including with the community and society which are far away (more details in "Sustainable Development Report").

Research, Development and Innovation

The Company has control the quality of product at every stage, from the selection of raw material until packaging. The monitoring system of the vendor and evaluating vendor, as well as inspecting the product before the bring to the process. In the production process the quality inspection by the Quality plan, this is a standard random sample in regard to MIL-STD_105E and inspect the quality of finished products by physical, chemical, biological along with product standard. Before releasing the product from the plant, the Company has focused on quality and improvement continuously by set up integrated quality management system on – health – food safety system, including set GMP, HACCP, ISO9001: 2008, HALAL, ISO14001, ISO17025, ISO50001 and FSFC 22000 and other related international standard which are disclosed in more detail in “ Sustainable Development Report”

Ichitan Group Public Company Limited (the Company) has developed the knowledge of operating experience and releasing to any company or agencies which interested in the Company. The Company is highly interested for visiting at the Learning Center, “Tan Land” with the idea to raise awareness for people to learn how to use resources sufficiently and respect to nature under the concept of Green innovation, innovation from social responsibility of the Company which are the result of operations with responsibility for achieving production idea ,process whether the changes are caused by changes

in a whole new revolution or further development that create positive innovation. In addition to, create efficient and effective in both the short term and at the same time add value to the Company and the related party in the long term.

Innovation focused on leveraging new ideas together with social responsibility that will contribute to the growth and able to compete steadily, and the sustainability of the business, economic, social and quality of life, including the reconstruction and development of the environment such as improved productivity on manufacturing that will create value added. Social responsibility in terms of innovation, the innovation of the Company that results arising from operating business with social responsibility seriously, it can also create a progressive economic systematically to the society with regard to value creation and value balance together with consider the needs of the Company couple with create the process that business operating with social responsibility and innovation.



Business Objective and Future Plan

Ichitan Group Public Company Limited (the Company) is aimed to be the leading provider of quality beverage and innovation to grow together with the good society. As a result the next five years, the Company will focus on improving product quality and launch new products continuously to increase diversification and meet the need of consumers as well as developing of business opportunities in order to increase its competitiveness among ASEAN Economic Community(AEC).The Company expects to develop new products about 2-3 categories per year. In addition, the Company will focus to increase the efficiency of working process by applying innovative technology to the production process for saving time and increase efficiency along with the implementation social and environmental responsibility.

Future Plans

The Company recognizes the importance to produce quality beverages and innovations that grow with a good society so it has set the goal to achieve high return to create long-term return that are appropriately for investors and shareholders are as follows;

Marketing

- New product research and development come along with the innovation among existing products and the product segments for the new market.
- Increasing sales volume, market share and distribution channel both domestic and abroad ,especially in AEC .
- Building a sustainable profit by focusing on the development and cost control more effectively.
- Cost-effective management to bring retail prices competitive.
- Investment in new machinery to increase opportunities for business expansion.
- Presenting new marketing activities that hit consumers in order to stimulate sales volume.

Personnel

The Company treat employees as extremely valuable resource so it gives priority to the human resources management and employee development continuously ,to retain employee who has knowledge, talent and experience, that will be the basis of of the Company to competitive in the market .Total number of employees as at December 31, 2016 ,has employed 305 full time workers.

- Professional development of employees has been set the progression , that outstanding employee will know that they can be promoted or can be transferred or alternation of tasks to other department in regard to their knowledge and appropriate. The Company has set criteria to promote clearly.
- Training and staff development that will focus on in-house training that cover the entire development capability, developing attitudes, developing operational skills by providing both in-house and external training.Providing opportunity thoroughly, regularly and appropriately to employees at each level for developing their knowledge and potential.

Research and Development

With a focus on research and development to launch new flavor beverage to the market by Research and Development Department.



Risk Factors

1. The risk of the business.

- Risk from linkage between Ichitan brand and Mr. Tan Passakornnatee**
 Linkage between Ichitan brand and Mr. Tan Passakornnatee who is the Company's major shareholder has strategically contributed to the brand recognition and awareness among consumers. The Company recognizes potential threats consequential to the absence of such linkage and has attempted to mitigate the risk by strengthen the brand identity without tying it up with any individual. To reach the goal, our marketing team is phasing out the distinctive presence of Mr. Tan Passakornnatee in new commercials and advertisements, except for certain new products which the Company intends to convey to the general public, clients and consumers that they are Mr. Tan's products.
- Risk from Intense Competition**
 As the beverage business benefits from the weather conditions of Thailand and has growth continuously, so many new players have entered to the market. This has intensified the competition and harmed the profitability of manufacturers, especially those with inefficient management system. The Company has pricing policy that should be suitable and it will not support the price cut strategy. Rather, the Company aims to win customers' mind through new creative marketing, marketing activities, advertising and promotional campaigns. For the green-tea products which can hardly be differentiated, the Company aims to make effective production and logistics management our key strength for higher profit. The Company has focused on developing products that is its another key strength.
- Risk to excise Tax that being charged on Green Tea Beverage**
 The Company has been exempted from excise tax because the contents of fruit and vegetable juice mix in our green tea beverage products meet the requirements under the Notification of the Excise Department Re: Tax exemption criteria and conditions for fruit and vegetable juice beverages. However, the Excise Department is reviewing the excise tax rates for green tea and if it is concluded that green tea beverage products are not entitled to tax exemption, all green tea beverage manufacturers will be adversely affected as the increasing tax burden will hurt their bottom lines. To mitigate such potential undesirable impact, the Company will focus on cost control, advanced technologies and effective management which altogether can significantly reduce our operating expenses, thus offsetting the potential increase in tax expense in the future.
- Risk from Dependence on Major Distributors**
 At present, the Company's products have been distributed through the modern trade channel (accounting for 58.0% of the total sales of the year ended 31 December, 2016) and the traditional trade channel (accounting for 56.0% of the total sales of the year ended 31 December, 2016) by 3 major distributors, namely DKSH (Thailand) Co., Ltd., I AM Green Tea Co., Ltd., and Boon Rawd Asia Co., Ltd. under the distribution agreements, of which validity periods range from 3 – 5 years. The distribution volumes of the distributors for the year ended 31 December, 2016 were 83.4% (DKSH), 11.0% (I AM Green Tea) and 3.8% (Boon Rawd) respectively. As of 31 December, 2016 (Export was 1.8%). Based on this fact, the Company is exposed to the risk of overdependence on the major distributors. The engagement of three distributors instead of only one distributor in the product distribution is a means of risk mitigation and the distribution agreement made with DKSH which has been the original distributor of the Company allows the Company to involve two more distributors. Given the positive relationship between the Company and the

distributors and the Company's strict compliance with the distribution agreements, the Company is confident that the distributors will agree to renew their distribution agreements with the Company.

2. The risk of production

- Risk of new product development.**
 To develop new product is essential for the Company's ability to effectively respond to the evolving needs of consumers. The Company is exposed to the risks associated with new product development such as substantial investment in the innovation, marketing and PR processes. Therefore, before the launch of each product, the Company focuses on consumer behavior study, popularity and demand survey, and analysis of return on investment. The Company has its own R&D laboratory worth up to Baht 10 million to support our new product development projects which typically are not costly. The budget for marketing and promotional activities is rather high yet controllable and it is the Company's policy to discontinue marketing and promotional campaigns for a new product or a new product itself if its popularity remains unsatisfactory after more than 50 million Baht has been spent on its marketing and promotional activities. Marketing and PR expenses of products have been within the allocated budget which can be revised as and when appropriate.
- Risk from Shortage and Price Fluctuation of raw material**
 Key raw materials are tea leaves, fructose, cane sugar and flavor ingredients which altogether account for 30% of the production costs. As the climate change affects agricultural productivity, the Company might experience raw material shortage and the resultant price fluctuation. To mitigate the risk, the Company has developed a raw material sourcing plan and the Procurement Department has developed an annual production and sourcing plan as well as entered into sale and purchase agreements, usually with the validity period of at least one year, with major suppliers to secure adequate raw materials at reasonable prices. In addition, the Company has made agreements with at least three suppliers to avoid overdependence on any particular supplier as well as to prevent the shortage of raw material in the event that a suppliers cannot provide the Company with sufficient raw materials. With regard to tea leaves, the Company has entered into tea leave procurement agreement with several suppliers and tea leaves from these supplies are equivalent substitutes for each other, given the fact that all products, despite varying flavor additives, use the same kind of fresh tea leaves and difference between green tea and black tea lies in the way tea leaves are processed. With this, the Company can effectively avoid overdependence on a particular supplier.

- Risk from Food Safety Hazard**

Food hygiene is among our top priorities as even a minor mistake can have material impact on the credibility of all Ichitan's products. We have carefully selected ingredients and supervised every step of the production process to achieve the consumer confidence in the quality of our products which meet international standards such as GMP, HACCP, ISO9001:2008, HALAL, ISO14001, ISO17025, ISO50001, FSFC 2200 and other. To assure food safety, batch samples are tested for 7 days in accordance with applicable standards before the release of each batch for distribution to the market and the samples are retained as reference. If the test results of the batch samples indicate contamination, the entire batch will be destroyed. However, our products are manufactured in closed, hi-tech systems and no food contamination has been found.

- **Labor risk**

As at December 31, 2016, the Company has 305 employees, of which the Company invests in automation systems such as “Auto Warehouse system”. At “Ichitan Green Factory” which is the first plant in Thailand that have been implemented automatic from the production line until inventory. The Company can run capacity up to 120 hours that can reduce Human Error and enhance efficiency to products that covers in all aspects. The Company currently has a production capacity of 1,200 million bottles and 200 million boxes per year. Innovative aseptic cold filling (Cold Aseptic Filling Technology), which is the latest technology in the world with an investment of 5,000 million Baht to install the system, but in the long term, cold aseptic filling system is the best answer for everyone who look after the health and love the world simultaneously, “We could not stop to use the resources but we can choose to use less and realization value “.

3. Financial Risks

- **Foreign Exchange rate risk**

The Company has risk from foreign exchange rate due to the purchase and sale of goods in foreign currencies . As at 31 December,2016, the Company has no main risk in foreign exchange rate risk.

4. Risk Management

- The risk of a major shareholder of more than 50 percent.

As at 31 December, 2016 the Passakornnatee group as the Company’s majority shareholder, owned 58.9% of the total paid-up capital. As the Passakornnatee group is nearly in full control of the decisions of the shareholders’ meetings, the minority shareholders might be unable to counterbalance the power of the majority shareholder,except for matters requiring the three-fourths majority of shareholders. The Passakornnatee group does not have the right to vote on agenda items concerning related-party transactions related to the Passakornnatee group. On the one hand, the overwhelming power of the Passakornnatee group contravenes the principle of good corporate governance. On the other hand, it provides assurance that Mr. Tan Passakornnatee and his spouse will continue their positions as executives of Ichitan which they have built with their own hands from scratch. In addition to the Board, the Company also has the Audit Committee and the Nomination and Remuneration Committee. The scope of

authority and duty of the Board and the committees has been clearly defined. The Audit Committee is comprised of 3 independent directors who possess business acumen and professional knowledge related to financial statements and reports. With their professional expertise and qualifications, the independent directors can greatly contribute to the transparent, effective and verifiable undertakings of the Board and the board committees.



The Company has also established policies governing transactions with related parties, directors, the majority shareholders, persons with controlling power and persons with potential conflicts of interest to ensure that transactions are conducted on an arm’s length basis and proposed through the Audit Committee to the Board for approval. Persons with conflicts of interest shall not be allowed to approve transactions involving themselves and all related-party transactions will be monitored by the Audit Committee on a quarterly basis and inspect by Internal audit manager.

- **News and information technology risks.**

The Company has a policy to use valid license to reduce risk.

- **The risk of natural disasters caused by flooding.**

The 2011 flood crisis materially affected the Company’s production and distribution plan. Rojana Industrial Park built a flood wall of 6 meters in height around its compound. The concrete wall base was 3 meters below the ground level and its top was also 3 meters above the ground level. In addition, the Company has taken out insurance which covers all possible damage and planned to invest in overseas by joint venture and invest to establish factory .



Dividend Payment Policy

The Company's dividend payment policy, which states that "The Company will allocate the payment of dividend not less than 40% of net profits after taxes and legal reserve". The dividend payment shall be made at least one time per year based on the Company's operating result and shall approve in the shareholders' meeting. All dividend payment shall depend on cash flow, investment plan, economic conditions, operating results, financial status, liquidity, including with other necessity and appropriateness of the Company in the future. The dividend payment shall not exceed the retained earnings of the Company's separate financial statements and / or occurring impact on the normal operation of the Company, except interim dividend payment. The Board of Directors can approve interim dividend payment and then report to the next shareholders' meeting.

For the year 2016, the Board of Directors which held on August 10th, 2016, the Boards had passed a resolution to approve interim dividend payment from operating period January 1st to June 30th, 2016 at the rate of Baht 0.25 per share from ordinary shares, amounting to 325 million Baht or 88.2% of Dividend Payout ratio, which had already paid on September 9th, 2016. Therefore, the Boards recommended acknowledging the said interim dividend payment to the shareholder's meeting. Also, the Boards proposed that the shareholders shall approve the suspension of dividend from final operating results during July 1st to December 31st, 2016 because cash reservation for working capital to expand the Company's business and shall propose to the 2017 AGM for approval further.

The Company's Dividend Payments

Detail	Year 2016	Year 2015	Year 2014
Dividend Payout (Baht :share)	0.25	0.50	1.00
– Interim dividend payment	0.25	0.25	0.50
– Final dividend payment	–	0.25	0.50
Dividend Payout ratio(%)	88.2	80.0	120.50

Shareholding and Managements Structure

To Shareholders,

As at 31 August, 2016 the Company has 18,584 shareholders which count from paid-up capital of 1,300,000,000 shares
The ten major shareholders of the Company are as following;

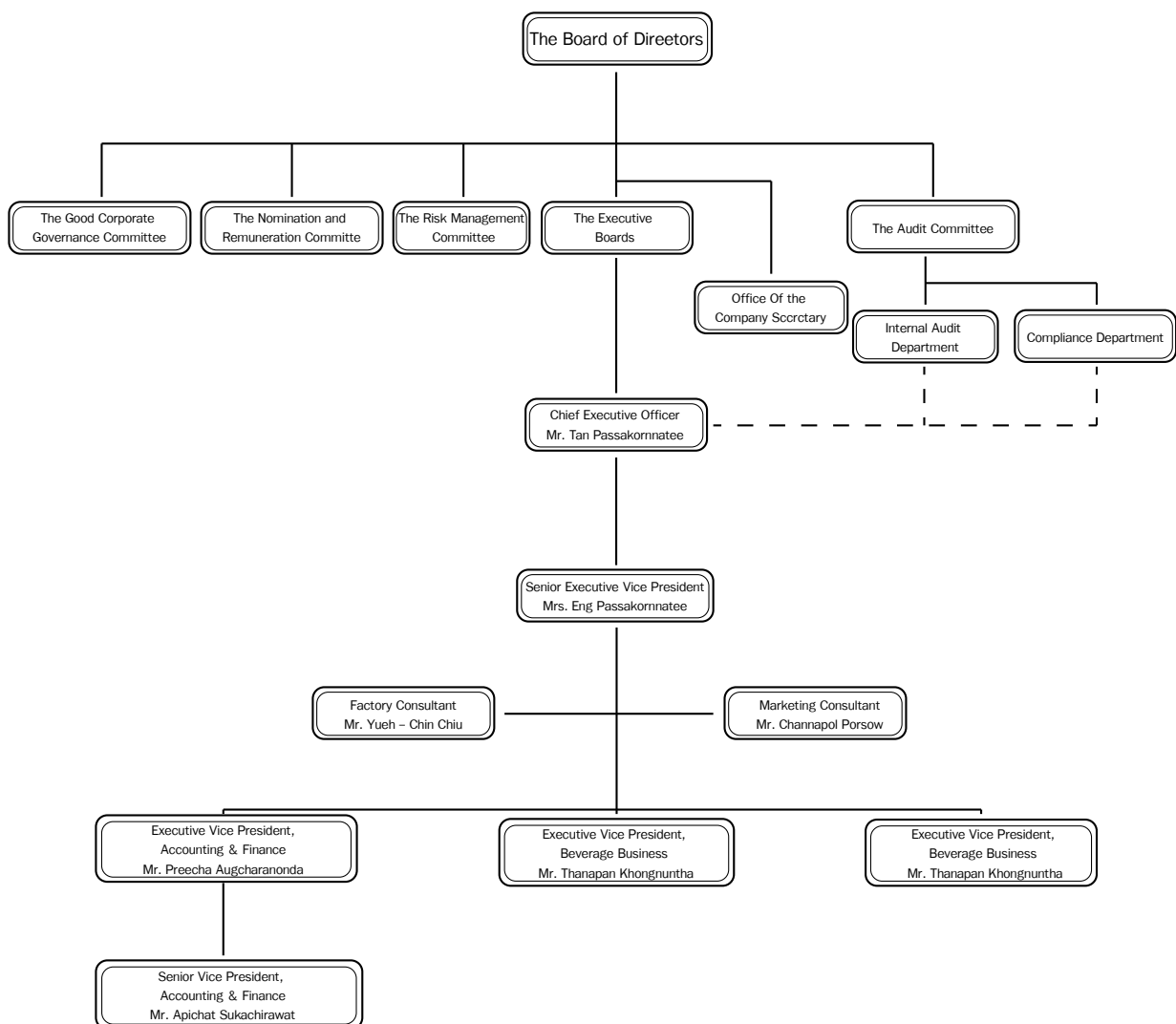
No.	Major Shareholders	Relationship with Chairman of the Boards	Number of Share (Share)	Share (%)
1.	Mr. Tan Passakornnatee	–	360,639,600	27.74
2.	Mr. Jaruworn Sukpanthaworn	Brother-in-law	82,406,200	6.34
3.	Mr. Passakorn Passakornnatee	Son	60,000,000	4.62
4.	Mrs. Eng Passakornnatee	Spouse	60,000,000	4.62
5.	Miss Klainatee Passakornnatee	Daughter	60,000,000	4.62
6.	Miss Varisa Passakornnatee	Daughter	60,000,000	4.62
7.	Mr. Jaruwat Sukpanthaworn	Brother-in-law	40,000,000	3.08
8.	Miss Supanee Sukpanthaworn	Sister-in-law	35,654,400	2.74
9.	MR.YUEH-CHIN CHIU	None	35,000,000	2.69
10.	MRS.CHEN, MEI-FANG	None	24,842,000	1.19
		Total	818,542,200	62.98

Foreign Shareholders Limitation

Foreign shareholders are not allowed to hold more than 49 % of the total paid- up capitals. As of 31 August, 2016 there was 9.31% of the total shares of the Company which held by foreign shareholders.

Management Structure

Organization Ichitan Group Public Company Limited as of 31 December, 2016



Profile of the Board of Directors / Executive Boards



Name-Surname : Mr.Tan Passakornnatee
Position : Chairman of the Board of Directors/
 President/ Chief Executive Officer
Age (years) : 57
Date of being the Company's director : July 3rd , 2013
Shareholding in ICHI (%) : 27.74
Education
 • Honorary Doctorate, Ramkhamhaeng University
 • Honorary Doctorate, Lampang University
 • Honorary Doctorate, Business Administration, Surattthani Rajabhat University
Training
 • Thai Institute of Directors (IOD) DAP Class 12/2004 ,
 FBG Class 6/2016
Other Training Institute
 • None
Work experience within 5 years
 1999–2010 Director / Managing Director Oishi Group Plc.
Other Current Directorship Positions
Listed Company in the Stock Exchange : None
of Thailand
The Company Limited : Available
 Present director , Tiger Wing Krub Co.,Ltd
Other Organizations / Institutions : None
Director Term duration : 4 years
Family Relationship with the Company's executive
 • Spouse / Mrs. Eng Passakornnatee



Name-Surname : Mrs. Eng Passakornnatee
Position : Director / Chairman of the Risk Management
 Committee / Member of the Nomination and
 Remuneration Committee / Member of the
 Good Corporate Governance Committee /
 Senior Executive Vice President (Executive
 Committee)
Age (years) : 46
Date of being the Company's director : July 3rd , 2013
Shareholding in ICHI (%) : 4.62
Education
 • Bachelor Degree of Business Administration (Finance),
 Bangkok University
 • Master Degree of Business Administration, Ramkamhaeng
 University
Training
 • Thai Institute of Directors (IOD) DAP Class 12/2004 ,
 DCP Class 44/2004 , FBG Class 6/2016
Other Training Institute
 • None
Work experience within 5 years
 1999–2010 Director / Deputy Managing Director
 Oishi Group Pcl.
Other Current Directorship Positions
Listed Company in the Stock Exchange : None
of Thailand
The Company Limited : –
Non-listed in Thailand : Available
 In the year 2016–present, she had taken in the position
 of total amounting to 19 companies and 6 companies,
 had related transaction as follow;
 Present Director, Japanese Prime Restaurants
 Management Co., Ltd
 Present Director, Passakornnatee Co., Ltd
 Present Director, Kin Kab Tan Co., Ltd.
 Present Present Director, Tan Eng Asset Co.,Ltd.
 Present Director,T.Y. Marriage Studio Co.,Ltd.
 Present Director ,Tiger Wings Krub Co.,Ltd.
Other Organizations / Institutions : None
Director Term duration : 4 years
Family Relationship with the Company's executive
 • Spouse / Mr. Tan Passakornnatee



Name-Surname : Mr. Yueh-Chin Chiu

Position : Director / Factory Consultant (Executive Committee)

Age (years) : 55

Date of being the Company's director : August 13th, 2014

Shareholding in ICHI (%) : 2.69

Education

- Bachelor Degree of Mass Communication (Journalism and Print Media), Sue Ching University

Training

- Thai Institute of Directors (IOD) DAP Class 16/2004 , FBG Class 6/2016

Other Training Institute

- None

Work experience within 5 years

1994 – 2011 Director / Factory Consultant, Oishi Group Plc.

Other Current Directorship Positions

Listed Company in the Stock Exchange of Thailand : None

The Company Limited : –

Non-listed in Thailand : Available

Present Director, Wedding Business Consultant Co., Ltd.

Present Director, Thank-You Service Co., Ltd.

1993 – 1994 Franchise Sale Manager, Sew Wi Zu Sue Lian Tsaw Co., Ltd.

Other Organizations / Institutions : None

Director Term duration : 3 years

Family Relationship with the Company's executive

- None



Name-Surname : Mr. Thanapan Khongnuntha

Position : Director / Member of the Risk Management Committee / Executive Vice President-Beverage Business (Executive Director)

Age (years) : 43

Date of being the Company's director : July 3rd, 2013

Shareholding in ICHI (%) : 0.51

Education

- Bachelor Degree of Science in Agribusiness Management, King Mongkut's Institute of Technology Ladkrabang
- Master of Business Administration, Ramkhamhaeng University

Training

- Thai Institute of Directors (IOD) DAP Class 106/2013 , RCL Class 5 /2016

Other Training Institute

- None

Work experience within 5 years

2008 – 2010 Director of Marketing Department (Beverage Business)/ Deputy Director of Marketing Department (Beverage Business) , Oishi Group Pcl.

2007 – 2008 Marketing Manager, Beverage Business, Oishi Group Pcl.

2004 – 2006 Commercial Marketing Manager, Oishi Group Pcl.

Other Current Directorship Positions

Listed Company in the Stock Exchange of Thailand : None

The Company Limited : –

Non-listed in Thailand : None

Other Organizations / Institutions : None

Director Term duration : 4 years

Family Relationship with the Company's executive

- None



Name-Surname : Mr. Viroj Supasoon
Position : Director / Member of Risk Management Committee / Executive Vice President, Factory Department (Executive Director)
Age (years) : 51
Date of being the Company's director : July 3rd, 2013
Shareholding in ICHI (%) : 0.56
Education

- Bachelor Degree of Science, Microbiology, Kasetsart University

Training

- Thai Institute of Directors (IOD) DAP Class 106/2013 , RCL Class 5 /2016

Other Training Institute

- None

Work experience within 5 years
2004 – 2011 General Manager , Oishi Trading Pcl.
1998 – 2004 Factory Manager Foremost Friesland (Thailand) Co., Ltd.
1997 – 1998 Project Manager , Dairy Plus Co., Ltd.
1989 – 1997 Production Manager, Foremost Friesland (Thailand) Co., Ltd.
Other Current Directorship Positions
Listed Company in the Stock Exchange of Thailand : None
The Company Limited : –
Non-listed in Thailand : None
Other Organizations / Institutions : None
Director Term duration : 4 years
Family Relationship with the Company's executive

- None



Name-Surname : Miss Araya Panichayunont
Position : Director / Deputy Financial Director
Age (years) : 41
Date of being the Company's director : July 3rd, 2013
Shareholding in ICHI (%) : 0.07
Education

- Bachelor Degree of Business Administration (Finance), Thai Chamber of Commerce University

Training

- Thai Institute of Directors (IOD) DAP Class 106/2013 , RCL Class 5 /2016

Other Training Institute

- None

Work experience within 5 years
2011 – 2013 Director , I Am Green Tea Co., Ltd.
1999 – 2011 Manager, Finance Department Wedding Business Consultant Co., Ltd.
Other Current Directorship Positions
Listed Company in the Stock Exchange of Thailand : None
The Company Limited : –
Non-listed in Thailand : Available
Present Director, Lopburi Inn Plaza Co., Ltd.
Other Organizations / Institutions : None
Director Term duration : 4 years
Family Relationship with the Company's executive

- None



Name-Surname : Air Vice Marshal (AVM) Nathawat Nimmolthanakorn

Position : Independent Director / Chairman of the Audit Committee / Member of Risk Management Committee

Age (years) : 65

Date of being the Company's director : July 3rd, 2013

Shareholding in ICHI (%) : None

Education

- Bachelor Degree of Education in Secondary Education, Srinakharinwirot University

Training

- Thai Institute of Directors (IOD) DAP Class 106/2013 , AACF Class 16/2014 , RNG Class 8/2016

Other Training Institute

- Federation of Accounting Professions under the Royal Patronage Audit Committee Seminar Get Ready for Year End

Work experience within 5 years

2007 – 2012	Manager, Royal Thai Air Force Headquarters Savings Cooperatives Limited
2005 – 2006	Deputy Chief, Staff Officer to Commander-In-Chief , Royal Thai Air Force, Royal Thai Air Force
2002 – 2005	Deputy Director-General Directorate of Welfare
2000 – 2002	Chief of Staff Directorate of Welfare
1994 – 1997	Director, Welfare Store Division Directorate of Welfare

Other Current Directorship Positions

Listed Company in the Stock Exchange of Thailand : None

The Company Limited : –

Non-listed in Thailand : None

Other Organizations / Institutions : None

Director Term duration : 4 years

Family Relationship with the Company's executive

- None



Name-Surname : Mr. Issarachai Decharit

Position : Independent Director / Member of Audit Committee / Chairman of Nomination and Remuneration Committee / Member of the Corporate Governance Committee

Age (years) : 57

Date of being the Company's director : July 3rd, 2013

Shareholding in ICHI (%) : None

Education

- Bachelor Degree of Laws, Chulalongkorn University
- Thai bar Association, The Thai Bar under The Royal Patronage

Training

- Thai Institute of Directors (IOD) DAP Class 27/2004 , AACF Class 17/2014 , RNG Class 8/2016

Other Training Institute

- Federation of Accounting Professions under the Royal Patronage Audit Committee Seminar Get Ready for Year End

Work experience within 5 years

2015	Director , Asia Asset Management Co., Ltd.
2015	Director , Professional Collection Co., Ltd.
2010 – 2015	Director , Global Service Center Co., Ltd.
2010 – 2013	Director , ACAP Asset Management Co., Ltd.
2010 – 2015	Director , Capital OK Co., Ltd.
2006 – 2015	Director , ACAP Consulting Co., Ltd.
2003 – 2015	Director , ACAP Advisory Pcl.
2003 – 2015	Director , ACAP Corporate Services Co., Ltd.

Other Current Directorship Positions

Listed Company in the Stock Exchange of Thailand : None

The Company Limited : –

Non-listed in Thailand : Available

Present : Director, Global One Capital Co., Ltd.

Other Organizations / Institutions : None

Director Term duration : 4 years

Family Relationship with the Company's executive

- None



Name-Surname : Mr. Prasan Limpipatanakul
Position : Independent Director / Member of the Audit Committee/ Chairman of Corporate Governance Committee / Member of the Nomination and Remuneration Committee
Age (years) : 60
Date of being the Company's director : January 30th, 2013
Shareholding in ICHI (%) : None
Education

- Bachelor Degree of Accounting, Chulalongkorn University
- Master Degree of Business Administration, Kasetsart University

Training

- Thai Institute of Directors (IOD) DAP Class 106/2014 , AACP Class 16/2014 ,RNG Class 8/2016

Other Training Institute

- Federation of Accounting Professions under the Royal Patronage Audit Committee Seminar Get Ready for Year End

Work experience within 5 years
2009 – 2014 Deputy Managing Director, Siam Commercial Samaggi Insurance Pcl.
2007 – 2009 Executive Consultant, Siam Ball Sport Factory Co., Ltd.
2002 – 2006 Member of the Executive Committee and Consultant, Siam Unisole Co., Ltd.
2001 – 2002 Member of the Executive Committee. and Consultant, Wongpaitoon Group Pcl
1999 – 2000 Managing Director, K. M. Foam Co., Ltd.
Other Current Directorship Positions
Listed Company in the Stock Exchange : None of Thailand
The Company Limited : –
Non-listed in Thailand : None
Other Organizations / Institutions : None
Director Term duration : 4 years
Family Relationship with the Company's executive

- None



Name-Surname : Mr. Preecha Augcharanonda
Position : Member of Executive Committee / Executive Vice President, Accounting and Finance
Age (years) : 54
Shareholding in ICHI (%) : 0.04
Education

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

Training

- Thai Institute of Directors (IOD) DAP Class 106/2013

Other Training Institute

- None

Work experience within 5 years
2013–2014 Director , Ichitan Group Pcl.
2002–2011 Accounting and Finance Director , Oishi Group Pcl.
Other Current Directorship Positions
Listed Company in the Stock Exchange : None of Thailand
The Company Limited : –
Non-listed in Thailand : None
Other Organizations / Institutions : None
Director Term duration : year 2013 – year 2014
Family Relationship with the Company's executive

- None

The Company Secretary / Internal Audit Manager



Name-Surname : Mr. Apichat Sukachirawat
Position : The Company Secretary / Secretary to the Executive Committee / Secretary to the Risk Management Committee / Secretary to the Nomination and Remuneration Committee / Vice President Accounting and Finance
Age (years) : 51
Education

- Bachelor of Accounting, Ramkhamhaeng University

Training

- Thai Institute of Directors (IOD) DAP Class 106/2013 RCL Class 5 /2016

Other Training Institute

- Thai Listed Companies Association The Company Secretary Program, Class 30

Work experience within 5 years
2002 – 2011 Deputy Director of Accounting and Finance Department, Oishi Group Pcl.
Shareholding in ICHI (%) : 0.39
Family Relationship with the Company's executive

- None



Name-Surname : Mr. Sumol Hobumphen
Position : Internal Audit Manager
Age (years) : 39
Education

- Bachelor Degree of Accounting, Rajamangala University of Technology, Phranakhorn
- Master Degree of Science in Corporate Governance, Chulalongkorn University

Training

- Thai Institute of Directors (IOD) ACPG Class 16 /2015

Other Training Institute

- Certified public accountant, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
- Courses, Risk management, of corruption at 2/58, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
- Internal Auditing Program, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
- Endorsed Internal Auditing Program (EIAP), Class 9, Chulalongkorn University

Work experience within 5 years
2006 – 2009 Assistant Internal Audit Manager, Thanulux Pcl.
2011 – 2013 Internal Audit Manager, Perfect Engineering Service Pcl.
1999 – 2006 Assistant Internal Audit Division Manager, Dr. Virach & Associates Office
Shareholding in ICHI (%) : 0.004
Family Relationship with the Company's executive

- None

**Report changing of Director and Executive committee of
Ichitan Group Public Company Limited (the Company)
As at 31 December, 2016**

The Company has the policy that directors and executive directors of the Company, shall report changes in their shareholding of the Company to the Board of Directors and shall submit their report of changing in shareholding (Form 59-2). If there is changing, shall submit to the Company Secretary for compiling and present to the Board of Directors' meeting.

Shareholding Report of the Company's director.

No.	name list	Ordinary share(share)			note
		31 December 2016	31 December 2015	Increase (Decrease) during the year (share)	
1	Mr. Tan Passakornnatee	360,639,600	450,639,600	(90,000,000)	*Transferred to his three children, received 30,000,000 shares per person
2	Mrs. Eng Passakornnatee	60,000,000	60,000,000	–	
3	Mr. Yueh-Chin Chiu	35,000,000	35,000,000	–	
4	Mr. Viroj Supasoon	7,277,400	7,277,400	–	
5	Mr. Thanapan Khongnuntha	6,670,000	6,670,000	–	
6	Miss Araya Panichayunont	926,600	926,600	–	
7	Air Vice Marshal (AVM) Nathawat Nimmolthanakorn	–	–	–	
8	Mr. Prasan Limpipatanakul	–	–	–	
9	Mr. Issarachai Decharit	–	–	–	



Shareholding Report of the Company's executive committee.

No.	name list	Ordinary share(share)			note
		31 December 2016	31 December 2015	Increase (Decrease) during the year (share)	
1	Mr. Tan Passakornnatee	360,639,600	450,639,600	(90,000,000)	*Transferred to his three children, received 30,000,000 shares
2	Mrs. Eng Passakornnatee	60,000,000	60,000,000	–	
3	Mr. Preecha Augcharanonda	500,000	1,500,000	(1,000,000)	
4	Mr. Thanapan Khongnuntha	6,670,000	6,670,000	–	
5	Mr. Viroj Supasoon	7,277,400	7,277,400	–	
6	Mr. Yueh-Chin Chiu	35,000,000	35,000,000	–	

*Note: 1) Transferred share to Miss. Varisa Passakornnatee of 30 million shares.
2) Transferred share to Mr. Passakorn Passakornnatee of 30 million shares.
3) Transferred share to Miss Klainatee Passakornnatee of 30 million shares, Total Transferred share equivalent to 90 million shares.

The Nomination of Director and Executive committee

The process of nomination and appointment of the Company's director.

The nomination and appointment director of the Company in regard to the principle of good corporate governance. Also, the Board of Directors has assigned the Nomination and the Remuneration Committee to consider and select new director to replace the director whose retired by rotation or as the position of director is vacant together with propose to the shareholders for approval. In addition, the Company has provided an opportunity to all shareholders to nominate a qualified person in accordance with the Securities and Exchange Act and related Laws by considering his/her skills and expertise that has been assessed by the Board Skill Matrix in regard to the policy for diversity of committee as well as consideration to achieve a broad range of expertise as define by the Company and be elected as a member of the Board of Directors. In the year 2016, the Company had been invited to nominate candidate and agenda for the Annual General Meeting of Shareholders (the AGM) through the Company's website at www.ichitangroup.com and SET Portal system before the meeting since 11 October, 2016 – 31 December, 2016 which proposed neither candidate nor agenda for the shareholders 'meeting.

1) The Board of Directors

The nomination of directors shall be under the Company's Articles of Association and candidate shall possess all qualifications required under Section 68 of the Public Limited Companies Act B.E. 2535, the Securities and Exchange Act and the notifications of the SEC, the Market Supervisory Board and/or other relevant regulations which summarizes as follows;

1. The Company's Board of Directors consists of at least five (5) members and member of the Boards will be elected Chairman of the Boards and may elect a Vice Chairman and other positions as they see appropriately. Also, not less than one-half of all directors, those must be resident in the kingdom of Thailand, and the Company's director no needs to be the Company's shareholders.

2. Election of director of the Company shall be approved by the shareholders' meeting (AGM), in comply with the regulation and procedure hereto;

(A) The shareholder has one share one vote.

(B) Each shareholder will vote to elect one or more directors. In the case of electing many candidates to be director, shareholders cannot split the votes for multiple candidates.

(C) The candidates who receive the highest votes will assume directorship according to vacant seats applicable to a particular election. In case of vote tie, the Chairman shall have the final casting vote.

3. At the annual general meeting of shareholders each year, one-third of the directors or the closet thereof if the number cannot be evenly divided shall retire by rotation. A director who has to leave his / her position in the first and second years after the registration of the company shall do a lucky draw who will first leave and the following year the longest directorship term will be first retired. Retiring directors can be re-elected.

4. Besides retire by rotation, the termination of the directorship's term are as following;

(A) death

(B) resignation

(C) disqualified or prohibited by law or Public Company Limited Act.

(D) the shareholders' meeting voted to leave.

(E) the court has ordered to retire.

5. Any director who will resign he/she shall submit his resignation letter and the resignation will be effective from the date of resignation letter deliver to the Company. Directors who resigned in the first paragraph shall be informed his/her resignation to the Registrar of Public Company Limited .

6. The Boards may appoint persons who possess suitable qualifications and no prohibited characteristics under the Public Limited Companies Act to fill the vacated seat in the subsequent Board meeting, unless the remaining term of such directors is less than two (2) months. The office terms of a new director appointed in replacement for another director shall be equal to the remaining office term of the directors whom he/she replaces and such director appointment by the Boards' resolution shall require not less than a three-fourth (3/4) of the remaining directors.

7. At the meeting, shareholders may vote for any director from member of the Boards before his/her term will be expired by the vote of not less than three-fourth (3/4) of total number of shareholders who attend the meeting and entitled to vote, and holding shares amounting to not less than one-half (1/2) of the shares, held by the shareholders who present at the meeting and entitle to vote.

8. The Board of Directors is responsible for supervising all of the Company's operation and shall have the power and responsibility under defined by the law, the objective, the Articles of Association and the resolution of the shareholders' meeting. The Boards may appoint one or several person to be its representative.

9. Prohibited director to do business of the same nature of the Company and may compete with the Company or as in term of partnerships or partner in a limited partnership or as director in private companies or any other public company which operates the same nature of the Company which may compete with the Company. unless prior informed the shareholders 'meeting before casting vote to appoint director..

10. Directors must urgent to notify the Company, If there is conflict of interest both direct or indirect in a contract that made by the Company, or holding debenture increase or decrease in the Company or the Associated company.

11. Number of Directors who has authority to bind the Company, two (2) directors have signed together together with the Company's seal. The shareholders' meeting or the Boards 'meeting has the power to determine the names of the authorized signatories of the Company.

As at December 31, 2016 the Board of Directors consists of 9 directors as follows:

1. Mr. Tan	Passakornnatee	Chairman of the Boards
2. Miss Eng	Passakornnatee	Vice Chairman
3. Avm. Nathawat	Nimmolthanakorn	Independent Director
4. Mr. Prasan	Limpipatanakul	Independent Director
5. Mr. Issarachai	Decharit	Independent Director
6. Mr. Yueh	-Chin Chiu	Director
7. Mr. Viroj	Supasoon	Director
8. Mr. Thanapan	Khongnuntha	Director
9. Miss Araya	Panichayunont	Director

Mr. Apichat Sukachirawat is the secretary to the Board of Directors

Authorized signatories to sign on behalf of the Company.

Authorized to sign on behalf of the Company are Mr. Tan Passakornnatee or Mrs. Eng Passakornnatee shall anyone co-sign with Mr. Yueh-Chin Chiu or Mr. Viroj Supasoon or Mr. Thanapan Khongnuntha or Miss Araya Panichayunont as two persons and affix the Company's seal.

Duties and Responsibilities Board of Directors

1. The Board has authority, duty and responsibility to manage and operate the Company's business according to laws, objectives, Articles of Association, the resolution of the shareholders' meeting with honesty and due care to protect the Company's benefits.
2. To organize the Boards' meeting at least six(6) times per year.
3. To ensure that the Statement of Financial Position and Profit and Loss Statement of the Company as the ended of accounting period which has audited by the auditor and proposed to the shareholders' meeting for approval.
4. To review and approve the Company's policy, direction, strategies and business plans which propose by the management team.
5. To consider and define the policy of risk management (Risk Management) to cover the whole organization and supervise the system or process for risk management by set up measures and methods of controlling to reduce the impact on the Company appropriately.
6. To set the directions, policy, business plans and budget plans and undertake monitoring and supervision of the business operations supervised by the management team to ensure effective and efficient implementation of such policy, business plans and budget plans.
7. To approve the management structure and the appointment and authority scope of the Executive Committee, CEO and other sub committees as appropriate.
8. To prepare the Board's annual report and to be responsible for preparing and releasing of the Company's financial statements to disclose the financial positions and performance in the past year which shall be approved by the shareholders' meeting.
9. The Boards may delegate the authority to one director or directors or other persons to perform acts on its behalf and under its supervision or may authorize that person perform any duties during a specific period. The Boards may cancel, revoke or change the authorization as appropriate.

The said delegation shall not explicitly or implicitly vest such persons with the power to consider and approve transactions involving conflict of interest between themselves or their related parties and Company or its subsidiaries (if any) (according to the definitions under the notifications issued by the Capital Market Supervisory Board and/or the SET and/or other relevant authorities), unless otherwise permitted by applicable policy and criteria previously approved by the Boards.

According to, resolution of the Board of Directors' meeting No. 1/2017 which held on February 23, 2017 and proposed from the Nomination and Remuneration Committee, there were three directors who retired by rotation as follows;

1. Mrs. Eng Passakornnatee	Director
2. Mr. Issarachai Decharit	Independent Director
3. Mr. Viroj Supasoon	Director

To be reelected as the Company's director for another term including with member in the Subcommittee which shall propose to the Annual General Meeting of Shareholders No. 1/2017 on Thursday, April 27, 2017 for approval. Now, do not have propose candidates for election as member of the Board of Directors by the shareholders as the Company announce since October 10, 2016 until December 31, 2016.

2. Chairman of the Boards

Duties and responsibilities of Chairman of the Board

To build sustainable stability to the Company's business, as well as overseeing the advantage under the Company's vision, mission, and goals by strengthening cultural and business administration in comply with good corporate governance principles of the Company.

Roles and duties to the Board of Directors

To conduct structure of the Board of Directors, and appropriate work which cause maximum benefit to the shareholders and other stakeholders and also includes to support and governance, the Board has shown a role and responsibility, honesty, dedication and conduct, taking into account the benefits of the Company, main priority.

Roles and responsibilities to employees, shareholders and stakeholders.

Encourage employees, shareholders and stakeholders, confidence, trust and acceptance to business operations of the Company by giving priority to conduct business ethically. And, shall has a responsibility to all stakeholders including with corporate social responsibility and the environment.

3. Independent Director

The Board shall select independent directors in accordance with the qualification criteria under the Public Limited Companies Act B.E. 2535, the Securities and Exchange Act, the notifications of the SEC and the Market Supervisory Board, and any other applicable notifications and/or rules and regulations. The Company shall have at least three (3) independent directors or one-third (1/3) of its directors, whichever is higher.

Qualifications of Independent Directors

Independent directors shall not have business or participate in management team or earning benefits that related to the Company which may have an impact to make a decision as an independent with qualification as follows:

1) Not hold share more than 0.5% of the total shares with voting right of the Company*

2) Shall not be and have been executive director, employee, salaried consultant of the Company* unless he/she has ended such status for two (2) years or longer from the date of filing permission with the SEC. The above prohibited characteristics exclude the independent director's status as a civil servant or consultant of a government entity which is the major shareholder or person having controlling power over the Company. 3) Shall not have blood relationship or relationship through legal registration as a father, mother, spouse, sibling, and child,

including as a spouse of a child, of any director, executive, major shareholder, person with controlling power, or person nominated as director, executive or person with controlling power of the Company or its subsidiaries.

4) Shall not have any business relationship with the Company* in a manner that may hinder his/her independent judgment. An independent director must not have or have had been a significant shareholder or a person with controlling power of an entity which has business relationship with the Company* unless he/she has ended such status for two (2) years or longer from the date of filing permission with the SEC.

5) Shall not be or have been an auditor of the Company* or a significant shareholder or a person with controlling power or a partner of an auditing firm which provides auditing service for the Company* unless he/she has ended such status for two (2) years or longer from the date of filing permission with the SEC.

6) Shall not be or have been a professional service provider, including legal or financial advisor who obtains fee of more than two (2) million Baht per year from the Company* of such professional service provider, unless he/she has ended such status for two (2) years or longer from the date of filing permission with the SEC.

7) Shall not be a representative of the Company's directors, major shareholder or shareholder being related party of the Company's major shareholder.

8) Shall not operate business of the same nature as and in competition with the Company or its subsidiary and shall not be significant partner of partnership, or executive director, employee, officer or salaried consultant or holder of more than (one) 1% of the shares with voting rights of business of the same nature as and in competition with the Company or its subsidiary.

9) Determine the term of independent directors are limited to nine (9) consecutive years from the date of publication to maintain its position in the next term.

10) There is no any other qualification that cannot to provide an opinion independently about the Company's business operations.

Note 1) * The Company mean the parent company, subsidiaries, affiliates, shareholders, persons having controlling power over the Company and major shareholders of the Company.

2) Disclosed in detail in Form 56-1 of "Independent Director".

4. The Audit Committee

The Audit Committee of the Company which comprise of independent directors, who must be qualified under Section 68 of the Public Company Limited Act B.E. 2535, the Capital Market Commission Announcement, the requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand. And must have at least three (3) persons, at least one (1) person with expertise in accounting or finance and have professional experience to review of the reliability of financial statements of the Audit Committee shall be appointed by the Board of Directors or the shareholders' meeting of the Company and have three (3) years.

As at December 31, 2016 the Audit Committee consists of three (3) independent directors, namely:

1. Avm. Nathawat	Nimmolthanakorn	Independent Director / Chairman of the Audit Committee.
2. Mr. Prasan	Limpipatanakul*	Independent Director/ Member of the Audit Committee
3. Mr. Issarachai	Decharit	Independent Director/ Member of the Audit Committee

Mr. Sumol Hobumphen is secretary to the Audit Committee.

Note: *Mr. Prasan Limpipatanakul has knowledge and experience in accounting and finance.

**The Audit Committee has been appointed since February 12, 2013.

Duties and responsibilities of the Audit Committee.

1. To review the Company financial reporting is accuracy and adequate.

2. To review the appropriateness and effectiveness of the Company's internal control and internal audit systems, assess the independence of the internal audit team, and endorse the appointment, job transfer and employment termination of head of internal audit team or any other teams responsible for the Company's internal audit.

3. To review and ensure the Company's compliance with the Securities and Exchange Act, the SET's requirements and the laws governing the Company's business.

4. To consider, screen and nominate an independent auditor, propose audit fee and attend a meeting with the auditor without management's participation at least once a year annually.

5. To review connected transactions and transactions with potential conflicts of interest in accordance with the laws and the SET's requirements to ensure that such transactions are reasonable and contribute to the Company's best interest.

6. To prepare the Audit Committee's Report which is part of the Company's annual report. The Audit Committee's Report must be signed by the Chairman of the Audit Committee and contain at least issue are as following;

- Opinions on the accuracy, completeness and reliability of the Company's financial statements.
- Opinions on the adequacy of the Company's internal controls.
- Opinions on the Company's compliance with the Securities and Exchange Act, the SET's rules and requirements and other laws applicable to the Company's business.
- Opinions on the suitability of the auditor.
- Opinions on transactions with conflicts of interest.
- Number of the Audit Committee's meetings and attendance report of each Audit Committee member.

g) Opinions or observations of the Audit Committee on matters gained from their performance of duties under the Audit Committee's charter.

h) Any matters that shareholders and investors shall know under the scope of duty and responsibility which has assigned by the Board of Directors.

7. Perform other duties as the Board of Directors. Entrusted with the approval of the Audit Committee.

5. The Risk Management Committee

The Board of Directors has approved to appoint the Risk Management Committee to act in the direction of risk management of the Company with appropriately and effectively.

As at December 31, 2016 the Risk Management Committee consist of four (4) members as follows;

1. Mrs. Eng	Passakornnatee	Chairman of the Committee
2. Avn. Nathawat	Nimmolthanakorn	Member of the Committee
3. Mr. Viroj	Supasoon	Member of the Committee
4. Mr. Thanapan	Khongnuntha	Member of the Committee

Mr. Apichat Sukachirawat is secretary to the Risk Management Committee

Note: Risk Management Committee has been appointed since June 17, 2013.

Duties and responsibilities of the Risk Management Committee.

Duties and responsibilities of the Risk Management Committee.

1. To formulate integrated risk management policies and framework which cover key risks such as business risk and operational risk.
2. To assess potential risks from internal and external factors and their impact on the organization.
3. To monitor the progress of implementation of the Company's risk management plan.
4. To inform the Audit Committee of key risks that may impact to internal controls.
5. To report risks and risk management measures to the Boards.
6. To perform any other duties as assigned by the Boards.

6. The Nomination and Remuneration Committee.

The Board of Directors has approved to appoint the Nomination Committee and Remuneration Committee in regard to good corporate governance and best practices for listed companies in the Stock Exchange of Thailand.

As at December 31, 2016 the Nomination and Remuneration Committee consist of three (3) members as follows;

1. Mr. Issarachai	Decharit	Independent Director/ Chairman of the Committee
2. Mr. Prasan	Limpipatanakul	Independent Director/ Member of the Committee
3. Mrs. Eng	Passakornnatee	Member of the Committee

Mr. Apichat Sukachirawat is secretary to the Nomination and Remuneration Committee.

Note: The Nomination and Remuneration Committee has been appointed since August 13, 2014.

Duties and responsibilities the Nomination and Remuneration Committee.

1. To set criteria and policies for the nomination of members of the Company's Board of Directors and board committees in view of the structure, composition and member qualifications before proposing thereof to the Board and/or the shareholders' meeting as applicable for approval.
2. To screen and nominate candidates for directorships for vacancies from retirement and/or resignation and/or new position.
3. To perform any other acts related to the nomination process as assigned by the Board.
4. To evaluate performance of CEO and propose the evaluation to the Board for approval.

7) The Good Corporate Governance Committee

The Board of Directors has approved to appoint the Good Corporate Governance Committee in order to ensure that comply with good corporate governance and best practices for listed companies in the Stock Exchange of Thailand.

As at December 31, 2016, the Good Corporate Governance Committee consists of three (3) members as follows;

1. Mr. Prasan	Limpipatanakul	Independent Director / Chairman of the Committee
2. Mrs. Eng	Passakornnatee	Member of the Committee
3. Mr. Issarachai	Decharit	Member of the Committee

Mr. Sumol Hobumphen is secretary to the Good Corporate Governance.

Note: The Good Corporate Governance Committee has been appointed since February 24, 2016.

Duties and responsibilities of the Good Corporate Governance Committee

1. To consider, review and propose to the Boards for approval in regard to the Good Corporate Governance Policy, Business Ethics, Social and Environmental responsibility policy, Sustainable development policy of the Company. Other policy and practices to support the implementation of the guidelines of good governance that contribute to transparency, fairness and support the sustainable growth of the Company.
2. To supervise and ensuring management team has comply with policy and practice in Item.1 to develop the Company continuously. The policy and practice must be consistent and appropriate to the business. The recommendations of the regulatory authorities or relevant and comparable to international standards.
3. To monitor and review work system within the organization to comply with the code of conduct and best practices as defined.
4. To monitor and control in the operation of the management and staff that there is issues of non-compliance with policy and the guidelines laid down
5. To monitor and reporting on the performance of the organization in regard to regulatory policy, governance and other relevant policy and then report to the Board of Directors and external organizations as appropriate.
6. Perform other duties as assigned by the Board of Directors.

5. To approve the Company's filing of credit or loan applications with banks including guarantee, payment or disbursement transactions of the Company in its normal course of business such as investment and payment of expenses. Each transaction shall be capped at Baht 200 million or its equivalent or at the amount approved by the Board. Change to the said limit is subject to the Board's approval.
6. To approve the opening of deposit accounts with banks and to specify payment amount authorizers of the Company's deposit accounts
7. To approve the budget for salary increase or annual merit increase and bonus payment to employees, except for CEO and above.
8. To approve the appointment and removal of the Company's employees below CEO level.
9. To perform any other duties as assigned.

The delegation of authority and duty by the Executive Committee shall not explicitly or implicitly vest the attorneys-in-fact appointed through power delegation or sub-delegation to approve transactions involving conflict of interest between themselves or their related parties according to the definitions under the notifications issued by the Capital Market Supervisory Board and/or the SET and/or other relevant authorities) and Company or its subsidiaries and/or related companies. Such transactions are beyond the scope of authority of the Executive Committee and must be approved by the Board or the shareholders' meeting (as applicable), unless otherwise classified as transactions in normal course of business and on an arm's length basis according to the definitions determined by the Market Supervisory Board and/or the SET and/or relevant authorities.

8. The Executive Committee

The Executive Committee must qualify under the Public Company Limited Act B.E.2535 and related announced by the Securities and Exchange Commission (SEC) for managing, supervising, controlling and responsible for various activities under the scope of which assign by the Board of Directors. The Boards is authorized to appoint the executive director by selecting from director, executive of the Company and / or external person. The Executive Committee is required to has knowledge, ability, suitable experience and understanding their duty and responsibilities and shall not has prohibitions under the law.

As at December 31, 2016 the Executive Committee consists of six (6) members as follows;

1. Mr. Tan	Passakornnatee	President
2. Mrs. Eng	Passakornnatee	Executive Committee
3. Mr. Yueh-	Chin Chiu	Executive Committee
4. Mr. Preecha	Augcharanonda	Executive Committee
5. Mr. Viroj	Supasoon	Executive Committee
6. Mr. Thanapan	Khongnuntha	Executive Committee

Mr. Apichat Sukachirawat is secretary to the Executive Committee

Duties and responsibilities of the Executive committee.

1. The Executive Committee shall have the authority to execute policies of the Board under the laws and the Company's rules and regulations, except for matters which the laws stipulate as being subject to the approval from the shareholders' meeting.
2. To formulate and recommend to the Board the Company's business policies, directions and strategies.
3. To propose business plans, managing authority, business plans and budget plans to the Board for approval and execute the Company's business plans and strategies in accordance with the policies and business plans presented to the Board.
4. To execute the Company's general affairs and determine the organizational and management structures and the human resources management process, from recruitment to training, employment and employment termination.

Chief Executive Officers (CEO)

The Board of Directors' meeting No. 6/013 dated June 17, 2013, was appointed Mr. Tan Passakornnatee to the position of Chief Executive Officers with duties and responsibilities as follows;

Duties and responsibilities of Chief Executive Officers

1. To oversee business and/or routine operations of the Company.
2. To develop and propose policies, business plans, business strategies and annual budget plans of the Company through the Executive Committee to the Board for approval.
3. To execute or manage operations in accordance with policies, plans and budgets approved by the Board and/or the Executive Committee.
4. To regularly monitor and evaluate the Company's performance and report the results and progress to the Executive Committee, the Audit Committee and the Board.
5. To approve the Company's filing of credit or loan applications with banks including guarantee, payment or disbursement transactions of the Company in its normal course of business such as investment and payment of expenses. Each transaction shall be capped at 100 million Baht or its equivalent or at the amount approved by the Boards. However, the said financial amount may be change as approved by the Boards.

Transaction	Scope of Authority
Purchases and order to pay for business administration	Limited to 50 million Baht
Purchases and order to pay for Asset	Limited to 50 million Baht
Order to pay for agreement term	Limited to 100 million Baht
The asset amortization	Limited to 20 million Baht
Order to pay for entertainment expense	Limited to 20 million Baht
Order to pay for donation and promotional goods	Limited to 20 million Baht

6. To approve expenses related to the Company's operations in its normal course of business such as procurement deals whereas the limit of each transaction shall be according to the table of approval authority approved by the Board and within the annual budget approved by the Board as well as to execute agreements and contracts related to such deals.

7. To determine the organizational structure and approve the appointment, recruitment, job transfer, remuneration, compensation, bonus and employment termination of employees at senior executive vice president level and under.

8. To issue directives, regulations, announcements and statements necessary for the Company's business operations for compliance with the policies, the Company's benefits and sound disciplines of the Company.

9. To work with the head of internal audit team and the Audit Committee on supervision of business operations and risk management of the Company in accordance with the Company's objectives and Articles of Association and the Corporate Governance Policy.

10. To appoint committees and working teams in order to support effective and transparent operation. CEO may delegate to a person or persons the authority to perform acts under his supervision; or delegate to such persons the authority within the scope as CEO deems appropriate. Such delegation may be annulled or amended or re-assigned to other persons as CEO deems appropriate.

11. Perform any other duties as assigned by the Executive Boards or the Board of Directors.



Delegation of authority to another person to act on behalf of the Company.

The delegation of authority and duty by CEO shall not explicitly or implicitly vest the attorneys-in-fact appointed through power delegation or sub-delegation to approve transactions involving conflict of interest between themselves or their related parties according to the definitions under the notifications issued by the Capital Market Supervisory Board and/or the SET and/or other relevant authorities) and Company or its subsidiaries and/or related companies. Such transactions are beyond the scope of authority of CEO and must be approved by the Board or the shareholders' meeting (as applicable), unless otherwise classified as transactions in normal course of business and on an arm's length basis according to the definitions determined by the Market Supervisory Board and/or the SET and/or relevant authorities.

Management Team

As of December 31, 2016, the Company's management team is composed of five (5) executives as follows:

Name		Position
1. Mr. Tan	Passakornnatee	Chief Executive Officer
2. Mrs. Eng	Passakornnatee	Senior Executive Vice President
3. Mr. Preecha	Augcharanonda	Executive Vice President– Accounting & Finance
4. Mr. Thanapan	Khongnuntha	Executive Vice President– Beverage Business
5. Mr. Viroj	Supasoon	Executive Vice President– Factory Business

The Company Secretary

The Board of Directors has appointed Mr. Apichat Sukachirawat, First Senior Vice President, Accounting & Finance, as the Company Secretary, effective from February 18, 2013 to perform company secretariat functions in accordance with the Securities and Exchange Act (No.4) B.E. 2551. The Board has supported and encouraged Company Secretary to continuously develop his knowledge and abilities pertaining to laws, accounting and company secretariat function through training courses and seminars. Profile of Company Secretary show in profile of the Boards and Executive Committee.

Duty and responsibility of the Company Secretary

Company Secretary must perform duties as stipulated in Section 89/15 and Section 89/16 of the Securities and Exchange Act (No. 4) B.E. 2551 which has come into force since 31 August 2008 and demonstrate responsibility, due care, honesty and compliance with the laws, the Company's objectives and Articles of Association, and the resolutions of the Board and the shareholders' meetings. Statutory duties of Company Secretary are as follows:

1. Prepare and retain the following documents:
 - 1.1 Register of directors
 - 1.2 Invitation to Board meetings, minutes of Board meetings and annual reports of the Company.
 - 1.3 Invitation to shareholders' meetings and minutes of shareholders' meetings.

2. Retain reports on conflicts of interest of directors or executives

2.1 Directors and executives have the duty to “report their conflicts of interest”. (It means that directors and executives have the duty to report the conflicts of interest of themselves and their related parties to the Company.)

2.2 Company Secretary shall submit a copy of such report to the Chairman of the Board and the Chairman of the Audit Committee within 7 days from the receipt thereof.

2.3 There must be an effective filing system to ensure that all relevant documents and evidence are retained properly and completely and are available for verification for at least 5 years from the date such documents and information are prepared.

3. To perform any other duties according to the notifications of the Capital Market Supervisory Board.

Meetings of the Board

The Board of Directors meeting schedule is officially documented in advance throughout the year, in which each meeting will have to define a clear agenda. Both of the agenda for meeting and the agenda for consideration prepare complete conference documentation. By the way the office of President and Company Secretary will send to the Board of Directors at least 7 days in advance, so the Board has sufficient time to study the data before joining the meeting. In the meeting, the President has allocated sufficient time so that the Committee can everyone discussion and sharing opinions openly. By having the Chairman of the Board to process the comments and conclusions derived from that meeting. The meeting prepared a written by a secretary of the Board of Directors and approved after the meeting. Documents are stored so that the relevant check by details of attendance of each Director summarized as follows:

No.	Position	The board of directors for the year 2016					
		The Board of Directors	The Audit Committee	The Risk Management Committee	The N&R Committee	The Good Corporate Governance Committee	The Executive Committee
1. Mr. Tan Passakornnatee	Chairman of the Boards/ President	6/6	–	–	–		10/10
2. Mrs. Eng Passakornnatee	Vice Chairman / Chairman of the Risk Management Committee / Member of the N&R Committee/ Member of the Good CG Committee/ Executive Committee	6/6	–	4/4	3/3	2/2	10/10
3. Mr. Yueh– Chin Chiu	Director/Executive Committee	6/6	–	–	–		9/10
4. Mr. Viroj Supasoon	Director/ Member of the Risk Management Committee/ Executive Committee	6/6	–	4/4	–		10/10
5. Mr. Thanapan Khongnutha	Director/ Member of the Risk Management Committee/ Executive Committee	6/6	–	4/4	–		10/10
6. Miss Araya Panichayunont	Director	6/6	–	–	–		–
7. Avm. Nathawat Nimmolthanakorn	Independent Director/ Chairman of the Audit Committee/ Member of the Risk Management Committee	6/6	4/4	4/4	–		–
8. Mr. Prasan Limpipatanakul	Independent Director/ Member of the Audit Committee/ Chairman of the Good Corporate Governance Committee / Member of the N&R Committee	6/6	4/4	–	3/3	2/2	–
9. Mr. Issarachai Decharit	Independent Director/ Member of the Audit Committee/ Chairman of the N&R Committee	6/6	4/4	–	3/3	2/2	–
10 Mr. Preecha Augcharanonda	Executive Committee	–	–	–	–		10/10

Director Term

The Board of Directors comprised of individuals with knowledge, skills, and the company has provided an appropriate number of directors. It currently has 9 people, which are five executive directors, 4 non-executive directors, (three person are independent directors), each director has term three(3) years.

list	Date of appointment the Shareholders' Meeting Last time (Year)	Types of Directors	Recruitment/ Appointment (AGM) as director in the year 2016	Next Appointment (Year)
1. Mr. Tan Passakornnatee	2013	Chairman	Yes	2019
2. Mrs. Eng Passakornnatee	2014	Director	No	2017
3. Mr. Yueh-Chin Chiu	2013	Director	Yes	2019
4 Mr. Viroj Supasoon	2014	Director	No	2017
5. Mr. Thanapan Khongnuntha	2015	Director	No	2018
6 Miss Araya Panichayunont	2013	Director	Yes	2019
7. Avm. Nathawat Nimmolthanakorn	2015	Independent Director	No	2018
8. Mr. Prasan Limpipatanakul	2015	Independent Director	No	2018
9. Mr. Issarachai Decharit	2014	Independent Director	No	2017

The Remuneration of Directors and Executive Committee

The Company has defined the remuneration of directors with clearly and transparency in complying with their roles and responsibility to the Company together with considering appropriately which is taking into account of the highest interests of the Company. The Nomination and Remuneration Committee has determined the remuneration policy for directors and top management before proposing to the shareholders' meeting for consideration and approval.

• The policy and guidelines for remuneration of the Board of Directors.

The Company does not have the policy to provide remuneration to a director who involves in the administration. (Directors who

are executive or employees of the Company.) But the Company will pay remuneration to directors who are not involved in the administration only by the Board of Directors' meeting.

• The policy and guidelines for remuneration of the Executive committee.

The Company does not have the policy to pay remuneration to the executive committee as all of them are executive of the Company.

Monthly remuneration and meeting allowances.

Position	Monthly remuneration (Baht)			Meeting allowances (Baht/time)		
	The Board of Directors	The Audit Committee	Other Sub-committees	The Board of Directors	The Audit Committee	Other Sub-committees
Chairman of the Boards.	45,000	45,000	–	–	–	15,000
Director	35,000	35,000	–	–	–	15,000

Remuneration for director.

Remuneration in cash for the year ended 31 December, 2016

Total cash remuneration of the Boards, in terms of the attendance fee and gratuity amounting in total as following;

Members of the Board of Directors	Remuneration of the year 2016						Total Remuneration
	Remuneration of the year 2016	The Boards	The Audit Committee	The Risk Management Committee	The N&R Committee	The Good CG Committee	
1. Mr. Tan Passakornnatee	682,800	–	–	–	–	–	682,800
2. Mrs. Eng Passakornnatee	975,400	–	–	–	–	–	975,400
3. Mr. Yueh-Chin Chiu	195,100	–	–	–	–	–	195,100
4 Mr. Thanapan Khongnuntha	585,200	–	–	–	–	–	585,200
5. Mr. Viroj Supasoon	585,200	–	–	–	–	–	585,200
6. Miss Araya Panichayunont	195,100	–	–	–	–	–	195,100
7. Avm. Nathawat Nimmothanakorn	682,800	–	540,000	60,000	–	–	1,282,800
8. Mr. Prasan Limpipatanakul	585,200	–	420,000	–	45,000	30,000	1,080,200
9. Mr. Issarachai Decharit	682,800	–	420,000	–	45,000	30,000	1,177,800
Total	5,169,600	–	1,1380,000	60,000	90,000	60,000	6,759,600

Remuneration of Management

In the year 2014 –2016, the Company had paid salary, bonus and other compensation to the management of the Company as follows;

Type	Year 2016		Year 2015		Year 2014	
	No. of Executive (person)	Remuneration (Baht)	No. of Executive (person)	Remuneration (Baht)	No. of Executive (person)	Remuneration (Baht)
Salary	6	27,730,080	6	26,195,040	6	22,767,040
Bonus payment	5	1,813,500	6	5,457,300	6	6,041,760
Total		29,543,580		31,652,340		28,808,800

Note: In the year 2016, Mr. Tan Passakornatee waived his right to receive the bonus so the bonus, as shown above, represents the bonus of five (5) executives.

Other remuneration

In the year 2014 – 2016 the provident fund contributions paid by the Company for its executive is as following;

Type	Year 2016		Year 2015		Year 2014	
	No. of Executive (person)	Remuneration (Baht)	No. of Executive (person)	Remuneration (Baht)	No. of Executive (person)	Remuneration (Baht)
Contribute to provident fund	6	1,380,144	6	1,237,752	6	1,032,352
Total		1,380,144		1,237,752		1,032,352

Personnel

The Company realizes that employee is a valuable resource, so the Company gives importance to human resource management and personnel development to ensure that its personnel has highly capable, knowledgeable and professional that is a key potential of the Company in competitiveness.

Total number of employees

As at 31 December, 2016, the Company has total employees 305 persons as follows;

The number of employee in each department.

Department	Number of employees
	31 December, 2016
1. Office of the CEO	15
2. Financial and Accounting	13
3. Marketing –Beverage business	28
4. Factory	216
5. Design	6
6. Marketing Communications	3
7. IT and Online Marketing	6
8. Human Resources	8
9. Business Development	2
10. Procurement	3
11. Law	2
12. Internal Audit	3
Total	305

The number of employees which changed significantly within the past three (3) years.

During the year 2016, the Company increased its manpower in some departments such as production plant and marketing – beverage business to support production capacity expansion.

Remuneration of Employee

The Company's policy on the remuneration of employees in regard to appropriate, justify by the knowledge, skills, individual performance

and in line with the average of the industry, together with proper to business expansion and growth of the Company. Moreover, the remuneration of the employee is linked to the performance evaluation of all employees in the form of Key Performance Indicator(KPI).The annual salary and annual bonus payment are based on the KPI assessment result. Each year the Company pay remuneration in various forms such as salary, bonus, provident fund, group insurance, overtime pay and other types of remuneration.

Remunerations paid to employees (excluding executive officer) in the year 2014 – 2016 are as following;

Remuneration (Baht)	Year 2016	Year 2015	Year 2014
Salary	104,035,385	96,612,400	84,707,846
Bonus	10,660,010	18,665,633	19,773,120
Other *	62,091,045	64,140,701	50,658,917
Total	176,786,440	179,418,734	155,139,838

Note: *Other remuneration refer to the contributions to provident fund and social security fund, vehicle allowance, telephone allowance, labor costs, overtime pay, employee welfare and benefits, and share-based payment etc.

**ICHITAN****Significant Labor Dispute in the past three(3) years**

The Company did not have any labor dispute with management or employees that relate to breach of the labor contract in any way.

People Development Policy

The Company recognizes the importance of developing human resources to enhance organization highest effectiveness and efficiency, including competitive advantages, sustainable growth and achievements. Therefore, the Company has consistently encouraged its employees to sharpen their skills, expand their knowledge and internalize the deep sense of social responsibility through the following:

- Professional development of employees, it has been defined career path advancement for employees that they will know that they can get promoted or job rotation opportunities, which is based on their skills, ability and suitability that require for such positions. Also, the criterion for promotion has been clearly defined.
- Professional development of employees, it has been defined career path advancement for employees that they will know that they can get promoted or job rotation opportunities, which is based on their skills, ability and suitability that require for such positions. Also, the criterion for promotion has been clearly defined.

Good Corporate Governance

Good Corporate Governance Policy

The Board of Directors of the Company emphasizes the importance of good corporate governance, including with strongly commit to develop good corporate governance continuously and be a powerful organization to operate business effectively and good management that has realized the highest benefit to shareholders and stakeholders. Adherence to, moral, ethics, transparency, accuracy, completely and accountability in business operation as well as the Company has specified Good Corporate Governance Policy that oversee and supervise by the Good Corporate Governance Committee to ensure that all Directors, Executive Directors, Management and Employees have been correctly complied with the regulation of the SEC, the SET, the Company's Articles of Association, the Public Company Limited Act and other relevant laws. The Board of Directors of the Company has a resolution to approve "The Good Corporate Governance Policy" in the Boards 'meeting No 6/2013 which held on June 17th, 2013. Moreover, The Board's meeting No.1/2017 which held on February 23rd, 2017 that had a resolution to revise "The Good Corporate Governance Policy" for appropriately to the present situation.

Good Corporate Governance Objective

The Board of Directors has emphasized the importance of good corporate governance principles and define Good Corporate Governance policy that focus on operating business in comply with law, transparency and fairness. In addition, the Boards has given precedence to audit system, internal controls, risk management and adequately disclosed that will lead to continuous growth with sustainability and generate the highest value to shareholders and stakeholders within the scope of law and business ethics. Therefore, the Company has seriously promoted the importance of perform duty in regard to good corporate governance principles and disclose the policy both Thai and English versions through Annual Report, the Corporate Governance Handbook, the Codes of Conduct Handbook and the Company's website (www.ichitangroup.com) and etc., for facilitating to access to all employees, shareholders, investors, stakeholders and relevant parties. The Board of Directors of the Company will review and improve Good Corporate Governance Policy every 1(one) year as appropriately and proposing by the Good Corporate Governance Committee for updating the policy to be situated with the business situation, including comply with the regulation of the SET, the SEC and relevant regulators. These has been considered as significantly enhances the corporate governance principle of the Company to be reached international standard. According to, the Company's adhere to apply the good corporate governance principle with its business operation together with improve proper corporate governance principle.

● Corporate Governance Report of Thai Listed Companies 2016 According to ,result of Corporate Governance Report of Thai Listed Companies in the Stock Exchange of Thailand that has been assessed by The Thai Institute of Directors Association (IOD),the Company gained score in the level of "Very Good" or Four Stars Class among total 601 listed companies that showed an average score of 78 percent.

● In the year 2016, "ICHI" stock has been ranked in SET100 Index which are the top 100 listed companies in terms of important aspects, namely, large market capitalization, high liquidity and compliance with requirements regarding the distribution of shares to minor shareholders in the Stock Exchange of Thailand (the SET):

The Company's formulate to disclose good corporate governance practices in comply with the SET , the IOD ,OECD principle and ASEAN CG Scorecard which can be divided into 5 parts as follows;

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

Part 1 Rights of Shareholders

The Company realizes the importance of rights of all shareholders equitably such as minority shareholder, major shareholder, individual Investor, institute investor and foreign investor by encouraging shareholders to exercise their rights. Moreover, the Company has defined the policy and guidelines of the Company in regard to promote and provide facilitate to exercise their right hereto;

The Company prior provides information of the date, time, venue, agenda items and all relevant supporting documents before the shareholders' meetings date. The Company has informed the regulation and voting procedures in regard to the shareholders' meeting and publicize via the Company's website, the SET's website and newspaper to allow shareholders have sufficient time to consider agenda items and documents before the before the hard copy documents will be deliver to shareholders. The Company organizes the Annual General Meeting of Shareholders (the AGM) yearly within four (4) months after the end of each fiscal year. In the year 2016, the Company had organized the AGM on April 27th , 2016 at 14.00 hrs. , Golden Tulip Sovereign Hotel, Bangkok-Thailand. The meeting was organized in accordance with the procedures of the AGM Checklist that conduct by The Thai Investors Association , The Thai Listed Companies Association and The Security and Exchange Commission (the SEC) Also, the 2016 AGM Checklist assessment result of the Company had ranked in "4TIA / 94 points" while the average score of all 575 listed companies under the survey was 92.68 points.

Before the Shareholders' meeting

According to, the Board of Director's meeting No.1/2017 of the Company which held on February 23rd, 2017, had a resolution to organize the 2017 Annual General Meeting of Shareholders (AGM), which would be held on April 27th, 2017, 14.00 hrs. at AVANI Atrium Bangkok Hotel, where location is convenient for public transportation such as Metropolitan Rapid Transit (MRT), Expressway, Bus stop and Shuttle Van.

The Company has informed schedule and the agenda of the meeting 63 days before to the meeting date through the SET's website (SET Portal system). Also, the Company had disclosed "the Invitation letter for AGM" including with relevant documents especially "Form B" both Thai and English version at 42 days before to the meeting via the Company's website (www.ichitan-group.com) section "INVESTOR" that shareholders have sufficient time for consideration. The invitation letter will be delivered to all shareholders by the Company's registrar which is The Thailand Securities Depository Co., Ltd. (TSD) before the meeting date. In the invitation letter include objective and reason, the Boards' opinion, the Subcommittees' opinion, vote requirement, regulation and procedure of the shareholders' meeting, as well as attach annual report, proxy form and other relevant document. In addition, the invitation letter has also been publishing 31 days before the meeting date 3 days continually posted on the newspaper. For providing convenience to institutional investors and custodian to attend the shareholders' meeting, the Company has prepared (as requested) relevant document and Proxy form and send to them via E-mail before the meeting date. Shareholders are offered the opportunity to appoint independent directors or any other persons as their proxy.

On the Shareholders' meeting day

The 2016 AGM which held on April 27th, 2016 at 14.00 hrs., Golden Tulip Sovereign Hotel, Bangkok-Thailand, the Company had assigned staff to welcome and check document for shareholders. The Company had used Barcode system in the registration process for accuracy of vote counting and the registration desk had opened before the meeting time. After the registration period, shareholders could register to attend the meeting while as their right were also available and include in the quorum, as well as they could vote on the agenda which was in considering process and had not completed a resolution yet. The Company had defined voting right process of shareholders by one share for one vote. Moreover, the agenda to appoint new directors, the Company provided the opportunity to vote each director and allow representative from the shareholders' meeting to be inspector in the vote counting. Chairman opened opportunity for shareholders to ask questions during the meeting. Chairman of the Board of Directors, Chairman of all the Subcommittee, Directors, Chief Executive Officer (CEO), top executive, the Company Secretary, representative auditors from KPMG Phoomchai Audit Limited ("KPMG") and the Company's legal department had attended to the meeting together. Did not have any agenda for considering without prior notice to shareholders. (More detail disclosed in the minutes of 2016 AGM.)

After the Shareholders' meeting day

The Company had disclosed the resolutions of the AGM within the meetings' day through the SET's website (SET Portal) and the Company's website. The minutes of the 2016 AGM had been prepared within 14 days since the date of the meeting together and then submit to the Stock Exchange of Thailand and the Ministry of Commerce in compliance with Thailand law standard. The

minutes included the list of directors and executive attended, the meeting's resolution, question from shareholders and proxy holders. The Company had posted video recordings and the minutes of the AGM through the Company's website. In year 2016, the Company organized "the Company Visit" two (2) times to invite shareholders to visit the factory and meet top executive of the Company.

Part 2 Equitable Treatment of Shareholders

The Company provides opportunity to all shareholders such as major shareholders, minority shareholders and foreign shareholders and has defined equitable treatment policy of shareholders hereunder;

- (1) The Boards provides an opportunity to minority shareholders to propose the agenda and director candidate in advance before the shareholders' meeting date through the Company's website and the SET's website (SET Portal system). In the year 2015, the Company had posted during December 1-31, 2015 / the year 2016, the Company had posted during October 10-December 31, 2016 during. There was proposing neither agenda nor director candidate for consideration.
- (2) The Boards will not add agenda during the meeting time without prior notice to shareholders, especially important agenda which may need time for considering.
- (3) Shareholders are entitled to assign proxies one (1) independent director or any person as the shareholders' proxy, in the meeting to cast ballots for them. The Company provides proxy form in accordance with the Ministry of Commerce specification along with the invitation letter.
- (4) The Boards encourages to vote by ballots in important agenda for transparency.
- (5) The Company do the Connected Transaction in comply with law, market price, Fair and at arms' length, and normal business operation which has passed a resolution from the Audit Committee.
- (6) The Company has provided several channels for all shareholders and investors to request information, feedback, suggestion and comments through Investor Relations (IR) section Email: ir@thaioilgroup.com Tel : +66 (2) 716 7000. The Investor Relations (IR) section will responsible to provide the Company's information to all shareholders, major shareholder, minority shareholder, Investor, Institutional Investor, Foreign Investor and Analyst. The Company organizes Opportunity Day, Analyst Meeting, One on One Meeting, Company Visit and etc., that shareholders and analyst can discuss directly with top executive in regard to business operation.
- (7) The Boards has defined the policy in written format about retention and protection to use internal information or insider trading including with notify the said policy to all directors, executive and employee in the organization to acknowledge and act accordingly. Moreover, all directors and executive are required to report at least one (1) day before exercise their shareholdings transaction to the Company and then the Company Secretary will report to the Board's meeting quarterly. Please consider more detail in subject "Control of the use of Internal Information"

In the year 2016, there was neither director nor manager of the Company in breach of insider trading regulation. Moreover, the Company did not occur any illegal transaction that represented to not comply with the regulation of connected transaction or trading transaction which had regulated by the Securities and Exchange

Commission(the SEC)/ The Stock Exchange of Thailand (the SET)/ Securities and Exchange Act and relevant law.

Part 3 Roles of Stakeholders

The Company is committed to equitable treatment of all external and internal stakeholders including with protect and reserve the benefit of all stakeholders in regard to the laws, fairness, integrity, transparency and social responsibility. The Board of Directors has clearly policy and guideline to treat all stakeholders. Moreover, the Audit Committee of the Company is independently to consider and audit the process as defined in the policy.

Customers: The Company aim to provide the maximum profit and satisfaction to all customers by providing the quality products and service

Shareholders: The Company aims to supervise its organization along with sustainable growth, transparency, fair return to all shareholders , good operating results ,effective internal control and internal audit, effective risk management system and disclosure with timely, completely and accuracy manner.

Employees: The Company has continuously developed its human resources and offered career path opportunity to all employees. Also, employees will receive equitable treatment and fair remuneration in regard to their knowledge, abilities, potential and performance which will evaluate by Key Performance Indicator (KPIs).

Suppliers and Creditors: The Company aims to build trustworthiness, good cooperation and relationship with its suppliers and creditors though adhering integrity that the Company will comply with all terms, conditions, law and regulation that lead to mutual benefits of all parties.

Business Partners and Competitors: The Company treats all business partners and competitors with fairness and adheres to confidentiality under the laws, regulation and fair competition best practice in order to maintain the standard norm of competition in business. Moreover, the Company will not acquire information of its business partners and competitors by unethical and unfair. The Company has not history of default.

Community, Society and Environment: The Company is responsible for the society and the environment and sensitive to issues which might affect the community, society and environment. The Company cares about environmental protection, operates in accordance with business ethics and supports activities that contribute to the society. Also, the Company fosters the environmental awareness and a sense of social responsibility among its employees. The Company will comply to all applicable law and regulation requirement in order to promote and protect the right of stakeholders.

The Company realizes to all stakeholders and environment that is the part of successful and sustainable growth, therefore the Board of Directors and the Good Corporate Governance Committee have defined the best practice that cover all right and benefit of stakeholders ,including with provide various channels that stakeholders can send suggestion or comment which will be benefit to the Company. The Company has disclosed in detail on its website at “Business Ethic Policy”

http://ichi-th.listedcompany.com/misc/code_of_conduct/ICHI-code_of_conduct-TH.pdf Moreover, the Company has prepared “The Sustainability Development Report” in comply with Global Reporting Initiative Standard (GRI)

that is the first time separated from the Annual Report for the year 2016 ,The SD report disclose information on economic, social and environment to acknowledge shareholders, investors and all stakeholders together with disclose on

the Company’s website at “INVESTOR” subject “Document for investor” www.ichitangroup.com/investor.php

In the year 2016 Roles of Stakeholders the Company had been disclosed in detail in

“The Sustainability Development Report”.

- The Company had promoted to use resource effectively that employees should concentrate and work with safety and environmental awareness including, stakeholders (i.e. employee, executive) were encouraged to be participated in social and community development and remain continuously adhere to develop treatment to its stakeholders. Also, the statistics of accident, absence rate, and occupational illness rate which had disclosed in “The Sustainability Development Report” and Form 56-1.

- The Company had determined human resource development policy and practical guideline. The statistics of average hours of employees’ training per year, which had disclosed in “The Sustainability Development Report” and Form 56-1.

- The Company has determined other policies such as the policy that are Anti-Corruption, Unrelated to human right violation, responsibility and fairness to customer, competitor, business partner and creditor as well as non-infringement of intellectual property and copyright, which had disclosed in “The Sustainability Development Report”, Form 56-1 and in processing to post in the Company’s website.

- The Company has determined the policy and practical guideline of anti-corruption policy in prevention measure on receiving and giving thing or any other benefit for motivation of wrongful practice and cause of conflict through disclosure of practical guideline for acknowledgement and disclosure of risk from corruption, control, monitoring and evaluation, and training, average hour of employees training per year of 8 hrs./person/year which is more than specify by Labor law that specify 6 hrs./person/year.

Part 4 Disclosure and Transparency

The Company emphasizes to disclose its financial and non-financial information in accordance with related regulation of the SEC, the SET and the law in various channels such as Annual Report/ Annual Filing (Form 56-1)/ Sustainable Development Report/ the SET Portal/ the Company's website (www.ichitangroup.com) as follows:

(1) The Company will disclose information in comply with relevant regulation and the law which will disclose both Thai and English versions.

(2) The Company will disclose "Good Corporate Governance Policy" "Business Ethic" and "Investor Relations Code of Conduct" that has approved.

(3) The Board of Directors is responsible to the Company's financial statements including with financial information, The Company's financial statements has certified by the auditor with unconditionally and do not has any recorded to amend the financial statements from the Stock Exchange of Thailand (the SET) and the Securities and Exchange Commission Thailand (the SEC)

(4) The Company has defined the scope of roles and responsibilities of the Board of Directors and the Sub committees including with the meeting attendance in past year, their opinion.

(5) The Company will disclose the remuneration of directors and executives in regard to their scope of duties and responsibilities as well as criteria on provision of remuneration to the directors and executive, which have been clearly disclosed in the topic of "the Remuneration of Directors & Management".

(6) The Company will submit financial statements and Management Discussion and Analysis (MD&A) to the Stock Exchange of Thailand (the SET) and the Securities and Exchange Commission Thailand (the SEC) within the specified timeframe.

(7) The Company has appointed an independent auditor and reliable which is an auditor who is approved by the Securities and Exchange Commission Thailand (the SEC)

Investor Relations Section (IR)

The Company has set Investor Relations Section that has to comply with "Investor Relations Code of Conduct" and responsible to disclose the Company's information to shareholders, investors, institutional investors, analysts, reporters, and the public which interest the securities of the Company for fairness and equitable practices. In addition, the Company has disclosed its information both Thai and English version such as operating results, financial statements, stock information, securities activity, Annual Report, Form 56-1 and other related information through the website at www.ichitangroup.com section "INVESTORS". Also, the Company emphasizes to disclose its information through "Investor Relations Activities" which the Company's top executive will take part to meet and participate to investors directly including with create mutual positive relationship and exchange opinions and ideas. In the year 2016, the Company has disclose its information through one on one meeting, The Company Visit : 2 times / "Opportunity Day" at the Stock Exchange of Thailand as well as provide information via Email and Telephone at Email: ir@ichitangroup.com / Telephone: +662 716 5555.

Part 5 Responsibilities of the Boards

The Board of Directors is the key role to define the policy such as Good corporate governance, Anti-Corruption, Sustainable Development and Business Ethics for the best benefit to the Company, as a result the Company's has set the policy in regard to responsibility of the Board of Directors such as the Boards structures, Qualification of directors, the Role and Responsibilities of the Boards and etc., which details are as follows;

1. The Board of Directors Structure

1.1 The Board of Directors is comprised of nine (9) directors, of which six (6) are executive directors and three (3) are non-executive directors, and their term in the position are three (3) years. The independent directors have qualified in comply with the SEC's qualification criteria. The number of independent directors are comply with the law that has defined independent directors shall comprise at least one-third of total member of directors. The Company's Board of Directors comprises of the members who are knowledgeable, skillful, transparency work experiences, good moral and responsibility. The Board must comprise of members of various professions and experiences which are beneficial to business operations of the Company, such as accounting and finance, management, strategic planning, legal and good corporate governance and regardless of gender.

1.2 The Company has 5 Sub-committees which have defined their role in "Nomination of Directors and Executive committee" hereto;

- 1) The Audit Committee
- 2) The Executive Boards
- 3) The Risk Management Committee
- 4) The Nomination and Remuneration Committee
- 5) The Good Corporate Governance Committee.

1.3 Chairman of the Board of Directors, Chairman of the Executive Boards and Chief Executive Officer are the same person, however, the Company has clearly defined the scope of authority, duty and responsibility to balance the power.

1.4 The Company has appointed "the Company Secretary" who has the duty to provide the Company's information and consultation regarding legal and regulation requirement that directors have to know and understand as well as oversee the Boards activity has run smoothly and accuracy including with oversee to perform in accordance with the Boards' resolution and arranging orientation for new director.

1.5 The meeting of the Board of Directors and the Sub-Committees, have been fixed quarterly together with the Office of Company Secretary will inform whole year schedule to all directors in advance, as well as the invitation letter, agendas and relevant document will be delivered to all directors at seven (7) working days prior to the meeting date for their consideration. Also, the Boards has set the quorum of the meeting to be at least two-third (2/3) of total director who attend to the meeting. In the year 2016, directors' attendance has organized six (6) meetings and one (1) meeting is the meeting without management. At the Boards' meeting, all directors can freely express their opinions and ideas and the minutes of the meetings are duly recorded in written format. The meeting minutes have been approved by the Boards and it will keep properly in which related directors can inspect

anytime. Also, top executive have been invited to attend the Boards' meeting to provide information or opinions on discussing matter. In addition, Chairman of the Boards is responsible to fix the agenda of the meeting and all directors are independently to propose agenda items.

2. The Sub-Committee.

2.1 The Company has established five (5) Sub-committees to follow up and regulatory of the Company's operating result and report to the Boards quarterly.

2.2 The Boards decentralizes its authority for supervising efficiency and transparency management. The Boards has appointed the Audit Committee to help reviewing all matter that relate to good corporate governance principles together with appoint the Executive Boards for reviewing and screening specific matters to support decision-making of Chief Executive Officer (CEO)

2.3 Chairman of the Audit Committee /Chairman of the Nomination and Remuneration Committee/ Chairman the Good Corporate Governance Committee, are independent director for transparency and independently to supervise of his /her duty.

3. Roles and Responsibilities of the Board of Directors and Chief Executive Officer (CEO)

The Boards is comprised of members who possess suitable qualifications in terms of their leadership, knowledge, skills and expertise in various fields. Roles and responsibilities of the Boards are as follows:

3.1 To determine and review vision, mission, strategy, goal and business and budget plans of the Company one a year in collaborate with the Executive Boards. In addition, the Boards will organize its meeting in comply with the related law and regulation to ensure that the Executive Boards has operate business plan with efficiently and effectively. The Executive Boards will report to the Boards 'meeting quarterly.

3.2 To approve the good corporate governance policy, morality, business ethics, the codes of conduct for director, executive and employee which has prepared in written format then send to all director, executive and employee via E-mail and the Company's website for practical guideline within the organization. The penalty has also been set, if there is against the policy. The Company has disclosed the business ethic on its website at "INVESTORS" "Corporate Governance Policy" <http://www.ichitangroup.com/investor.php>

3.3 The Board of Directors is responsible for shareholders in overseeing the policy to meet corporate goal and to steer the business in a direction that will maximize shareholders' interest taking into consideration benefits of all stakeholders. Prohibiting from seeking an interest for themselves or whoever. The Boards will not perform any of the conflict or compete with the interests of the Company. The Boards will also comply with integrity to ensure that the Company's businesses are run under its objectives, Articles of Association, the meeting's resolution, the Securities Act, the laws and regulations of the SET and the SEC and etc's.

3.4 To formulate financial policy which contribute to control effectively and align with the law and policy.

3.5 To formulate the risk management policy and internal control to cover the entire organization and then notify to the management on a regular basis.

3.6 Chief Executive Officer will execute the management in alignment with the Company's policy.

4. Directorship in other listed companies.

The Board of Directors of the Company formulates the policy to be a "director" in other listed companies is limited to five (5) companies. Presently, the Company's directors and Chief Executive Committee all of nine (9) persons, are not taking any directorship in the other listed company more than five (5) companies.

5.The term of Independent Director

The Board of Directors of the Company defines the policy that "term of independent director" that shall not over nine (9) years. Presently, the Company's independent directors all of three (3) persons, none of them is taking term with the Company over nine(9) years.

6.Business Ethics

The Board of Directors has defined business ethics for directors, executives and employees to perform align with the Company's mission, integrity and fairness, including with treatment to all stakeholders, the public and the society. As well as, formulating monitoring system to comply with such guidelines regularly. Also, the Company has announced and notify to all employees for acknowledge and abide strictly of such guidelines. The ethics has disclosed on the Company's website at "INVESTOR" subtopic "Business Ethics" <http://www.ichitangroup.com/investor.php>

7.Conflicts of Interest

The Board of Directors has defined conflicts of interest policy which is based on the principle that all transactions shall be only for the Company's best interest and any situation that may occur conflicts of interest, the director and executive shall be avoided. Related or involving parties in the transaction shall report the Company about their relationship or connection in regard to the transactions and shall not participate or approval process of the said transactions. The Connected transactions and conflicts of interest shall be carefully reviewed by the Audit Committee in accordance with the requirements and regulation that define by the SEC and the SET before proposing to the Board of Directors including with disclose in Annual report and Form 56-1.

8.Internal Control System

The Company has recognized the importance of the internal control system at operational and managerial levels as a key contributor to business excellence. Therefore, the Company has clearly determined the authority and duties of operating officers and executives in written format for effectiveness of asset utilization and control as well as clearly separated the duty of officers in operating, supervising and assessing. Also, the Audit Committee is responsible to review the Company's internal control and internal audit systems to ensure that the system have run with appropriateness and effectiveness. Internal Audit Manager is responsible to audit internal control system and report the results to the Audit Committee to ensure that core activities of the Company are in line with the policy. (more detail show in " Internal Control , Internal Audit system and Anti-Corruption Policy")

9. Risks Management

The Company has assessed sufficiency of existing internal control system in order to improve the process of its operations with effectiveness. (more detail show in “Risk factor”)

10. The Boards’ reporting

The Audit Committee will review financial report regularly while as Accounting Department and the auditor will join in the meeting together with propose financial statements to the Boards quarterly. The Boards is responsible to the Company’s financial statements and financial information which have been disclosed in the Annual report. The Company’s financial statements have been prepared in comply with the accounting standards and certified/reviewed by the Company’s auditors. Important information, financial information and non-financial information are disclosed based on actual facts with regularly and completely. (more detail show in “Report on the responsibility of the Board of Directors towards Financial Statements”)

11. Succession Plan

The Board of directors has recognized management with efficiency and effectively together with business sustainable growth. As a result, the Boards has set succession plan for CEO, top executive and potential employee to define the process to promote qualify employee to higher level and promotion is considered annually under specified criteria for developing employee who has good performance and competency for advancement to a higher position in accordance with his/her key performance indicator (KPI).

12. Assessment for the Board of Directors and Chief Executive Officer (CEO)

The annual performance assessment of the Boards and CEO are done in four(4) steps by using the form that public by the Stock Exchange of Thailand which they will understand their performance for improvement effectively. Also, the assessment criteria will evaluate by percentage in each item by Over 85% = Excellent/ Over 75–84% = Very Good/ Over 65–74% = Good/ Over 50–64% = Satisfactory/ Under 50% = Poor. The performance assessment comprise of four (4) topics as follows;

- 1) Self-Assessment of the board of directors as a whole Total 60 criteria, Total 240 scores, resulted average score of 92%, rating level Excellent
- 2) Self-Assessment of the Sub-committee Total 36 criteria, Total 144 scores, resulted average score of 93%, rating level Excellent
- 3) Self-Assessment of the board of directors and of committee members on an individual basis Total 11 criteria, Total 44 scores, resulted average score of 92%, rating level Excellent
- 4) CEO Evaluation Form by Chairman of the Nomination and Remuneration committee Total 54 criteria, Total 212 scores, resulted average score of 95%, rating level Excellent

The Boards’ performance assessment process

The Boards has assigned the Company Secretary to prepare the assessment form and then send to all director every year together with report the assessment result to the Boards’ meeting. In the year 2016, the assessment have been done on August 10th, 2016 and the Company Secretary has informed to the Boards for acknowledge on November 9th, 2016.

The Boards’ performance assessment criteria

The assessment processes have covered significant criteria hereto;

- 1) The Board of Directors policy
- 2) Qualification and Structure of the Boards
- 3) The Boards’ meeting
- 4) In line with the duties and responsibilities of the board of directors
- 5) Internal control system and Internal Audit
- 6) Implementation in regard to the strategic plan (CEO)
- 7) Management and Leadership (CEO)

13. Remuneration

The Company has appointed the Nomination and Remuneration Committee which is responsible to express opinion and consideration about the remuneration of the Sub-committees, Chief Executive Officer (CEO) and Top Executive and then report to the Board of Directors yearly. The Committee has formulated the remuneration policy with transparency, accuracy and properly in regard to scope of duty of director and executive. The Company offer Long-term remuneration package to retain qualifies director and executive in accordance with the Company’s best interest. The director remuneration is subject to be approved by the annual general meeting of shareholders. The remuneration of directors and executives have disclosed in comply with the SEC regulation. (more detail show in “The Remuneration of Directors and Executive Committee”)

14. Development of Director and Executive

The Boards encourages all directors and executives to regularly attend training courses and seminars to enhance their knowledge in all related fields, develop their job-related competencies and strengthen their corporate governance repertoire.

• Orientation of New Director

The Board of Directors have determined to organize orientation for all new directors in order to create knowledge and understanding in business and operation in different areas of the Company as the preparedness of the director’s function. In the meantime, there is the policy that reinforces new knowledge and viewpoint for all directors whether in the areas of business governance, industrial condition, technological business and new innovation in order to contribute to support effective function whereas the Company Secretary is the coordinator of the following issues. In every time of orientation of new directors, the Company Secretary shall present documents and information which are useful for function of new director such as Manual of the Listed Company Director, Business Ethics and Good Corporate Governance Manual, the Company’s regulation, business structure and director structure, scope of authority, laws that should be informed, etc. for reinforcing knowledge and understanding in business and operation in various areas of the Company, as well as business visit, attendance of business lecture and meeting with Chairman of the Boards or Executive Director to discuss and inquire the Company’s business operation information. In the year 2016, the Company did not recruit new director but reviewing director manual and criteria related to significant law, rule, regulation and policy that should be informed in director manual for the director’s recognition of updated news information.



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● Knowledge Development

The Company supports its directors and executives to attend the seminar course useful for function as well as meet and exchange opinions with the Board of Directors. The Company Secretary is assigned to be the coordinator with directors and executives to attend the director training course of Thai Institute of Directors.

Training Course in year 2016 attended by Directors			
Name – Surname	Position	Training Course with Thai Institute of Directors Association (IOD)	Other Training Course
1) Mr.Tan Passakornnatee	Chairman of the Boards/ President/ Chief Executive Officer	1)FBG Class 6/2016	n/a
2) Mrs. Eng Passakornnatee	Director / Chairman of the Risk Management Committee / Member of the Nomination and Remuneration Committee/ Member of Good Corporate Governance Committee (Executive Committee)	1)FBG Class 6/2016	n/a
3) Mr. Yueh-Chin Chiu	Director/ Factory Consultant (Executive Committee)	1)FBG Class 6/2016	n/a
4) Mr. Viroj Supasoon	Director / Member of Risk Management Committee/ Executive Vice President, Factory Department (Executive Committee)	1) RCL Class 5/2016	n/a
5) Mr. Thanapan Khongnuntha	Director / Member of the Risk Management Committee / Executive Vice President– Beverage Business (Executive Committee)	1) RCL Class 5/2016	n/a
6) Air Vice Marshal (AVM) Nathawat Nimmolthanakorn	Independent Director / Chairman of the Audit Committee/Member of Risk Management Committee/ Member of Good Corporate Governance Committee	1)RNG Class 8/2016	n/a
7) Mr. Issarachai Decharit	Independent Director / Member of Audit Committee / Chairman of Nomination and Remuneration Committee/ Member of Good Corporate Governance Committee	1) RNG Class 8/2016	n/a
8) Mr. Prasan Limpipatanakul	Independent Director / Member of the Audit Committee/ Chairman of Corporate Governance Committee/ Member of the Nomination and Remuneration Committee	1) RNG Class 8/2016	n/a
9) Miss Araya Panichayunont	Director / Deputy Financial Director	1) RCL Class 5/2016	n/a

15.Compliance with other Corporate Governance Principle

The Boards, Executive and Employees of Ichitan Group Public Company Limited have duly complied with good corporate governance principle and continuously monitored compliance thereof. In the year 2016, no non-compliance was occurred.

Control of the use of inside information

Control of the use of Inside Information

In order to, Ichitan Group Public Company Limited (the Company) has Good Corporate Governance system so the Board of Directors has considered and approved “Control of the use of Inside Information Policy “ of the Company hereunder;

1. Director, Executive, Employee and staff of the Company, shall protect confidential information and/or inside information.

2. Director, Executive, Employee and staff of the Company, shall not disclose confidential information and/or insider information of the Company for their personal gain or interest of others either directly or indirectly, whether they will receive compensation from such disclosure or not.

3. Director, Executive, Employee and staff of the Company, including their spouse and underage children shall not use inside information of the Company for the benefit of their securities trading, securities transfer transactions or legal acts

which may cause damage the Company either directly or indirectly. Violation of this rule is considered a grave offence.

4. The Company has defined guidelines for protecting to use inside information wrongfully. The Company has prohibited director, executive and employee at vice president level up to access to inside information, including with related person to trade the Company's stock during the period of one(1) month before the Company has disclosed quarterly and annual financial statements and 48 hours after disclosure the important information.

5. The Company has defined Director, Executive and Employee at vice president level up, shall report of their securities trading to the Company within the day that they have reported to the Securities and Exchange Commission (the SEC) in comply with the regulation guideline of the Stock Exchange of Thailand , Re: Insider trading of the listed company.(more detail in “ Good Corporate Governance”)

Policy and Guideline in regard to control of the use of the Company's inside information by Executive

The Company has defined “Control of the use of the inside information Policy” to prevent and prohibit to use of insider information for personal benefit, especially non-public financial information, by limiting the person to know confidential information. Also, the Company has also communicated to all executives to know their duties in this respect to report the number of the Company's shareholding to the Company, including with hold by their spouse and underage children, in accordance with the Securities and Exchange Act B.E. 2535. In addition, executive of the Company are required to report their change of shareholding to the Company's securities to the SEC, in regard to Section 59 of the Securities and Exchange Act, as well as to strictly comply with Section 241 of the Securities and Exchange Act.



Internal Control and Internal Audit Systems

Internal Control and Internal Audit Systems

Regarding to, a resolution of the Board of Directors' meeting No.2/2017, which held on March 20, 2017 which three (3) members of the Audit Committee had attended the meeting to give opinions on sufficiency and appropriateness of internal control system of the Company. The Boards had assessed the internal control system in comply with the assessment form of the SEC which comprised of five (5) parts and seventeen (17) principles by regarding to monitor in 5 issues: Control within Organization, Risks Management, Management Control, Information Technology and Communication system, and Follow-up system. And, the Board of Directors has opined that the Company had monitored internal control system of each issue in a sufficient level which can be summarized hereunder;

Control within Organization

The Company has good organization structure and working environment which cause its internal control systems is effectively. The Company has organized and defined clearly duty and responsibility according to functions and conforms to the business operation strategy and good corporate governance, while as the Internal Control will work independently and report directly to the Audit Committee. The Company has defined its target business operation and annual budget to measure and use as the guidance in operation for motivating its employees. The Company has improved personnel management system by developing pay-on-performance to motivate employees reasonably and adequately. The Company has succession plan and develop key successor. Ethical rules are written clearly in the Company's policy and mission plan where the management and employees shall not be involved in any matter that may occur conflict of interest with the Company. The Company has defined the regulations in comply with the principle and operation guidelines of the Stock Exchange of Thailand and disclose in the Annual Report. Also, the Company has defined the best general practices, quality control manual and systematically process of authorization in each level. The Company is required to treat its business partners and its competitors with fairness.

Risks Management

The Company's executives have attached significance to risk management and the Company's risk assessment methodology has been aligned to its business objectives and goals. Prevailing and potential risks have been identified, analyzed and assessed to devise appropriate risk monitoring and control measures to minimize risk probability and impact. Comprehensive risk analysis has been conducted to identify the materiality of internal and external risk factors such as changes in consumer behaviors, raw material shortage, intense competition, business imperative for new product development, debt servicing ability, access to finance, and interest rate increase on the Company's operations, business and goal achievement. Internal fraud is another risk issue that the Company has seriously addressed and prevented through the communication and implementation of the Whistleblowing Policy across the organization. Practices and policies have been regularly reviewed and updated to employees. Our management team is fully aware of changes and their associated risk and has adequately and appropriately monitored the causes of risks. The Risk Management Committee which directly reports to the Boards regularly meets to strategically prevent, mitigate and manage risks which might harm the Company's performance, business or reputation. The Company also has a dedicated risk management team in charge of risk management, monitoring and assessment.

Management Control

The Company has clearly scope of job descriptions and precise authority delegation to facilitate management in accordance with the Company's regulations, which has been announced to employees and executive. Also, the Company handles its business in related to the laws and is assessed through the internal audit control. In addition, the Audit Committee has annual monitored and reviewed the internal audit plan each year in order to cover all level of high risk operation. The Company has believed that all departments have sufficient internal control of risk management in operation including financial issue and operation in compliance to relevant laws and regulations and, the important issues that are found by the internal and external auditors to be reported to Executive committee and involved person for solving the problems and prevention. The Company has never found any risk case that is against to the law. Any transaction with related company or related persons, the Company shall comply with regulations of the SET and the SEC in its treatment with related companies or related persons who are as external parties and highest benefit to the Company. The transaction will conduct in regard to approval by the Boards and the Internal Audit Department will follow up and review the compliance practice as well as reporting the transaction to the Audit Committee for consideration and acknowledge quarterly.

Information Technology and Communication system

The Company has managed the effective communication of internal and external information, there is management system with good and complete documentation system in comply to general accounting standard policy in term of accounting recording. To use effective software for supporting the data management in accounting and reinforce the human resources planning, financing, purchasing, selling, inventory control and production planning for more correct which will support Executive committee to get accuracy information and can make a decision rapidly. Also, the Information Technology system has been set safety standard to prevent the risks. At the Annual General Meeting of Shareholders, the Company shall prepare information completely including with related documents and propose to the Board of Directors and shareholders in advance, not less than 7 days before a meeting day. The Company Secretary will provide the advice of important regulations to the Boards and coordinate with the related section to comply with the resolution of the Boards and he/she will be the center in providing all documentation and procure all important documents such as directors registration book, invitation letters for Boards' meetings, minutes of the Boards' meetings, invitation letter to shareholders and the minutes of shareholders' meeting. The Audit Committee will mutual consider with external auditors and internal auditor department and related persons for preparing the Company's financial statements at least once a year to ensure that the Company has performed in compliance with the general Thai accounting standard principle and properly to its business as well as sufficiency disclosing information. The Company provides a channel for two way communicating with its stakeholders such as Complaint Center / Call Center / Investor Relations, in order to know the problems that may arise.

Follow-up System

In the year 2016, the Company had held total six (6) meetings of the Board of Directors for defining the policy and business plan and follow up overall operation of the Executive Committee. The Company's management had follow up the system of business operation by comparing with the target planning and budgeting through the meetings that held monthly and may

Ichitan Group Public Company limited

be adjusted to accommodate the current situations as well as arranged managers in middle level to present their performance on a quarterly basis. In the year 2016, the Executive Committee had revised and updated the medium plan then propose to the Board of Directors for setting a clear business strategic plan. Also, the medium plan will be reviewed annually to conform with the changing situation. The Audit Committee had total four(4) meetings together with one (1) extra meeting with the Company's auditor that excluded the Executive committee. Also, the Internal Audit Department will perform independently to audit and report significant defect which has found to the Audit Committee and the Board of Directors for considering and resolving such problems within suitable time. The Company has authorized to audit and review operations regularly with annual plan by informing the Audit Committee and reporting to the Board of Directors immediately on any matters that will have material impact to the Company's operations, such as production process, business management, fraud, or rules violation by employee or involved management that may affect the Company's reputation. Regarding to, the review of the above five (5) issues concerning the Internal Control System of the Company, the Audit Committee can be concluded that the Company has sufficient Internal Control System.

Internal Audit Manager

The Audit Committee of Ichitan Group Public Company Limited (the Company) has comprised of three (3) professional independent directors who are Air Vice Marshal (AVM) Nathawat Nimmolthanakorn – Chairman of the Audit Committee, Mr. Prasan Limpipatanakul and Mr. Issarachai Decharit are the member of the committee including with Mr. Sumol Hobumphen as an Internal Audit Manager and a secretary to the Committee who has been appointed the Audit Committee's meeting No.4/2013, held on April 17, 2013 due to he has experience to perform internal audit principle in business as well as he understand activities and operations of the Company, as a result it is appropriately that he had ability to perform in the position of Internal Audit Manager with sufficiency and transparency.

The Company's Compliance section.

The company has defined the unit responsible for the compliance with the rules and a regulation of the organization as following;

• Office of Chief Executive Committee and Office of the Company Secretary

Responsible to follow-up and oversee the Board of Directors ,Management and Departments to follow the Company's rules and regulations, as well as a center unit to compile, follow up external relevant regulation.

• Law office

Responsible to oversee legal issues that related to the business, listed company regulation, environmental law and industry safety regulation that will support the Company's business operations to comply with the law and relevant regulation. As a consultant of legal issues for all departments especially new transaction both domestic and abroad.

• Internal audit department

Responsible to assess the adequacy and effectiveness of the internal control system and monitor the performance of the Company.





Anti-Corruption Practice

Anti-Corruption Practice

Anti-Corruption Practice

Ichitan Group Public Company Limited (“the Company”) is committed to adhering the principle of business integrity and demonstrating responsibility towards the society and all stakeholders in accordance with the good corporate governance philosophy, its business code of conduct and stakeholder treatment policies and guidelines. In the year 2014, the Company expressed its intent and commitment to fight corruption by stipulating anti-corruption framework and policy which was approved by the Board Meeting No. 3/2014 on August 13th, 2014. “The Anti-Corruption Policy” is enforced on the Company’s directors, executives and employees at all levels and entails the following:

Anti-Corruption Policy Definition

Corruption means bribery in all forms such as an offer, promise, guarantee, solicitation or acceptance of money, assets, or unethical benefits from or to the government officers, government organizations, private organizations any persons either directly or indirectly in exchange for patronage or omission of duty for any undue business gains and benefits which are not allowed by the laws, regulations, rules, local traditions or customary business practices. Fraud means solicitation of undue and unlawful enrichment through the abuse of function by directors, executives, the Company, customers, trading partners or contractual parties which shall include but shall not be limited to falsification of financial evidences, use of the Company’s capital and resources for personal gains, exploitation, embezzlement, defraud or conflicts of interest. Corrupt payment or fraudulent benefit distribution shall include the distribution of money, assets or benefits directly by the Company itself or indirectly through customers/trading partners or third parties.

The Company’s anti-corruption program includes;

- Anti-Corruption Policy
- Political Contribution Policy
- Policy on Receiving Gifts, Assets or Benefits
- Whistleblowing and Whistleblower Protection Policy

Anti-Corruption Policy

Ichitan Group Public Company Limited (“the Company”) recognizes the importance of the good corporate governance practice and consistently adheres to the principles of business integrity, honesty, transparency, fairness, accountability and prudence in accordance with applicable laws, rules, regulation and standards. The Company is highly committed to anti-corruption and does not tolerate corruption in any form. The Anti-Corruption Policy has been established and implemented both within the organization and with our business partners to promote transparency and integrity in every step of our process and to avoid acts which may cause inappropriate behaviors or contravention against the principle of good governance. Anti-bribery measures and corresponding disciplinary punishments have been also been defined. To provide a clear framework for handling issues exposed to high level of corruption risk, the Company’s directors, executives and employees at all levels shall proceed with extra care and prudence in relation to the following:

- Gift, hospitality and expense: Practices related to giving and receiving gifts and hospitality shall comply with the Company’s Code of Conduct.
- Donation and financial contribution: Donations and financial contributions made or received must be transparent and lawful and shall in no way be used as a bribery tool.
- Business relationship with government sector: Bribery in all forms is strictly prohibited and relationship with government sector must be transparent, honest and lawful. On-compliance with the aforesaid guidelines by directors, executives and employees of the Company shall result in disciplinary actions against the violators. Disciplinary punishments shall be decided based on facts and circumstantial evidence.

According to, the Company’s policy, no employee shall suffer demotion, punishment or negative consequence from their anti-corruption actions even if such actions may cause the Company’s loss of business opportunity.

The Company has promoted knowledge by organizing training and seminar for encouragement and cultivation of corporate ethics.

- The Company organized in-house training for its staffs .
- The Company’s policy is to promote its business partners and stakeholders to simultaneously grow. Therefore, the strategy of business value addition has been determined.

The purpose of Anti-Corruption Collective Action Coalition Project , is to build confidence on supply chain process that has transparency. Therefore, its intention has been extended to business partners (Supplier) by promoting anti-corruption knowledge and opening the opportunity for its business partners to be involved as the group members.

1. For the staff and stakeholder’s accessibility of complaint channel, the Board Directors has specified complaint issue and suggestion notification channel, complaint issue receiving process and petitioner protection measure so that suggestions can be taken to improve management process and effectively prepare training course. In the year 2016, none of staff suggestions were available.

2. The Board of Directors gives the precedence to quality of life of its staffs. Therefore, practical guideline about welfare remuneration and staff remuneration in long term has been determined under staff remuneration payment to be proper and consistent with remuneration payment of the same industry. In addition, provident fund has been set up for staffs so that staffs who work with the Company shall have long-term provident fund when retirement from work whereas the Company pays contribution and benefit to its staffs.

Political Contribution Policy

Political support refers to contributions in cash and in kind and/or participation or promotion of employees' participation in political activities in the name of the Company in exchange for business advantages. This shall exclude the participation of employees as individuals in political activities according to their civil liberties. The Company has adopted non-partisan approach and does not take any political side nor directly or indirectly use Company's by the above paragraph, to any political party or politician in exchange for preferential treatment.

The Company has set Political Contribution Policy hereto;

- The Company encourages employees at all levels to exercise their civil rights and political rights as decent individuals within the scope permissible by the Constitution and the laws. Prohibitions are imposed against abusive use of authority, position, the Company's names or logos by employees at all level to influence others to provide financial contributions or supports in other forms to politicians or political parties. The Company refrains from providing direct or indirect financial contributions to any political party or politician for their own benefit.
- The Company pledges to remain its political neutrality, non-involvement and non-participation in any political activity and to refrain from expressing opinions which may lead to misinterpretation that the Company is involved with or supports any political party or politician or political affiliation as such may cause division among Thailand and the Company's employees.
- The Company's capital and resources shall not be directly or indirectly used for the benefits of any political party or politicians or political affiliation in exchange for preferential treatment or undue enrichment.
- The Company shall not be involved in any political canvassing or campaign of any political party or politician.
- The Company respects the rule of democracy and encourage its employees to exercise their voting rights under the Constitution.

Receiving Gifts, Assets or Benefits Policy

Ichitan Group Public Company Limited (the Company) stipulates that giving or receiving gifts, assets or benefits must be within a reasonable scope and shall in no way have influence on the Company's judgment.

- On receiving money or benefit: Directors, executives and employees shall not personally accept money or benefit given by customers or trading partners of the Company or any other persons because of their positions in the Company and shall not demonstrate acts or behaviors that might be suspected as bribery or fraud. Directors, executives and employees shall not lend or borrow or

solicit funds or in-kind contribution from customers or business partners of the Company, except where they borrow funds from banks or financial institutions as customers of such banks or financial institutions themselves.

- On receiving and giving gifts and entertainment: Directors, executives and employees shall refrain from receiving pecuniary and non-pecuniary gifts from trading partners of the Company or other parties involving with the Company unless such gifting is customary for special occasions or festivals. Gifts and entertainments received or given shall in no way have influence on the recipients' business judgment and shall be reported to supervisors according to the line of command. Gifts received should not be excessive in value and should not be cash or cash-equivalent. Giving and receiving of gifts are allowed if they are transparently and publicly made and disclosed. Directors, executives and employees are allowed to receive business entertainments for business benefits of the Company and shall avoid extravagant or lavish entertainments from parties involved in the Company business or potential business partners of the Company.
- On incentives and rewards: It is the Company's policy not to offer incentives, rewards or privileges in any form to its customers, trading partners or third parties in exchange for business deals, except for those being customary business entertainments, trade discounts or promotional activities of the Company.

Whistleblowing and Whistleblower Protection Policy

Ichitan Group Public Company Limited (the Company) has made available whistleblowing channels as following;

1. Objectives
2. Whistleblowing scope
3. Whistleblowers
4. Whistleblower protection
5. Whistleblowing channels
6. Related parties
7. Process
 - 7.1 Case registration and escalation
 - 7.2 Investigation and instruction
 - 7.3 Progress reporting to whistleblower and rectification
 - 7.4 Malicious whistleblowing and use of wrong whistleblowing channels.
 - 7.5 Responsibilities of case coordinators, case owners and upper level managers

1. Objective

Ichitan Group Public Company Limited (the Company) encourages its executives, employees and staff to adhere to the principles of transparency, integrity and disclosure, good corporate governance practices, and the Company's code of conduct. Acts which violate or appear to violate the aforesaid principles should be reported in good faith to the Company in order to solve such issues and promote integrity, transparency and fairness. According to the Securities and Exchange Act, whistleblowers who report cases in good faith to regulators shall be protected and the same is applied by the Company.

The Company has established the Whistleblowing and Whistleblower Protection Policy to provide the management and Human Resources team with the framework for monitoring and supervising behaviors, conducts and acts employees and staff as well as offering consultation. Whistleblowers who report cases in good faith shall be protected.

2. Whistleblowing Scope

When there are reasonable doubts or concerns about non-compliance with the laws, rules, good corporate governance principles, code of business conducts, policies, regulations or requirements of the Company, employees and staff should seek consultation from their supervisors. Or, they can report their concerns and complaints through the following channels:

- Cases related to other units or upper-level management should be filed with CG Report or Office of the Company Secretary or Office of the Internal Audit or the Audit Committee.
- Cases related to the CEO should be filed with the Audit Committee.

3. Whistleblowers

Employees or staff of Ichitan group and third parties who witness or have concern about non-compliance of the Company's executives, employees or staff with the laws, rules, good corporate governance principles, code of business conducts, policies, regulations or requirements of the Company can raise their concerns.

4. Whistleblower Protection

Employees or staff who report cases, concerns, evidence or useful information within the scope as mentioned in Item No.2 as mentioned above with good faith shall be reasonably protected by the Company from victimization such as job transfer, suspension, intimidation, disturbance or employment termination or any other form of unfair treatment. Change to or cancellation of the protection program shall be subject to prior approval from the Audit Committee.

- Claimers/informants can choose to remain their anonymity. In order to be better able to respond to any information or complaint, the Company would prefer the claimers/informants to reveal their identities to the Company.
- Information related to concerns and complaints raised shall be treated with confidentiality and claimers and informants will be protected against unfair treatment and retaliation.
- The Company may tighten its whistleblower protection program upon request by claimers/informants or as the Company deems appropriate.

- Remedial actions will be undertaken on the basis of appropriateness and fairness to abate the injury suffered by victims.

5. Whistleblowing Channels

5.1 CG Report

- Telephone : ++662 716 5555
- E-mail: cg@ichitangroup.com
- E-mail cg@ichitangroup.com

5.2 Office of the Company Secretary

- Address: Ichitan Group Public Company Limited No.2922/301-303, 28th Floor, Charn Issara II Building, New Pethchburi Road, Bangkok, Huaykwang, Bangkok (10310)-Thailand

5.3 Office of the Internal Audit

- Telephone : ++662 716 5555
- E-mail: internalaudit@ichitangroup.com
- Address: Ichitan Group Public Company Limited No.2922/301-303, 28th Floor, Charn Issara II Building, New Pethchburi Road, Bangkok, Huaykwang, Bangkok (10310)-Thailand

5.4 The Audit Committee

- E-mail
Audit Committee: auditcommittee@ichitangroup.com
Secretary to the Audit Committee: internalaudit@ichitangroup.com
The cases received via this channel will be proposed to the Audit Committee, investigated and reported to the Boards.
- Address: Ichitan Group Public Company Limited No.2922/301-303, 28th Floor, Charn Issara II Building, New Pethchburi Road, Bangkok, Huaykwang, Bangkok (10310)-Thailand

6. Related Parties

Parties related to the whistleblowing process include:

- 6.1 Callers or claimers: Persons, including internal and external parties, who report cases to the Company.
- 6.2 Case coordinators: Persons in charge of receiving cases and retaining relevant information and results, namely CG Report, the Company Secretary and Internal Audit.
- 6.3 Case owners: Direct supervisors of employees who are complained or executives directly in charge of the units which are complained. In case where such case owners are not available for a long period of time, their supervisors shall assume the role of case owners in their stead.
- 6.4 Disciplinary action owners: Human Resources (HR).
- 6.5 Chief Executive Officer (CEO): Top executive of the Company.
- 6.6 Audit Committee
- 6.7 Board of Directors

7. Process

7.1 Case registration and escalation

- (1) Case coordinators register cases reported and determine the date the case progress will be reported back to callers/claimers according to the following guideline:
 - Cases which have serious impact on the Company's reputation shall be handled immediately.
 - Other cases shall be handled as soon as possible.
 - General inquiries such as inquiries about share prices and dividend payment shall not be registered but shall be forwarded to relevant units.
- (2) Case coordinators shall record the following information:
 - Name of caller/claimant, unless in the case of anonymity.
 - Date of case reporting
 - Name of person complained or subject of complaint
 - Other relevant information
- (3) Following the registration, the classification levels of the cases shall be identified (except for general inquiries) and the following actions shall be undertaken:
 - Cases shall be escalated to case owners for investigation and consideration of actions to be undertaken within their scope of authority.
 - Cases shall be reported to Human Resources for information which shall provide consultation or initiate disciplinary action or other action as applicable.
 - Cases shall also be reported to CEO.
 - Cases and complaints related to the CEO shall be escalated to the Audit Committee.

7.2 Investigation and action

- Case owners investigate the cases and instruct complainers and related parties to improve their behaviors and conducts. If disciplinary actions must be undertaken, case owners shall consult with Human Resources and impose disciplinary punishment against complainers in accordance with applicable disciplinary standard. If case owners do not have the authority to punish complainers, such cases shall be escalated to authorized persons whereas the investigation results, actions taken and punitive measures to be implemented shall be submitted to CEO through supervisors of case owners in accordance with the line of command for information or instruction.
- If the callers/claimers are anonymous and available information is not sufficient, case owners shall submit investigation results and their opinions to CEO through their supervisors in accordance with the line of command in order to solicit guidance and instruction. If CEO is of the opinion that such cases cannot be proceeded, the cases will be closed and reported to case coordinators concerned in order to report the case closure to the Audit Committee.
- If the investigation conducted by case owners reveals that complainers are innocent or the cases are caused by misunderstanding or if the complainers and persons involved have been admonished to demonstrate proper conducts and it is thus concluded that the cases should be closed without any punishment, the case owners should submit the cases to their supervisors (1 level above) to seek approval for case closure. The cases shall also be reported to the case coordinators, who will inform the callers/claimers of the update,

- Complaints related to CEO shall be investigated by the Audit Committee and escalated to the Board for instruction.

7.3 Response to Caller/Claimer and Rectification

- Case owners shall follow the instructions of CEO or the Boards (as applicable) and recommended proper conducts which should be demonstrated. The results shall be reported to case coordinators.
- Case coordinators report the results to callers/claimers and record the case results which shall be presented to the Audit Committee on a quarterly basis.
- Case coordinators shall follow up on corrective actions (if any) and report the results thereof to CEO and the Audit Committee.

7.4 Malicious whistleblowing or use of wrong whistleblowing channels

Complaints, whistleblowing, statements and information which are reported with malicious intention or through incorrect channels could result in disciplinary actions or legal actions may be taken against individuals committing such offence.

7.5 If case coordinators or case owners demonstrate ignorance or do not comply with this policy, they and their supervisors shall be subject to disciplinary actions.

In the year 2016, the reporting or corruption violation that related to the Company was not detected. Moreover, the Company arranged training of anti-corruption policy and related measures for the Company's staffs so that employees will have knowledge, understanding and awareness on significance of anti-corruption policy in order to make staffs understand their own roles, duties and responsibilities in preventing corruption that may occur within the Company.

Connected Transaction

Nature and the policy of connected transactions.

Ichitan Group Public Company Limited (the Company), has disclosed the details of its connected transactions with the entities and persons who may have conflicts of interest in the 2016 financial statements. The majority of the transaction between the Company and affiliate company, if the transaction is not a normal business transaction, executives or stakeholders who have benefit in such matters, they cannot be approved such transactions in order to comply with the principles of good corporate governance and ethical of directors. If there is an appraisal, then the Company will use service from Financial Adviser company which has been

registered with the Securities and Exchange Commission (the SEC) for approval or give an opinion. The transaction will be disclosed to the public through Set Portal system within the time as regulated by the Stock Exchange of Thailand (the SET). In the year 2016, the Company has significant business transactions with its related parties, which are subject to the trading conditions and agreed upon between the Company and related parties and are in line with the normal business transaction

1) Persons who may have conflicts of interest and relationships.

Related Party	Relationship
1 Mr. Tan Passakornnatee (Mr. Tan)	<ul style="list-style-type: none"> Director and major shareholder of the Company
2 Mrs. Eng Passakornnatee (Mrs. Eng)	<ul style="list-style-type: none"> Director and major shareholder of the Company
3 Miss Varisa Passakornnatee(Miss Varisa)	<ul style="list-style-type: none"> Major shareholder of the Company ,the daughter of Mr. Tan Passakornnatee
4 I Am Green Tea Co., Ltd. (IGT) Distributes beverage products of the Company and is granted the right from Mr. Tan Passakornnatee to produce and sell products with Mr. Tan's pictures, drawings, symbols and work of design of Mr. Tan Passakornnatee for 5 years.	<ul style="list-style-type: none"> Miss Tantita Passakornnatee, the elder sister of Mr. Tan Passakornnatee owns 80% equity in IGT.
5 Japanese Prime Restaurants Management Co., Ltd. (JPRM): Operates restaurant business	<ul style="list-style-type: none"> Mrs. Eng Passakornnatee is director of both Ichitan and JPRM. Mr. Tan Passakornnatee and Mrs. Eng Passakornnatee are major shareholders and have a mutual shareholding in the proportion of 96.0% in JPRM.
6 Passakornnatee Co., Ltd. (PAS): Operates hotel business	<ul style="list-style-type: none"> Mrs. Eng Passakornnatee is director of both Ichitan and PAS. Mrs. Eng Passakornnatee and Miss Varisa Passakornnatee, are major shareholders and have a mutual shareholding in the proportion of 80% in PAS.
7 Kin Kub Tan Co., Ltd. (KIN): Operates restaurant business	<ul style="list-style-type: none"> Mrs. Eng Passakornnatee is director of both Ichitan and KIN. Mrs. Eng Passakornnatee is major shareholder owning in the proportion of 79.7% equity in KIN.
8 Tan Asset Co., Ltd. (TAN): Operates land leasing and soccer field rental service	<ul style="list-style-type: none"> Mr. Tan Passakornnatee, Mrs. Eng Passakornnatee and Miss Varisa Passakornnatee, are major shareholders and have a mutual shareholding in the proportion of 91.1% in TAN.
9 Ezili Co., Ltd. (EZL): Operates restaurant business	<ul style="list-style-type: none"> Miss Varisa Passakornnatee, is a major shareholders in the proportion of 52.8% in EZL.
10 Tan Boon Co., Ltd. (TANBOON): Operates real estate business	<ul style="list-style-type: none"> Mr. Tan Passakornnatee and Mrs. Eng Passakornnatee, are major shareholders and have a mutual shareholding in the proportion of 50.0% in TANBOON
11. T.Y. Marriage Studio Co., Ltd. (TYM): Operates wedding studio business	<ul style="list-style-type: none"> Mrs. Eng Passakornnatee is director of both Ichitan and TYM. Mrs. Eng Passakornnatee is major shareholder owning share in the proportion of 65.0% in TYM
12. Tan Eng Asset Co., Ltd. (TEA): Operates real estate business	<ul style="list-style-type: none"> Mrs. Eng Passakornnatee is director of both Ichitan and TEA. Mr. Tan Passakornnatee and Mrs. Eng Passakornnatee , are major shareholders and have a mutual shareholding in the proportion of 91.1% in TEA.
13. Tiger Wings Krub Co.,Ltd.(TIGER): Operates Television production entertainment, Advertising and Media	<ul style="list-style-type: none"> Mr. Tan Passakornnatee and Mrs. Eng Passakornnatee are director of both Ichitan and TIGER. Mr. Tan Passakornnatee and Mrs. Eng Passakornnatee, are major shareholders and have a mutual shareholding in the proportion of 50.0% in TIGER.
14 Kin Rong Deum Co., Ltd. (KRD): Restaurant and Karaoke business	<ul style="list-style-type: none"> Mrs. Eng Passakornnatee is the major shareholder owning in the proportion 46.8% in KRD.

2) Transactions of the Company and its subsidiary companies and related persons who may have a conflict of interest.

In the year 2016 and 2015, the Company entered into transactions with persons who may have conflicts but the transactions do not cause any conflict of interest. As detailed in the table;

Related Party	Transaction	Transaction Value (MB)		Necessity and Rationale
		Year 2016	Year 2015	
1 I Am Green Tea Co., Ltd. (IGT)	Revenue from sales Outstanding balance at the end of the accounting period	657.75 40.67	881.03 44.11	<ul style="list-style-type: none"> • Sales of the Company's beverage products to IGT which is the Company's distributor through the traditional trade channel under the agreement dated 20 June 2011, effective from 1 July 2011 – 30 June 2014. The agreement was renewed on 20 June 2014 and is valid from 1 July 2014 – 30 June 2017. • IGT must buy beverages at the selling prices determined by the Company as of the date IGT sells beverages to its customers. The Company issues invoices at the selling prices comparable to those applied to other traditional trade distributors of the Company. • Audit Committee's Opinion The Audit Committee viewed that the target customers of IGT did not overlap with those of other distributors of the Company and this distribution through IGT would help expand the Company customer base. Product pricing applicable to IGT was fair, competitive and higher than other trading partners. Therefore, the Audit Committee concluded that the transactions were reasonable and in the normal course of business operations.
	Expenses on sales promotion (giveaways) Outstanding balance at the end of the accounting period	62.05 11.87	71.05 14.80	<ul style="list-style-type: none"> • Reimbursements paid to distributors for giveaways offered to customers under the monthly sales promotion January–December 2016 in accordance with the distribution agreements. The monthly reimbursements were calculated at the same prices charged to IGT and approved by Senior Executive Vice President. • Audit Committee's Opinion The Audit Committee opined that the monthly giveaway promotions were beneficial to the Company and was in the normal course of business operations. Monthly giveaway promotions were reviewed by executives and approved by Senior Executive Vice President. The reimbursements were calculated at the same prices charged to IGT and the practice has been applied consistently to all distributors of the same channel.

Related Party	Transaction	Transaction Value (MB)		Necessity and Rationale
		Year 2016	Year 2015	
1 I Am Green Tea Co., Ltd. (IGT) (Cont.)	Expenses on promotional activities – premium gifts Outstanding balance at the end of the accounting period	0.87	0.56	<ul style="list-style-type: none"> • Purchase of specially-designed premium gifts (Mr. Tan figurines and gifts such as bags, money boxes and drinking glasses displayed at Tan's Land at Rojana Industrial Park in Ayutthaya) • The transactions were in accordance with the license agreement dated 1 July 2014 made between the Company and IGT to authorize the production and distribution of products with pictures of Mr. Tan including products featuring his drawings, symbols and work of design, subject to the condition that such products must be sold only to entities which Mr. Tan serves as a director or hold shares in. No license fee was charged but Mr. Tan reserved the right to dictate the selling prices of such products and IGT can mark up the prices only by 10% at a maximum as its management fee. • <u>Audit Committee's Opinion</u> Sale of gifts with Mr. Tan's pictures and works of design originated from the Company's drive to quickly establish its brand presence at the initial stage of the Company. Thus, Mr. Tan was the Company's presenter and products bearing his pictures and works of designs were displayed and sold to visitors. Nonetheless, the Company would not link its brand image entirely to Mr. Tan and has planned to engage other presenters in its promotional activities and advertisements in the future. Moreover, the Company commercially sold such products to end-consumers at a profit. Thus, the transactions were beneficial to the Company and conditions of the transactions were in line with the license agreement. The Audit Committee opined that the transactions were reasonable, fair and beneficial to the Company.
2 Japanese Prime Restaurants Management Co., Ltd. (JPRM)	Food and beverage Outstanding balance at the end of the accounting period	0.09	0.02	<ul style="list-style-type: none"> • Meal expenses for the Company's customers and the meal prices were at the same rates applicable to other customers of JPRM. • <u>Audit Committee's Opinion</u> Meals for the Company's customers were paid by the Company for its own benefits and the prices charged by JPRM were at the same rates applicable to other customers of JPRM. Thus, the Audit Committee viewed that the transactions were reasonable and in the normal course of business.
3 Passakornnatee Co., Ltd. (PAS)	Hotel accommodation expenses Outstanding balance at the end of the accounting period	0.01	0.11	<ul style="list-style-type: none"> • Expenses on hotel accommodation paid to PAS which operates Villa Maroc Resort in Pranburi for room rentals under its PR events such as thank-you parties for members of the media. • Special discount of around 50% was offered. • <u>Audit Committee's Opinion</u> The Audit Committee viewed that the transactions were beneficial to the Company given the special discount of 50% offered to the Company for its PR events. The transactions were considered beneficial, reasonable and in the normal course of business.

Related Party	Transaction	Transaction Value (MB)		Necessity and Rationale
		Year 2016	Year 2015	
4 Kin Kub Tan Co., Ltd. (KIN)	Food and Beverage expenses. Outstanding balance at the end of the accounting period	0.72 –	0.41 0.02	<ul style="list-style-type: none"> • Meals at KIN for customers of the Company. • The meals were charged at the normal rate applied to other customers of KIN. • <u>Audit Committee's Opinion</u> Meals for the Company's customers were paid by the Company for its own benefits and the prices charged by KIN were at the same rates applicable to other customers of KIN. Thus, the Audit Committee viewed that the transactions were reasonable and in the normal course of business.
	Proceeds from purchase raw materials ,inventories Outstanding balance at the end of the accounting period	0.38 0.05	0.40 0.02	<ul style="list-style-type: none"> • Purchase of ice cream and equipment for the sale of ice cream at Tan Land, Rojana Industrial Park. • The transactions were at cost prices. • <u>Audit Committee's Opinion</u> The Audit Committee viewed that the transactions were reasonable and beneficial to the Company because the ice cream products were sold to general customers at a profit and in the normal course of business.
5 Tan Asset Co., Ltd. (TAN)	Expenses on book purchase Outstanding balance at the end of the accounting period	–	0.53	<ul style="list-style-type: none"> • Purchase of the books titled “Wi Thee Mai Tan” and “Kam Tan” from TAN as gifts and goods for sale at Melt Me shops and Tan Land, Rojana Industrial Park. • The transactions were at cost prices. • <u>Audit Committee's Opinion</u> The Audit Committee viewed that the transactions were reasonable and beneficial to the Company because the gifts helped promote the Company and the books were sold to the Company at cost prices.
	Billboard rental expenses Outstanding balance at the end of the accounting period	0.36 –	0.36 0.03	<ul style="list-style-type: none"> • Promotion of the Company's brands in accordance with the marketing plan for the year 2015 and 2016. • The billboard rental was 40% discounted. • <u>Audit Committee's Opinion</u> The Audit Committee opined that the billboard advertisements contributed to brand communication and promotion. The transactions were in the normal course of business operation and were at a discounted. Thus, it was concluded that the transactions were beneficial to the Company and reasonable.
6 Ezili Co., Ltd. (EZL)	Entertainment expenses Outstanding balance at the end of the accounting period	0.03	0.04	<ul style="list-style-type: none"> • Expenses on meals at EZL for the Company's customers which were charged at the same rates applicable to other customers of EZL. • <u>Audit Committee's Opinion</u> The Audit Committee viewed that the transactions were at the same rates applicable to other customers of EZL and thus were reasonable and in the normal course of business operations.

Related Party	Transaction	Transaction Value (MB)		Necessity and Rationale
		Year 2016	Year 2015	
7 Tan Boon Co., Ltd. (TANBOON)	Hotel accommodation expense Outstanding balance at the end of the accounting period	0.47	0.47	<ul style="list-style-type: none"> Expenses on hotel accommodation paid to TANBOON which operates Eastin Tan Hotel in Chiangmai for promotional activities of the Company and its customers. Special discount was offered. <u>Audit Committee's Opinion</u> The Audit Committee viewed that the transactions were beneficial to the Company given the special discount offered to the Company for room rentals under its PR events. The transactions were considered beneficial, reasonable and in the normal course of business.
8 T.Y. Marriage Studio Co., Ltd. (TYM):	Other Service fee	0.04	–	<ul style="list-style-type: none"> To take pictures and make up for the preparation of the annual report by TYM. The 50% discounted. <u>Audit Committee's Opinion</u> The Audit Committee opined that the transactions was in the normal course of business operation and were at a discounted. Thus, it was concluded that the transactions were beneficial to the Company and reasonable.
9 Tan Eng Asset Co., Ltd. (TEA):	Billboard rental expenses	0.43	–	<ul style="list-style-type: none"> Promotion of the Company's brands in accordance with the marketing plan for the year 2016. The billboard rental was 40% discounted. <u>Audit Committee's Opinion</u> <p>The Audit Committee opined that the billboard advertisements contributed to public relation and get 40% discounted. The transaction was in the normal course of business operation. Thus, it was concluded that the transactions were beneficial to the Company and reasonable.</p>
10 Tiger Wings Krub Co.,Ltd.(TIGER):	Billboard rental expenses	2.20	–	<ul style="list-style-type: none"> Promotion of the Company's brands and build good image of the Company that sharing to the society through "Tiger Wings Krub" Program in accordance with the marketing plan for the year 2016. Fee Charged at the same rates applicable to other customers of TIGER <u>Audit Committee's Opinion</u> <p>The Audit Committee opined that the program contributed to public relation and build good image of the Company that sharing to the society in accordance with the marketing plan. The transaction was in the normal course of business operation. Thus, it was concluded that the transactions were beneficial to the Company and reasonable.</p>

Related Party	Transaction	Transaction Value (MB)		Necessity and Rationale
		Year 2016	Year 2015	
11. Kin Rong Devm Co.,LTD (KRD)	Entertainment expenses	0.05	–	<ul style="list-style-type: none"> • The transaction adopted by the Company to purchase food from KRD and charge at rates applicable to other customers of KRD. • <u>Audit Committee's Opinion</u> • The Audit Committee viewed that the transactions were at the same rates applicable to other customers of KRD and thus were reasonable and in the normal course of business operations.
12 Mrs. Eng Passakornnatee	Promotional expense	10.00	–	<ul style="list-style-type: none"> • The promotion “Summer Campaign for the year 2916 “, the promotion that was approved by the Executive Committee. • Then, comparing the sale price is lower than the appraised value of securities by an independent appraiser. • <u>Audit Committee's Opinion</u> • The Committee is of the opinion that the transaction is beneficial to the Company. The purchase price is lower than the appraised value. And according, to plan the promotional activities of the Company, the transactions are beneficial to the Company and reasonable as well as it is normal business practices.
13 Miss Varisa Passakornnatee	Promotional expense	15.00	–	<ul style="list-style-type: none"> • The promotion “Summer Campaign for the year 2916 “, the promotion that was approved by the Executive Committee. • Determined by comparing the sales price and it is lower than sale price of the project. • <u>Audit Committee's Opinion</u> • The Committee is of the opinion that the transaction is beneficial to the Company.

3) Necessity and reasonable of the transaction.

The Company does all transactions with carefully in regard to the best interest of the Company and shareholders. All related-party transactions and transactions with conflicts of interest are in the Company's normal business operations, reasonable and necessary for the Company's normal business and market price. Terms and conditions of such transactions are at an arm's length basis and comparable to the markets or other similar customers. Credit transactions between the Company and its related parties are executed only when necessary for extra liquidity of the Company.

4) Measures for approval transaction.

The Company's decisions to approve related-party transactions are primarily based on the Company's interest. Such transactions were escalated to relevant authorities, i.e. the Audit Committee, the Board of Directors and the Company's senior executives, in accordance with applicable approval procedures to ensure that implications and pricing of the transactions are appropriate and at an arm's length basis.

The Company has obtained approval for the guiding principles for transactions at an arm's length between the Company and directors, executives, and related parties. According to the approved principles, the Company may enter into connected transactions, subject to the approval by the management team, if the transactions have the same commercial terms and those ordinary persons would agree with another party under similar circumstances and on the basis of commercial negotiation which is not influenced by their status as a director, executive or related party. The related-party transaction report is presented to the Audit Committee on a quarterly basis.

Directors, members of the Executive Committee and persons with the potential conflict of interest do not have the authority to approve transactions concerned in order to comply with the requirements and rules stipulated by the SEC and/or the SET.

Any related-party transactions which are beyond the scope of expertise of the Audit Committee shall be escalated to independent experts for opinions to support the consideration of and decision on such transactions by the Board, the Audit Committee or shareholders as applicable. Material related-party transactions are disclosed under the notes to the financial statements which have been audited by the Company's auditor.

5) Policy and trend to do connected transactions in the future.

The Company has the policy to do connected transactions taking place in the present and in the future that is practice with a person who may have conflicts of interest as other general customers in regard to define pricing policy that is fair and in accordance with general trade terms and conditions. The approval process is clearly, transparency and fairness to the principles of good corporate governance practice and regulations of the company. Also, the transaction is subject to be under the approval of the connected transaction term.

6) Summary of Key Contract/Agreement

6.1 Distribution Agreement

On 20 June 2014, the Company entered into a distributor agreement with I Am Green Tea Co., Ltd. (IGT) to appoint IGT as the Company's distributor. The agreement is valid from 1 July 2014 to 30 June 2017.

Parties to Agreement	: I Am Green Tea Co., Ltd ("the distributor") and the Company ("the manufacturer")
Date of Agreement	: 20 June 2014
Effective Date	: 1 July 2014
Validity Period	: 3 years (1 July 2014 – 30 June 2017)
Territory	: The manufacturer agrees that the distributor can distribute its beverage products in Thailand according to the agreed terms and conditions through all channels, except for the modern trade channel.
Pricing and Payment Terms	: The distributors must purchase products from the manufacturer at the selling prices determined by the manufacturer as of the date such products are sold to customers. The manufacturer will issue invoices at the selling prices indicated in the agreement. The distributor shall sell products to shops and merchants according to the pricing structure specified by the manufacturer in the agreement.
Distribution Center and Delivery of Goods to Distribution Center	<p>: The distributor shall ensure that it has sufficient warehouse space for storage of the products delivered to the distributor by the manufacturer.</p> <p>The manufacturer shall deliver products to distribution centers as specified in the 30-day advance notice of the distributor. The delivery costs and expenses shall be borne by the manufacturer.</p>
Product Ownership	: Products stored at distribution centers are owned by the distributor.
Marketing and Promotion Expenses	: The expenses shall be borne by the manufacturer.
Expenses on Product Recall	<p>: Recall caused by the manufacturer's error: The manufacturer shall be responsible for the costs and expenses associated with the recall of defective products.</p> <p>Recall caused by product defects: The manufacturer agrees to be responsible for and pay compensation to the distributor at the agreed prices.</p> <p>Recall caused by the distributor's error: The manufacturer shall not be responsible for such recall.</p>
Agreement Cancellation	<p>: The agreement cancellation may be initiated on a reasonable ground in the following circumstances by a party to the agreement which does not breach the agreement:</p> <p>1) Either party to the agreement is in solvency, bankruptcy, business dissolution or liquidation.</p> <p>2) Either party to the agreement breaches this agreement or fails to honor obligations under this agreement within 30 days from the receipt of notice thereof from another party.</p>
Responsibility for Damage Caused by Unsafe Product	: The manufacturer must provide clear and sufficient usage and care instructions, warnings and production information. The manufacturer shall be solely responsible for damage caused by unsafe products and protect the distributor from damage associated with claims, litigation, accusation and fine penalties caused by unsafe products.
Confidentiality	: Confidential information shall continue to be protected 3 years following the agreement termination or cancellation.

6.2 License Agreement for Production and Distribution of Products with Mr. Tan Passakornnatee's Pictures, Drawings, Symbols and Work of Design

Parties to Agreement	: Mr. Tan Passakornnatee ("the licensor" or "Mr. Tan") and I Am Green Tea Co., Ltd ("the licensee") (formerly Ichitan Trading Co., Ltd.)
Date of Agreement	: 1 July 2016
Effective Date	: 1 July 2016
Validity Period	: 5 years (1 July 2016 – 30 June 2021)
License Fee	: Waiver of fees and charges for the licensee under this agreement.
Manufacturing and Distribution of Product	: The figurine and goods with pictures, symbol or works of design of the licensors must be manufactured by the licensee or a manufacturer hired by the licensee for products which are suitable with such figurine or goods at the licensee's expense.
Selling Price	: The licensor reserves the right to determine the prices of such goods whereas the licensee is authorized to mark up the prices by 10% at a maximum as management fee.
Duty of Licensee	: The licensee does not have the right to transfer or assign its rights and obligations under this agreement, either partially or entirely, to a third party unless otherwise permitted in writing by the licensor.
Agreement Cancellation	: Where the licensee breaches any provision under this agreement or attempts to exploit rights under this agreement for any purpose other than those stated in this agreement, the licensor shall have the right to immediately cancel this agreement by submitting a written notice via registered mail. Upon the termination of this agreement due to any cause whatsoever, the rights granted to the licensee under this agreement shall be terminated and void.

Details of directors and executive take position in the Company and the related companies.

Name	The Company		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Mr. Tan Passakornnatee	C, CEO, MD			D																
Mrs. Eng Passakornnatee	D, ED, M	D	D	D	D	D	D	D		D		D	D	D	D	D	D	D	D	D
Mr. Yueh-Chin Chiu	D, ED									D		D								
Miss. Araya Panichayunont	D								D											
Mr. Preecha Augcharanonda	ED, M																			
Mr. Viroj Supasoon	D, ED, M																			
Mr. Tanapan Khongnuntha	D, ED, M																			
AVM. Nathawat Nimmothanakhorn	ID, /I, AC																			
Mr. Prasan Limpipatanakul	ID, AC																			
Mr. Issarachai Decharit	ID, AC										D									

Note : C = Chairman D = Director ID = Independent Director /I = Chairman of the Audit Committee AC = Audit Committee CEO = CHAIRMAN OF EXECUTIVE COMMITTEE
ED = Executive Director MD = Managing Director M = Management

List of related companies

- | | | | |
|---|---|--|-----------------------------|
| 1 = Tan And Tan Sriracha Asset Co.,Ltd. | 7 = Passakornnatee Co.,Ltd. | 13 = Tokiya Co.,Ltd. | 18 = Kin Kab Tan Co.,Ltd. |
| 2 = Eng Tan Asset Co.,Ltd. | 8 = Lopburi Inn Plaza Co.,Ltd. | 14 = Your Studio Co.,Ltd. | 19 = Tan Eng Asset Co.,Ltd. |
| 3 = Tiger Wings Krub Co.,Ltd. | 9 = Wedding Business Consultant Co.,Ltd | 15 = Modern Wedding Studio Co.,Ltd. | |
| 4 = Japanese Prime Restaurants | 10 = Global One Capital Co.,Ltd. | 16 = Victoria's Wedding Professional Co.,Ltd | |
| 5 = DST Asset Co.,Ltd. | 11 = Thank You Service Co.,Ltd. | 17 = Marry Me Wedding Studio Co.,Ltd | |
| 6 = Gluay Gluay Co.,Ltd. | 12 = T.Y. Marriage Studio Co.,Ltd | | |

Management Discussion and Analysis

Management Discussion and Analysis of financial position and operating results for the year 2016

Analysis overview of the operating results

Revenue

The Company had revenue mainly came from ready-to-drink (RTD) tea in the year 2014, year 2015 and year 2016, of 6,179.1 million Baht, 6,339.6 million Baht and 5,338.3 million Baht respectively which were equivalent to 99.5% , 99.7 % and 99.6 % of total revenue respectively, while as the sale volume of RTD tea tendency to be declined steadily.

In the year 2014, the Company had revenue from sales of 6,179.1 million Baht, representing 99.5 % of total revenue and earned other income of 29.8 million Baht, representing 0.5 % of total revenue. In the year 2015, the Company had revenue from sales of 6,339.6 million Baht, representing 99.7% of total revenue and earned other income of 17.2 million Baht, representing 0.3 % of total revenue. In the year 2016, the Company had revenue from sales of 5,338.3 million Baht, representing 99.6 % of total revenue and earned other income of 23.5 million Baht, representing 0.4 % of total revenue.

Revenue Structure	Year 2016		Year 2015		Year 2014	
	million Baht	%	million Baht	%	million Baht	%
Revenue from sale of goods	5,338.3	99.6	6,339.6	99.7	6,179.1	99.5
Other income	23.5	0.4	17.2	0.3	29.8	0.5
Total income	5,361.8	100.0	6,356.8	100.0	6,208.9	100.0
Market share *	40.4%		43.4%		43.8%	
Total number of flavor	24 flavors		17 flavors		19 flavors	

* Source: Retail Index of Nielsen.

Cost sale of goods

During the year 2014 to 2016, mainly costs of sale of the Company were raw materials and supplies which accounted for about 70 – 80% of the total cost of sales. Details appear in the table bellowing;

Cost sale of goods	Year 2016		Year 2015		Year 2014	
	million Baht	%	million Baht	%	million Baht	%
Raw materials, supplies and changes in inventories of finished goods	2,881.5	73.1	3,172.0	75.3	3,235.3	79.6
Depreciation and amortization	499.2	12.7	474.2	11.3	358.5	8.8
Utility expenses (Fuel Gas, Electricity ,Tap water)	182.9	4.6	216.9	5.1	203.9	5.0
The cost of transportation	36.3	0.9	43.9	1.0	43.7	1.1
Employee benefit expenses	124.1	3.1	125.5	3.0	102.8	2.5
Other	219.9	5.6	182.2	4.3	121.0	3.0
Total	3,943.9	100	4,214.7	100	4,065.2	100
Revenue from sales (million Baht).	5,338.3		6,339.6		6,179.1	
Gross profit margin (%).	26.1		33.5		34.2	

The Company had ratio of cost of sales to revenues from sales of 65.8 %, 66.5% and 73.9% for the year 2014, 2015 and 2016 respectively, due to the year 2016, ratio of cost of sales to revenues from sales increased 7.4 % as compared with the year 2015 because in the year 2016, it occurred pricing competition in several trade channel which caused average selling price per unit of product was reduced, as compared to ratio of cost of sales result increased.

Selling Expenses

The selling expenses were mainly from advertising and promotional purposes by the year 2014, year 2015 and year 2016, selling expenses amounted to 774.2 million Baht , 1,019.3 million Baht and 714.9 million Baht respectively, which accounted for proportion to income of 12.5%, 16.1% and 13.4% respectively. In the year 2016, selling expenses amounted to 714.9 million Baht, representing proportion to income from the sale of 13.4% which decreased from the previous year, the proportion of selling expenses to revenues from the sale of 16.1% as the Company had cost control planning in line with the economic and market downturn.

Administrative expenses

In the year 2014, year 2015 and year 2016, the cost of administrative expenses were 250.4 million Baht, 130.9 million Baht and 202.6 million Baht respectively and mainly cost management expense were employees, rental fee, public charity and provision for impairment loss on advances for purchase of right to use trademark. By the year 2016, the cost of administrative had total of 202.6 million Baht which increased from the year 2015, amounting to 71.7 million Baht, or representing 54.8% of these had provision for impairment loss on advances for purchase of right to use trademark in the amount of 49.5 million Baht.

Share of profit (loss) of investment in joint venture.

The Company had shared of profit (loss) of investment in the joint venture of the Company in the year 2016, the year 2015 which were (95.7) million Baht and (48.7) million Baht respectively. The share of loss from investments increased by 47.0 million Baht due to marketing cost in Indonesia had been increased.

Profit from operation

In the year 2016, the Company had earned operating profit of 500.4 million Baht, equivalent to 9.3% of total revenue which decreased from the same period of the previous year of 491.4 million Baht or decreased by 49.5%, due to sale in the year 2016 did not meet as planned because weakness economic, the growth of RTD tea market decreased by 7% as well as high price competition in all marketing channel. In the year 2015, the Company had earned operating profit of 991.8 million Baht or equivalent to 15.6% of total revenue which decreased from the same period of the year 2014, which amounted to 1,119.1 million Baht, decreased 127.3 million Baht or equivalent to 11.3% because the Company had organized more promotional activities in relate to intense competition in the market, and in April 2015, the Company had launched a new product under the brand “Bireley’s” together with do public relation activities continuously.

Net Profit (loss)

In the year 2014, year 2015 and year 2016, the Company had net profit (loss) amounted to 1,078.8 million Baht, 812.7 million Baht and 368.5 million Baht respectively, representing net profit margin of 17.4%, 12.8% and 6.9% of total revenue respectively. Also, the net operating profit margin of the year 2014, year 2015 and year 2016 were 17.5%, 15.3% and 8.9% of total revenues respectively.

Financial Analysis Results of operations and ability to make a profit.

Return on Equity

Dividend policy as follows;

“ The Company will allocate the payment of dividend not less than 40% of net profits after taxes and legal reserve” (with additional condition)

The Board of Directors Meeting No. 4/2016, held on 10 August 2016 that had resolved to pay an interim dividend from the operating period of six months from the period of 1 January 2016 to 30 June 2016, in regard to financial statements in which the equity method is applied at the rate of 0.25 Baht per shares from paid up capital 1,300,000,000 shares, totaling 325 million Baht (Three Hundred Twenty-five Million Baht Only) .

For the year 2016, the Board of Directors’ meeting No.1/2017, held on 23 February 2016 which approved to suspend dividend payment second half (operating period that 1 July to 31 December 2016) because cash reservation for working capital to expand the Company’s business. The interim dividend payment had already been paid at the rate of 0.25 Baht per share, amounting to 325 million Baht, or equivalent to 88.2% of net profit that was over the dividend policy of the Company, and shall propose to the 2017 Annual General Meeting of Shareholders that will be held on 27 April, 2017 for approval.

Asset

The Company had total asset in the year 2016 of 8,626.9 million Baht, down from previous year 2015 of 8,851.6 million Baht, which was equivalent to (224.7) million Baht was as follows:

- 1) The net of property, plant and equipment decreased (241.6) million Baht, mainly due to depreciation and amortization, for the 2016, it is (512.9) million baht, and purchase more equipment of 271.4 million baht
- 2) The trade account receivable decreased (157.7) million Baht in line with the economic and market had downturn, for the year 2016 the Company’s sale volume had decreased at the rate of (15.8%) from the year 2015. The Company had a credit term policy to customer of 30–45 days, in the past trade account receivable of the Company had average collection period of 51–61 days. Also, average collection period for the year 2014, year 2015 and year 2016 were 51 days, 56 days and 65 days respectively, and collection period of 2016 increased from the year 2015 because offered extension of time of collection for one main distributor that complied to the term of distribution agreement, together with offered extension to trade receivable from related companies of the joint venture investment in Indonesia, with collection period of approximately 60–65 days. Trade account receivable of the Company which was main distributor of the Company with collection period approximately of 30–45 days. Also, details of collect period of trade receivable at year-end 2014 to year 2016, as divided by outstanding balances were as follows;

The ability to manage assets

Age of Trade account receivable	Year 2016		Year 2015		Year 2014	
	million Baht	%	million Baht	%	million Baht	%
Related companies						
Not due	40.7	4.7	44.1	4.3	38.2	4.2
Overdue						
• Less than three months	–	–	–	–	–	–
• More than six months	–	–	–	–	–	–
Total	40.7	4.7	44.1	4.3	38.2	4.2
Other business						
Not due	834.3	95.3	988.6	95.7	870.7	95.7
Overdue						
• Less than three months	–	0.0	–	0.0	0.7	0.1
• three to six months	–	–	–	–	–	–
Total	834.3	95.3	988.6	95.7	871.4	95.8
Total all	875.0	100.0	1,032.7	100.0	909.6	100.0

3) The other current assets decreased by (213.0) million Baht due to mainly inventory decreased by (163.0) million Baht, and other account receivables decreased (52.0) million Baht.

4) The joint ventures investments increased by 20.2 million Baht because capital increase of 115.6 million Baht including with recognize loss share of loss from investment in joint ventures (95.4) million Baht.

5) The advance payments for the purchase of machinery and equipment increased by 419.4 million Baht which resulted from the said advance payments which had scheduled to be installed in quarter 3/2017.

6) The intangible assets decreased by (40.9) million Baht which resulted from increase of trademark rights of 9.3 million Baht and provision for impairment loss on the right to use trademark of (40.2) million Baht.

7) The deferred tax assets increased by 39.6 million Baht, the main item was deferred tax from the allowance for impairment of investment in joint venture amounting to 31.3 million Baht.

8) Other non-current assets increased by 25.8 million Baht that resulted from corporate income tax of the first half of the year that should be refunded because the performance of the Company in second half did not meet the target and the Company had benefited from investment in Item No.5) and got tax benefits in regard to Notification of the director-general of the revenue department on income tax No.266 dated 17 May, 2016 and Royal Decree regarding exemption from revenue taxes No. 604 dated 18 April, 2016.

Considering the rate of return on assets (ROA) found that ROA dropped as the rate of total ROA of the year 2014 and year 2015 and the year 2016 were 14.0%, 9.2% and 4.2% respectively. Total return on fixed asset were 24.6%, 19.2% and 13.3%, respectively because net profit decreased.

Debt

The Company had total debt in year 2016 of 2,875.6 million Baht that increased from year 2015 by 2,819.2 million Baht, increased about 56.4 million Baht. Liabilities mostly from financial institutions with an outstanding balance as at December 31, 2016 amounting to 2,280.5 million Baht. Loans from financial institutions will be completed the repayment schedule hereto;

- Within one year amounting to 1,237.8 million Baht.
- Within one to five years amounting to 1,042.7 million Baht.

Capital Structure

The major source of fund of the Company was from financial institutions as at 31 December, 2016 total debt to equity ratio was 0.5 times.

Liabilities and Contingencies as of 31 December 2016

- Obligations under lease commitment include lease with office building was total of 14.4 million Baht with term of contract 2–4 years. This will end in the year 2017 to the year 2019.
- Obligations under the Letter of Credit that unused was total of 2.4 million Baht.
- Commitments under orders for goods / materials was total of 443.7 million Baht.
- Commitments from guarantees issued to financial institutions of one state enterprises was total of 5.8 million Baht.

	Year 2016	Year2015	Year 2014
The ratio of debt to equity. (time)	0.5	0.5	0.5

Shareholders' Equity

As at 31 December 2016, the shareholders' equity amounted to 5,751.3 million Baht in regard to registered paid up capital 1,300.0 million Baht, surplus issued ordinary share 3515.4 million Baht, surplus paid by share-based 56.1 million Baht, legal reserve 130.0 million Baht and other components of equity (12.0) and retained earnings 761.8 million Baht, and the rate of return to shareholders' equity in the year 2014, year 2015 and year 2016 were 26.4%, 13.3% and 6.3% respectively.

Book value per share

As at 31 December 2016, the Company had a book value of 4.42 baht / share.

Liquidity and Capital adequacy.

During the year 2014, the Company's primary source of cash flow was cash flow from operations, loan from financial institutions and cash received from the sale of new shares to the public at the first time.

Cash flow from operations

In year 2016, the Company had cash flow from operations of 1,288.5 million Baht as a result of sales during the year and profit from operations.

Current ratio

The liquidity of the Company had main capabilities of current inventory, payment of trade account receivable and reimbursement from trade payable during the year 2014-2016, the turnover of assets that support the said liquidity shown in the table below;

Current ratio	unit	Year 2016	Year2015	Year 2014
The average collection period	day	65	56	51
The average sale period	day	55	59	46
The average repayment period	day	30	39	36
cash cycle	day	91	75	60

	Year 2016	Year2015	Year 2014
The ratio of liquid assets (time)	0.8	1.5	1.9
Cash increase (decrease) from operation (million baht)	(76.2)	(41.8)	68.1

The ability to repay to financial institution.

Under the terms of the financial institutions The Company convert ability to repay debt (DSCR) of not less than 1.25 times and debt to equity shares not exceeding 2.5 times. At present, financial institutions have abandoned this terms to the Company as at 31 December 2014/2015/2016 and the Company's ability to repay debt (DSCR) were 5.3 times, 2.2times and 0.7 times respectively, while the ratio of debt to equity were 0.5 times, 0.5 times and 0.5 times respectively. In the year 2016, the bank had cancel Dscr term

Cash flow from investments

During the year 2016, the Company had net cash used in investing of (851.6) million Baht, mainly used to pay for the purchase of machinery and equipment and increasing investments in joint ventures in Indonesia.

Cash flow from investments

During the year 2016, the Company had net cash used in investing of (851.6) million Baht, mainly used to pay for the purchase of machinery and equipment and increasing investments in joint ventures in Indonesia.

Factors that could affect the operations or financial position in future (Forward Looking).

The main factors affecting the performance of the Company.

1) Important issue that affected operating result

As of 31 December 2016, the Company had a total capacity of six(6) bottle production lines and two(2) box production lines.

Launching new product and expand market share.

Beverage business is a business where competition is intensely on price, the Company faced competition from rival ready to drink

Ichitan Group Public Company limited

beverage manufacturers, which many manufacturers are competing with aggressive marketing strategies and promotional activities ongoing as well as Drink developing and adding value to make a difference and to sell more products. It was found that since the mid-year 2012, there were ready to drink products being developed and sold a lot, so if the Company was unable to develop and launch new products to accommodate the higher demand promptly that may adversely affect the market share of the Company including with lower operating results in the negative. However, the Company had defined a research plan to develop new products to launch to the market constantly and established a strategy for the sudden change in the situation on the market for stimulating demand for the Company's products continuously and acquires new demand from consumers to increase its share in the market. For the period of past five years, the Company had sold products to total 24 flavors.

2) Sales Forecasting, Manufacturing Planning and Effectively Cost and Expense management because production costs was mostly fixed costs, including depreciation of equipment and land rental. The main factors determining consumption, including seasonal and promotional activity by the consumption of tea drinking was higher in summer and lower in winter, so the Company had to adjust its strategy to promote sales appropriately and in line with changes in the rate of consumption at different times of the year. For costs and expenses management, the Company had implemented modern technology to use in the production process, which

supported cost management more efficiently. In addition, the Company also controlled and monitored current production costs, including with inspect the use of resources that were spent appropriately and cost-effectively as determined whether or not, such as found that high to use of human resources, the raw materials used in production were spent effectively to determine the appropriate standard cost per unit of production.

3) Expanding into the ASEAN Economic Community (AEC) which feedback was very good.

4) Planning to add OEM business (Original Equipment Manufacturer).



ICHITAN

รายงานการพัฒนา อย่างยั่งยืน 2559

Sustainable Development Report 2016

บริษัท อิชิตัน กรุ๊ป จำกัด (มหาชน)
ICHITAN GROUP PCL.

Sustainable Development Report

Corporate Social and Environment Responsibility

The Company had been disclosed its operation that reflects social and environmental responsibility which disclosed in “ The 2016 Sustainable Development Report” which was the Company’s first edition. In the report, the Company had conducted the assessment in accordance with The Global Reporting Initiative Guidelines: Version G4 (GRI: G4) and Specific Standard Disclosure for the Beverage Industry. GRI: G4 is the latest international standard to disclose of corporate approach and performance on economic, social, and environmental aspects. This disclosure, the Company would like to show its commitment to operate in regard to the principle of good corporate governance along with Energy and Environment Conservation, as well as the realization of energy savings and maximization benefit and searching for renewable energy effectively.

The Company has separated disclosure from the Annual Report through its website at www.ichitangroup.com in the form of E-Book.



Report on the responsibility of the Board of Directors towards Financial Statements

Dear Shareholders;

According to the Public Limited Companies Act B.E. 2535, the Accounting Act B.E. 2543, the Securities and Exchange Act B.E. 2535 and the Capital Market Supervisory Board's Notification Re: Criteria, Conditions and Procedures for Disclosure of Financial Positions and Performance of Securities Issuers, the Board is required to ensure that the financial statements of the Company are properly prepared to accurately and reasonably disclose its financial positions, performance, changes in the equity and cash flows in the prior year.

The Board of Directors of Ichitan Group Public Company Limited is responsible for the Company's financial statements and financial information disclosed in the annual report. The financial statements are prepared in accordance with accounting standards generally accepted in Thailand which are primarily in line with international standards and are based on appropriate accounting policies that are applied on a consistent basis. The financial statements are also prepared with the use of appropriate estimates and judgments. Material information is adequately disclosed in the notes to the financial statements together with the management discussion and analysis in order to facilitate understanding of all shareholders and stakeholders about the Company's overall financial position.

The Board has undertaken steps to ensure the effectiveness of the Company's internal controls with a view to provide reasonable assurance that the accounting records are accurate, complete and adequate for effective safeguard of assets and identification of vulnerabilities and weaknesses to prevent against frauds and material irregularities and errors.

The Board has appointed the Audit Committee which is comprised of non-executive, independent directors to conduct a qualitative review of the Company's financial reports and internal controls. The opinions of the Audit Committee on these matters are under the Audit Committee's Report section of this annual report.

The Board is of the view that the Company's overall internal controls are satisfactory and can provide reasonable confidence in the reliability of the Company's financial system and that the financial statements as of 31 December 2016 of the Company are in accordance with the accounting standards generally accepted in Thailand and applicable laws and notifications.



Mr. Tan Passakornnatee
Chairman of the Boards

Report of the Nomination and Remuneration Committee

Dear Shareholders,

The Nomination and Remuneration Committee of Ichitan Public Company Limited is appointed by the Board Meeting No. 3/2014 dated 13 August 2014 and is comprised of three (3) members as follows:

1. Mr. Issarachai Decharit	Chairman of the Nomination and Remuneration Committee / Independent Director
2. Mr. Prasan Limpipatanakul	Member of the Committee / Independent Director
3. Mrs. Eng Passakornnatee	Member of the Committee

The Nomination and Remuneration Committee has performed duties as assigned by the Board and in accordance with the charter of the Nomination and Compensation Committee. The key responsibilities of the Nomination and Remuneration Committee include the nomination of qualified candidates as members of the Board and Board Committees and propose of remuneration of the Chairman of the Board and the Chief Executive Officer to the Boards. In the year 2016, the Nomination and Remuneration Committee has held 3 meetings and all member attend to the meeting every time.

The Nomination and Remuneration Committee has clearly formulated applicable policies, criteria and procedures in accordance with the charters and regulatory requirements to provide appropriate operating frameworks for the Company as approved by the Board as follows:

- The nomination of qualified candidates as members of the Board and Board Committees and the Chief Executive Officer shall be based on qualifications, knowledge, abilities, skills, experiences, expertise, leadership, vision and attitudes. Considerations are also given to the size, structure and composition of the Board to promote the compliance with good corporate governance principles and effective management which are appropriate to the evolving business environment and regulatory changes.
- The determination of remuneration offered to directors and the Chief Executive Officer is based on the scope of responsibilities, duties and performance of the incumbents together with the operating results, business conditions and factors which may affect the Company's businesses and the economic conditions.

As of 31 December 2016, the Board is comprised of 9 members, of which 3 are independent directors. The Nomination and Remuneration Committee has requested the directors conduct self-evaluation to review their performance in the prior year. Details of the remunerations offered to directors and executives are shown under the remuneration of directors and executives section of the annual report. The Nomination and Remuneration Committee views that the remunerations are appropriate in view of with the scope of responsibilities of the directors



Mr. Issarachai Decharit
Chairman of Nomination and Remuneration Committee

Reports of The Good Corporate Governance Committee

Dear Shareholders;

Ichitan Group Public Company Limited (the Company) has appointed The Good Corporate Governance Committee in the Board of Directors Meeting No.1/2016 which held on 24 February 2016 consist of;

1. Mr. Prasan Limpipatanakul	Chairman of the Good Corporate Governance Committee / Independent Director
2. Mr. Issara Decharit	Member of the Committee / Independent Director
3. Mrs.Eng Passakornatee	Member of the Committee

In year 2016,the committee has performed their duty in comply with the charter of the good governance and has arranged meeting 2 times and all member attend to the meeting every time.

- To review the corporate governance policy of the Company in order to improve compliance with the CGR regulation that define by the Institute of Director, Thailand (IOD) and the self-assessment of the Anti-Corruption Coalition of corrupt practices in the private sector in Thailand to fight corruption. (CAC)
- To consider and approve the governance plan for the year 2016 and review and results of operations of the past. In order to improve the implementation of the corporate governance of the Company for the best practice.
- To follow-up reports on compliance with good corporate governance in the 2016 annual report and Form 56-1 of the Company to develop good corporate governance as a whole and present to the Board of Directors.
- To propose to appoint a working group of sustainable development for responsible of operations in a responsible stakeholder groups of the Company to achieve the best practice including with monitor the operations of the Company that may impact on communities ,society and the environment that is a part of good corporate governance and shall report for implementation to the Committee from time to time as appropriate.

The Board of Directors, management and employees at all levels shall give importance of good corporate governance is a contributory factor to operations of the Company to effectively and promoting sustainable business practices . The Committee is committed to oversee the Company to operate in good corporate governance in order to gain the confidence of the stakeholders of the Company.



A handwritten signature in black ink, appearing to be 'Prasan'.

Mr. Prasan Limpipatanakul
Chairman of the Good Corporate Governance Committee

Report of the Risk Management Committee

Dear Shareholders,

Ichitan Group Company Limited (Company) (the Company) has appointed the Risk Management Committee in the Board of Directors Meeting No.6/2013 which held on 17 June 2013 which consists of 5 persons as following;

1. Mrs. Eng Passakornnatee	Chairman of Risk Management Committee
2. Air Vice Marshal (AVM) Nathawat Nimmolthanakorn	Member of the Committee / Independent Director
3. Mr. Viroj Supasoon	Member of the Committee
4. Mr. Thanapan Khongnuntha	Member of the Committee

The Risk Management Committee has performed their duty as assigned by the Board of Directors which defined the role of the committee. In the year 2016, the committee has arranged the meeting 4 times and all members attend the meeting every time which summarizes as follows;

- To consider the risk factors that may obstacle to the achievement of the strategic goal of the Company by carefully considering the risks both internal and external risks together with give recommendation that is useful for protection.
- To follow up progression of the implementation plan of the risk management of the Company, in order to achieve the goal.
- To recommend to arrange the training to enhance the skill of the involved executive.
- To report the operating results to the Board of Directors at least 4 times annually.



Mrs.Eng Passakornnatee
Chairman of the Risk Management Committee

Report of the Audit Committee

Dear Shareholders,

Ichitan Group Public Company Limited has appointed the Audit Committee which consist of 3 independent directors and one of them are knowledgeable and professional of accounting. The Committee has appointed by the Board of Directors' Meeting No.6 / 2013 on 17 June 17, 2013, and each member of the Audit Committee has the qualifications as specified in the charter of the Audit Committee which comply with the requirements and best practice of the Audit Committee of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Audit Committee consists of:

1. AVM Natthawat Nimmolthanaporn	Chairman of the Audit Committee / Independent Director
2. Mr. Prasarn Limpipatthanakul	Member of the Committee / Independent Director
3. Mr. Issarachai Decharit	Member of the Committee / Independent Director

In the year 2016, the Audit Committee independently performed their duties in accordance with the scope of authorities specified in the charter of the Audit Committee and held 4 meetings and all member attend to the meeting every time. The main of their performance could be summarized as follows.

Verification of Financial Report:

The Audit Committee has verified financial reports both quarterly and annually for 2016 through mutual cooperation with the responsible management and the auditor to consent financial report which has been fairly prepared in materiality in accordance with financial reporting standards. In addition, the Audit Committee has a meeting with the auditors without the management team 1 time for acknowledging and considering the annual plan of the auditor.

Verification of Internal Control and Internal Audit Systems:

The Audit Committee mutually verified and reviewed internal control system together with the Chief of Audit Work Unit in every quarter for the Company's proper and adequate internal control system and internal audit system, and compliance with professional standard using the method of risk assessment and internal control system in accordance with the standard of the Committee of Sponsoring Organizations (COSO). Nevertheless, the Audit Committee mutually discussed with the auditor for continuous acknowledgement of the problem issues relevant to internal control system. The Audit Committee verified the performance of Internal Audit Department, annual Internal Audit plan, as well as manpower rate and Personnel Development Plan of Internal Audit Department for independence of the performance of Internal Audit Department.

Verification of Good Corporate Governance and comply with related law:

The Audit Committee verified the Company's practice to be line with Securities and Exchange Law, and the requirement of the Stock Exchange or laws relevant to the Company's business; and also verified transaction doing for inter-transaction or transaction that might have conflict of interest in order to ensure the Company's operation based on criteria and requirement of governance work unit for reasonable operation and concern on maximum benefit of the Company, and operation of the management to be in line with the policy of connected transaction doing upon approval of the Board of Directors. In addition, anti-corruption policy has been carried forward and promoted for enterprise-wide compliance whereas the Company declared its intent to be Thailand's Private Sector Collective Action Coalition Against Corruption.

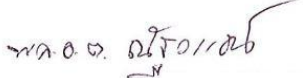
Proposed to the Board of Directors to appoint an auditor for the year 2016:

To consider performance and audit fees and also reviewed the qualifications and independence of the Company's auditors which comply with the announcement of the Securities and Exchange Commission and the Stock Exchange of Thailand. Also, the committee has proposed to appoint Miss Sujitra Masena CPA No.8645 and/or Mr. Veerachai Ratnajaratku CPA No. 4323 and/or Miss Vannaporn Jongperadechanon, CPA No.4098 from KPMG Phoomchai Audit Limited ("KPMG") with audit fee 2,450,000 Baht.

Performance in accordance with Charter of the Audit Committee:

According to, the assessment of self-performance of the Audit Committee for 2016 on 23 February 2016, the Audit Committee verified the performance of the Audit Committee in overall function and specific performance consisting of verification on financial report, verification on internal control and internal audit system, verification on the Company's compliance with laws relevant to the Company's business, consideration on selection and nomination of the auditor, consideration on connected transaction or transaction that might have conflict of interest, and preparation of Annual Audit Committee's Report. The overall assessment report was concluded that the Audit Committee has completely performed their tasks.

The Audit Committee agreed with the auditor that Annual Financial Report for the year 2016, has been prepared in accordance with the financial reporting standard whereas the Company disclosed adequate information under effective overall internal control system and without material error, and compliance with relevant laws and regulations. The management aims at continuous development to support the sustainable good corporate governance of the Company, direct reporting of the internal auditor's audit result to the Audit Committee as well as continually periodic follow-up and correction in accordance with suggestions.



AVM Natthawat Nimmolthanaporn
Chairman of the Audit Committee

Audit Fee

1. Audit fee

In the year 2016, the Company had paid audit fee to KPMG Phoomchai Audit Limited(“KPMG”), amounting to 2,200,000 Baht.

2. Non-Audit fee

In the year 2016, the Company had paid audit fee to KPMG Phoomchai Audit Limited (“KPMG”), amounting to 140,000 Baht.

Independent Auditor's Report (CPA)

Independent Auditor's Report

To the Shareholders of Ichitan Group Public Company Limited

Opinion

I have audited the financial statements in which the equity method is applied and separate financial statements of Ichitan Group Public Company Limited (the "Company"), which comprise the statement of financial position in which the equity method is applied and separate statement of financial position as at 31 December 2016, the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements in which the equity method is applied and separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing ("TSAs"). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements in which the Equity Method is Applied and Separate Financial Statements* section of my report. I am independent of the Company in accordance with Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that are relevant to my audit of the financial statements in which the equity method is applied and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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



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Impairment testing for investments in joint venture and the right to use trademark	
Refer to notes 2 (d), 3 (f), 3 (h), 3 (i), 9 and 11 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Company has an investment in joint venture which has been operating at continuing losses. In addition, the Company has the right to use trademark for producing fruit beverage however the actual sales under the trade mark may be significantly less than initial expectations and forecasts due to highly competitive forces in the fruit beverage market in Thailand. Consequently, there are risks that the investment in joint venture and the right to use trademark may be impaired because the carrying amounts of investment in joint venture and of the right to use trademark may exceed their recoverable amounts. The Company's management performed impairment testing by estimating the recoverable amounts of the investment in joint venture and the right to use trademark. The impairment testing involved a significant level of management judgment in estimating the appropriate projections of future operating performance, discount rate and other key assumptions. Thus, this is an areas of focus in my audit.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • inquiring of management to understand the process used for identifying any indications of impairment for investment in joint venture and the right to use trademark, the basis of preparing the discounted cash flow projections and fair value calculation from management approved budgets; • inquiring of management about discounted cash flow projection model, understanding the Company's strategic plan and testing a sample of inputs and key assumptions applied in discounted cash flow model including testing the calculation; • evaluating the assumptions applied in preparing cash flow projections by comparing key assumptions with the external and internal sources of information, taking into account the appropriateness of past cash flow projections in comparison to actual operating results, and assessing the fair value calculation with related supporting documentation; • consulting with KPMG's valuation specialists when considering the appropriateness of the discount rate which included comparing the weighted average cost of capital with sector averages for the relevant markets in which the Company operates; and • evaluating the adequacy of related disclosures in the financial statements in accordance with Thai Financial Reporting Standards.

Other Information

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

My opinion on the financial statements in which the equity method is applied and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements in which the Equity Method is Applied and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in which the equity method is applied and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements in which the equity method is applied and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements in which the equity method is applied and separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements in which the Equity Method is Applied and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements in which the equity method is applied and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements in which the equity method is applied and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

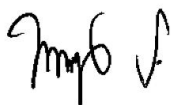
- Identify and assess the risks of material misstatement of the financial statements in which the equity method is applied and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements in which the equity method is applied and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements in which the equity method is applied and separate financial statements, including the disclosures, and whether the financial statements in which the equity method is applied and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of equity-accounted investees of the Company to express an opinion on the financial statements in which the equity method is applied. I am responsible for the direction, supervision and performance of the audit of the financial statements in which the equity method is applied. I remain solely responsible for my audit opinion.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements in which the equity method is applied and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Munchupa Singsuksawat)
Certified Public Accountant
Registration No. 6112

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2017

Financial Statements

Ichitan Group Public Company Limited

Statement of financial position

Assets	Note	Financial statements in which the equity method is applied		Separate financial statements	
		31 December		31 December	
		2016	2015	2016	2015
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	5	33,830,387	110,007,190	33,830,387	110,007,190
Trade accounts receivable	4, 6	875,034,779	1,032,742,239	875,034,779	1,032,742,239
Other receivables	4, 7	30,098,072	82,167,803	30,098,072	82,167,803
Inventories	8	513,990,674	676,717,388	513,990,674	676,717,388
Other current assets		7,473,862	6,102,419	7,473,862	6,102,419
Total current assets		1,460,427,774	1,907,737,039	1,460,427,774	1,907,737,039
<i>Non-current assets</i>					
Investment in joint venture	9	94,727,423	74,538,124	94,820,414	135,620,414
Advances for purchase of machinery and equipment		434,310,376	14,898,051	434,310,376	14,898,051
Advances for purchase of right to use trademark	11	-	-	-	-
Property, plant and equipment	10	6,499,527,200	6,741,133,838	6,499,527,200	6,741,133,838
Intangible assets	11	47,839,749	88,758,996	47,839,749	88,758,996
Deferred tax assets	12	62,141,124	22,493,159	62,141,124	22,493,159
Other non-current assets		27,888,515	2,044,080	27,888,515	2,044,080
Total non-current assets		7,166,434,387	6,943,866,248	7,166,527,378	7,004,948,538
Total assets		8,626,862,161	8,851,603,287	8,626,955,152	8,912,685,577



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Ichitan Group Public Company Limited

Statement of financial position

		Financial statements in which			
		the equity method is applied		Separate financial statements	
		31 December		31 December	
Liabilities and equity	Note	2016	2015	2016	2015
(in Baht)					
<i>Current liabilities</i>					
Short-term loans from financial institutions	13	713,717,579	120,000,000	713,717,579	120,000,000
Trade accounts payable	14	256,709,053	387,087,939	256,709,053	387,087,939
Other payables		56,458,532	51,198,914	56,458,532	51,198,914
Payables on purchase of property, plant and equipment		30,183,111	61,834,849	30,183,111	61,834,849
Accrued expenses	4	213,996,362	211,743,824	213,996,362	211,743,824
Current portion of long-term loans from financial institutions	13	524,020,795	456,180,795	524,020,795	456,180,795
Income tax payable		-	276,561	-	276,561
Other current liabilities		11,729,145	16,501,078	11,729,145	16,501,078
Total current liabilities		1,806,814,577	1,304,823,960	1,806,814,577	1,304,823,960
<i>Non-current liabilities</i>					
Long-term loans from financial institutions	13	1,042,735,590	1,491,756,385	1,042,735,590	1,491,756,385
Employee benefit obligations	15	26,060,374	22,579,823	26,060,374	22,579,823
Total non-current liabilities		1,068,795,964	1,514,336,208	1,068,795,964	1,514,336,208
Total liabilities		2,875,610,541	2,819,160,168	2,875,610,541	2,819,160,168

Ichitan Group Public Company Limited

Statement of financial position

		Financial statements in which the equity method is applied		Separate financial statements	
		31 December		31 December	
Liabilities and equity (continued)	Note	2016	2015	2016	2015
(in Baht)					
Equity					
Share capital	16				
Authorised share capital		1,300,000,000	1,300,000,000	1,300,000,000	1,300,000,000
Issued and paid-up share capital		1,300,000,000	1,300,000,000	1,300,000,000	1,300,000,000
Additional paid in capital	16				
Premium on ordinary shares		3,515,423,218	3,515,423,218	3,515,423,218	3,515,423,218
Surplus on share-based payment transactions	16	56,079,360	56,079,360	56,079,360	56,079,360
Retained earnings					
Appropriated					
Legal reserve	17	130,000,000	130,000,000	130,000,000	130,000,000
Unappropriated		761,798,184	1,043,317,447	749,842,033	1,092,022,831
Other components of equity		(12,049,142)	(12,376,906)	-	-
Total equity		5,751,251,620	6,032,443,119	5,751,344,611	6,093,525,409
Total liabilities and equity		8,626,862,161	8,851,603,287	8,626,955,152	8,912,685,577

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

Ichitan Group Public Company Limited
Statement of comprehensive income

	<i>Note</i>	Financial statements in which the equity method is applied		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2016	2015	2016	2015
<i>(in Baht)</i>					
Income					
Revenue from sale of goods	4, 23	5,338,269,362	6,339,576,801	5,338,269,362	6,339,576,801
Interest income		1,349,422	1,653,070	1,349,422	1,653,070
Other income		22,213,392	15,535,353	22,213,392	15,535,353
Total income		5,361,832,176	6,356,765,224	5,361,832,176	6,356,765,224
Expenses					
Cost of sale of goods	4, 8, 20	3,943,939,837	4,214,699,983	3,943,939,837	4,214,699,983
Selling expenses	4, 20	714,903,853	1,019,349,315	714,903,853	1,019,349,315
Administrative expenses	4, 20	202,631,682	130,910,543	359,031,682	130,910,543
Finance costs	21	75,457,561	86,501,795	75,457,561	86,501,795
Total expenses		4,936,932,933	5,451,461,636	5,093,332,933	5,451,461,636
Share of loss of investment in joint venture	9	(95,738,465)	(48,732,037)	-	-
Profit before income tax expense		329,160,778	856,571,551	268,499,243	905,303,588
Tax income (expense)	22	39,319,959	(43,829,559)	39,319,959	(43,829,559)
Profit for the year		368,480,737	812,741,992	307,819,202	861,474,029
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Defined benefit plan actuarial losses	15	-	(7,274,274)	-	(7,274,274)
Income tax on other comprehensive income	12, 22	-	1,454,855	-	1,454,855
		-	(5,819,419)	-	(5,819,419)
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operations	9	327,764	5,587,020	-	-
		327,764	5,587,020	-	-
Other comprehensive income for the year, net of income tax		327,764	(232,399)	-	(5,819,419)
Total comprehensive income for the year		368,808,501	812,509,593	307,819,202	855,654,610
Earnings per share					
Basic earnings per share	24	0.28	0.63	0.24	0.66

Financial statements in which the equity method is applied

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

Ichitan Group Public Company Limited
Statement of changes in equity

Financial statements in which the equity method is applied									
		Retained earnings			Other components of equity				
					Foreign currency translation differences				
					for foreign operations				
								Total equity	

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

Ichitan Group Public Company Limited
Statement of changes in equity

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		Separate financial statements					
		Retained earnings					
		Issued and paid-up share capital	Premium on ordinary shares	Surplus on share-based payment transactions	Legal reserve	Unappropriated	Total equity
	Note	(in Baht)					
Year ended 31 December 2015							
		1,300,000,000	3,515,423,218	56,079,360	130,000,000	1,211,368,221	6,212,870,799
Balance at 1 January 2015							
Transactions with owners, recorded directly in equity							
	25	-	-	-	-	(975,000,000)	(975,000,000)
Dividends to owners of the Company							
Total transactions with owners, recorded directly in equity							
		-	-	-	-	(975,000,000)	(975,000,000)
Comprehensive income for the year							
		-	-	-	-	861,474,029	861,474,029
Profit for the year							
		-	-	-	-	(5,819,419)	(5,819,419)
Other comprehensive income for the year							
		-	-	-	-	855,654,610	855,654,610
Total comprehensive income for the year							
		1,300,000,000	3,515,423,218	56,079,360	130,000,000	1,092,022,831	6,093,525,409
Balance at 31 December 2015							

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

Ichitan Group Public Company Limited

Statement of changes in equity

		Separate financial statements				
		Retained earnings				Total equity
		Surplus on share-based payment transactions	Premium on ordinary shares	Legal reserve	Unappropriated	
	Note	(in Baht)				
Year ended 31 December 2016						
Balance at 1 January 2016		1,300,000,000	3,515,423,218	56,079,360	130,000,000	1,092,022,831
6,093,525,409						
Transactions with owners, recorded directly in equity						
Dividends to owners of the Company		25	-	-	-	(650,000,000)
Total transactions with owners, recorded directly in equity			-	-	-	(650,000,000)
Comprehensive income for the year						
Profit for the year			-	-	-	307,819,202
Other comprehensive income for the year			-	-	-	-
Total comprehensive income for the year			-	-	-	307,819,202
Balance at 31 December 2016			1,300,000,000	3,515,423,218	56,079,360	130,000,000
749,842,033						5,751,344,611

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

Ichitan Group Public Company Limited

Statement of cash flows

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2016	2015	2016	2015
<i>(in Baht)</i>					
<i>Cash flows from operating activities</i>					
Profit for the year		368,480,737	812,741,992	307,819,202	861,474,029
<i>Adjustments for</i>					
Depreciation	10	512,914,167	487,693,241	512,914,167	487,693,241
Amortisation of intangible assets	11	555,564	474,117	555,564	474,117
Impairment losses on advances for purchase of right to use trademark	11	9,345,794	-	9,345,794	-
Impairment losses (reversal of) on intangible assets	11	40,174,712	(9,345,794)	40,174,712	(9,345,794)
Impairment loss on investment in joint venture	9	-	-	156,400,000	-
Interest income		(1,349,422)	(1,653,070)	(1,349,422)	(1,653,070)
Finance costs	21	75,457,561	86,501,795	75,457,561	86,501,795
Loss on write-off of inventories	8	23,976,048	1,023,839	23,976,048	1,023,839
Loss on decline in value of inventories	8	9,844,081	9,065,651	9,844,081	9,065,651
Unrealised (gain) loss on exchange		6,515,689	(392,966)	6,515,689	(392,966)
Loss on write-off of equipment		83,209	29,613	83,209	29,613
(Gain) loss on disposal of equipment		(653,096)	7,050	(653,096)	7,050
Employee benefit expenses	15	3,480,551	4,345,147	3,480,551	4,345,147
Share of loss of investment in joint venture	9	95,738,465	48,732,037	-	-
Tax (income) expense	22	(39,319,959)	43,829,559	(39,319,959)	43,829,559
		1,105,244,101	1,483,052,211	1,105,244,101	1,483,052,211
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		157,707,460	(123,105,941)	157,707,460	(123,105,941)
Other receivables		52,069,731	221,187	52,069,731	221,187
Refundable value added tax		-	88,310,030	-	88,310,030
Inventories		128,906,585	(10,904,283)	128,906,585	(10,904,283)
Other current assets		(1,371,443)	6,285,294	(1,371,443)	6,285,294
Other non-current assets		(529,176)	1,008,349	(529,176)	1,008,349
Trade accounts payable		(130,378,886)	(132,236,652)	(130,378,886)	(132,236,652)
Other payables		5,259,618	26,475,881	5,259,618	26,475,881
Accrued expenses		2,239,097	25,604,773	2,239,097	25,604,773
Other current liabilities		(4,771,933)	8,468,625	(4,771,933)	8,468,625
Cash generated from operating activities		1,314,375,154	1,373,179,474	1,314,375,154	1,373,179,474
Income tax paid		(25,919,826)	(5,165,760)	(25,919,826)	(5,165,760)
Net cash from operating activities		1,288,455,328	1,368,013,714	1,288,455,328	1,368,013,714

Ichitan Group Public Company Limited

Statement of cash flows

		Financial statements in which the equity method is applied		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2016	2015	2016	2015
		(in Baht)			
Cash flows from investing activities					
Interest received		1,349,422	1,653,070	1,349,422	1,653,070
Advances for purchase of right to use trademark	11	(9,345,794)	-	(9,345,794)	-
Purchase of property, plant and equipment		(728,832,067)	(455,895,593)	(728,832,067)	(455,895,593)
Sale of property, plant and equipment		654,206	35,421	654,206	35,421
Purchase of intangible assets		188,971	(2,659,650)	188,971	(2,659,650)
Sale of intangible assets		-	4,672,897	-	4,672,897
Net cash outflow on investment in joint venture	9	(115,600,000)	-	(115,600,000)	-
Net cash used in investing activities		(851,585,262)	(452,193,855)	(851,585,262)	(452,193,855)
Cash flows from financing activities					
Interest paid		(75,583,653)	(88,035,128)	(75,583,653)	(88,035,128)
Dividends paid to owners of the Company	25	(650,000,000)	(975,000,000)	(650,000,000)	(975,000,000)
Proceeds from borrowings		693,717,579	243,775,999	693,717,579	243,775,999
Repayment of borrowings		(481,180,795)	(138,340,795)	(481,180,795)	(138,340,795)
Net cash used in financing activities		(513,046,869)	(957,599,924)	(513,046,869)	(957,599,924)
Net decrease in cash and cash equivalents					
		(76,176,803)	(41,780,065)	(76,176,803)	(41,780,065)
Cash and cash equivalents at 1 January		110,007,190	151,787,255	110,007,190	151,787,255
Cash and cash equivalents at 31 December	5	33,830,387	110,007,190	33,830,387	110,007,190
Supplemental disclosures of cash flows information:					
Property, plant and equipment paid by cash are detailed as follows:					
Increase in property, plant and equipment	10	271,391,848	433,718,500	271,391,848	433,718,500
Less - Changes in advanced payment		425,592,808	-15,660,374	425,592,808	-15,660,374
- Changes in payables		31,986,944	39,051,522	31,986,944	39,051,522
- Capitalised interest	10	-139,533	-1,214,055	-139,533	-1,214,055
Property, plant and equipment paid by cash		728,832,067	455,895,593	728,832,067	455,895,593

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

Notes to Financial Statements

Ichitan Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2016

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For the year ended 31 December 2016

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved for issue by the Board of Directors on 23 February 2017.

1 General information

Ichitan Group Public Company Limited, the “Company”, is incorporated in Thailand on 3 September 2010 and has its registered office as follows:

Head office is located at 2922/301-303, 28th Floor, Charn Issara II Building, New Petchburi Road, Kwang Bangkapi, Khet Huaykwang, Bangkok 10310, Thailand.

Branch office is located at 111/1 Moo 4, Rojana Industrial Park, Tambol U-Thai, Amphur U-Thai, Ayutthaya 13120, Thailand.

The Company was listed on the Stock Exchange of Thailand in April 2014.

The Company’s major shareholders during the financial year were Passakornnatee family which owned 46% of the Company’s share capital as at 31 December 2016.

The principal activities of the Company are the manufacturing and sale of beverages.

Details of the joint venture as at 31 December 2016 and 2015 are disclosed in note 9 to the financial statements.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The initial application of these new and revised TFRS has no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 29 to the financial statements.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise stated in the accounting policies.

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(c) Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand Baht unless otherwise stated.

(d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 9 and 11	Impairment test: key assumptions underlying recoverable amounts;
Note 15	Measurement of defined benefit obligations: key actuarial assumptions.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of preparation of the financial statements in which the equity method is applied

The financial statements in which the equity method is applied relate to the Company and the Company's interests in a joint venture.

Joint venture

A joint venture is an arrangement in which the Group has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in joint venture is accounted for using the equity method. They are recognised initially at cost which includes transaction costs. Subsequent to initial recognition, the financial statements in which the equity method is applied include the Group's share of the profit or loss and other comprehensive income of joint venture, until the date on which joint control ceases.

Transactions eliminated on financial statements in which the equity method is applied

Unrealised gains arising from transactions with joint venture are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

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Notes to the financial statements
For the year ended 31 December 2016

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

When a foreign operation is disposed of in its entirety or partially such that joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of joint venture while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits and highly liquid short-term investments.

(d) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

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Notes to the financial statements
For the year ended 31 December 2016

(f) Investment

Investment in joint venture

Investment in joint venture in the separate financial statements of the Company is accounted for using the cost method. Investment in joint venture in the financial statements in which the equity method is applied is accounted for using the equity method.

(g) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	5 - 20 years
Building and building improvements	5 - 30 years
Machinery and equipment	10 - 15 years
Furniture, fixtures and office equipment	5 - 15 years
Tool and equipment	5 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction and installation.

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Notes to the financial statements

For the year ended 31 December 2016

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(h) *Intangible assets*

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than right to use trademark and production formulas, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software licences	10 years
Right to use trademark	Indefinite useful lives
Production formulas	Indefinite useful lives

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) *Impairment*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.



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Notes to the financial statements

For the year ended 31 December 2016

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Interest-bearing liabilities

Interest-bearing liabilities are recognised at cost.

(k) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(l) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met. For business partners, the share-based payment awards granted vest immediately on the grant date, and the grant-date fair value of the awards is recognised as an expense immediately.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

(n) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Loyalty programmes

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

Interest income

Interest income is recognised in profit or loss on the accrual basis.

Ichitan Group Public Company Limited
Notes to the financial statements
For the year ended 31 December 2016

(o) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

(p) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(q) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investment in joint venture to the extent that is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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For the year ended 31 December 2016

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) *Earnings per share*

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

(s) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Related parties

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

Relationship with joint venture is disclosed in note 9 to the financial statements. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Tan Passakornnatee	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including major shareholder and director of the Company
Eng Passakornnatee	Thai	Major shareholder and director of the Company
I Am Green Tea Co., Ltd.	Thailand	Shared shareholders and a close relative of the director of the Company is the director.
Kin Kab Tan Co., Ltd.	Thailand	Shared directors and shareholders
Japanese Prime Restaurants Management Co., Ltd.	Thailand	Shared directors and shareholders

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Name of entities	Country of incorporation/ nationality	Nature of relationships
Tanboon Co., Ltd.	Thailand	Shared directors and shareholders
Tan Eng Asset Co., Ltd.	Thailand	Shared directors and shareholders
T.Y.Marriagestudio Co., Ltd.	Thailand	Shared directors and shareholders
Passakornnatee Co., Ltd.	Thailand	Shared directors and shareholders
Wedding Business Consultant Co., Ltd.	Thailand	Shared directors and shareholders
Suea Tid Peek Krub Co., Ltd.	Thailand	Shared directors and shareholders
Kin Rong Deum Co., Ltd.	Thailand	Shared shareholders
Tan Asset Co., Ltd.	Thailand	Shared shareholders
Ezili Company Limited	Thailand	Shared shareholders

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

Transactions	Pricing policies
Sale/Purchase of goods	Market price
Other expenses	Agreed price



Significant transactions for the years ended 31 December with related parties were as follows:

Year ended 31 December	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Related parties				
Sale of goods	595,701	809,975	595,701	809,975
Purchase of goods	1,207	743	1,207	743
Other expenses	29,463	2,176	29,463	2,176
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	32,459	35,149	32,459	35,149
Post-employment benefits	1,577	1,805	1,577	1,805
Total key management personnel compensation	34,036	36,954	34,036	36,954

Balances as at 31 December with related parties were as follows:

Trade accounts receivable	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Related party	40,668	44,113	40,668	44,113

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<i>Other Receivable</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Related party	<u>217</u>	<u>216</u>	<u>217</u>	<u>216</u>

<i>Accrued expenses</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Related parties	<u>11,923</u>	<u>14,874</u>	<u>11,923</u>	<u>14,874</u>

Significant agreements with related parties

Product distribution agreement

On 20 June 2014, the Company entered into an agreement to grant a related party (I Am Green Tea Co., Ltd.) the authority and responsibility to act as a product distributor for the Company. This agreement shall be in effect from 1 July 2014 to 30 June 2017.

Trademark assignment agreement

On 11 May 2015, the Company entered into a trademark assignment agreement with a joint venture. Under the term of the agreement, the Company agrees to assign certain trademarks and license as specified in the agreement to the joint venture to use in Indonesia. In this regard, the joint venture agrees to pay a consideration in an amount of USD 3,000 to the Company. The agreement shall be in effect for a period of 10 years and is renewable for another 10 years upon the expiry of the agreement with the new terms as specified in the agreement or as soon as the Company ceases to be a shareholder of the joint venture.

Intellectual property license agreement

On 11 May 2015, the Company entered into an intellectual property license agreement with a joint venture. Under the term of the agreement, the Company agrees to grant the joint venture a license to use knowhow, technical information and certain formula as specified in the agreement for the purposes of manufacturing and sale of the products in Indonesia. In this regard, the joint venture agrees to pay a royalty fee in an amount of USD 3,000 per annum. The agreement shall continue in force until the date being 10 years after the date on which the Company ceases to be a shareholder of the joint venture and is renewable for another 10 years upon the expiry of the agreement with the new terms as specified in the agreement.

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5 Cash and cash equivalents

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Cash on hand	84	93	84	93
Cash at financial institutions				
- current accounts	(12,080)	(10,857)	(12,080)	(10,857)
Cash at financial institutions				
- savings accounts	45,826	120,771	45,826	120,771
Cash and cash equivalents in the statement of cash flows	33,830	110,007	33,830	110,007

Cash and cash equivalents of the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

6 Trade accounts receivable

		Financial statements in which the equity method is applied		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Related party	4	40,668	44,113	40,668	44,113
Other parties		834,367	988,629	834,367	988,629
Total		875,035	1,032,742	875,035	1,032,742

Aging analyses for trade accounts receivable were as follows:

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Related party				
Within credit terms	40,668	44,113	40,668	44,113
	40,668	44,113	40,668	44,113
Other parties				
Within credit terms	834,367	988,610	834,367	988,610
Overdue less than 3 months	-	19	-	19
	834,467	988,629	834,467	988,629
Total	875,035	1,032,742	875,035	1,032,742

The normal credit term granted by the Company ranges from 30 days to 45 days.

Trade accounts receivable of the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

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7 Other receivables

		Financial statements in which the equity method is applied		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Related party	4	217	216	217	216
Other parties					
Prepaid expenses		16,262	23,854	16,262	23,854
Compensation receivables		7,686	-	7,686	-
Rebate and sponsorship receivables		3,453	3,286	3,453	3,286
Refundable import duty		-	49,332	-	49,332
Others		2,480	5,480	2,480	5,480
		29,881	81,952	29,881	81,952
Total		30,098	82,168	30,098	82,168

8 Inventories

		Financial statements in which the equity method is applied		Separate financial statements	
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Finished goods		316,395	425,083	316,395	425,083
Raw materials		201,043	248,469	201,043	248,469
Supplies		10,057	6,825	10,057	6,825
Total		527,495	680,377	527,495	680,377
Less allowance for decline in value		(13,504)	(3,660)	(13,504)	(3,660)
Net		513,991	676,717	513,991	676,717
Inventories recognised as an expense in 'cost of sale of goods':					
- Cost		3,910,120	4,204,612	3,910,120	4,204,612
- Write-down to net realisable value		9,844	9,065	9,844	9,065
- Loss on write-off of inventories		23,976	1,023	23,976	1,023
Net		3,943,940	4,214,700	3,943,940	4,214,700

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9 Investment in joint venture

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Joint venture				
At 1 January	74,538	117,683	135,620	135,620
Additional paid-up	115,600	-	115,600	-
Share of net loss of investment in joint venture	(95,738)	(48,732)	-	-
Allowance for impairment	-	-	(156,400)	-
Foreign currency translation differences for foreign operations	327	5,587	-	-
At 31 December	94,727	74,538	94,820	135,620

On 27 August 2014, the Company entered into a joint venture agreement with PT Atri Pasifik (“AP”), a company incorporated in Indonesia, in order to invest in PT Ichi Tan Indonesia (“PTI”), a new joint venture established in Indonesia. The purposes of the joint venture are to produce and sell ready-to-drink beverage branded “Ichitan” in Indonesia. The Company and AP equally invested in the joint venture (50% of the issued and paid-up share capital of the joint venture) totalling Indonesian Rupiah 200,000 million for the portion of the Company (or approximately Baht 575 million). The Company paid an initial authorised share capital in 50% of the paid-up share capital of Rupiah 50,000 million or equivalent to Baht 135.6 million and the incorporation of the joint venture was completed on 25 November 2014. As established by the joint venture agreement, investors have joint control over, whereby, the Company has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities. Accordingly, the Company has accounted for the investment in the joint venture using the equity method.

On 21 June 2016, the Company received a funding call notice from the joint venture to call for an additional paid-up of Rupiah 40,000 million (or approximately Baht 115.6 million) for the purpose of land acquisition and additional working capital. The Company paid the said capital-paid up on 30 June 2016 and the joint venture completely registered the capital increase with the Indonesia Investment Coordinating Board on 8 August 2016.

Due to the actual sales of beverage branded “Ichitan” in Indonesia may be significantly less than initial expectations and forecasts. The management of the Company believed that the value of investment in PTI might have been impaired and assessed the recoverable amount of investment in PTI which calculated based on the fair value less cost of disposal of investment in PTI. Based on the result of the assessment and management judgment, the Company recorded impairment loss on investment in PTI of Baht 156.4 million in the separate financial statements for the year ended 31 December 2016.

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Investment in joint venture as at 31 December 2016 and 2015 for the years then ended were as follows:

Financial statements in which the equity method is applied									
	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity
			2016	2015	2016	2015	2016	2015	
			(%)				(in thousand Baht)		
Joint venture									
PT Ichi Tan Indonesia	Manufacturing and sale of beverages	Indonesia	50	50	502,440	271,240	251,220	135,620	94,727
Total							251,220	135,620	94,727
									74,538
									74,538
Separate financial statements									
	Ownership interest	Paid-up capital	Cost		Impairment		At cost-net		
			2016	2015	2016	2015	2016	2015	
					(in thousand Baht)				
Joint venture									
PT Ichi Tan Indonesia	50	50	502,440	271,240	251,220	135,620	(156,400)	-	94,820
Total					251,220	135,620	(156,400)	-	94,820
									135,620
									135,620

None of the Company's joint venture is publicly listed and consequently do not have published price quotations.

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The following table summarises the financial information of the joint venture as included in their own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Company's interest in this company.

	PT Ichi Tan Indonesia	
	2016	2015
	<i>(in thousand Baht)</i>	
Revenue	18,408	19,665
Expenses	<u>(209,885)^a</u>	<u>(117,129)^a</u>
Total comprehensive income (100%)	<u>(191,477)</u>	<u>(97,464)</u>
Company's share of total comprehensive income (50% hold)	<u>(95,738)</u>	<u>(48,732)</u>
Current assets	271,202 ^b	236,706 ^b
Non-current assets	69,565	3,386
Current liabilities	<u>(151,312)</u>	<u>(91,016)</u>
Net assets (100%)	<u>189,455</u>	<u>149,076</u>
Carrying amount of interest in joint venture (50% hold)	<u>94,727</u>	<u>74,538</u>
Remark:		
a. Includes depreciation and amortisation	591	277
b. Includes cash and cash equivalents	239,117	214,669

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10 Property, plant and equipment

Financial statements in which the equity method is applied / Separate financial statements

	Land	Land improvements	Building and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Tool and equipment	Vehicles	Assets under construction and installation	Total
<i>(in thousand Baht)</i>									
Cost									
At 1 January 2015	431,698	73,756	1,935,102	3,919,962	56,459	88,266	4,374	1,068,651	7,578,268
Additions	-	-	20,268	5,697	2,245	38,479	13,785	353,244	433,718
Transfers	-	-	241,409	1,101,071	9,045	4,189	1,531	(1,357,245)	-
Disposals	-	-	-	-	(462)	(18)	-	-	(480)
At 31 December 2015 and 1 January 2016	431,698	73,756	2,196,779	5,026,730	67,287	130,916	19,690	64,650	8,011,506
Additions	-	-	12,587	46,400	1,814	15,851	980	193,760	271,392
Transfers	-	-	151,789	30,033	854	19,883	-	(202,559)	-
Disposals	-	-	(13)	-	(112)	(129)	(3,075)	-	(3,329)
At 31 December 2016	431,698	73,756	2,361,142	5,103,163	69,843	166,521	17,595	55,851	8,279,569
Depreciation									
At 1 January 2015	-	(8,557)	(198,411)	(519,039)	(20,566)	(33,703)	(2,811)	-	(783,087)
Depreciation charge for the year	-	(3,706)	(115,316)	(335,066)	(9,169)	(21,694)	(2,742)	-	(487,693)
Disposals	-	-	-	-	400	8	-	-	408
At 31 December 2015 and 1 January 2016	-	(12,263)	(313,727)	(854,105)	(29,335)	(55,389)	(5,553)	-	(1,270,372)
Depreciation charge for the year	-	(3,706)	(120,883)	(347,176)	(9,867)	(27,699)	(3,583)	-	(512,914)
Disposals	-	-	4	-	80	86	3,074	-	3,244
At 31 December 2016	-	(15,969)	(434,606)	(1,201,281)	(39,122)	(83,002)	(6,062)	-	(1,780,042)
Net book value									
At 1 January 2015	431,698	65,199	1,736,691	3,400,923	35,893	54,563	1,563	1,068,651	6,795,181
At 31 December 2015 and 1 January 2016	431,698	61,493	1,883,052	4,172,625	37,952	75,527	14,137	64,650	6,741,134
At 31 December 2016	431,698	57,787	1,926,536	3,901,882	30,721	83,519	11,533	55,851	6,499,527

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The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2016 amounted to Baht 34 million (2015: Baht 14 million).

Security

As at 31 December 2016, the Company had mortgaged/pledged the Company's assets with a net book value of Baht 3,603.3 million (2015: Baht 3,912.7 million) as collateral against loans from financial institutions, as described in note 13 to the financial statements.

Assets under construction and installation

Assets under construction and installation as at 31 December 2016 amounted to Baht 55.9 million (2015: Baht 64.7 million), and mainly represented construction costs for expanding the factory building and cost of machinery and equipment including the related installation costs.

Capitalised borrowing costs relating to the construction for expanding the factory building amounted to Baht 0.1 million (2015: Baht 1.2 million), with a capitalisation rate ranging from 2.98% per annum (2015: 3.32% - 3.54% per annum).

11 Intangible assets

	Financial statements in which the equity method is applied / Separate financial statements			
	Software licences	Right to use trademark	Production formulas	Total
	<i>(in thousand Baht)</i>			
Cost				
At 1 January 2015	3,433	158,878	9,346	171,657
Additions	2,660	-	-	2,660
Transfer from advances for purchase of right to use trademark	-	35,047	-	35,047
Disposal	-	(9,346)	-	(9,346)
At 31 December 2015 and 1 January 2016	6,093	184,579	9,346	200,018
Addition	8	-	-	8
Transfer from advances for purchase of right to use trademark	-	2,337	-	2,337
Disposals	(197)	-	-	(197)
At 31 December 2016	5,904	186,916	9,346	202,166
Amortisation and impairment losses				
At 1 January 2015	(972)	(84,112)	-	(85,084)
Amortisation for the year	(474)	-	-	(474)
Reversal of impairment loss	-	9,346	-	9,346
Transfer from impairment loss on advances for purchase of right to use trademark	-	(35,047)	-	(35,047)
At 31 December 2015 and 1 January 2016	(1,446)	(109,813)	-	(111,259)
Amortisation for the year	(555)	-	-	(555)
Impairment loss	-	(40,175)	-	(40,175)
Transfer from impairment loss on advances for purchase of right to use trademark	-	(2,337)	-	(2,337)
At 31 December 2016	(2,001)	(152,325)	-	(154,326)

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	Financial statements in which the equity method is applied / Separate financial statements			
	Software licences	Right to use trademark	Production formulas	Total
	<i>(in thousand Baht)</i>			
Net book value				
At 1 January 2015	2,461	74,766	9,346	86,573
At 31 December 2015 and 1 January 2016	4,647	74,766	9,346	88,759
At 31 December 2016	3,903	34,591	9,346	47,840

On 15 May 2014, the Company entered into a master sale and purchase agreement to acquire the right to use Bireley's fruit beverage trademark, including the production formulas, from a local company for the consideration of Baht 224.3 million. The total purchase price was comprised of the right to use Bireley's trademark to produce and distribute fruit beverage in 16 countries worldwide at the amounts as specified in the agreement, totalling Baht 215.0 million, and the production formulas of Baht 9.3 million. As at 31 December 2014, the Company paid for the right to use Bireley's trademark and production formulas in amount of Baht 205.6 million; of which the right to use Bireley's trademark in certain countries and the production formulas were registered and transferred to the Company totalling Baht 168.2 million, and were recorded in the account "Intangible assets". The rights to use Bireley's trademark in some countries were in the process of registration, totalling Baht 37.4 million, and were recorded in the account "Advances for purchase of right to use trademark". These advances will be transferred to the account "Intangible assets" upon the completion of the subsequent transfer.

As at 31 December 2014, the Company had no plan to sell product under Bireley's trademark to overseas countries, except for Thailand, and unable to reliably estimate future cash flows from the use of Bireley's trademark in overseas countries excluding the use of Bireley's trademark in Thailand. Therefore, the management of the Company recognised an impairment loss for the right to use trademark in the account "Intangible assets" amounting to Baht 84.1 million and in the account "Advances for purchase of right to use trademark" amounting to Baht 37.4 million totalling Baht 121.5 million.

During 2015, the registration and subsequent transfer of the rights to use Bireley's trademark in overseas countries, totalling Baht 35.0 million, were completed. The Company transferred the right to use trademark and the associated impairment losses from the account "Advances for purchase of right to use trademark" to the account "Intangible assets". In addition, the Company received the revocation against the right to use Bireley's trademark in Taiwan of which the registration and transfer was completed in 2014, amounting to Baht 9.3 million, from the Taiwan's Intellectual Property Office. Therefore, the Company has written off the right to use trademark in Taiwan from the account "Intangible assets". However, the seller of the right to use trademark is responsible for such revocation and has agreed to return the consideration of the right to use Bireley's trademark in Taiwan to which the seller received from the Company in full. Accordingly, the Company reversed an associated impairment loss of Baht 9.3 million in 2015.

During 2016, the registration and subsequent transfer of the right to use Bireley's trademark in overseas country, totalling Baht 2.3 million, was completed. The Company transferred the right to use trademark and the associated impairment loss from the account "Advances for purchase of right to use trademark" to the account "Intangible assets". In addition, the Company additionally paid for the right to use Bireley's trademark in overseas country amounting to Baht 9.3 million and recognised an impairment loss in the same amount. The aforesaid right is in the process of registration and was recorded in the account "Advances for purchase of right to use trademark". As at 31 December 2016, the remaining right to use trademark and its associated impairment loss, which included in the account "Advances for purchase of right to use trademark", was in the process of registration amounting to Baht 9.3 million (2015: Baht 2.3 million).

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Impairment testing for the right to use Bireley's trademark in Thailand

The recoverable amount of the right to use trademark in Thailand was based on its value in use, determined by discounting the after-tax cash flow savings from using the right to use trademark as opposed to paying the royalty fee. The key assumptions used in the estimation of value in use were revenue growth, royalty rate, tax rate and discount rate.

After-tax cash flow savings were calculated based on the forecasted revenue from Bireley's fruit beverage, adjusted for the royalty payment and the tax charge. Revenue growth was projected taking into account management's forecast of the growth levels and the estimated sales volume and price for the next five years. The royalty rate was based on the comparable royalty rate information of other beverage products. The discount rate was calculated based on the weighted average cost of capital (WACC) with no terminal growth.

According to the impairment testing, found that the estimated recoverable amount is lower than the carrying amount of Baht 40.2 million. Therefore, the management considered to recognise an impairment loss for the right to use trademark in Thailand in the account "Intangible assets" amounting to Baht 40.2 million.

12 Deferred tax

Movements in total deferred tax assets and liabilities during the year were as follows:

	Financial statements in which the equity method is applied / Separate financial statements			
		(Charged) / Credited to:		
	At 1 January 2016	Profit or loss	Other comprehensive income	At 31 December 2016
		(in thousand Baht)		
Deferred tax assets				
Allowance for decline in value of inventories	529	1,693	-	2,222
Impairment loss on advances for purchase of right to use trademark	467	1,402	-	1,869
Impairment loss on intangible assets	16,981	4,577	-	21,558
Impairment loss on investment in joint venture	-	31,280	-	31,280
Employee benefit obligations	4,516	696	-	5,212
Total	22,493	39,648	-	62,141

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	Financial statements in which the equity method is applied / Separate financial statements		
	(Charged) / Credited to:		At 31 December 2015
	At 1 January 2015	Profit or loss comprehensive income (in thousand Baht)	
<i>Deferred tax assets</i>			
Allowance for decline in value of inventories	862	(333)	529
Impairment loss on advances for purchase of right to use trademark	7,477	(7,010)	467
Impairment loss on intangible assets	15,144	1,837	16,981
Employee benefit obligations	2,192	869	4,516
Tax loss carry forward	33,812	(33,812)	-
Total	59,487	(38,449)	22,493

13 Interest-bearing liabilities

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Current</i>				
Promissory note				
- unsecured	400,000	120,000	400,000	120,000
Trust receipts				
- unsecured	313,717	-	313,717	-
Total short-term loans from financial institutions	713,717	120,000	713,717	120,000
Current portion of long-term loans from financial institutions				
- secured	524,021	456,181	524,021	456,181
Total current	1,237,738	576,181	1,237,738	576,181
<i>Non-current</i>				
Long-term loans from financial institutions				
- secured	1,042,736	1,491,756	1,042,736	1,491,756
Total non-current	1,042,736	1,491,756	1,042,736	1,491,756
Total	2,280,474	2,067,937	2,280,474	2,067,937

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The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Within one year	1,237,738	576,181	1,237,738	576,181
After one year but within five years	1,042,736	1,491,756	1,042,736	1,491,756
Total	2,280,474	2,067,937	2,280,474	2,067,937

Interest-bearing liabilities of the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

The Company's liabilities under trust receipts, machinery and equipment have been released to the Company in trust for the financial institutions. The Company is accountable to the financial institutions for such machinery and equipment.

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

		Financial statements in which the equity method is applied		Separate financial statements	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Property, plant and equipment	10	3,603,263	3,912,743	3,603,263	3,912,743
Total		3,603,263	3,912,743	3,603,263	3,912,743

Long-term loans from financial institutions

As at 31 December 2016, the Company entered into significant secured loan agreements with financial institutions as follows:

The first financial institution

<u>Borrowing agreement</u>	<u>Approved credit facilities</u>	<u>Carrying amount as at 31 December 2016</u>	<u>Interest rate (% per annum)</u>	<u>Term of payment</u>
Number 1 dated 4 April 2012 addendum to the loan agreement dated 1 August 2014	972.0 million Baht	400.0 million Baht	Interest from the drawdown date to 31 December 2012 at the rate of 4% per annum, from 1 January 2013 to 31 March 2015 at MLR minus 2.37% per annum and subsequently at MLR minus 2.12% per annum	Monthly, repayable in 3 years and the first installment is due in May 2018

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Borrowing agreement	Approved credit facilities	Carrying amount as at 31 December 2016	Interest rate (% per annum)	Term of payment
Number 2 dated 14 October 2014	600.0 million Baht	224.7 million Baht	Interest rate is 6 months BIBOR rate plus 1.25% per annum	Monthly, repayable in 7 years and the first installment is due in July 2016

As security for its borrowings, the Company must mortgage/pledge land and construction thereon, machinery and equipment of the factory as collateral against loans from financial institution. The Company mortgaged its assets with the financial institution to secure the loan obligation as prescribed under the loan agreements.

Under the long-term loan agreements, the Company must be in compliance with the debt covenants and maintain the required financial ratios and other terms as stated in the agreements, such as Tan Passakornnatee and his family must maintain his shareholding at not less than 30% of the authorised share capital and the Company must not give the loan to the management or the related companies or the shareholders.

The second financial institution

Borrowing agreement	Approved credit facilities	Carrying amount as at 31 December 2016	Interest rate (% per annum)	Term of payment
Number 1 dated 12 July 2013 and addendum to the loan agreement dated 26 August 2014	1,000.0 million Baht	700.0 million Baht	Interest for the first to the second year at MLR minus 2.625% per annum and subsequently at MLR minus 2% per annum.	Monthly, repayable in 7 years and the first installment is due in January 2016

As security for its borrowings, the Company must mortgage/pledge land and construction thereon, machinery and equipment of the factory as collateral against loans from financial institution. The Company mortgaged its assets with the financial institution to secure the loan obligation as prescribed under the loan agreements.

Under the long-term loan agreements, the Company must be in compliance with the debt covenants and maintain the required financial ratios and other terms as stated in the agreements, such as Tan Passakornnatee and his family must maintain his shareholding at not less than 30% of the authorised share capital and the Company must not sell or transfer or transfer its assets more than 5% of the net assets.

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The third financial institution

<u>Borrowing agreement</u>	<u>Approved credit facilities</u>	<u>Carrying amount as at 31 December 2016</u>	<u>Interest rate (% per annum)</u>	<u>Term of payment</u>
Number 1 dated 20 August 2012	770.0 million Baht	242.1 million Baht	Interest rate is 6 months BIBOR rate plus 1.25% per annum	Quarterly, repayable in 5 years and the first installment is due in February 2014

As security for its borrowings, the Company must mortgage/pledge land and construction thereon, machinery and equipment of the factory. The Company registered a second mortgage of land with the third financial institution to secure these loan obligations for credit facilities of Baht 20 million.

Under the long-term loan agreements, the Company must be in compliance with the debt covenants and perform other terms as stated in the agreements, such as the Company must maintain its corporate existence and all of rights, privileges and franchises.

Interest rates

Interest rates as at 31 December 2016 and 2015 were as follows:

	Financial statements in which the equity method is applied/ Separate financial statements	
	2016	2015
	<i>(% per annum)</i>	
Short-term loans from financial institutions	2.40 - 2.98	2.40
Long-term loans from financial institutions	2.97 - 5.00	3.01 - 4.73

Unutilised credit facilities

As at 31 December 2016 the Company had unutilised credit facilities totaling Baht 936.2 million (2015: Baht 1,212.5 million).

14 Trade accounts payable

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Other parties	256,709	387,088	256,709	387,088
Total	256,709	387,088	256,709	387,088

Trade accounts payable of the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

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15 Employee benefit obligations

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Statement of financial position obligations for:				
Post-employment benefits	26,060	22,580	26,060	22,580
Total	26,060	22,580	26,060	22,580

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	3,480	4,345	3,480	4,345
Total	3,480	4,345	3,480	4,345

Recognised in other comprehensive income:				
Actuarial losses recognised in the year	-	7,274	-	7,274
Cumulative actuarial losses recognised	9,276	9,276	9,276	9,276

The Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Company to actuarial risks, such as interest rate risk, salary increase rate risk and turnover rate risk.

The statement of financial position obligation was determined as follows:

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Present value of unfunded obligations	26,060	22,580	26,060	22,580
Statement of financial position obligation	26,060	22,580	26,060	22,580

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Movement in the present value of the defined benefit obligations

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	22,580	10,961	22,580	10,961
Include in profit or loss:				
Current service cost	2,780	3,858	2,780	3,858
Interest on obligation	700	487	700	487
	<u>3,480</u>	<u>4,345</u>	<u>3,480</u>	<u>4,345</u>
Included in other comprehensive income				
Actuarial loss	-	7,274	-	7,274
	<u>-</u>	<u>7,274</u>	<u>-</u>	<u>7,274</u>
Defined benefit obligations at 31 December	<u>26,060</u>	<u>22,580</u>	<u>26,060</u>	<u>22,580</u>



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Actuarial losses recognised in other comprehensive income arising from:

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Demographic and financial assumptions	-	2,216	-	2,216
Experience adjustment	-	5,058	-	5,058
Total	<u>-</u>	<u>7,274</u>	<u>-</u>	<u>7,274</u>

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(%)</i>			
Discount rate	3.1	3.1	3.1	3.1
Future salary growth	8-10	8-10	8-10	8-10

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2016, the weighted-average duration of the defined benefit obligation was 17 years (2015: 17 years).

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Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Financial statements in which the equity method is applied		Separate financial statements	
	<i>(in thousand Baht)</i>			
Defined benefit obligation at 31 December 2016	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(2,019)	2,352	(2,019)	2,352
Future salary growth (1% movement)	2,474	(2,172)	2,474	(2,172)

	Financial statements in which the equity method is applied		Separate financial statements	
	<i>(in thousand Baht)</i>			
Defined benefit obligation at 31 December 2015	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(1,873)	2,176	(1,873)	2,176
Future salary growth (1% movement)	2,048	(1,809)	2,048	(1,809)

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

16 Share capital

	Par value per share <i>(in Baht)</i>	Number of shares	2016	2015
			Amount <i>(thousand shares/thousand Baht)</i>	Amount
<i>Authorised</i>				
At 1 January				
- ordinary shares	1	1,300,000	1,300,000	1,300,000
At 31 December				
- ordinary shares	1	1,300,000	1,300,000	1,300,000
<i>Issued and paid-up</i>				
At 1 January				
- ordinary shares	1	1,300,000	1,300,000	1,300,000
At 31 December				
- ordinary shares	1	1,300,000	1,300,000	1,300,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

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Share-based payments

Share-based payments are recognised in equity is the fair value of employees' and business partners' rights to acquire the shares at grant dates based on the underlying fair value of the shares and the consideration payable and to recognise related expense, with a corresponding increase in equity in accordance with TFRS 2.

17 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Foreign currency translation differences for foreign operations

The foreign currency translation differences for foreign operations account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

18 Segment information

Reportable segment

Management considers that the Company operates in a single line of business, namely the Beverage business, and has, therefore, only one reportable segment.

Geographical information

Management considers that the Company is managed and operates principally more than 98% in Thailand. There is no material revenues derived from, or assets located in, foreign countries.

Major customer

Revenues from one customer of the Company represents approximately Baht 4,986 million (2015: Baht 5,459 million) of the Company's total revenues.

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19 Employee benefit expenses

		Financial statements in which the equity method is applied		Separate financial statements	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Salaries and wages		185,386	191,861	185,386	191,861
Defined benefit plan	15	3,480	4,345	3,480	4,345
Defined contribution plan		4,047	3,505	4,047	3,505
Others		22,256	20,622	22,256	20,622
Total		215,169	220,333	215,169	220,333

Defined contribution plan

The defined contribution plan comprise provident fund established by the Company for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the Company and employees each at the rates ranging from 2% to 5% of their employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by a licensed Fund Manager.

20 Expenses by nature

The statement of comprehensive income includes an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Included in cost of sale of goods:</i>				
Changes in inventories of				
finished goods	108,688	(14,721)	108,688	(14,721)
Raw materials and supplies	2,772,802	3,186,700	2,772,802	3,186,700
Depreciation and amortisation	499,199	474,164	499,199	474,164
Utility expenses	182,871	216,935	182,871	216,935
Employee benefit expenses	124,120	125,529	124,120	125,529
Distribution and transportation				
expenses	36,291	43,874	36,291	43,874
Others	219,969	182,219	219,969	182,219
Total	3,943,940	4,214,700	3,943,940	4,214,700
<i>Included in selling expenses:</i>				
Advertising and sales promotion				
expenses	656,737	939,253	656,737	939,253
Entrance and other service fees	32,367	20,846	32,367	20,846
Distribution and transportation				
expenses	18,405	33,791	18,405	33,791
Export expenses	7,395	25,459	7,395	25,459
Total	714,904	1,019,349	714,904	1,019,349

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		Financial statements in which the equity method is applied		Separate financial statements	
		2016	2015	2016	2015
		(in thousand Baht)			
<i>Included in administrative expenses:</i>					
(Reversal of) impairment loss	9, 11	49,521	(9,346)	205,921	(9,346)
Employee benefit expenses		90,350	94,317	90,350	94,317
Depreciation and amortisation		14,270	14,004	14,270	14,004
Rental fee		5,676	5,476	5,676	5,476
Education, sports and other donations		4,055	1,385	4,055	1,385
Others		38,760	25,075	38,760	25,075
Total		202,632	130,911	202,632	130,911

21 Finance costs

		Financial statements in which the equity method is applied		Separate financial statements	
	Note	2016	2015	2016	2015
		(in thousand Baht)			
Interest expense:					
Financial institutions		74,897	87,229	74,897	87,229
Total interest expense		74,897	87,229	74,897	87,229
Transaction costs and others		700	487	700	487
Total		75,597	87,716	75,597	87,716
<i>Less amounts included in the cost of qualifying assets</i>					
- Property, plant and equipment under construction	10	(139)	(1,214)	(139)	(1,214)
Net		75,458	86,502	75,458	86,502

22 Income tax expense

Income tax recognised in profit or loss

		Financial statements in which the equity method is applied		Separate financial statements	
	Note	2016	2015	2016	2015
		(in thousand Baht)			
Current tax expense					
Current year		328	5,381	328	5,381
		<u>328</u>	<u>5,381</u>	<u>328</u>	<u>5,381</u>
Deferred tax expense					
Movements in temporary differences		(39,648)	4,637	(39,648)	4,637
Tax loss carry forward		-	33,812	-	33,812
	12	<u>(39,648)</u>	<u>38,449</u>	<u>(39,648)</u>	<u>38,449</u>
Total		(39,320)	43,830	(39,320)	43,830

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Income tax recognised in other comprehensive income

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Defined benefit plan actuarial losses	12	-	(1,455)	-	(1,455)
Total		-	(1,455)	-	(1,455)

Reconciliation of effective tax rate

	Rate (%)	Financial statements in which the equity method is applied		Rate (%)	
		2016	2015		
		<i>(in thousand Baht)</i>	<i>(in thousand Baht)</i>		
Profit before income tax expense		329,161	856,572		
Income tax using the Thai corporation tax rate	20	65,832	171,314	20	
Share of (profit) loss of investment in joint venture		(12,132)	9,747		
Income not subject to tax		(89,795)	(142,478)		
Expenses not deductible for tax purposes		3,779	3,806		
Expenses that are deductible for tax purposes		(7,004)	(258)		
Over recognition of tax loss carry-forward in prior year		-	1,699		
Total	(12)	(39,320)	43,830	5	

	Rate (%)	Separate financial statements		Rate (%)	
		2016	2015		
		<i>(in thousand Baht)</i>	<i>(in thousand Baht)</i>		
Profit before income tax expense		268,499	905,304		
Income tax using the Thai corporation tax rate	20	53,700	181,061	20	
Income not subject to tax		(89,795)	(142,478)		
Expenses not deductible for tax purposes		3,779	3,806		
Expenses that are deductible for tax purposes		(7,004)	(258)		
Over recognition of tax loss carry-forward in prior year		-	1,699		
Total	(15)	(39,320)	43,830	5	

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

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23 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company has been granted privileges by the Board of Investment relating to manufacture of beverages from plants, vegetables or fruits in pack. The privileges granted include:

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of corporate income tax on net profit of the promoted business for certain periods and conditions as stipulated in the promotional certificates;
- (c) a 50% reduction in the normal corporate income tax rate on the net profit derived from certain operations for a period of 5 years commencing from the expiry dates in (b) above;
- (d) an exemption from payment of import duty on necessary raw materials and supplies to be used in the production for export sales for a period of 1 year from the first import date;
- (e) an exemption from the payment of import duty on imported goods with the re-export condition for a period of 1 year from the first import date; and
- (f) exemption to include the dividend income from the promoted business in the computation of corporate income tax throughout the period the Company being granted exemption.

As promoted company, the Company must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

	Financial statements in which the equity method is applied / Separate financial statements					
	2016			2015		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Local sales	3,014,918	2,216,695	5,231,613	3,685,786	2,484,354	6,170,140
Export sales	65,854	40,802	106,656	49,861	119,576	169,437
Total revenue	3,080,772	2,257,497	5,338,269	3,735,647	2,603,930	6,339,577

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24 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2016 and 2015 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Profit for the year attributable to ordinary shareholders of the Company (basic)	368,481	812,742	307,819	861,474
Number of ordinary shares outstanding (basic)	1,300,000	1,300,000	1,300,000	1,300,000
Basic earnings per share (<i>in Baht</i>)	0.28	0.63	0.24	0.66

25 Dividends

At the annual general meeting of the shareholders of the Company held on 27 April 2015, the shareholders approved the appropriation of annual dividend for the year 2014 of Baht 1.0 per share, amounting to Baht 1,300 million, which was included the interim dividend paid to shareholders on 12 September 2014 of Baht 0.50 per share, amounting to Baht 650 million. Consequently, the remaining dividend of Baht 0.50 per share, amounting to Baht 650 million, was paid to shareholders on 25 May 2015.

At the meeting of the Board of Directors of the Company held on 13 August 2015, the Board of Directors approved the appropriation of interim dividend of Baht 0.25 per share, amounting to Baht 325 million. The dividend was paid to shareholders on 11 September 2015.

At the annual general meeting of the shareholders of the Company held on 27 April 2016, the shareholders approved the appropriation of annual dividend for the year 2015 of Baht 0.5 per share, amounting to Baht 650 million, which is included the interim dividend paid to shareholders on 11 September 2015 of Baht 0.25 per share, amounting to Baht 325 million. Consequently, the remaining dividend of Baht 0.25 per share, amounting to Baht 325 million, was paid to shareholders on 25 May 2016.

At the meeting of the Board of Directors of the Company held on 10 August 2016, the Board of Directors approved the appropriation of the interim dividend of Baht 0.25 per share, amounting to Baht 325 million. The dividend was paid to shareholders on 9 September 2016.

26 Financial instruments

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

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Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity, and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. The Company is primarily exposed to interest rate risk from its borrowings (note 13 to the financial statements). The Company manages the interest rate risk of financial assets and liabilities by considering fixed and floating rates depending on the market situation.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

		Financial statements in which the equity method is applied / Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
		Interest rate (% per annum)			
2016					
Current					
Short-term loans from financial institutions	Market rate	713,717	-	-	713,717
Current portion of long-term loans from financial institutions	MLR minus 2% and 6 months BIBOR plus 1.25%	524,021	-	-	524,021
Non-current					
Long-term loans from financial institutions	MLR minus 2%, MLR minus 2.12% and 6 months BIBOR plus 1.25%	-	1,042,736	-	1,042,736
Total		1,237,738	1,042,736	-	2,280,474

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		Financial statements in which the equity method is applied / Separate financial statements			
	Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
2015					
Current					
Short-term loans from financial institutions	Market rate	120,000	-	-	120,000
Current portion of long-term loans from financial institutions	MLR minus 2.625% and 6 months BIBOR plus 1.25%	456,181	-	-	456,181
Non-current					
Long-term loans from financial institutions	MLR minus 2.625%, MLR minus 2%, MLR minus 2.12% and 6 months BIBOR plus 1.25%	-	1,491,756	-	1,491,756
Total		576,181	1,491,756	-	2,067,937

Management believes that such interest rate risk is minimal.

Foreign currency risk

The Company is exposed to foreign currency risk relating to purchase and sale which are denominated in foreign currencies. However, as at 31 December 2016 and 2015 the Company does not have material foreign currency risk.

At 31 December, the Company was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
<i>(in thousand Baht)</i>				
United States Dollars				
Advances for purchase of machinery and equipment	14,253	-	14,253	-
Payables on purchase of property, plant and equipment	(13,164)	(10,773)	(13,164)	(10,773)
	<u>1,089</u>	<u>(10,773)</u>	<u>1,089</u>	<u>(10,773)</u>
Japanese Yen				
Payables on purchase of property, plant and equipment	(169)	(31,681)	(169)	(31,681)
	<u>(169)</u>	<u>(31,681)</u>	<u>(169)</u>	<u>(31,681)</u>

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	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Indonesian Rupiah				
Accrued expenses	-	(3,455)	-	(3,455)
	-	(3,455)	-	(3,455)
Euro				
Advances for purchase of machinery and equipment	385,678	-	385,678	-
	385,678	-	385,678	-
Statement of financial position exposure	386,598	(45,909)	386,598	(45,909)

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, management does not anticipate material losses from its debt collection.

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amount and fair values

Since the majority of the financial assets and liabilities classified as short-term and loans are bearing interest at rates close to current market rate, the management believes that as at 31 December 2016 and 2015, the carrying amount of the Company's financial instruments does not materially differ from their aggregate fair value.

27 Commitments with non-related parties

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Capital commitments				
Contracted but not provided for:				
Property, plant and equipment	480,263	-	480,263	-
Total	480,263	-	480,263	-

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	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Future minimum lease payments under non-cancellable operating lease</i>				
Within one year	8,391	6,652	8,391	6,652
After one year but within five years	6,046	2,699	6,046	2,699
Total	14,437	9,351	14,437	9,351

The Company has lease agreements with local companies covering office premises including facilities and others for periods of 2 to 4 years expiring in 2017 to 2019.

	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Other commitments</i>				
Unused letters of credit	2,372	1,357	2,372	1,357
Purchase orders for goods and supplies	443,679	28,697	443,679	28,697
Total	446,051	30,054	446,051	30,054

Letter of guarantee

The Company had commitment to a financial institution for letter of guarantee issued by the financial institution in favor of a state enterprise of Baht 5.8 million (2015: Baht 5.8 million).

Significant agreements with non-related parties

As at 31 December 2016 the Company had the following significant agreements.

Supply agreements

The Company has supply agreements with local companies. Under the terms of the agreements, the Company agrees to purchase raw material for production of packaging according to the quantity required at the price specified in the agreements. These agreements shall be in effect until 31 December 2017 with the renewal option.

Product distribution agreements

The Company has three production distribution agreements with two local companies and an overseas company. Under the terms of the agreements, the Company agrees to pay distribution fees at the rates as specified in the agreements. The first agreement shall be in effect from 1 February 2016 to 31 January 2019 and is renewable automatically for another 3 years. The contractual parties have a right to terminate the agreement by giving advance notice of not less than 6 months prior to the expiration of the agreement. The second agreement shall be in effect from 1 November 2014 to 31 October 2017. The third agreement shall be in effect from 14 July 2016 to 13 July 2017.

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Natural gas purchase agreement

The Company has a natural gas purchase agreement with a local company. Under the terms of the agreement, the Company agrees to pay disbursements and comply with conditions as specified in the agreement. The agreement shall be in effect from 5 September 2011 to 31 August 2018 and is renewable by giving advance written notice of not less than 90 days prior to the expiration of the agreement.

Domestic transportation services agreement

The Company has a domestic transportation services agreement with a local company. Under the terms of the agreement, the Company agrees to pay disbursements and comply with conditions as specified in the agreement. The agreement shall be in effect from 1 April 2014 to 31 March 2019 and is renewable automatically for another 5 years. The contractual parties have a right to terminate the agreement by giving advance notice of not less than 6 months prior to the expiration of the agreement.

28 Events after the reporting period

At the Board of Directors' meeting of the Company held on 10 August 2016, the Board of Directors approved to set up a subsidiary, Ichitan Power Co., Ltd. (registered in Thailand), which is owned 99.99% by the Company. The principle activity of this subsidiary is to sale of beverage. The subsidiary would have the initial authorised share capital of Baht 1,000,000 and would call for fully paid-up share capital. The registration was completed on 8 February 2017.

29 Thai Financial Reporting Standards not yet adopted

A number of new and revised Thai Financial Reporting Standards ("TFRS") have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets

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TFRS	Topic
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
TFRS 2 (revised 2016)	Share-based Payment
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2016)	Operating Segments
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2016)	Customer Loyalty Programmes

The Group has made a preliminary assessment of the potential initial impact on the financial statements in which the equity method is applied and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.



“ เติบโตไปด้วยกัน...อย่างยั่งยืน ”



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