

TOWARDS A SUSTAINABLE  
BEVERAGE ORGANIZATION OF ASIA



**ICHITAN GROUP**  
**ANNUAL REPORT 2017**

รายงานประจำปี 2560  
บริษัท อิชิตัน กรุ๊ป จำกัด (มหาชน)

A yellow plastic bottle of Ichitan Organic Green Tea with a green label and Thai text. Green tea leaves are scattered in the top left corner.

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[www.ichitangroup.com/investor](http://www.ichitangroup.com/investor)





# Highlight in the year 2017



Ichitan Group Public Company Limited (“ICHI”), revealed that the Corporate Governance Report of Thai Listed Companies (CGR) for 2017, which is conducted by the Thai Institute of Directors (IOD) and The Stock Exchange of Thailand (SET), has rated ICHI as “Excellent” (Excellent CG Scoring). The ICHI was proudly ranked among the Top 40 of the Top Quartile firms within listed companies, which have a market value over 10 billion Baht. The results of the evaluation reflect the cooperation among the Board of Directors, Executives committee, and employees in the organization. The firm is aiming at continuously developing good corporate governance and also management in order to create a sustainable growth.



Mr. Tan Passakornnatee (at the middle), CEO, Ichitan Group PLC., welcomed NIKKEI BUSINESS SCHOOL, an exclusive group of Japanese businessmen and investors at ICHITAN Green Factory. ICHITAN’s beverage marketing strategy was presented as a key feature to NBS Business Mission Program. Thiti Jiranonkan (5th from right front row) and Mr. Viroj Supasoon (5th from left front row) also joined the reception at Ichitan Green Factory, Rojana Industrial Park 3 Ayudhya Province, recently.



Ichitan Group PLC., presented company’s business performance reviews in “Opportunity Day” Q1/2017 and Q3/2017 that organized by The Stock Exchange of Thailand. The presentation is aimed to gain trust from investors by highlighting the company’s marketing strategy in regard to expand both domestic and international markets, especially emerging market of CLMV region.



Ichitan Group PLC., granted “Green Industry Level 4 Award” from Department of Industrial Works, Ministry of Industry. The Green Industry project aims to foster development and sustainable growth in industrial sectors and to promote values of corporate social responsibility towards environment.



“ICHITAN Experience Academy”, exclusive experiences opened for exploring free of charge of 7 courses in modern beverage production. The project aimed to provide knowledge in beverage industry from 7 experts, a hand-on experience outside classroom. A not-to-be-missed workshop for university students with one of the most advanced technology and get ready to enter the beverage industry.



Ichitan Group PLC., is continuing its aggressive sales and marketing strategy plan both domestically and internationally, together with accelerates marketing activities and launch new products. Recently, Ichitan Indonesia, had won two MARKETING AWARDS 2017 which were “The Best Marketing Campaign” and “the Marketing Excellence of the year” in the Food and Beverage Businesses sector in Indonesia.



Ichitan Charity Project keeps commitment with hill tribe families, offering “ECOBOARD library” which has recycled from UHT cartons. The library equipped with high-speed internet that is expected to equalize an educational opportunity to Akha hill tribe children in Chiang Rai province, Thailand. The ECOBOARD Library is innovatively constructed from recycled Ichitan’s UHT cartons, which is comparatively strong to wood, climate resistance and long durability of up to 20 years.



# General Information of the Company, the Subsidiary Company and Associated Company

## Company

**Company's name :** Ichitan Group Public Company Limited

**Stock's symbol :** ICHI

**Market/Index :** SET

**Industry/Sector :**

Agro & Food Industry/Food & Beverage

**CG Rating :** "EXCELLENT"

**Type of business :**

The Company operates beverage business, and manufactures and sells RTD tea beverage under trademark of "ICHITAN", "YenYen by Ichitan", includes fruit juice beverage "Bireley's".

**Head Office :**

2922/301-303, Charn Issara II Building., 28th Floor, New Petchburi 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 บาท

**Paid-up capital :** 1,300,000,000 บาท

**The Company's website :** www.ichitangroup.com

**The Company secretary :** Mr.Apichat Sukachirawat

**IR Contact :** ir@ichitangroup.com

## the Subsidiary Company

**Company's name :** Ichitan Power Co., Ltd.

**Type of business :**

To conduct of distribution of all beverage business both domestic and foreign countries.

**Head Office :**

2922/301-303, Charn Issara II Building., 28th Floor,  
New Petchburi Road, Bangkok, Huaykwang, Bangkok  
(10310)-Thailand

**Telephone :** (662) 716 5555

**Registered capital :** 1,000,000 บาท

**Paid-up capital :** 1,000,000 บาท

**Shareholding :** Ichitan Group PLC. has hold share in  
the proportion of 99.99%.  
(including with common director.)

## Associated Company

**Company's name :** PT ICHI TAN Indonesia Company  
Limited

**Type of business :**

Manufactures and distributes RTD tea beverage under  
the trademark of "ICHITAN"

**Head Office :**

Jl. MH. Thamrin No.9, Kel. Cikokol, Kec. Tangerang, Tangerang  
15117, Banten

**Telephone :** 021-55755951

**Registered capital :** 400,000 million IDR  
(about 1,184 million Baht)

**Paid-up capital :** 270,000 million IDR  
(about 375 million Baht)

**Shareholding :** Ichitan Group PLC. has hold share in  
the proportion of 50%.

## References

**Registrar :**

Thailand Securities Depository Company Limited (TSD)

**Address :**

93 Ratchadaphisek Rd., Din daeng, Bangkok (10400) - Thailand

**Telephone :** (662) 009 9999

**Fax :** (662) 009 9991

**Website :** http://www.set.or.th/tsd

## Auditor's Office

**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, Mission and Core Value

## Vision

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

## Mission

### To Consumer

To produce and develop quality beverage which is good for customer health and maximum customer satisfaction.

### To Society

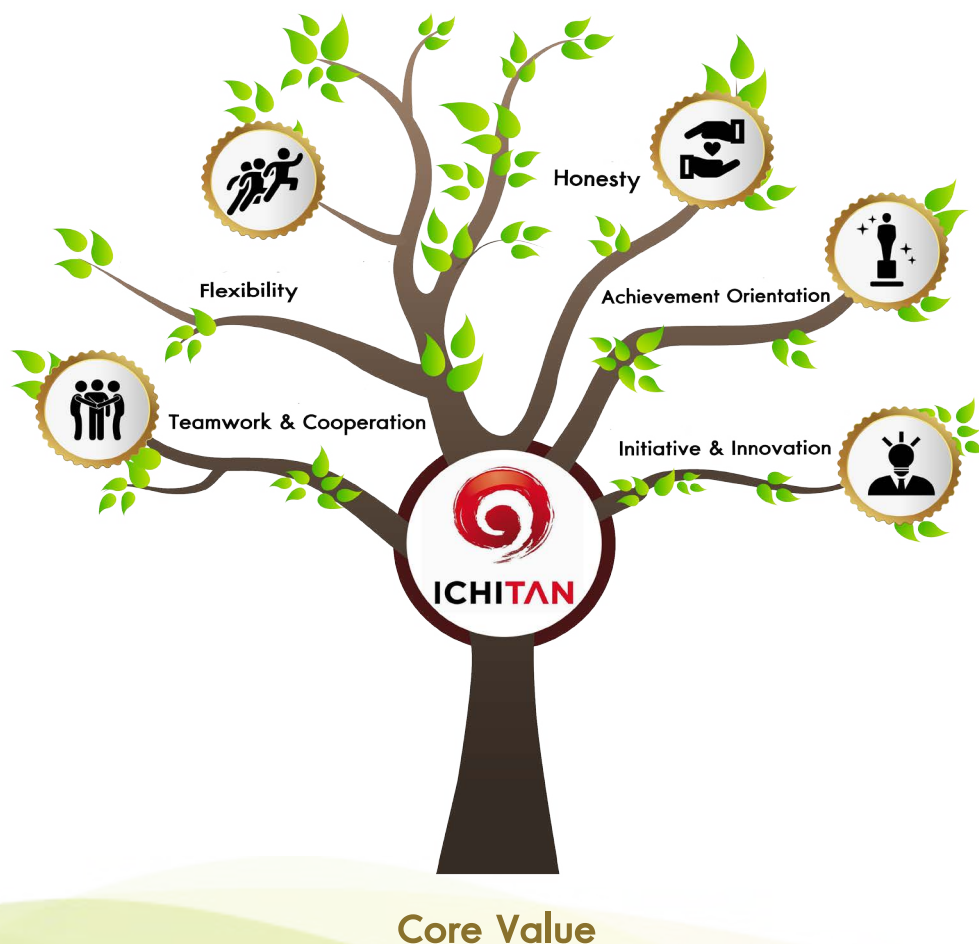
To be a role model organization that has social responsibility and give social return, thereby contributing to sustainable development of Thai society.

### To Shareholder

To 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 Employee

To support employee to develop his/her potential until they become professional and have better quality of life and pride in being part of the organization





# Financial Highlights

Ichitan Group Public Company Limited and the Subsidiary Company.

Detail (Unit : million Baht)	Consolidated Financial Statement			Separated Financial Statements		
	Year2017	Year2016*	Year2015*	Year2017	Year2016	Year2015
<b>Statements of Comprehensive Income</b>						
Total Revenues	5,719.0	5,361.8	6,356.8	5,857.8	5,361.8	6,356.8
Total Expenses	5,284.9	4,936.9	5,451.5	5,477.9	5,093.3	5,451.5
Net Profit (Loss)	315.1	368.5	812.7	405.2	307.8	861.5
<b>Statements of Financial Position</b>						
Total Asset	8,626.3	8,626.9	8,851.6	8,683.2	8,626.9	8,912.7
Total Liabilities	2,570.1	2,875.6	2,819.2	2,526.6	2,875.6	2,819.2
Shareholder's equity	6,056.2	5,751.3	6,032.4	6,156.6	5,751.3	6,093.5
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
<b>Share Information</b>						
Earnings per Share (Baht)	0.24	0.28	0.63	0.31	0.24	0.66
Book Value per Share (Baht)	4.7	4.4	4.6	4.7	4.4	4.7
Dividend per share whole year (Baht)	195.0	325.0	650.0	195.0	325.0	650.0
Dividend Payout (%)	62.0	88.0	80.0	48.0	106.0	75.0
Weighted average number of ordinary shares (million shares)	1,300	1,300	1,300	1,300	1,300	1,300
<b>Financial Ratios (%)</b>						
Earnings before finance costs, income taxes, depreciation and amortization including - non-operating incomes and expenses (EBITDA)	15.4	17.2	22.6	16.6	16.1	23.3
Net Profit Margin	5.5	7.0	12.8	7.0	5.7	13.6
Return on Shareholders' Equity (ROE)	5.3	6.3	13.3	6.6	5.2	14.0
Return on Total Assets (ROA)	3.6	4.2	9.2	4.7	3.5	9.6
Ratio of Liability to Capital (Times)	0.4	0.5	0.5	0.4	0.5	0.5

**Remark: Year 2016 and Year 2015 ,Financial Statements in which the equity method is applied.**  
**Year 2017,Consolidated Financial Statements , due to the Subsidiary Company established on February 8th ,2017**



## Chairman's Statement

### Dear Shareholders,

In year 2017, Ichitan Group Public Company Limited had a plan and strategy to increase its potential competitiveness in the beverage industry together with emphasis on all aspects of corporate development which is based on sustainable business practices. Moreover, the Company was expanding market share under the trademark of "ICHITAN" through international market for more its robust, that had succeeded in this year as well. And, the said strategy had been operated in accordance with the policy of the Company that emphasizes on innovation and product development for differentiate, strongest selling point, increase market share and satisfy all target groups of consumers.

In the year 2017, the Company had adjusted its strategy to focus on exporting to the CLMV region, which resulted in export sales volume had grown 27 % as well as the Company had earned the total revenue of 5,719 million Baht and the net profit of 315.1 million Baht. Moreover, ICHITAN in Indonesia had emphasized on marketing activities and launching new products which was likely to be good tendency due to pick up 2 awards at the MARKETING AWARD 2017 which were for "the Best Marketing Campaign" and "Marketing Excellence" of the Year in Food & Beverage Industry in Indonesia. This year, the Company had launched new product which was "T247" a hybrid energy drink that launched with 2 formulas - "Ginseng with Honey" and "Collagen with Zinc", in a 280 ml PET bottle packaging which is priced at 15 baht per bottle, to diversify the Company's mainstay "ready-to-drink green tea" based product for covering a wider range of consumers and the said energy drink product had operated under the Subsidiary company. In addition, the Company also had planned to produce healthy drink to be another choice for consumer such as "Sugar-Free" product while as products were formulated with sugar those would be adjusted to a lower sugar in all flavor, including with plan to launch the said product at the beginning of next year. Besides, "ICHITAN Chew Chew" was fruit tea with Nata de coco, was also high growth as well as herbal drink "Yen Yen by ICHITAN" was also the main product for herbal drinks target market.

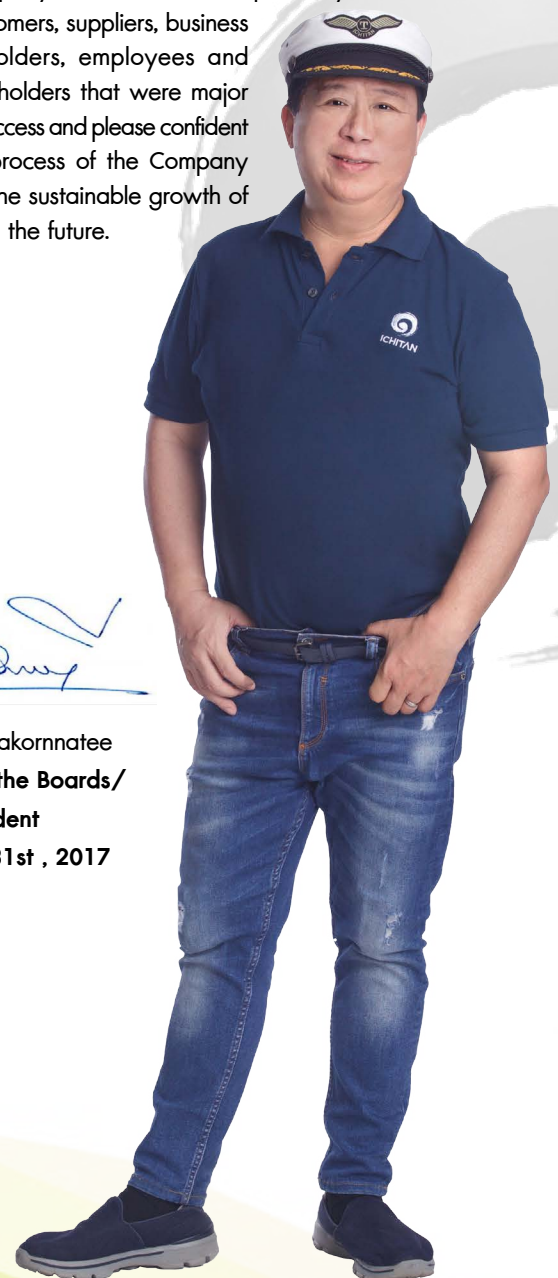
The Board of Directors gave great importance on good corporate governance together with operates the business on the basis of sustainability, taking into account of all stakeholders. In the year 2017, the Company was rated at "Excellent level" from Corporate Governance Report of Thai Listed Companies (CGR) by Thai Institute of Directors Association (IOD), and also was rated at "Excellent level" from the quality assessment of the 2017 Annual General Meeting of Shareholders

(AGM) by Thai Investors Association. In regard to operating business based on sustainable in line with Green industrial policy which was strategic government policy, the Company had received two awards which were "Green Industry Level 4 Award" and "Honor award for Greenhouse Gas Reduction", including with emphasize to develop "ICHITAN Green Factory" to be an environmental prototype factory that had installed Solar Roof to generate clean energy along with the Company's concept was reduced, replaced, treatment and energy recovery. The Company had already applied to join Thailand's Private Sector Collective Action Coalition Against Corruption: CAC.

On behalf of the Board of Directors and management team of the Company, I would like to express my sincere thank you to customers, suppliers, business partners, shareholders, employees and all involved stakeholders that were major force in creating success and please confident in development process of the Company and take part in the sustainable growth of "Ichitan Group" in the future.



Mr. Tan Passakornnatee  
Chairman of the Boards/  
President  
December 31st, 2017



# 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 Corporate Governance Committee

**3. Mr. Thiti Jiranonkan**

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

**8. Mr. Prasan Limpipatanakul**

Independent Director / Member of the Audit Committee / Chairman of 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 Corporate Governance Committee

**10. Mr. Apichat Sukachirawat**

The Company Secretary





## The Executive Committee



**1. Mr. Tan Passakornnatee**

President/ Chief Executive Officer

**2. Mrs. Eng Passakornnatee**

Member of Executive Committee/  
Senior Executive Vice President

**3. Mr. Thiti Jiranonkan**

Member of Executive Committee

**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 vice President,  
Accounting and Finance







# Business Overview

## History

Ichitan Group Company Limited (the Company or "Ichitan Group"), which was formerly known as "Mai Tan Company Limited" that had been established since September 3rd, 2010 with the registered capital of 500 million Baht, the Company launched functional beverages business under the brand "ICHITAN Double Drink" since January, 2011. The Company had launched Ready-to-Drink Green Tea under the brand "ICHITAN Green Tea" since May, 2011. The Company had launched Herbal Tea under the brand "Yen Yen by ICHITAN" since February, 2013. At present, the Company has seven cold aseptic filling bottle production lines and two UHT production lines at Rojana Industrial Park in Ayutthaya province.

### Business overview of the Company

Ichitan Group Public Company Limited, the Company has been incorporated since September 3rd, 2010. As at 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 has operated main business as manufactures and seller of ready-to-drink green tea beverage "Ichitan Green Tea", herbal drink "Yen Yen by Ichitan", Green tea mixed Nanta De CoCo "Ichitan Chew Chew", juice mixed jelly and juice non-carbonated beverage "Bireley's" and new energy drink "T247" with modern packaging and produce by advanced technology manufacturing "Cold Aseptic Filling" that will remain naturally nutrient of the drink over five as many as original system, including environmentally friendly that can reduce to use plastic up to 36% and reduce nature degradation. The Company is striving to develop its quality system continuously to meet the highest standards of production and the advantage of maximum production cost.

### **The main marketing strategies have 4 approach strategies.**

- **To grow with with all group of stakeholders.**

The Company has focused on Research and Development and strive to deliver a high quality and healthy beverage to its existing customers group and teenager in domestic, including with customers in the international market. As, the product is well-known and accepted, it will result in good performance of the Company to grow steadily, especially in Asian countries.

- **To promote the values of the brand.**

The Company has strong brand positioning and clearly such as "ICHITAN Green Tea" means Tea that look after you as you are No.1 and expertise in RTD Tea manufacturing. If you feel hot or spicy, you shall think of Yen Yen by Ichitan that means market leader of RTD Herbal Tea by conveying its identity through innovative of the product that will be launched in the next year 2018. Also, communicating through marketing activities to reach target consumers.

- **To emphasize on product development for better quality of life.**

All of our products are focused on promoting good health both physically and mentally, by selecting quality raw material as well as meticulous production and safety packaging. Mostly, all products have developed to reduce amount of sweetness level until reaching the standard of "Logo healthtier choices" from Ministry of Public Health but also remain unique natural flavors and innovative of ICHITAN together with display component and nutritional value label on the packaging.

- **To create mutual experience with consumer**

In year 2018, the Company has planned to record and develop database of consumer individually for deeping understand through the needs and behavior of consumer, in order to allocate the right marketing programs to each customer group. And, it will create mutual good experience and brand recognition among target consumer that will create sustainable linkage between the brand and consumer.

As at December 31st, 2017, the production capacity of the Company are as follows.

- Bottle production line included 7 production lines, representing 1,500 million bottles / year. (or equivalent to 630 million liters / year).
- UHT production line included 2 production lines, representing the 200 million boxes / year. (or equivalent to 60 million liters / year).

### The shareholding structure

#### **The Subsidiary Company**

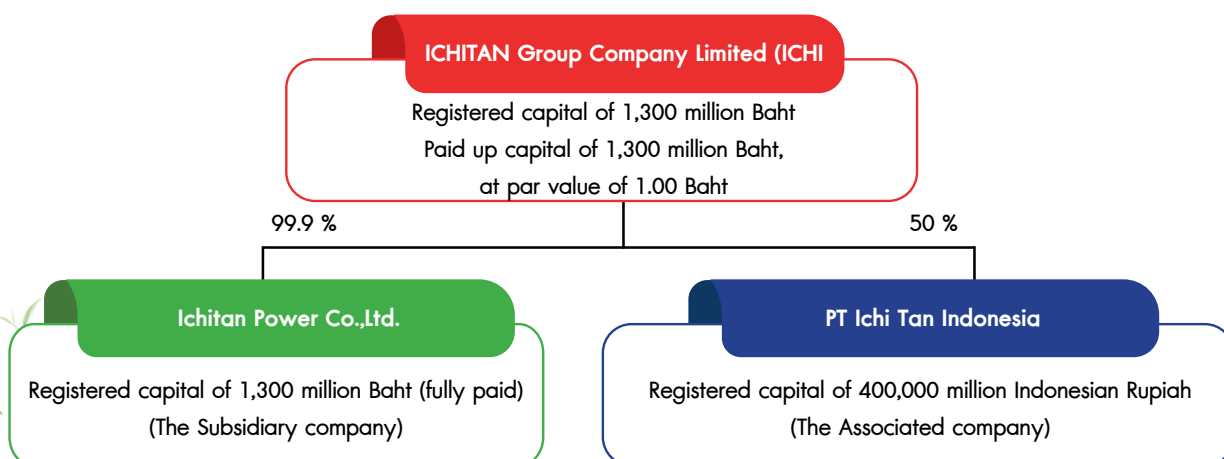
On February 8th, 2017, the Company had established its subsidiary named "Ichitan Power Company Limited" with a registered capital of Baht 1,000,000 (one million Baht), that had intended to conduct of distribution of all beverage business both domestic and foreign countries, including hold share of 99.9%.

## The Associates Company

On the August 27th, 2014 the Company had 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 July 31st, 2017.

the Company received a funding call notice from the joint venture to call for an additional paid-up of totaling Indonesian Rupiah 45,000 million or equivalent Baht 121.1 million for purpose of working capital, and the Company had paid the said fund on August 11th, 2017 and the joint venture had registered to increase capital with the Indonesia Investment Coordinating Board on August 22nd, 2017.



Established the Company	Conversion to Public Company Limited	Listed and Trade in the SET	Entered into joint venture in Indonesia	Focused CLMV Countries	CGR "Excellent" and Rated in "Dividend Universe" list	Development
Year 2010	Year 2013	Year 2014	Year 2014	Year 2016	Year 2017	Year 2018
<b>Established</b> Mai Tan Co., Ltd. on 3rd September with registered capital of 500 MB and issued 5,000,000 ordinary shares at the par value of 100 Baht per share. In the year 2011, changed the Name to be Ichitan Group.,Ltd.	<b>Conversion</b> the Company into Public Company Limited, decreased par value from 100 Baht per share, and registered capital increase to 1,300 MB, divided into 1,300 million shares at the par value of 1 Baht per share. The Company's name was Ichitan Group PLC.	<b>Listed and traded</b> on 21 <sup>st</sup> April in the Stock Exchange of Thailand(SET) with Stock's symbol "ICHI" Industry: Agro & Food / Sector: Food & Beverage. Also, registered capital (Fully Paid) 1,300 MB. 1,300 million Share.	On 27 <sup>th</sup> August, entered into a joint venture with PT Atri Pasifik ("AP") in Indonesia, in order to invest in PT Ichi Tan Indonesia ("PTI"), for distributing RTD beverage under branded "ICHITAN" in Indonesia. Holding share proportion of 50% in "PTI", Registered capital 400,000 million IDR (about 1,184 MB) partial paid.	<b>Focused</b> entering into CLMV countries.	<b>Ranked in</b> "Excellent" Corporate Governance Report of Thai Listed Companies (CGR) by IOD <b>Rated in</b> "Dividend Universe" list by the SET. <b>Received</b> "Marketing Excellent Award" in Indonesia.	<ul style="list-style-type: none"> <li>➢ <b>Focusing</b> CLMV countries</li> <li>➢ <b>New product</b> development</li> <li>➢ <b>Running new</b> production line</li> <li>➢ <b>Going to be</b> Sustainable organization.</li> </ul>





Month/Year Year 2010	Changing and Key Developments
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	<ul style="list-style-type: none"> <li>- 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.</li> <li>- Applied for an investment promotion certificate and other licenses.</li> </ul>
<b>Year 2011</b>	
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.
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.
<b>Year 2012</b>	
March- April	Started 1 production line for bottle type in March and 1 production line for UHT type in April.
July	Increased production capacity by another one production line for UHT type, totaling 2 production lines for UHT type.
September	<ul style="list-style-type: none"> <li>- Started a new production line for bottle type, increasing production line for bottle type to 2 lines.</li> <li>- 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.</li> </ul>
<b>Year 2013</b>	
January	Divested the food business.
March	Started a new production line for bottle type, increasing the line for bottle type totaling 3 lines.
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	Received promotional privileges from the Board of Investment of Thailand (BOI) No. 1492(2) / 2554.



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Year 2014		Changing and Key Developments
April	-	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		Acquired the Bireley's trademark and beverage formula from Sunny Herb International Beverage Company
August		Entered into a joint venture in Indonesia.
Year 2015		
January		Increased one new production line for bottle type, totaling 5 lines.
April		Increased one new production line for bottle type, totaling 6 lines.
October		Launched ready-to-drink green tea at Indonesia, under PT Ichi Tan Indonesia with availability of RTD green tea 2 flavors which were Honey mix Lemon and Lychee.
Year 2017		
February		Established the Subsidiary company named "Ichitan Power Co.,Ltd." with registered capital of 1 million Baht(fully paid)by Ichitan Group PLC had hold share in proportion of about 100%, with objective to conduct of distribution of all beverage business both domestic and foreign countries.
May		Ichitan Power Co.,Ltd.(the Subsidiary Company) had grand opening energy drink "T247" size 280 ml. (1)Ginseng and Honey (2)Collagen and Zinc
July		ICHITAN EXPERIENCE ACADEMY Program, Ichitan Group had opened opportunity knowledge to third and fourth years undergraduate student in the country who are interested to work in beverage industry. Free training throughout the course.
December		Increased one new production line for bottle type, totaling 7 lines.





Currently, products of the Company and its Subsidiary have total six 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 sugar free 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 and Jelly 2 flavors(1) orange (2) grape.

4. RTD Green Tea mixed Nanta De Coco under the trade name “Ichitan Chew Chew” that green tea is focused on chewing fun with delicious with total three flavors include: (1) grape (2) strawberry (3) lychee

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

6. Energy drink “T247” with two flavors include : (1) Ginseng and Honey (2) Collagen and Zinc.

The Company distribute its products through three main distributors 1) DKSH (Thailand) Co., Ltd. (2) Boonrawd Asia Co., Ltd. and (3) I Am Green Tea Co., Ltd. (IGT) which has related person. To maintain customer base from existing traditional trade channels, that is focusing on target group that does not overlap with DKSH and Boonrawd Asia, as a result I Am Green Tea Co., Ltd. (IGT) which hold major share by Khun Tanita Passakornnatee (Khun. Tan’s elder sister) in the proportion of 75% (remaining 25% owned by the Tri Pruek Family which does not any related neither the Company nor executive.) The purpose of establishing IGT is to distribute Ichitan products through traditional trade channels.

## Product and Package.

The Company’s products has 21 flavors under the package size of 9 type, the details are shown in the table below;

Package	Bag 150 g	UHT 300 ml.	Bottle 280ml.	Bottle 280ml.	Bottle 290 ml	Bottle 315ml	Bottle 400ml	Bottle 410-420ml	Bottle 555ml	Bottle 600ml
price (unit : baht)	12	10-12	12	15	12/13	10	15	20	20	25
RTD Green Tea Beverage		✓	✓					✓		✓
Green Tea mixed Nanta De Coco Beverage								✓		
RTD Black Tea Beverage					✓					
Herbal Drink		✓				✓	✓		✓	
Juice Beverage					✓					
Fruit jelly	✓									
Energy Drink				✓						

## Revenue Structure

The Company's revenue structures for the year 2015 to year 2017 are as follows;

Detail	Year 2017		Year 2016		Year 2015	
	million Baht	%	million Baht	%	million Baht	%
Net Sales	5,458.9	99.4	5,338.3	99.6	6,339.6	99.7
Other Income	31.5	0.6	23.5	0.4	17.2	0.3
<b>Total Revenue</b>	<b>5,719.0</b>	<b>100.0</b>	<b>5,361.8</b>	<b>100.0</b>	<b>6,356.8</b>	<b>100.0</b>
Market Share*	32.8%		40.4%		43.4%	
Number of Flavors	21 Flavors		24 Flavors		17 Flavors	

Source: Retail Index of Nielsen, January 2018.

Revenue structure break down by core business lines.

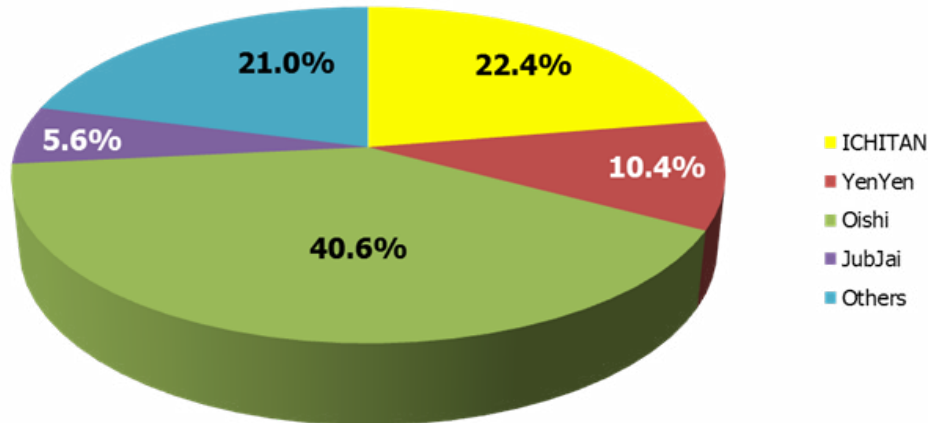
Detail	Year 2017		Year 2016		Year 2015	
	million Baht	%	million Baht	%	million Baht	%
Ready-To-Drink Tea Beverage Group	5,490.4	96.0	5,122.7	96.0	6,096.5	96.2
Juice Beverage Group and Others	228.6	4.0	215.6	4.0	243.1	3.8
<b>Total</b>	<b>5,687.0</b>	<b>100.0</b>	<b>5,338.3</b>	<b>100.0</b>	<b>6,339.6</b>	<b>100.0</b>







# Industry Conditions and Competitions



As the Company has main income from RTD Green Tea, accounting for 95.95 % of total revenue (a non-carbonated juice drink, 2.85 %, energy drink 1.2 %), so industry condition of the year 2017, the Company had focused information on RTD tea market. In the year 2017, RTD Tea market had totaling 13,237 million Baht, which slowed down 8.7 %, as a result of intense price competition, the economy had not improved significantly, and adjusted selling price due to the excise tax among green tea. In the end of year 2017, the market share of ICHITAN 22.4%, YenYen 10.4%, Oishi 40.6% , Jubjai 5.6 % and other 21.0 %.

## Investment trend and Market Expansion.

Currently, tendency of consumers consumption in beverage industry, there is several variety of products for consumer to select, such as drinking mixed coconut jelly and healthy drink that emphasize to produce low sugar ,no sugar or nature sweetener products because consumer has more concerning on health. So, healthy beverage products that focus on such matters ,it may be a good market opportunity for the Company. Research and Development Department of ICHITAN Group has expertise and experienced 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 health-conscious consumers. However, RTD tea market is also likely to grow further. The new product category that have been entering into the market and get good feedback from consumer such as green tea mixed Nanta De Coco and Green tea for health that will make the competition in RTD tea market actively and growing up. In the year 2017, the Company has featured on developing

distribution channels in MT (Modern Trade) And TT (Traditional Trade) through its main three distributor. The Company has set the goal of growing together and developed guidelines to promote specific channels, each department in order to acquire differentiate customer. For international markets, the Company had cooperation with potential partners in Cambodia and Lao PDR which had develop marketing activities and products together which result export sale volume of the Company increase by 1,337 % and made the 2017 sales of the Company increase by 27%. In addition, the Company has planned to cooperate with partners in many countries to keep sales growing steadily and sustainably.

## Policy and Marketing

### 1. Competitive Strategy

In the year 2017, RTD Tea market remained fiercely competitive and had 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 2017 were not growing as it should be. Also, the government had announced the policy to collect excise tax of vegetables drink, non-alcoholic juice drink, especially drinking which contain caffeine as previously exempt from taxation such as RTD Green Tea and instant coffee. Although, excise tax policy had took effect in the year 2017, but product with has sugar lower than legal limit ,it is entitled to receive tax benefits through "Healthier Choice" Logo, to ensure that the product is approved for controlling the amount of sugar, fat and salt properly. The Company has developed products which plan to launch in Quarter 2/2018, there will be many

product categories that will certify in “Healthier Choice” Logo, especially “Yen Yen” group that will receive the logo in all flavors. Also, using marketing and public relations budget are another strategy that will stimulate the market, as the RTD Tea market has not reached saturation point yet. Market players both old and new, they will also continuing on the marketing and promotion campaign. The RTD Green Tea has evolved to healthy trend.

## 1) A strong brand strategy management

At present, there is less differentiation in flavor of RTD Green Tea in Thailand as a result the outstanding design of packaging and powerful branding that is make differentiate and identity of product of the Company, together with build and maintain customer base. The Company aims to positioning “ICHITAN” brand as a quality and expertise brand in RTD Tea industry so it has communication plan to communicate branding to the market through 360-degree marketing strategy.

## 2) Product strategy

In order to reinforce positioning of the brand as product quality, so the Company has strictly controls quality at every step of production chain from research and development product , quality raw materials selection, meticulous production process and using modern technology to reserve good quality in beverage. In addition, Research and Development team of the Company 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 consumers in Thailand and some Asian countries, especially consumer who is focused in their health. To meet the need of consumer so the Company has produced product such as herbal drink “Yen Yen Gold by Ichitan” and 0% sugar RTD Green Tea. For packaging, the Company has emphasized on the detail of its design and sizing that have to be made of safe material ,recognition and convenience including modern label design. In the year 2018 , the Company has policy on to provide ingredient information to consumers in a transparent manner by attaching label of nutrition and calories clearly on the packaging that may make a decisions to purchase easier.

## 3) Effective Inventory and Cost Management

As 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 retrievable 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) Distribution and Channel Management Strategy

In order to distribute product of the Company to 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 set professional 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 Strategy

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.

#### 6) Creating mutual experience in consumer

In the year 2018, the Company will keep and develop consumer database individually, to deep study the needs, behavior in order to launch consumer marketing campaign that will allocate appropriately marketing program to consumers and each customer group, which may build mutual experience and recognize all brand of the Company sustainably.

#### 2. Target customer

The main target group of ICHITAN is teenagers and working age that have demand and consumption changing frequently, so the Company plan to release new products to meet the needs of consumer both RTD Tea segment and Fruit juice segment together with bring out the differentiate of each product to communicate to target consumer for their easily access. In the future, the Company will remain to extend diversity of products to access to the target group continuously, Including with develop new products to serve the market especially healthy product as well as expanding to overseas market.

#### 3. Distribution Channels

Distribution	Consolidated	Consolidated	Consolidated
	Year 2017	Year 2016	Years2015
Domestic	73.0%	98.0%	97.3%
Overseas	27.0%	2.0%	2.7%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The Company and its subsidiaries mainly operates more than 73 % in Thailand and full connected transaction that show in Notes to 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 62% of total sale of year 2017, that will focus on Modern Trade , Wholesaler and Traditional Trade. The Company has been made long-term contracts with the distributor and follows up track record of retailers that distributor can reach to manage distribution and trade discounts.

2. I Am Green Tea Co., Ltd. , representing 9% of total sale of year 2017 by focusing on selling through dealer networks, restaurants, traditional trade , cash vans and other channels which cannot reach by other distributors.

3. Boonrawd Asia Co., Ltd., representing 3% of total sale of year 2017 by focusing on the distributor network, traditional trade and shop under the network of Boonrawd Asia Co.,Ltd.

4. Exporting to ASEAN Economic Community countries (AEC) is accounted for 27% of total sale of year 2017 such as Laos, Cambodia, Myanmar, Indonesia and etc. However, all distributors have their sales territory and networks which do not overlap each other.

#### Product Procurement

Ichitan's products are from its factory and outsourcing from OEM. 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 two years (2016-2017), the proportion of outsourcing continuously dropped from 3% and 8% of the year 2016 and year 2017 respectively. For the year 2017, 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, the Company's quality control team will conduct monthly inspection to ensure that product has produced by **supplier that will meet quality standards of the Company.**

**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.

**Package :** The Company sources PET bottles, UHT 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 has any purchase transaction from suppliers more than 30% of total purchasing volume.

## Environmental Impact

No significant environmental impact was observed in the year 2017.

The Company and its subsidiaries give important on the environmental impacts, employee health safety and all communities nearby factory. Also, focusing on business development together with a commitment to society and community by continuing to protect environmental and social responsibility as the Company realizes that a good society, it will begin from "Given". As a part of the community or society, it is responsible of the Company to support public activities as well as develop environment and the community to create well-being through employment and variety of economic activities. As, strengthening of the community and social development, are cooperation and participation between the Company, community and society which may affect from the operation or activities of the Company. To develop and promote a strong social and cultural nature, as well as restoring fertility to return both a community and a society that is adjacent to the Company being as a unite community including community and society that are also far away from the Company. (in more details "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 that is focusing on exploitation of new ideas on the basis of social responsibility that will contribute to the growth, advancement ,competitiveness rising steadily and sustainability of the business, economic, social and quality of life, including reconstruction and development of the environment, such as improved productivity that create value added in terms of social responsibility. The Company’s innovation which operate with social responsibility that can make progression to economic wellbeing to society. In regard to, value creation and balancing together with consider the requirement of the Company along with society that become a process of business innovation on the basis of social responsibility such as innovative to produce beverage which is good to consumer health by dilution sweet but still original flavor and quality to consumers such as all flavors of herbal tea “Yen Yen” that will launch in Quarter 2/2018.



## Business Objective and Future Plan

Ichitan Group Public Company Limited and its Subsidiary are 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 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 Project Plan

The Company and its Subsidiary recognize 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, shareholders and society to operate the business on the basis of sustainability hereto;

#### Economy

##### 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 domestically and overseas, especially in AEC.
- ▶ Enhance profitability for sustainable growth by focusing on the development and cost management effectively.
- ▶ Cost-effective management to create competitive retail price
- ▶ Presenting new marketing activities that attract consumers to boost sales.
- ▶ To operate Original Equipment Manufacturing business (OEM).

In the year 2017, the Company the company has started to run a production line of new machines which can put a large piece of meat including with compress carbon dioxide gas, as a result, it will make the Company can produce a variety of new innovative beverage unlimited.

### Research and Development

The Company give important on research and development in order to launch new flavors with quality to domestic and foreign markets. The Company has its own research and development (R & D) department, as in the year 2017, to align with the government's policy that promote to reduce consumption of sweeteners in beverages. Also, the Company has a vision to produce good quality beverages, therefore, it has developed process to adjust the formula of sweet in beverage and has discovered the innovation of healthy drinks that is good to consumers but also remaining original taste and same benefits such as all flavors of herbal drink group "Yen Yen" and several flavors of ICHITAN's product that plan to launch within the second quarter of year 2018.

### Social

#### Personnel

The Company and its Subsidiary have considered employees as a valuable resource, so the Company give important to develop knowledge and retain potential employee who has expertise, talent and experience which will create competitiveness to the Company. Total number of full-time employees as at December 31st, 2017, had 316 persons.

- To develop employees by setting career path those employees will realize that they can promote or can rotation to other department in regard to their Key Performance Indicator (KPI) which are based on knowledge, competency, and suitability.
- To train and develop employees that will be emphasized on internal training plan which cover on capability, attitude and operational skill development by providing both internal and external training that all employees can develop their knowledge and potential.





#### To pass on experience to the society

“ICHITAN Experience Academy” Project with 7 course that cover the knowledge of modern beverage production which teach by 7 expertise executive from each line of business of the Company for preparing students and undergraduate students who are studying in 4th or 3rd year who are interesting into Beverage industry.



#### **Environment**

The Company and its subsidiary have complied with Green Industrial policy by install solar electric power system (Solar Roof Top) to generate clean and renewable energy through the production line of ICHITAN Green Factory, in regard to the Company’s concept to reduce, replace, treatment, renewable and reuse energy. In the year 2017, the Company has been rewarded two environmental quality awards- Green Industry Level 4 and Thailand Voluntary Emission Reduction:T-VER .



ICHITAN Green Factory has total area of 76 rais and production area over 30,000 sqm. which comprise of 7 bottle production lines and 2 UHT box production lines, including capacity of 1,500 million bottles and 200 million UHT boxes per year. To install Solar Roof with 2,544 kilowatts (kWp) on the roof of the factory with size of 25,000 sqm. that can generate electrical energy to use in the production line of ICHITAN together with annual renewable up to 3,354 megawatts per year and reduce greenhouse gas emissions into the atmosphere over 747 ton per year. Moreover, Solar Roof can reduce energy cost by 14.4 million Baht per year. The Company has intention to make all its products are environmentally friendly as a result it investment on environment that is essential for the businesses that conduct along with social responsibility and environmental because the world is changing rapidly and may affect to all human.





## Risks factors and Risks management

### 1. Business Risks

- **Risk from linkage between Ichitan brand and Mr. Tan Passakornnatee.**

The linkage between Ichitan brand and Mr. Tan Passakornnatee who is a famous person in Thailand, which is one of strategically branding recognition and build awareness among consumers. The Company recognizes potential threats consequential to the absence of such linkage and has attempted to mitigate the risk by strengthening the brand identity without tying it up with any person. In regard to the Company's goal, our marketing team has planned to reduce the role of Mr. Tan from the Company's products by reducing Mr. Tan show in new advertising movie of the Company, except new products which the Company intends to communicate to consumers that products are Mr. Tan's products.

- **Intense Competition Risks**

As beverage business, which is suit with the weather in Thailand, which is growing continuously, that attract new players to enter to the market. As a result, it causes high competition and may affect to revenue and sale volume. However, the Company has the policy to set reasonable price and will not use price-cutting strategy, which will focus on being the leader in new innovative marketing together with organize marketing, advertising campaign, and public relation activities continuously. Although product differentiation among RTD Green Tea product group, it may difficult to do so, however, the Company will give important on production and logistics management to generate higher profit from sales. In addition, the Company also concentrates on developing and launching product that has its identity such as fruit tea mix with Nata de coco under brand "Chew Chew" and herbal drink under brand "Yen Yen" by Ichitan which there is no any competitors that can develop the taste and quality significantly as the Company

- **Risk from dependence on major distributors**

The Company has distributed through products to Modern Trade (MT) channel (proportion of 45.0% of total sales of year ended 31 December, 2017) and Traditional Trade (TT) channel (proportion of 28.0% of total sales of year ended 31 December, 2017) through three major distributors, namely DKSH (Thailand) Co., Ltd., I AM Green Tea Co., Ltd., and

Boon Rawd Asia Co., Ltd., under distribution agreements term 3 – 5 years. The distribution volumes of with the said distributors for year ended 31 December, 2017 were 62.0% (DKSH), 8.0% (IGT), 3.0% (Boon Rawd) and remaining 27% export to abroad. As a result, the Company may has risks that dependence on the said major distributors. On the other hand, engagement on three distributors instead of sole distributor, it may help to reduce risks. Regarding, the distribution agreement which have been made with DKSH that allows the Company can appoint two distributors as said. According to, good relationship with the said distributors, they have complied with the agreement term strictly. The Company is confident that the said major distributors will renew agreements with the Company.

### 2. Manufacturing Risks

- **New product development Risks**

New product development needs to be ongoing to serve the needs of consumers that has changed frequently. The refore, the Company may has risk on new product development which has high cost to invest such as inventing new product, marketing, advertising and public relation campaign to hit the target audience. As a result, the Company will study, survey and analyze the demand of consumer by hiring Professional Marketing institution together with test quality of production, create packaging design, flavor testing, as well as analyze return on investment of production and new product. Also, the Company has established Research and Development laboratory with worth up to Baht 10 million and new product development will manage under effective budget management.

- **Risk from shortage and price fluctuation of raw material**

As, the main raw material is organic tea leaves, represents about 30% of production costs, which uncertain weather conditions, may affect tea yields and may cause shortage and may cause price fluctuation in raw material. As a result, the Company has sourcing plan in advance by Procurement Department has prior made purchase agreements with term at least one year with major suppliers, to acquire quality raw material sufficiently at market price. However, the Com-





pany has planned to purchase raw materials from several suppliers to reduce the risk of reliance on one supplier and the Company has always signed contracts with 2-3 suppliers, including with raw materials can be substituted, in case of some supplier cannot supply tea leaves to the Company. Manufacturing of tea drinks such as green tea or black tea although it has origin of the same tea leaves, to make differentiate that will depend on the production process such as fermentation and adding flavors. So, it can ensure that the Company has sufficiency risk management.



#### ● Production and Labor Risks

On 31 December, 2017, the Company has 316 employees, for protecting labor risk the Company has been invested to install auto machine systems named “Auto Warehouse System” at Ichitan plant which is the first plant in Thailand that has automatic from the production line through warehouse. The Company can run capacity up to 120 hours that can reduce human error in production and improve quality to products in all aspects. Currently, the Company has production capacity of 1,500 million bottles and 200 million boxes per year with innovation of Cold Aseptic Filling Technology, which is the best technology in beverage industry with installation investment amounting 5,700 million Baht. As a result, the Company does not have risk on labor.



#### ● Food Safety Hazard Risks

Food Safety is top priorities factor of the Company as even a minor mistake can effect to credibility of all our products. So, the Company has carefully selected ingredients and supervised every step of the production process to make the consumer confidence in the quality of our products that meet international standards such as GMP, HACCP, ISO9001:2008, HALAL, ISO14001, ISO17025, ISO50001, FSFC 22000 and other . All batches will be kept sample at least seven days

in accordance with applicable standards. Before distributing ,Quality Assurance section will bring sample to inspect in the laboratory room. However, the Company’s products are produced in high-technology systems and there is no food contamination has been found.



### 3. Financial Risks

#### ● Foreign Exchange Risks

The Company and its Subsidiary have risk from foreign exchange rate due to the purchase and sale of goods in foreign currencies, however exporting of the Company has mainly exchanged in Thai Baht. As at 31 December, 2017, the Company and its Subsidiary do not occur any risk in foreign exchange rate.

### 4. Management Risks

#### ● Risk of major shareholder over 50 percent.

As at 31 December, 2017, Passakornnatee group is major shareholder which had owned 58.1% of the total paid-up capital, as a result Passakornnatee group can control the decisions or resolution in the shareholders’ meetings such as appointing director or requesting for a resolution with majority vote ,except matter that require by law or the Company’s regulations of three-fourths in the shareholders’ meeting, therefore, minority shareholders may not be able to compile the votes for inspecting or taking an equilibrium of the proposed agenda. However, the Passakornnatee group does not have the right to vote on connected transactions that relate to it . On the other hand, major shareholding by Mr. Tan Passakornnatee family ,it mean that Mr. Tan Passakornnatee and his spouse will also remain their positions as executives to pass on their knowledge and experience in the Company further. In addition ,the Boards’ structure of the Company ,have comprised with the Board of Directors and five Sub committees which are the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Executive committee. The scope of authority and duty of

the committees has been clearly defined, to operate business with transparency and comply with good governance. Also, the Audit Committee is consist of the independent directors as a whole that will monitor the connected transactions by assigning Internal Audit Manager to report the committee quarterly.

However, the Company has concerned Global Emerging Risk and explain detail in the “Sustainable Development Report” (SD Report).

## Dividend Payment Policy

### Dividend Payment Policy

Ichitan Group Public Company Limited has defined 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 Board of Directors may consider the annual dividend payment of the Company, which has to be approved in the shareholders’ meeting (AGM), however, the Boards may deem it appropriate to pay interim dividend, should the Company have sufficient profit and working capital for the business operation after such interim dividend payment

and report in the next 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, as well as comply with terms and conditions of the Company are applicable to financial institutions. According to, the Board of Directors ‘meeting No.1/2018 which held on February 22nd,2018, had a resolution approval to pay dividend from annual operating results during January 1st ,2017 to December 31st, 2017 and shall propose to the 2018 AGM for approval further.

### The Company’s Dividend Payments

Detail Dividend Payment (Baht :share)	Year2017	Year2016	Year2015
1) Interim dividend payment ( 1 January - 30 June)	-	0.25	0.25
2) Final dividend payment ( 1 July- 31 December)	-	-	0.25
3) Annual Dividend Payment ( 1 January - 31 December)*	0.15	-	-
<b>Total Annual Dividend Payment (Baht : share)</b>	<b>0.15</b>	<b>0.25</b>	<b>0.50</b>
<b>Total Dividend Payment (million Baht)</b>	<b>195</b>	<b>325</b>	<b>650</b>
<b>Net Profit (million Baht)</b>	<b>315.1</b>	<b>368.5</b>	<b>812.7</b>
<b>Dividend Payout ratio (%)</b>	<b>62.0</b>	<b>88.0</b>	<b>80.0</b>

Remark: \*Required to be approved in the 2018 AGM.



# Shareholding and Managements Structure



## To Shareholders,

As at March 8th , 2018, the Company has 15,501 shareholders which count from paid-up capital of 1,300,000,000 shares

The ten (10) major shareholders of the Company are as following:

No.	Major Shareholders	Relationship with Chairman of the Boards	Number of Share (Share)	Proportion of share (%)
1.	Mr. Tan Passakornnatee		360,639,600	27.74
2.	Mr. Jaruworn Sukpanthaworn	Brother-in-law	82,406,200	6.34
3.	Mrs. Eng Passakornnatee	Spouse	60,000,000	4.62
4.	Mr. Passakorn Passakornnatee	Son	60,000,000	4.62
5.	Miss Klainatee Passakornnatee	Daughter	60,000,000	4.62
6.	Miss Varisa Passakornnatee	Daughter	52,569,700	4.04
7.	Mr. Jaruwat Sukpanthaworn	Brother-in-law	40,000,000	3.08
8.	Mr.Thiti Jiranonkan*	None	35,000,000	2.69
9.	THAI NDVR CO.,LTD.	None	26,992,244	2.08
10.	Miss Supanee Sukpanthaworn	Sister-in-law	26,127,900	2.01
	<b>Total</b>		<b>803,735,644</b>	<b>61.84</b>

**Remark:** In the year 2017, Mr. Yueh-Chin Chiu had been changed his name to be Mr. Thiti Jiranonkan, and had informed to the SEC and the SET already.

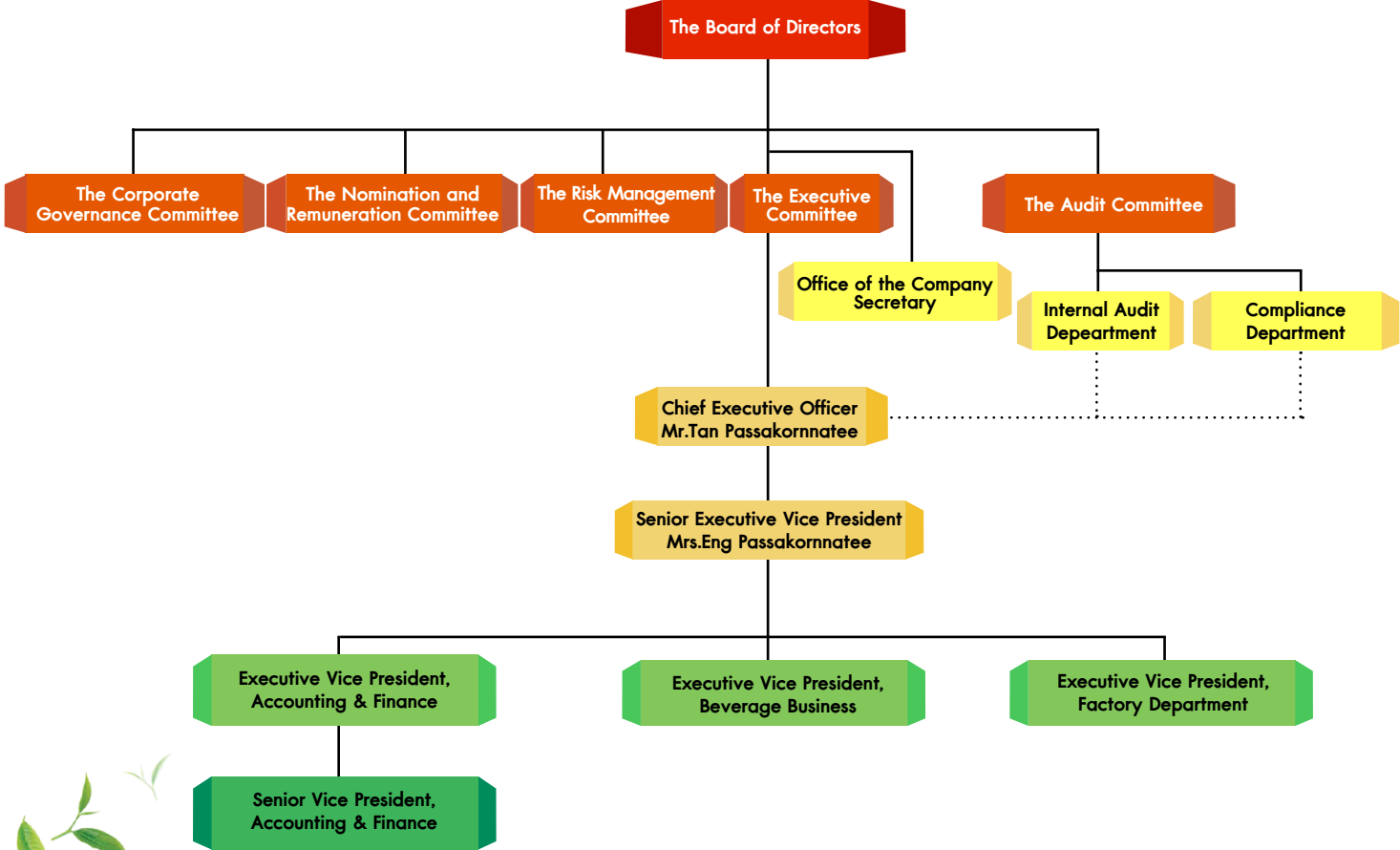
### Foreign Shareholders Limitation

Foreign shareholders are not allowed to hold more than 49 % of the total paid- up capitals. As of March 8th , 2018, there was 7.86 % of the total shares of the Company which held by foreign shareholders.



# Organization

The organization chart of Ichitan Group PLC.  
as of December 31st ,2017



# Profile of the Board of Directors / Executive Committee



**Mr. Tan  
Passakornnatee**  
Age 58 years

**Chairman of the Boards/ President/ Chief Executive Officer**

**Date of being the Company's director :** July 3<sup>rd</sup>, 2013

**Education**

- Honorary Doctorate, Ramkhamhaeng University
- Honorary Doctorate, Lampang University
- Honorary Doctorate, Business Administration, Surattthani Rajabhat University

**Training**

- Thai Institute of Directors (IOD) :  
1) DAP Class 12/2004    2) FBG Class 6/2016
- Other Training Institute : None

**Shareholding in ICHI (%) :** 27.74

**Family Relationship with the Company's executive :**

Spouse / Mrs. Eng Passakornnatee

**Director Term duration with ICHI :** 5 years

**Work experience within 5 years**

1999 - 2010 Director / Managing Director Oishi Group Plc.

**Other Current Directorship Positions**

Listed Company in the Stock Exchange of Thailand

-None-

The Company Limited

Present	Director	Tiger Wings Krub Co.,Ltd.
Present	Director	Tan & Tan Asset Co.,Ltd

Other Organizations / Institutions

-None-



**Mrs. Eng  
Passakornnatee**  
Age 47 years

**Director / Chairman of the Risk Management Committee / Member of the Nomination and Remuneration Committee / Member of Governance Committee (Executive Director)**

**Date of being the Company's director :** July 3<sup>rd</sup>, 2013

**Education**

- Bachelor Degree of Business Administration (Finance), Bangkok University
- Master Degree of Business Administration, Ramkhamhaeng University

**Training**

- Thai Institute of Directors (IOD) :  
1) DAP Class 12/2004    2) DCP Class 44/2004  
3) FBG Class 6/2016
- The Stock Exchange of Thailand: The 2017 CSR for Corporate Sustainability. (course P01 and S01-S06)  
\*\*\* Detail appears in "Development of Director and Executive" \*\*\*
- Other Training Institute : None

**Shareholding in ICHI (%) :** 4.62

**Family Relationship with the Company's executive :**

Spouse / Mr. Tan Passakornnatee

**Director Term duration with ICHI :** 5 years

**Work experience within 5 years**

1999 - 2010 Director / Deputy Managing Director Oishi Group Pcl.

**Other Current Directorship Positions**

Listed Company in the Stock Exchange of Thailand

None

Non-listed in Thailand    Available

In the year 2017-present, she had taken in the position of total amounting to 15 companies and 6 companies, had related transaction as follow;

- |            |          |   |
|------------|----------|---|
| 1. Present | Director | Japanese Prime Restaurants Management Co., Ltd. |
| 2. Present | Director | Passakornnatee Co., Ltd.                        |
| 3. Present | Director | Kin Kab Tan Co., Ltd.                           |
| 4. Present | Director | Tan Eng Asset Co.,Ltd.                          |
| 5. Present | Director | TY Marriage Studio Co.,Ltd.                     |
| 6. Present | Director | Tiger Wings Krub Co.,Ltd.                       |

Other Organizations / Institutions

-None-



**Mr. Thiti  
Jiranonkan**  
Age 56 years

**Director/(Executive Committee)**

**Date of being the Company's director :** August 13<sup>th</sup> , 2014

**Education:**

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

**Training:**

- Thai Institute of Directors (IOD) :  
1) DAP Class 16/2004    2) FBG Class 6/2016
- Other Training Institute : None

**Shareholding in ICHI (%) :** 2.69

**Family Relationship with the Company's executive :** None

**Director Term duration with ICHI :** 4 years

**Work experience within 5 years:**

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

**Other Current Directorship Positions:**

Listed Company in the Stock Exchange of Thailand:

-None-

Non-listed in Thailand

- |               |                           |  |
|---------------|---------------------------|--|
| 1. Present    | Director                  | Wedding Business<br>Consultant Co., Ltd. |
| 2. Present    | Director                  | Thank-You Service Co., Ltd.              |
| 3. 1993 -1994 | Franchise Sale<br>Manager | Sew Wi Zu Sue Lian Tsaw<br>Co., Ltd.     |

Other Organizations / Institutions

-None-

**Remark :** In the year 2017, Mr. Yueh-Chin Chiu had changed his name to be **Mr. Thiti Jiranonkan** and had submitted the document to notify the SEC and the SET already.



**Mr. Thanapan  
Khongnuntha**  
Age 44 years

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

**Date of being the Company's director :** July 3<sup>rd</sup> , 2013

**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) :  
1) DAP Class 106/2013    2) RCL Class 5 /2016  
3) BMT Class 4/2017
- Other Training Institute : None

**Shareholding in ICHI (%) :** 0.48

**Family Relationship with the Company's executive :** None

**Director Term duration with ICHI :** 5 years

**Work experience within 5 years:**

- |             |   |                  |
|-------------|---|------------------|
| 2008 - 2010 | Director of Marketing Department<br>(Beverage Business)/<br>Deputy Director of Marketing<br>Department (Beverage Business), | Oishi Group Pcl. |
| 2007 - 2008 | Marketing Manager,<br>Beverage Business   | Oishi Group Pcl. |
| 2004 - 2006 | Commercial Marketing<br>Manager   | Oishi Group Pcl. |

**Other Current Directorship Positions:**

Listed Company in the Stock Exchange of Thailand:

-None-

Non-listed in Thailand

-None-

Other Organizations / Institutions

-None-





**Mr. Viroj  
Supasoon**  
Age 52 years

Director / Member of the Risk Management Committee/  
Executive Vice President, Factory Department (Executive Director)

Date of being the Company's director : July 3<sup>rd</sup> , 2013

**Education:**

- Bachelor Degree of Science, Microbiology,  
Kasetsart University

**Training:**

- Thai Institute of Directors (IOD) :  
1) DAP Class 106/2013    2) RCL Class 5 /2016
- The Stock Exchange of Thailand: The 2017 CSR for Corporate  
Sustainability. (course P01 and S01-S06)

\*\*\* Detail appears in "Development of Director and Executive" \*\*\*

- Other Training Institute : None

Shareholding in ICHI (%) : 0.56

Family Relationship with the Company's executive : -None-

Director Term duration with ICHI : 5 years

**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-

Non-listed in Thailand:

-None-

Other Organizations / Institutions:

-None-



**Miss Araya  
Panichayunont**  
Age 42 years

Director / Deputy Financial Director

Date of being the Company's director : July 3<sup>rd</sup> , 2013

**Education:**

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

**Training:**

- Thai Institute of Directors (IOD) :  
1) DAP Class 106/2013    2) RCL Class 5 /2016  
3) BMT Class 4/2017
- Other Training Institute : None

Shareholding in ICHI (%) : 0.07

Family Relationship with the Company's executive : -None-

Director Term duration with ICHI : 5 years

**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-

Non-listed in Thailand    Available

Present    Director    Lopburi Inn Plaza Co., Ltd.

Present    Director    Diew Diew Kab Tan Co., Ltd

Other Organizations / Institutions:

-None-





**Air Vice Marshal  
(AVM) Nathawat  
Nimmolthanakorn  
Age 66 years**

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

**Date of being the Company's director :** July 3<sup>rd</sup> , 2013

**Education:**

- Bachelor Degree of Education in Secondary Education,  
Srinakharinwirot University

**Training:**

- Thai Institute of Directors (IOD) :  
1) DAP Class 106/2013      2) AACP Class 16/2014  
3) RNG Class 8/2016      4) ELP Class 9/2017
- Other Training Institute : Federation of Accounting Professions  
under the Royal Patronage : Audit Committee Seminar  
Get Ready for Year End

**Shareholding in ICHI (%) :** -None-

**Family Relationship with the Company's executive :** -None-

**Director Term duration with ICHI :** 5 years

**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-

Non-listed in Thailand:

-None-

Other Organizations / Institutions:

-None-



**Mr. Issarachai  
Decharit  
Age 58 years**

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

**Date of being the Company's director :** July 3<sup>rd</sup> , 2013

**Education:**

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

**Training:**

- Thai Institute of Directors (IOD) :  
1) DAP Class 27/2004      2) AACP Class 17/2014  
3) RNG Class 8/2016      4) ELP Class 9/2017
- Other Training Institute : Federation of Accounting Professions  
under the Royal Patronage : Audit Committee Seminar  
Get Ready for Year End

**Shareholding in ICHI (%) :** -None-

**Family Relationship with the Company's executive :** -None-

**Director Term duration with ICHI :** 5 years

**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-

Non-listed in Thailand

Available

Present      Director

Global One Capital Co., Ltd.

Other Organizations / Institutions:

-None-





**Mr. Prasan  
Limpipatanakul**  
Age 61 years

**Independent Director / Member of the Audit Committee/  
Member of the Nomination and Remuneration Committee**

**Date of being the Company's director :** July 3<sup>rd</sup> , 2013

**Education:**

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

**Training:**

- Thai Institute of Directors (IOD) :  
1) DAP Class 106/2014      2) AACP Class 16/2014  
3) RNG Class 8/2016      4) ELP Class 9/2017
- Other Training Institute : Federation of Accounting Professions  
under the Royal Patronage, Audit Committee Seminar  
Get Ready for Year End

**Shareholding in ICHI (%) :** None

**Family Relationship with the Company's executive :** -None-

**Director Term duration with ICHI :** 5 years

**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 of Thailand:

-None-

Non-listed in Thailand:

-None-

Other Organizations / Institutions:

-None-



**Mr. Preecha  
Augcharanonda**  
Age 55 years

**Member of Executive Committee /  
Executive Vice President, Accounting and Finance**

**Date of being the Company's director :** Year 2013

**Education:**

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

**Training:**

- Thai Institute of Directors (IOD) :  
1) DAP Class 106/2013
- Other Training Institute : None

**Shareholding in ICHI (%) :** 0.04

**Family Relationship with the Company's executive :** -None-

**Director Term duration with ICHI :** year 2013 – year 2014

**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 of Thailand:

-None-

Non-listed in Thailand:

-None-

Other Organizations / Institutions:

-None-



**Mr. Apichat  
Sukachirawat**  
Age 52 years

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

**Education:**

- Bachelor of Accounting, Ramkhamhaeng University

**Training:**

- Thai Institute of Directors (IOD) :  
1) DAP Class 106/2013      2) RCL Class 5 /2016  
3) BMT Class 4/2017
- Other Training Institute : Thai Listed Companies Association  
1) The Company Secretary Program, Class 30

**Shareholding in ICHI (%) :** 0.11

**Family Relationship with the Company's executive :** -None-

**Work experience within 5 years:**

2002 – 2011 Deputy Director of Accounting Oishi Group Pcl.  
and Finance Department



**Mr. Sumol  
Hobumphen**  
Age 40 years

Internal Audit Manager

**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) :  
1) ACPG Class 16 /2015
- Other Training Institute :  
1) Certified public accountant, Federation of Accounting Professions  
Under the Royal Patronage of His Majesty the King  
2) Courses, Risk management, of corruption at 2/58,  
Federation of Accounting Professions Under the Royal  
Patronage of His Majesty the King  
3) Internal Auditing Program, Federation of Accounting Professions  
Under the Royal Patronage of His Majesty the King  
4) Endorsed Internal Auditing Program (EIAP), Class 9,  
Chulalongkorn University

**Shareholding in ICHI (%) :** 0.004

**Family Relationship with the Company's executive :** -None-

**Work experience within 5 years:**

2006 – 2009 Assistant Internal Audit Thanulux Pcl.  
Manager

2011 – 2013 Internal Audit Manager Perfect Engineering  
Service Pcl.

1999 – 2006 Assistant Internal Audit Dr. Virach & Associates  
Division Manager Office



# Report changing of shareholding of Director and Executive committee



Ichitan Group Public Company Limited and its Subsidiary

As at December 31<sup>st</sup>, 2017

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
		December 31 <sup>st</sup> , 2017	December 31 <sup>st</sup> , 2016	Increase (Decrease) during the year (share)	
1.	Mr. Tan Passakornnatee	360,639,600	360,639,600	-	
2.	Mrs. Eng Passakornnatee	60,000,000	60,000,000	-	
3.	Mr. Thiti Jiranonkan	35,000,000	35,000,000	-	
4.	Mr. Viroj Supasoon	7,277,400	7,277,400	-	
5.	Mr. Thanapan Khongnuntha	6,200,000	6,670,000	(470,000)	
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
		December 31 <sup>st</sup> , 2017	December 31 <sup>st</sup> , 2016	Increase (Decrease) during the year (share)	
1.	Mr. Tan Passakornnatee	360,639,600	360,639,600	-	
2.	Mrs. Eng Passakornnatee	60,000,000	60,000,000	-	
3.	Mr. Thiti Jiranonkan	35,000,000	35,000,000	-	
4.	Mr. Thanapan Khongnuntha	6,200,000	6,670,000	(470,000)	
5.	Mr. Viroj Supasoon	7,277,400	7,277,400	-	
6.	Mr. Preecha Augcharanonda	500,000	500,000	-	



# 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. 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 2017, 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](http://www.ichitangroup.com) and SET Portal system before the meeting since 2<sup>nd</sup> October, 2017 – 31<sup>st</sup> December, 2017 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 there of 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 terminations 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 31st, 2017 the Board of Directors consists of 9 directors as follows:

Name	Position
1. Mr.Tan Passakornnatee	Chairman of the Boards
2. Miss Eng Passakornnatee	Vice Chairman
3. Avn. Nathawat Nimmolthanakorn	Independent Director
4. Mr.Prasan Limpipatanakul	Independent Director
5.Mr.Issarachai Decharit	Independent Director
6. Mr.Thiti Jiranonkan*	Director
7. Mr.Viroj Supasoon	Director
8. Mr.Thanapan Khongnuntha	Director
9. Miss Araya Panichayunont	Director

Remark: In the year 2017, Mr. Yueh-Chin Chiu had been changed his name to be Mr. Thiti Jiranonkan, and had informed to the SEC and the SET already.

#### 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. Thiti Jiranonkan or Mr. Viroj Supasoon or Mr. Thanapan Khongnuntha or Miss Araya Panichayunont as two persons and affix the Company's seal.

#### Duties and Responsibilities of the 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 seven (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 approve annual report and 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. 1/2018 which held on February 22<sup>nd</sup>, 2018 and proposed from the Nomination and Remuneration Committee, there were three (3) directors who retired by rotation as follows;

1. Air Vice Marshal (AVM) Nathawat Nimmolthanakorn  
Independent Director
2. Mr. Prasan Limpipatanakul  
Independent Director
3. Mr. Thanapan Khongnuntha  
Director

To be reelected as the Company's director for another term including with member in the sub-committee which shall propose to the Annual General Meeting of Shareholders No. 1/2018 on Wednesday, April 25<sup>th</sup>, 2018 for approval further. And, do not have proposed candidates for election as member of the Board of Directors from shareholders as the Company has announced since October 2<sup>nd</sup>, 2017 until December 31<sup>st</sup>, 2017.

## 2. Chairman of the Board of Directors

### Duties and Responsibilities of Chairman

To build sustainable stability to business of the Company and its Subsidiary company, as well as overseeing benefit under the Company's vision, mission, core value and goal by strengthening cultural and business administration in comply with good corporate governance principle of the Company.

### Roles and duties to the Board of Directors

To conduct structure of the Board of Directors with appropriate to work which cause maximum benefit to the shareholders and all stakeholders, as well as supporting and controlling the Boards show its role to responsibility, honesty, dedication and taking into account the highest benefit to the Company.

### Roles and duties to the Executive Committee

To support the Executive Committee to supervise the business with transparency and highest effective under the Good Corporate Governance policy, to ensure that the management team can reach the policy and business plan of the Company, including with promoting to develop skills, knowledge, and expertise regularly.

### Roles and duties to employees, shareholders and stakeholders.

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

## 3. Independent Director

The Boards shall elect independent director 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 and its Subsidiaries 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

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 31st, 2017 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<sup>th</sup>, 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;

- a) Opinions on the accuracy, completeness and reliability of the Company's financial statements.
  - b) Opinions on the adequacy of the Company's internal controls.
  - c) 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.
  - d) Opinions on the suitability of the auditor.
  - e) Opinions on transactions with conflicts of interest.
  - f) 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<sup>st</sup>, 2017 the Risk Management Committee consist of four (4) members as follows;

1. Mrs. Eng Passakornnatee  
Chairman of the Committee
2. Avm. Nathawat Nimmolthanakorn  
Independent Director / 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.

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 (N&R) 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<sup>st</sup>, 2017 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 the 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.
5. To define the method and criteria for nominating qualified person in advance from minority shareholders for equitable treatment of all shareholders.

## 7. The 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, 2017, the Corporate Governance Committee consists of three (3) members as follows;

1. Mr. Prasan Limpipatanakul  
Independent Director / Chairman of the Committee
  2. Mr. Issarachai Decharit  
Independent Director / Member of the Committee
  3. Mrs. Eng Passakornnatee  
Member of the Committee
- Mr. Sumol Hobumphen is secretary to the Corporate Governance.

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

### Duties and responsibilities of the Corporate Governance Committee

1. To consider, review and propose to the Boards for approval in regard to the 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 contributes 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.

## 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<sup>st</sup> , 2017 the Executive Committee consists of six (6) members as follows;

- |                              |                     |
|------------------------------|---------------------|
| 1. Mr. Tan Passakornnatee    | President           |
| 2. Mrs. Eng Passakornnatee   | Executive Committee |
| 3. Mr. Thiti Jiranonkan      | 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.

5. 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

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.

## Chief Executive Officers (CEO)

The Board of Directors' meeting No. 6/013 dated June 17<sup>th</sup> , 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 Committee or the Boards.

## 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.

## Separation of duties and responsibilities between Chairman of the Boards and Chief Executive Officer

The Company has clearly separated the duties of Chairman of the Boards and Chief Executive Officer hereto;

1) Chairman is responsible as follows:

- Be a leader of the Board of Directors to define the Company's policy and business operations as well as monitoring the Subcommittees to perform their duties in comply with the policy and business plan of the Company.

- To act as Chairman in the Board of Directors' meeting and the Shareholders' meeting (AGM) of the Company.

- To cast a decisive vote in the situation that the votes in the Board of Directors' meeting are equally divided.

2) Chief Executive Officer is responsible for implementing the policy of the Board of Directors and the Executive Committee with effectiveness.





## Management Team

The management team consists of qualified executives under the Public Limited Companies Act B.E. 2535 and related the Notification of the Office of the Securities and Exchange Commission.

As of December 31st , 2017, the Company's management team is composed of five ( 5 ) executives as follows:

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

## The Company Secretary

The Board of Directors has appointed Mr. Apichat Sukachirawat, Senior Vice President, Accounting & Finance, as the Company Secretary, effective from February 18th, 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

The 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 Boards 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 Boards

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 CEO and the Company Secretary will send to the Board of Directors at least 7 days in advance, so the Boards has sufficient time to study the information before joining the meeting. In the meeting, Chairman has allocated sufficient time so that all members of the Boards can discuss and share opinions independently. Chairman of the Board will compile and conclude all comments in the meeting. The meeting has been prepared in a written format by a secretary of the Board of Directors and will approve after the meeting further. Documents have been collected so that the relevant unit can be checked as required. The details of meeting attendance of member of the Boards are shown hereunder;



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Name list	Position	The Boards 'meeting of the year 2017						
		The Board of Directors	The Audit Committee	The Risk Management Committee	The N&R Committee	The Corporate Governance Committee	The Executive Committee	Non Executive
1. Mr. Tan Passakornnatee	Chairman of the Boards/President	5/6	-	-	-	-	12/12	-
2. Mrs. Eng Passakornnatee	Vice Chairman /Chairman of the Risk Management Committee / Member of the N&R Committee/ Member of the CG Committee/ Executive Committee	6/6	-	4/4	3/3	3/3	12/12	-
3. Mr. Thiti Jiranonkan*	Director/Executive Committee	6/6	-	-	-	-	8/12	-
4. Mr. Viroj Supasoon	Director/Member of the Risk Management Committee/ Executive Committee	5/6	-	4/4	-	-	11/12	-
5. Mr. Thanapan Khongnuntha	Director/ Member of the Risk Management Committee/ Executive Committee	6/6	-	4/4	-	-	12/12	-
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	-	-	-	1/1
8. Mr. Prasan Limpipatanakul	Independent Director/ Member of the Audit Committee/ Chairman of the CG Committee/ Member of the N&R Committee	6/6	4/4	-	3/3	3/3	-	1/1
9. Mr. Issarachai Decharit	Independent Director/ Member of the Audit Committee/ Chairman of the N&R Committee	6/6	4/4	-	3/3	3/3	-	1/1
10. Mr. Preecha Augcharanonda	Executive Committee	-	-	-	-	-	11/12	-

Remark: In the year 2017, Mr. Yueh-Chin Chiu had been changed his name to be Mr. Thiti Jiranonkan, and had informed to the SEC and the SET already.





#### Director Term

The Board of Directors comprised of individuals with knowledge, skills, and the company has provided an appropriate number of directors, that comprised of nine persons, which are six executive directors, three independent directors), each director has term three years.

List	Date of appointed in the Shareholders' Meeting Lastest time (Year)	Types of Directors	Recruitment/ Appointment (AGM) as director in the year 2017	Next Appointment (Year)
1. Mr. Tan Passakornnatee	2016	Chairman	No	2019
2. Mrs. Eng Passakornnatee	2014	Director	Yes	2017
3. Mr. Thiti Jiranonkan	2016	Director	No	2019
4. Mr. Viroj Supasoon	2014	Director	Yes	2017
5. Mr. Thanapan Khongnuntha	2015	Director	No	2018
6. Miss Araya Panichayunont	2016	Director	No	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	Yes	2017

## The Remuneration of Directors and Executive

The Company and its Subsidiary have defined the remuneration of directors with clearly and transparency in complying with their roles and responsibility to the Company together with consider 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	45,000	45,000	-	-	-	15,000
Director	35,000	35,000	-	-	-	15,000

### Remuneration for directors

Remuneration in cash for the year ended December 31<sup>st</sup>, 2017.

Total cash remuneration of the Boards, in term of meeting allowances and gratuity amounting in total as following:

Director List	Monthly remuneration and meeting allowances.						Total Remuneration
	Gratuity of the year 2017	The Board of Directors	The Audit Committee	The Risk Management Committee	The Nomination & Remuneration Committee	The Corporate Governance Committee	
1. Mr. Tan Passakornnatee	424,351	-	-	-	-	-	424,351
2. Mrs. Eng Passakornnatee	727,459	-	-	-	-	-	727,459
3. Mr. Thiti Jiranonkan*	121,243	-	-	-	-	-	121,243
4. Mr. Thanapan Khongnuntha	363,730	-	-	-	-	-	363,730
5. Mr. Viroj Supasoon	363,730	-	-	-	-	-	363,730
6. Miss Araya Panichayunont	121,243	-	-	-	-	-	121,243
7. AVM. Nathawat Nimmolthanakorn	424,351	-	540,000	60,000	-	-	1,024,351
8. Mr. Prasan Limpipatanakul	545,595	-	420,000	-	45,000	45,000	1,055,595
9. Mr. Issarachai Decharit	545,595	-	420,000	-	45,000	45,000	1,055,595
<b>Total</b>	<b>3,637,297</b>	<b>-</b>	<b>1,380,000</b>	<b>60,000</b>	<b>90,000</b>	<b>90,000</b>	<b>5,257,297</b>

**Remark:** In the year 2017, Mr. Yueh-Chin Chiu had been changed his name to be Mr. Thiti Jiranonkan, and had informed to the SEC and the SET already.





### Remuneration of Management

In the year 2015 -2017, the Company had paid salary, bonus and other compensation to the management of the Company as follows;

Type	Year 2017		Year 2016		Year 2015	
	No. of Executive (person)	Remuneration (Baht)	No. of Executive (person)	Remuneration (Baht)	No. of Executive (person)	Remuneration (Baht)
Salary	6	28,090,080	6	27,730,080	6	26,195,040
Bonus payment	6	2,133,500	6	1,813,500	6	5,457,300
<b>Total</b>		<b>30,223,580</b>		<b>29,543,580</b>		<b>31,652,340</b>

### Other remuneration

In the year 2015 – 2017 the provident fund that contribution paid by the Company for executive are as following;

Type	Year 2017		Year 2016		Year 2015	
	No. of Executive (person)	Remuneration (Baht)	No. of Executive (person)	Remuneration (Baht)	No. of Executive (person)	Remuneration (Baht)
Contribution to provident fund	6	1,404,504	6	1,380,144	6	1,237,752
<b>Total</b>		<b>1,404,504</b>		<b>1,380,144</b>		<b>1,237,752</b>

### Personnel

The Company and its Subsidiary 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 December 31st , 2017, the Company and its Subsidiary has total employees 316 persons as follows;

### The number of employee in each department.

Department	Number of employees
	December 31 <sup>st</sup> , 2017
1. Office of the CEO	12
2. Financial and Accounting	13
3. Marketing –Beverage Business	24
4. Factory	231
5. Creative	5
6. Marketing Communications	4

Department	Number of employees
	December 31 <sup>st</sup> , 2017
7. IT and Online Marketing	6
8. Human Resources	8
9. Business Development	2
10. Procurement	5
11. Law	3
12. Internal Audit	3
Total	316



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

During the year 2017, the Company increased its manpower in some departments such as Production plant , Risk Management and Marketing -Beverage Business to support business 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 and its Subsidiary 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 level) in the year 2015 – 2017 are as following;

Remuneration (Baht)	Year 2017	Year 2016	Year 2015
Salary	108,659,406	104,035,385	96,612,400
Bonus	8,608,860	10,660,010	18,665,633
Other *	72,539,735	62,091,045	64,140,701
<b>Total</b>	<b>189,808,001</b>	<b>176,786,440</b>	<b>179,418,734</b>

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

## Significant Labor Dispute in the past three(3) years

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

## Human Development Policy

The Company and its Subsidiary recognize 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.
- Presently, training and employee development, the Company will focus on the internal training plan that will cover the entire development capability, attitude and operational functional skills. Development and training have been conducted through in-house and external programs and regularly offered to employees at all level to ensure that our employees are equipped with knowledge and competencies required for their potential performance.





# 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](http://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 (CGR) for 2017

Ichitan Group Public Company Limited (ICHI), revealed that the Corporate Governance Report of Thai Listed Companies (CGR) for 2017, which is conducted by the Thai Institute of Directors (IOD) and The Stock Exchange of Thailand (SET), has rated ICHI as "Excellent" (Excellent CG Scoring). The ICHI was proudly ranked among the Top 40 of the Top Quartile firms within listed companies, which have a market value over 10 billion baht. Additionally, it is one of the 65 companies that have been rated as "Excellent" or have scored more than 90 points. The results of the evaluation reflect the cooperation among directors, executives, and employees in the organization. The firm is aiming at continuously developing corporate governance and also management in order to create a sustainable growth.

The Company has formulated 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 Board of Directors realize 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 Board of Directors 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 2017, the Company had organized the AGM on April 27<sup>th</sup>, 2017 at 14.00 hrs., AVANI Atrium 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 2017 AGM Checklist assessment result of the Company had ranked in “96 points” while the average score of all Thai listed companies under the survey was 91.97 points.

#### Before the Shareholders’ meeting

According to, the Board of Director’s meeting No.1/2018 of the Company which held on February 22<sup>nd</sup>, 2018, had a resolution to organize the 2018 Annual General Meeting of Shareholders (AGM), which would be held on April 25<sup>th</sup>, 2018, 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 62 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 41 days before to the meeting via the Company’s website [www.ichitangroup.com](http://www.ichitangroup.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 : [ir@ichitangroup.com](mailto:ir@ichitangroup.com) before the meeting date. Shareholders are offered the opportunity to appoint independent directors or any other persons as their proxy.

#### On the day of 2017 Annual General Meeting of Shareholder (AGM)

The 2017 AGM which held on April 27<sup>th</sup>, 2017 at 14.00 hrs., AVANI Atrium Bangkok Hotel, 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 2017 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 2017 AGM had been completed within 14 days since the date of the meeting 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.

#### Part 2 Equitable Treatment of Shareholders

The Board of Directors 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 2017, the Company had disclosed during October 2 -December 31, 2017. 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, Company Visit and etcs, 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 2017, 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 Board of Directors 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. Also, the Audit Committee of the Company is independently to consider and audit the process as defined in the policy.

**Customers** : is aiming to provide the maximum profit and satisfaction to all customers by providing the quality products and service.

**Shareholders** : is aiming 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** : is developing human resources continuously including with offer 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** : is aiming 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 and its Subsidiary treat all business partners and competitors with fairness and adhere 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 and its Subsidiary will not acquire information of its business partners and competitors by unethical and unfair. The Company and its Subsidiary are not in any arrears case.



**Community, Society and Environment** : is adhering to operate its business in regard to responsible for Community, Society and Environment and sensitive to issues which might affect the community, society and environment. The Company and its Subsidiary give important on environmental protection, operates in accordance with business ethics and support activities that contribute to the community and society. Also, the Company and its Subsidiary foster the environmental awareness and the sense of social responsibility among its employees. The Company and its Subsidiary will comply to all applicable law and regulation requirement in order to promote and protect the right of stakeholders.

The Company and its Subsidiary realize that all stakeholders and environment that is the part of successful and sustainable growth, therefore the Board of Directors and the 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://www.ichitangroup.com/pdf/corporate/corporate-policy\\_signed.pdf](http://www.ichitangroup.com/pdf/corporate/corporate-policy_signed.pdf) Moreover, the Company has prepared “Sustainable Development Report” in comply with Global Reporting Initiative Standard (GRI) that is separated from the Annual Report for the year 2017 ,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 “Sustainability” [http://www.ichitangroup.com/2016\\_report/index.html](http://www.ichitangroup.com/2016_report/index.html)

In the year 2017 Roles of Stakeholders the Company had been disclosed detail in “Sustainable Development Report”.

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

- To determine other policies such as the policy that is 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 “Sustainable Development Report”, Form 56-1 and post in the Company’s website at <http://www.ichitangroup.com/pdf/corporate/CorporateGovernanceReport.pdf>
- To determine 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 at 6 hrs./person/year.

## Part 4 Disclosure and Transparency

The Board of Directors 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 (Form56-1)/ Sustainable Development Report/ the SET Portal/ the Company’s website ([www.ichitangroup.com](http://www.ichitangroup.com)) as follows:

- (1) To disclose information in comply with relevant regulation and the law which will disclose both Thai and English versions.
- (2) To disclose “Good Corporate Governance Policy” “Business Ethic” and “Investor Relations Code of Conduct” those have been approved by the Board of Directors.
- (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) To define the scope of roles and responsibilities of the Board of Directors and the Sub committees including with the meeting attendance in past year and opinion in regard to their performance.
- (5) To 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” in Annual Report and Annual Filing (Form56-1).





(6) To 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) To appoint an independent auditor and reliable which is an auditor who is approved by the Securities and Exchange Commission Thailand (the SEC)

(8) The Board of Directors give important on prohibit directors, executive and employees from using their positions for personal benefit. As defined in "Business Ethics" in regard to directors, executive and employees shall avoid connected transactions that may be conflict of interest with the Company and its Subsidiary. If necessary, the transaction shall be carried out at "Fair at Arm's Length", including directors, executive and employees who have an interest in the transactions, he/she must not be involved in the approval process of the connected transaction in comply with the notification of the SET and the SEC and related law.

#### Investor Relations Section (IR)

The Board of Directors 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, 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 <http://www.ichitangroup.com/investor.php> section "INVESTOR RELATIONS". Also, the Company and its Subsidiary emphasize 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 2017, the Company has disclose its information through one on one meeting, the Company Visit, "Opportunity Day" at the Stock Exchange of Thailand, including with can contact Investor Relations, Miss PRONPAK Chanphongsri via Email: [ir@ichitangroup.com](mailto:ir@ichitangroup.com), Telephone: +662 716 5555.

In the year 2017, the Company had organized the channel to disclose information to shareholders, investors, Analyst hereto;

Shareholders, investors, Analyst can follow disclosure schedule via the Company's website "IR Calendar", "IR Newsletter" and "Shareholders and Investor News" through [http://www.ichitangroup.com/investor.php/ir\\_calendar](http://www.ichitangroup.com/investor.php/ir_calendar) and the SET's website



No.	Information Disclosure in the year 2017	Time
1	Press conference for launching new product-T247 and interviewed operating result of previous year.	1
2	CEO and top executive have a meeting with Value Investor Group (VI) about 15-30 persons (Company Visit) December 20th ,2017.	1
3	CEO and top executive welcome NIKKEI BUSINESS SCHOOL, an exclusive group of Japanese businessmen and investors at ICHITAN Green Factory.	1
4	Money Channel interviewed Mr.Tan Passakornatee, CEO of "ICHITAN Group" through "Hard Topic Program" November, 20th ,2017. <a href="https://youtu.be/Ed0xnVTxpmM?t=3m26s">https://youtu.be/Ed0xnVTxpmM?t=3m26s</a>	1
5	Annual General Meeting of Shareholder (AGM) , April 27 <sup>th</sup> , 2017	1
6	To disclose information through the SET Portal of the Stock Exchange of Thailand. <a href="https://www.set.or.th/set/companynews.do?symbol=ICHI&amp;ssoPageld=8&amp;language=th&amp;country=TH">https://www.set.or.th/set/companynews.do?symbol=ICHI&amp;ssoPageld=8&amp;language=th&amp;country=TH</a>	20 items
7	To join Opportunity Day. <a href="http://setlive.thaivivestream.com/player/?section=533&amp;event=ICHI">http://setlive.thaivivestream.com/player/?section=533&amp;event=ICHI</a>	2
8	To organize Analyst Meeting with: Investor and Institutional investor.	2
9	To do IR Newsletter.	2
10	To provide information to investor/shareholder/analyst through conference call at 14 lines / Email 8 times.	
11	The Company has Corporate Communication Department that is responsible to deliver Press Release and Public Relation news about the company throughout the year.	

## Part 5 Responsibilities of the Board of Directors

The Board of Directors is the key role to define the policy such as Good corporate governance, Anti-Corruption, Sustainable Development Policy and Business Ethics for the best benefit to the Company, as a result the Company has set the policy in regard to responsibility of the Board of Directors such as the Boards' structures, Qualification of directors and 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 terms 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 five (5) Sub-committees which have defined their role in "Nomination of Directors and Executive committee" hereto;

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

1.3. Chairman of the Board of Directors, President of the Executive Committee 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 Board of Directors 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 2017, directors' attendance has organized six (6) meetings and one (1) meeting is the meeting without non-executive director (NED).

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

2.2. The Board of Directors decentralizes its authority for supervising efficiency and transparency management. The Boards has appointed the Audit Committee to support 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 in regard to Chief Executive Officer (CEO).

2.3. Chairman of the Audit Committee /Chairman of the Nomination and Remuneration Committee/Chairman of the 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 Board of Directors 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 Committee 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 have been prepared in written format then send to all director, executive and employee via E-mail, arrange the meeting and post to the Company's website for practical guideline within the organization. The penalty has also been defined, if there is violation to the policy. The Company has disclosed business ethics on its website at "Corporate Governance" [http://www.ichitangroup.com/corporate\\_governance1.html](http://www.ichitangroup.com/corporate_governance1.html)

3.3. To conduct the policy to reach corporate goal and to steer the business in a direction that will maximize benefit to shareholders including with benefit to all stakeholders. Prohibiting from seeking any personal interest or whoever. The Boards will not perform any of the conflict or compete with the interests of the Company and its Subsidiary. The Boards shall 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.

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 is responsible to manage the Company and its Subsidiary in comply with the Connected Transaction policy and General Management Policy.

#### **4. Directorship in other listed companies.**

The Board of Directors has defined the policy to take a position as a "director" of the Company's director and Chief Executive Officer level in other listed companies that is limited to three (3) companies. Presently, the Company's directors and Chief Executive Committee all of nine (9) persons, are not taking any directorship in other listed company more than three (3) companies.

#### **5. Term of Independent Director**

The Board of Directors has defined "Term of independent director policy" that shall not over nine (9) years. Presently, all independent directors consist 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 equitable 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 "Corporate Governance" subtopic "Business Ethics" [http://www.ichitangroup.com/corporate\\_governance1.html](http://www.ichitangroup.com/corporate_governance1.html)

#### **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 be reported to the Company about their relationship or connection in regard to transaction, and shall not be participated 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 Board of Directors has recognized the importance of the internal control system at operational and managerial levels as a key contributor to business excellence. Therefore, the Boards 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 appear in “ Internal Control , Internal Audit system and Anti-Corruption Policy”)

## 9. Risks Management

The Board of Directors has assessed sufficiency of existing internal control system in order to improve the process of its operations with effectiveness. (more detail show in “Risks Factor and Risks Management”)

## 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 Board of Directors is responsible to financial statements of the Company and its Subsidiary , and financial information which have been disclosed in 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 whole Boards ,the Sub Committee, the Sub Committee, individual 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 and the year 2017 as follows;

1) Self-Assessment of the board of directors as a whole; Total 60 criteria, Total 240 scores, resulted average score of 92.4%, rating level **Excellent**

2) Self-Assessment of the Sub-committee Total 36 criteria, Total 144 scores, resulted average score of 96.2%, 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 96%, rating level **Excellent**

4) CEO Evaluation Form by Chairman of the Nomination and Remuneration committee Total 54 criteria, Total 216 scores, resulted average score of 97.7%, rating level **Excellent**

### The process of the Board of Directors assessment.

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 2017, the assessment have been done on August 10th , 2017 and the Company Secretary has informed to the Boards for acknowledge on November 8<sup>th</sup> , 2017.

### 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 role, 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 Board of Directors 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 best interest of the Company and shareholders. The director remuneration is subject to be approved by the annual general meeting of shareholders. The remuneration of directors and executives have been 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 Board 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.

- 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 2017, 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.

- Knowledge Development

The Board of Directors supports directors and executives to attend the seminar course useful for function as well as meet and exchange opinions with the Boards. The Company Secretary is assigned to be the coordinator with directors and executives to attend the director training course of Thai Institute of Directors. In the year 2017, the Company had supported director to develop their knowledge hereto;

## Training Course that attended by Directors in the year 2017.

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) DAP Class 12/2004 2) FBG Class 6/2016	
2) Mrs. Eng Passakornnatee	Director / Chairman of the Risk Management Committee/ Member of the Nomination and Remuneration Committee/ Member of Corporate Governance Committee/ Senior Executive Vice President (Executive Committee)	1) DAP Class 12/2004 2) DCP Class 44/2004 3) FBG Class 6/2016	<u>Developing CSR Practitioners' Skills for Sustainable Development for the year 2017:</u> P01: CSR for Corporate Sustainability S01: Strategic CSR Management S02: Supply Chain and Stakeholder Engagement S03: Corporate Social Initiatives for Sustainable Development S04: Sustainability Risk and Materiality Analysis S05: CSR Evaluation and Data Management S06: Sustainability Reporting
3) Mr. Thiti Jiranonkan	Director (Executive Committee)	1) DAP Class 12/2004 2) FBG Class 6/2016	
4) Mr. Viroj Supasoon	Director/ Member of Risk Management Committee/ Executive Vice President, Factory Department (Executive Committee)	1) DAP Class 106/2013 2) RCL Class 5/2016	<u>Developing CSR Practitioners' Skills for Sustainable Development for the year 2017:</u> P01: CSR for Corporate Sustainability S01: Strategic CSR Management S02: Supply Chain and Stakeholder Engagement S03: Corporate Social Initiatives for Sustainable Development S04: Sustainability Risk and Materiality Analysis S05: CSR Evaluation and Data Management S06: Sustainability Reporting
5) Mr. Thanapan Khongnuntha	Director/ Member of the Risk Management Committee/ Executive Vice President- Beverage Business (Executive Committee)	1) DAP Class 106/2013 2) RCL Class 5/2016 3) BMT Class 4/2017	
6) Air Vice Marshal (AVM) Nathawat Nimmolthanakorn	Independent Director / Chairman of the Audit Committee/ Member of the Risk Management Committee	1) DAP Class 106/2013 2) AACCP Class 16/2014 3) RNG Class 8/2016 4) ELP Class 9/2017	Federation of Accounting Professions under the Royal Patronage: Audit Committee Seminar Get Ready for Year End
7) Mr. Issarachai Decharit	Independent Director/ Member of the Audit Committee / Chairman of Nomination and Remuneration Committee/ Member of Corporate Governance Committee	1) DAP Class 27/2004 2) AACCP Class 17/2014 3) RNG Class 8/2016 4) ELP Class 9/2017	Federation of Accounting Professions under the Royal Patronage: Audit Committee Seminar Get Ready for Year End
8) Mr. Prasan Limpipatanakul	Independent Director / Member of the Audit Committee/ Chairman of Corporate Governance Committee/ Member of the Nomination and Remuneration Committee	1) DAP Class 106/2013 2) AACCP Class 16/2014 3) RNG Class 8/2016 4) ELP Class 9/2017	Federation of Accounting Professions under the Royal Patronage: Audit Committee Seminar Get Ready for Year End
9) Miss Araya Panichayunont	Director / Deputy Financial Director	1) DAP Class 106/2013 2) RCL Class 5/2016 3) BMT Class 4/2017	

### 15. Compliance with other Corporate Governance Principle

The Board of Directors, 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 2017, no non-compliance was occurred.





# Control of the use of Inside Information

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

1. Director, executive, employee and staff, shall protect confidential information and/or inside information of the Company and its Subsidiary.
2. Director, executive, employee and staff, shall not disclose confidential information and/or inside information of the Company and its Subsidiary to acquire personal interest for themselves or benefit of others either directly or indirectly, whether he/she will receive compensation from such disclosure or not.
3. Director, executive, employee and staff, including their spouse and underage children shall not use inside information of the Company and its Subsidiary for the benefit of their securities trading and securities transfer transactions or legal acts which may cause damage to the Company and its Subsidiary either directly or indirectly. Violation of this rule is considered a grave offence.
4. The Company and its Subsidiary have defined guidelines for protecting to use inside information wrongfully. The Company and its Subsidiary have prohibited director, executive and employee at vice president level up to access to inside information, including with involved person to trade the Company’s stock during the period of one (1) month before the Company and its Subsidiary will disclosed quarterly and annual financial statements and 48 hours after it disclosed the important information.
5. The Company and its Subsidiary have defined director, executive and employee at vice president level up, shall report of his/her securities trading to the Company within the day that he/she have reported to the Securities and Exchange Commission (the SEC) in comply with the regulation guideline of the Stock Exchange of Thailand, Remark: Please consider 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 and its Subsidiary have defined “Control of the use of the inside information Policy” to prevent and prohibit to use of inside information for personal benefit, especially non-public financial information, by limiting the person to know confidential information. Also, the Company and its Subsidiary have 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 and its Subsidiary are required to report his/her 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

According to, a resolution of the Board of Directors' meeting No.2/2018, which held on March 20, 2018 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 Board 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 and its Subsidiary had monitored internal control system of each issue in a sufficient level which can be summarized hereunder;

### Control within Organization

The Company and its Subsidiary have good organization structure and working environment which cause its internal control systems is effectively. The Company and its Subsidiary have 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 and its Subsidiary have defined its target business operation and annual budget to measure and use as the guidance in operation for motivating its employees. The Company and its Subsidiary have improved personnel management system by developing pay-on-performance to motivate employees reasonably and adequately. The Company and its Subsidiary have 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 and its Subsidiary. The Company and its Subsidiary have defined the regulations in comply with the principle and operation guidelines of the Stock Exchange of Thailand and applicable internationally regulation and disclose in the Annual Report. Also, the Company and its Subsidiary have defined the best general practices, quality control manual and systematically process of authorization at each level. The Company and its Subsidiary are required to treat its business partners and its competitors with fairness.

### Risks Management

The Company and its Subsidiary have attached significance to risk management and defines the Company's risk assessment methodology align 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. Internal fraud is another risk issue that the Company and its Subsidiary have 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 are 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 Board of Directors regularly meets to strategically prevent, mitigate and manage risks which might harm the Company's performance, business or reputation. The Company and its Subsidiary also set risk management team in charge of Internal Audit Department to monitor.

### Management Control

The Company and its Subsidiary have 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 and its Subsidiary handle its business in related to the laws and are 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 and its Subsidiary have 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 and its Subsidiary have never found any risk case that is against to the law. Any related transaction with the Company and its Subsidiary or involved persons, the Company and its Subsidiary shall comply with regulations of the SET and the SEC in its treatment with related to the Company and its Subsidiary or persons who are as external parties and highest benefit to the Company and its Subsidiary. Transaction shall conduct in regard to approve by the Board of Directors and then 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 and its Subsidiary have managed the effective communication of internal and external information, there is management system with good and complete documentation system in comply with 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 acquire 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 and its Subsidiary shall prepare information completely including with related documents and propose to the Board of Directors and shareholders in advance, not less than 14 days before a meeting day. The Company Secretary will provide the advice of important regulations to the Board of Directors and coordinate with 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 the 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 and its Subsidiary have performed in compliance with the general Thai accounting standard principle and properly to its business as well as sufficiency disclosing information. The Company and its Subsidiary provide channels for two ways communication with all stakeholders such as Complaint Center / Call Center / Investor Relations section, in order to know the problem that may arise.

### Follow-up System

In the year 2017, the Company and its Subsidiary 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 followed up the system of business operation by comparing with the target planning and budgeting through the meetings that held monthly and may 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 2017, the Executive Committee had revised and updated the medium plan then proposes 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 significantly defect which may found to the Audit Committee and the Board of Directors for considering and resolving such problems within suitable time. The Company and its Subsidiary have authorized to audit and review operations regularly with annual plan by informing the Audit Committee and report to the Board of Directors immediately on any matters that may occur 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 and its Subsidiary, the Audit Committee can be concluded that the Company and its Subsidiary have sufficient Internal Control System.

### Internal Audit Manager

The Audit Committee of Ichitan Group Public Company Limited (the Company) and its Subsidiary 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 who 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 and its Subsidiary, 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 and its Subsidiary have 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 and its Subsidiary.





# Anti-Corruption Practice

Ichitan Group Public Company Limited (“the Company”) and its Subsidiary are 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.

## 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”) and its Subsidiary recognize the importance of 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 and its Subsidiary 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 transparency 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 and its Subsidiary have promoted knowledge by organizing training and seminar for encouragement and cultivation of corporate ethics.

- The Company organized in-house training for executive and employees.
- The Company's policy is to promote its business partners and stakeholders to simultaneously grow. herefore, 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 employees 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 2017, none of suggestion from employees.

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

## 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 and its Subsidiary in exchange for business advantages. This shall exclude the participation of employees as individuals in political activities according to their civil liberties. The Company and its Subsidiary have adopted non-partisan approach and does not take any political side nor directly or indirectly use as mention in above paragraph, to any political party or politician in exchange for preferential treatment.

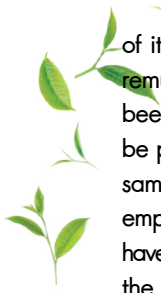
The Company and its Subsidiary have set Political Contribution Policy hereto;

- 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 encourages its employees to exercise their voting rights under the constitution.

## Receiving Gifts, Assets or Benefits Policy

The Company and its Subsidiary stipulate 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. The policy includes;

- To receive 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.





- To receive and give 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 gift 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 transparency 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.
- To offer incentive and reward: 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**

The Company and its Subsidiary have 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**

The Company and its Subsidiary encourage 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 and its Subsidiary have 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:

- The cases that relate 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.
- The cases that relate to President should be filed with the Audit Committee.

#### **3. Whistleblowers**

Employee or staff of the Company and its Subsidiary and third parties who witness or have concern about noncompliance 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

Employee 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 that 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. Changing 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 : 02-716-5555
- 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 The Audit Committee
- 6.7 The 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 CEO shall be submitted 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 submitted to the Boards 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 2017, the reporting or corruption violation that related to the Company and its Subsidiary 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 and its Subsidiary.



**ICHITAN**  
**Organic Products**





# Connected Transaction

## Nature and the policy of connected transactions.

Ichitan Group Public Company Limited (the Company) and its Subsidiary, have been disclosed the details of its connected transactions with the entities and persons who may have conflicts of interest in the 2017 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 2017, the Company has significant business transactions with its related parties, which are in comply with trading conditions and agree upon between the Company and related parties, as well as align with the normal business transaction.

## 1) Persons who may have conflicts of interest and relationship with Chairman of the Board of Directors.

Related Party	Relationship
1. Mr. Tan Passakornnatee ("Mr. Tan")	Chairman / Director / major shareholder of the Company.
2. Mrs. Eng Passakornnatee ("Mrs. Eng")	Director / major shareholder of the Company, the spouse of "Mr. Tan"
3. Miss Varisa Passakornnatee ("Miss Varisa")	Major shareholder of the Company, the daughter of "Mr. Tan"
4. Mr. Passakorn Passakornnatee ("Mr. Passakorn")	Major shareholder of the Company, the son of "Mr. Tan"
5. Miss Klainatee Passakornnatee ("Miss Klainatee")	Major shareholder of the Company, the daughter of "Mr. Tan"
6. I Am Green Tea Co., Ltd. (IGT) Distributes beverage products of the Company and is granted the right from Mr. Tan to produce and sell products with Mr. Tan's pictures, drawings, symbols and work of design of Mr. Tan for 5 years.	Miss Tantita Passakornnatee, the elder sister of "Mr. Tan" and has total shareholding of 80.0% in IGT.
7. Japanese Prime Restaurants Management Co., Ltd. (JPRM): operates restaurant business	- "Mrs. Eng" is director of both the Company and JPRM. - Mr. Tan and "Mrs. Eng", are major shareholders and have mutual shareholding in total proportion of 96.0% in JPRM.
8. Passakornnatee Co., Ltd. (PAS): operates hotel business.	- "Mrs. Eng" is director of both the Company and PAS. - "Mrs. Eng", "Mr. Passakorn" and "Miss Varisa", are major shareholders and have mutual shareholding in total proportion of 100% in PAS.
9. Kin Kub Tan Co., Ltd. (KIN): operates restaurant business.	- "Mrs. Eng" is director of both the Company and KIN. - "Mrs. Eng" is major shareholder and has total shareholding of 79.7% in KIN.
10. Tan Asset Co., Ltd. (TAN): operates land leasing and soccer field rental service.	"Mr. Tan", "Mrs. Eng" and "Miss Varisa", are major shareholders and have mutual shareholding in total proportion of 91.1% in TAN.
11. Ezili Co., Ltd. (EZL): operates restaurant business.	"Miss Varisa" is major shareholder and has total shareholding of 52.8% in EZL.
12. Tan Boon Co., Ltd. (TANBOON): operates real estate business.	- "Mrs. Eng" is director of both the Company and TANBOON - "Mr. Tan", "Mrs. Eng", "Mr. Passakorn" and "Miss Klainatee", are major shareholders and have mutual shareholding in total proportion of 100% in TANBOON.
13. T.Y. Marriage Studio Co., Ltd. (TYM): operates wedding studio business.	- "Mrs. Eng" is director of both the Company and TYM. - "Mrs. Eng" is a major shareholder and has total shareholding of 65.0% in TYM.

14. Tan Eng Asset Co., Ltd. (TEA): operates real estate business

- "Mrs. Eng" is director of both the Company and TEA.
- "Mr. Tan" and "Mrs. Eng", are major shareholders and have a mutual shareholding in total proportion of 91.1% in TEA.

15. Tiger Wings Krub Co., Ltd. (TIGER): operates Television production entertainment, Advertising and Media.

- "Mr. Tan" and "Mrs. Eng", are directors of both the Company and TIGER.
- "Mr. Tan" and "Mrs. Eng", are major shareholders and have mutual shareholding in total proportion of 50.0% in TIGER.

16. Kin Rong Deum Co., Ltd. (KRD): operates Restaurant and Karaoke business

- "Mrs. Eng" is a major shareholder and has total shareholding in the proportion 48.8% in KRD.

## 2) Connected Transactions of the Company, the Subsidiary company and related persons who may have a conflict of interest.

In the year 2017 and year 2016, the Company entered into transactions with persons who may have conflicts but the transaction do not occur any conflict of interest. As detailed in the table hereunder;

Related Party	Transaction	Transaction Value (MB)		Necessity and Rationale
		Year 2017	Year 2016	
1. I Am Green Tea Co., Ltd. (IGT)	Revenue from sales. Outstanding balance at the end of the accounting period.	563.58 35.15	657.75 40.67	<ul style="list-style-type: none"> <li>● Sales of the Company's beverage products to IGT which was the Company's distributor through the traditional trade channel under the agreement dated 20 June 2014, effective from 1 July 2014 – 30 June 2017. The agreement was renewed on 1 July, 2017 and is valid from 1 July 2017 – 30 June 2020.</li> <li>● 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.</li> </ul> <p><u>Audit Committee's Opinion</u></p> <p>The Audit Committee viewed that the target customers of IGT, those 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 transaction was reasonable and in the normal course of business operations.</p>



Expenses on sales promotion activity. (Monthly Premium)	52.14	62.05
Outstanding balance at the end of the accounting period.	3.06	11.87

● Reimbursements paid to distributors for giveaways offered to customers under the monthly sales promotion, 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 premium 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 2017	Year 2016	
1. I Am Green Tea Co., Ltd. (IGT) (Cont.)	Expenses on promotional activities – Premium	0.26	0.87	<ul style="list-style-type: none"> <li>● 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)</li> <li>● The transaction was 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.</li> </ul> <p><u>Audit Committee's Opinion</u></p> <p>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 had 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 was benefit to the Company and conditions of the transaction was in line with the license agreement. The Audit Committee opined that transactions was reasonable, fair and benefit to the Company.</p>



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2. Japanese Prime Restaurants Management Co., Ltd. (JPRM)	Food and Beverage.	0.09		<ul style="list-style-type: none"> <li>Meal expenses for the Company's customers and the meal prices was at the same rates applicable to other customers of JPRM.</li> </ul> <p><u>Audit Committee's Opinion</u></p> <p>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 transaction was reasonable and in the normal course of business.</p>
3. Passakornnatee Co., Ltd. (PAS)	Hotel accommodation expenses.	0.07	0.01	<ul style="list-style-type: none"> <li>Expenses on hotel accommodation paid to PAS which operates Villa Maroc Resort in Pranburi, Prachuap Khiri Khan Province for room rentals under its PR event such as thank-you parties for members of the media.</li> <li>Room discount of around 50% was offered.</li> </ul> <p><u>Audit Committee's Opinion</u></p> <p>The Audit Committee viewed that transactions were beneficial to the Company given the special discount of 50% offered to the Company for its PR events. Transaction was considered beneficial, reasonable and in the normal course of business.</p>
4 . Kin Kub Tan Co., Ltd. (KIN)	Food and Beverage expenses.	0.28	0.72	<ul style="list-style-type: none"> <li>Meals at KIN for customers of the Company.</li> <li>The meals were charged at the normal rate applied to other customers of KIN.</li> </ul> <p><u>Audit Committee's Opinion</u></p> <p>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</p>

To purchase raw materials and equipment.	0.42	0.38	<ul style="list-style-type: none"> <li>Purchase of ice cream(jelato) and equipment under the brand of " Melt Me" for selling of ice cream at Tan Land Museum, Rojana Industrial Park.</li> </ul>
Outstanding balance at the end of the accounting period.	0.03	0.05	<ul style="list-style-type: none"> <li>The transactions were at cost price.</li> </ul> <p><u>Audit Committee's Opinion</u></p> <p>The Audit Committee viewed that ransactions were reasonable and beneficial to the Company, in addition, the said transaction, buy and sell at price higher than cost and benefit to the Company. Thus, the Audit Committee viewed that the transactions were reasonable and in the normal course of business.</p>





5. Tan Asset Co., Ltd. (TAN)	Expense to buy book.			<ul style="list-style-type: none"> <li>● Purchase of the books titled "Wi Thee Mai Tan" from TAN as gifts and sell at Tan Land Museum, Rojana Industrial Park.</li> <li>● The transaction was at cost price.</li> </ul> <p><u>Audit Committee's Opinion</u></p> <p>The Audit Committee viewed that the transaction was reasonable and beneficial to the Company because the gifts helped promote the Company and the books were sold to the Company at wholesale prices.</p>
	Expense for Billboard rental.	0.37	0.36	● To rent for promoting the brand in accordance with annual marketing budget plan of the Company for year 2016 and year 2017.
	Outstanding balance at the end of the accounting period	0.03	-	<ul style="list-style-type: none"> <li>● The billboard rental was 40% discounted.</li> </ul> <p><u>Audit Committee's Opinion</u></p> <p>The Audit Committee opined that the billboard advertisements contributed to brand communication, promotion and public relation. The transactions were in the normal course of business operation and were at 40% discounted. Thus, it was concluded that the transactions were benefit to the Company and thus were reasonable and in the normal course of business operations.</p>
6. Ezili Co., Ltd. (EZL)	Entertainment expenses.	0.01	0.03	<ul style="list-style-type: none"> <li>● Expenses on meals at EZL for the Company's customers which was charged at the same rates applicable to other customers of EZL.</li> </ul> <p><u>Audit Committee's Opinion</u></p> <p>The Audit Committee viewed that transaction was at the same rates applicable to other customers of EZL and thus were reasonable and in the normal course of business operations.</p>
7. Tan Boon Co., Ltd. (TANBOON)	Hotel accommodation expenses.	0.04	0.47	<ul style="list-style-type: none"> <li>● Expenses on hotel accommodation paid to TANBOON which operates Eastin Tan Hotel in Chiangmai province for promotional activities of the Company and its customers.</li> <li>● Special discount was offered.</li> </ul> <p><u>Audit Committee's Opinion</u></p> <p>The Audit Committee viewed that transaction was benefit to the Company that given the special discount offered to the Company for room rentals under its PR events. The transaction was considered beneficial, reasonable and in the normal course of business.</p>
8. T.Y. Marriage Studio Co., Ltd. (TYM):	Other Service fee		0.04	<ul style="list-style-type: none"> <li>● To take pictures and make up for the preparation of the annual report by TYM.</li> <li>● Offered 50% discounted.</li> </ul> <p><u>Audit Committee's Opinion</u></p> <p>The Audit Committee opined that transactions was in the normal course of business operation and was at a discounted. Thus, it was concluded that the transactions were beneficial to the Company and reasonable.</p>
9. Tan Eng Asset Co., Ltd (TEA):	Billboard rental expenses.		0.43	<ul style="list-style-type: none"> <li>● To rent for promoting the brand in accordance with annual marketing budget plan of the Company for year 2017.</li> <li>● The billboard rental was 40% discounted.</li> </ul> <p><u>Audit Committee's Opinion</u></p> <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>

Related Party	Transaction	Transaction Value (MB)		Necessity and Rationale
		Year 2017	Year 2016	
10. Tiger Wings Krub Co.,Ltd. (TIGER):	Billboard rental expenses.	-	2.20	<ul style="list-style-type: none"> <li>Promoting brands and build good image of the Company that sharing to the society through “Tiger Wings Krub” Program in accordance with the marketing budget plan for the year 2017.</li> <li>Fee Charged at the same rates applicable to other customers of TIGER</li> </ul> <p><u>Audit Committee’s Opinion</u></p> <p>The Audit Committee opined that the program contributed to public relation and builds good image of the Company that sharing to the society in accordance with the marketing budget 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>
11. Kin Rong Deum Co., Ltd. (KRD):	Entertainment expenses	0.08	0.05	<ul style="list-style-type: none"> <li>The transaction adopted by the Company to purchase food from KRD and charge at rates applicable to other customers of KRD.</li> </ul> <p><u>Audit Committee’s Opinion</u></p> <p>The Audit Committee viewed that transaction was at the same rates applicable to other customers of KRD and thus was reasonable and in the normal course of business operations.</p>
12. Mrs. Eng Passakornnatee	Promotional expense.		10.0	<ul style="list-style-type: none"> <li>The promotion “Summer Campaign for the year 2017 “, the promotion that was approved by the Executive Committee.</li> <li>Then, comparing the sale price was lower than the appraised value of securities by an independent appraiser.</li> </ul> <p><u>Audit Committee’s Opinion</u></p> <p>The Audit Committee opined that the transaction was benefit to the Company. The purchase price was lower than the appraised value. And, the transaction was along with the promotional activities of the Company, transaction was beneficial to the Company and reasonable as well as it was normal business practices.</p>
13. Miss Varisa Passakornnatee	Promotional expense.		15.0	<ul style="list-style-type: none"> <li>The promotion “Summer Campaign for the year 2017 “, the promotion that was approved by the Executive Committee.</li> <li>Determined the selling price by comparing and it was lower than the sell price of that had been announced.</li> </ul> <p><u>Audit Committee’s Opinion</u></p> <p>The Audit Committee opined that transaction was beneficial to the Company. The purchase price was lower than the price in the market, as well as along with promotional marketing activities of the Company, the transaction was benefit to the Company and reasonable as well as it was normal business practices.</p>





### 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 approval principles, the Company may enter into connected transactions in the future, as a result the Company proposes the management team to be approved, if the transactions are the general commercial terms that ordinary persons would agree with another party under similar circumstances, including with the basis of commercial negotiation which is not influenced by his/her position as a director, executive or related party.

The connected transaction shall report to the Audit Committee's meeting quarterly.

In case of Directors, members of the Executive Committee, Chief Executive Officer, and persons who has conflict of interest, he/she do not have the authority to approve the transaction with the Company, in comply with the requirements and rules that defined by Securities and Exchange Commission Thailand (the SEC) and the Stock Exchange of Thailand (the SET).

Moreover, if the Connected transactions which are over the scope of expertise of the Audit Committee, it shall be considered by independent expert to give opinions for supporting on such transactions that will consider and make decision by the Board of Directors and the Audit Committee or shareholders as applicable. The connected transactions shall disclose in the Notes to the financial statements which has 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, all transactions shall comply and approve under the connected transaction term.



## 6) Summary of Key Contract/Agreement

### 6.1 To appoint Distributor Agreement

On 20th 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 1st July, 2014 to 30th June, 2017. In addition, the agreement had been renewed on 1st July, 2017 and effective 1st July, 2017 to 30th June, 2020.

Parties to Agreement	: I Am Green Tea Co., Ltd ("the distributor") and the Company ("the manufacturer")
Date of Agreement	: 1st July, 2017
Effective Date	: 1st July, 2017
Term of Agreement	: 3 years (1st July, 2017 – 30th June, 2020)
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 Goods to Distribution Center	: The distributor shall ensure that it has sufficient warehouse space for storage of the products that delivered to the distributor by the manufacturer. The manufacturer shall deliver products to distribution centers as specified by the distributor and shall not less than the 30-day notice in advance from the distributor. The delivery cost and expense shall be responsible by the manufacturer.
Product Ownership	: Products that stored at distribution centers, are owned by the distributor.
Marketing and Promotional Expenses	: The expense shall be responsible by the manufacturer.
Expenses on Product Recall	: <b>Recall caused by the manufacturer's error: The manufacturer shall be responsible for the costs and expenses in regard to recall of defective products.</b> <b>Recall caused by product defects: The manufacturer agrees to be responsible and pay compensation to the distributor at the agreed prices.</b> <b>Recall caused by the distributor's error: The manufacturer shall not be responsible for such recall.</b>
Agreement Cancellation	: The agreement cancellation may be initiated on a reasonable situation by a party to the agreement who does not breach the agreement, he/she has the right to cancel the agreement hereunder: 1) Either party to the agreement is in solvency, bankruptcy, business dissolution or liquidation. 2) Either party to the agreement breaches this agreement or fails to honor obligations under this agreement within 30 days from receiving the notice thereof from another party.





- 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 over 3 years after the agreement have been 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")
- Date of Agreement : 1st July, 2016
- Effective Date : 1st July ,2016
- Term of Agreement : 5 years (1st July ,2016 – 30th June ,2021)
- License Fee : Waiver of fees and charges for the licensee under this agreement.
- Manufacturing and Selling 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 to 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 directorship in other company.																	
Name	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Mr. Tan Passakornnatee			D											D			
Mrs. Eng Passakornnatee	D	D	D	D	D	D		D		D	D	D	D	D	D	D	D
Mr. Thiti Jiranonkan								D		D							
Miss Araya Panichayunont							D				D						
Mr. Preecha Augcharanonda																	
Mr. Viroj Supasoon																	
Mr. Tanapan Khongnuntha																	
AVM. Nathawat Nimmolthanahorn																	
Mr. Prasan Limpipatanakul																	
Mr.Issarachai Decharit									D								

Note : C = Chairman D = Director ID = Independent Director // = Chairman of the Audit Committee  
AC = Audit Committee ED = Executive Director

## List of companies

- |   |   |   |                             |
|---|---|---|-----------------------------|
| 1 = Tan and Tan Sriracha Asset Co.,Ltd. | 6 = Passakornnatee Co.,Ltd.             | 11= Diew Diew Kab Tan Co.,Ltd.                | 16 = Kin Kab Tan Co.,Ltd.   |
| 2 = Eng Tan Asset Co.,Ltd.              | 7 = Lopburi Inn Plaza Co.,Ltd.          | 12 = Victoria's Wedding Professional Co.,Ltd. | 17 = Tan Eng Asset Co.,Ltd. |
| 3 = Tiger Wings Krub Co.,Ltd.           | 8 = Wedding Business Consultant Co.,Ltd | 13 = The Classic Studio Co.,Ltd.              |                             |
| 4 = DST Asset Co.,Ltd.                  | 9 = Global One Capital Co.,Ltd.         | 14 = Tan and Tan Asset Co.,Ltd.               |                             |
| 5 = Gluay Gluay Co.,Ltd.                | 10 = Thank You Service Co.,Ltd.         | 15 = Marry Me Wedding Studio Co.,Ltd.         |                             |





# Management Discussion and Analysis of Financial Position and Operating Result

## 1. Overview operating result.

### Revenue

In year 2017, the Company had earned from sales of 5,687.5 million Baht, increased by 6.5 % from the previous year, which earned 5,338.3 million Baht and export sale volume increased by 1,337 % from previous year but domestic sale revenue decreased by 20.6 % while as EBITDA was 877.3 million Baht, down 4.4 % from previous year which had 918.1 million Baht. Also, net profit had earned 315.1 million Baht, down 14.5 % from previous year which had 368.5 million Baht, due to mainly from RTD tea market in domestic which was slow down and intense price competition.

Revenue Structure	Year 2017		Year 2016		Year 2015	
	million Baht	%	million Baht	%	million Baht	%
Revenue from sale of goods	5,687.5	99.4	5,338.3	99.6	6,339.6	99.7
Other income	31.5	0.6	23.5	0.4	17.2	0.3
Total income	5,719.0	100.0	5,361.8	100.0	6,356.8	100.0
Market share * (%)	32.8		40.4		43.4	
Total number of flavor	21 flavors		24 flavors		17 flavors	

Source: Retail Index of Nielsen.

### Cost of sale of goods

During the year 2015 to year 2017, mainly cost of sales of the Company was raw material and consumable which accounted for around 70% - 80% of total cost of sales. More detail show in the table bellowing;

Cost of sale of goods	Year 2017		Year 2016		Year 2015	
	million Baht	%	million Baht	%	million Baht	%
Raw materials, supplies and changes in inventories of finished goods	3,069.4	70.8	2,881.5	73.1	3,172.0	75.3
Depreciation and amortization	511.8	11.8	499.2	12.7	474.2	11.3
Utility expenses (Fuel Gas, Electricity , Tap water)	230.5	5.3	182.9	4.6	216.9	5.1
The cost of transportation	33.0	0.8	36.3	0.9	43.9	1.0
Employee benefit expenses	132.7	3.1	124.1	3.1	125.5	3.0
Other	357.2	8.2	219.9	5.6	182.2	4.3
Total	4,334.6	100	3,943.9	100	4,214.7	100
Revenue from sales (million Baht).	5,687.5		5,338.3		6,339.6	
Gross profit margin	23.8		26.1		33.5	



## Cost of sale of goods

The Company had cost of goods sold of 66.5 %, 73.9 % and 76.2 % for the year 2015, year 2016 and year 2017 respectively. The selling cost of year 2015, year 2016 and year 2017 were equal to 4,214.7 million Baht, 3,943.9 million Baht and 4,334.7 million Baht respectively. The selling cost of year 2017 that increased from year 2016 by 2.3% which resulted from high price competition in many trade channels that made overall average selling price per unit of product that had increased from the last year.

## Distribution costs

The distribution cost comprised of Advertising and Promotional cost. In the year 2015, year 2016 and year 2017, the Company had distribution cost of 1,019.3 million Baht ,714.9 million Baht and 711.4 million baht respectively, the reason that distribution cost of year 2017 decreased from year 2016 by (3.5) million Baht, or equivalent to (0.5)% because the Company had cost control planning ,the economic and market downturn.

## Administrative expenses

In the year 2015,year 2016 and year 2017 , the Company had total administrative expense of 130.9 million Baht , 202.6 million Baht and 174.5 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. In the year 2017, administrative expenses had decreased from year 2016 by (28.1) million Baht ,or representing (13.9) % because provision for impairment loss on advances for purchase of right to use trademark that had been decreased.

## Share of (loss) from investment in joint ventures.

The Company had share of loss from investments in joint ventures of the year 2015, year 2016 and year 2017 which were (48.7) million Baht, (95.7) million Baht and (144.3) million Baht respectively. The share of loss from investments of year 2017 increased from year 2016 by 48.6 million Baht because lucky draw cap code promotional and other promotional to boost sales channel of beverage industry in Indonesia to cover more Modern Trade (MT) and Traditional Trade (TT).

## Net Profit (loss)

In the year 2015,Year 2016 and year 2017, the Company had net profit (loss) amounted to 812.7 million Baht, 368.5 million Baht and 315.1 million Baht respectively, representing net profit margin of 12.8%, 6.9% and 5.5% of total sale respectively. Also, the net operating profit margin of the year 2015, year 2016 and year 2017 were 15.3%, 8.9% and 8.2% of total sale respectively.

## **2. Overview of financial position and the ability to manage asset.**

The Company had total asset in the year 2017 of 8,626.3 million Baht which had decreased from year 2016 by 8,626.9 million Baht, equivalent to (0.6) million Baht hereto;

1) The net of property, plant and equipment increased 309.4 million Baht, mainly from depreciation and amortization of (521.7) million Baht, and purchased more machines of 831.4 million Baht of the year 2017.

2) The other current assets increased by 36.7 million Baht due to mainly inventory increased by 222.8 million Baht, trade receivable and other account receivable decreased by (186.1) million Baht.

3) The joint ventures investments decreased by (33.5) million Baht because capital increase by 121.0 million Baht including with recognize share of loss from investment in joint ventures (144.3) million Baht, and different on exchange rate in financial statements of (10.2) million Baht.

4) The advance payments for the purchase of machinery and equipment decreased by (399.6) million Baht which resulted from the said advance payments which caused of transferring transaction or adjusting transaction to categories of land, property, plant and equipment in full amount.

5) The intangible assets decreased by (21.8) million Baht which resulted from increase of software copyright fee 9.3 million Baht and provision for impairment loss on the right to use trademark of (29.6) million Baht.

6) The deferred tax assets increased by 32.5 million Baht, which was mainly loss on impairment intangible asset of 2.0 million Baht and loss on impairment of joint venture amounting to 30.9 million Baht.

7) Other non-current asset decreased by (0.4) million Baht in full amount due to other insurance payment decreased.

Conclusion of rate of return on assets (ROA) which show ROA had been dropped as the rate of year 2015 ,year 2016 and year 2017 were 9.2% , 4.2% and 3.6% respectively and return on fixed asset were 19.2%, 13.3% and 12.4% respectively because net profit decreased.



#### Trade account receivables

Trade account receivable decreased by (204.4) million Baht in regard to domestic sale volume, economic and market situation had slowdown. In the year 2017, the Company's sale volume had decreased by (20.6) % from the year 2016. 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 50-61 days. Also, average collection period for year 2015 ,year 2016 and year 2017 were 56 days ,65 days and 50 days respectively, while as collection period of year 2017 decreased from the year 2016 because

offered extension of time of collection for one main distributor was in normal situation and complied to the term of distribution agreement, including year 2017 did not occur selling transaction to trade receivable of related companies of the joint venture company in Indonesia which had collection period approximately of 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 of year 2015 to year 2017, as separated by outstanding balances were as follows;

Age of Trade account receivable	Year 2017		Year 2016		Year 2015	
	million Baht	%	million Baht	%	million Baht	%
<b>Related companies</b>						
Not due	35.2	5.2	40.7	4.7	44.1	4.3
Overdue						
Less than three months	-	-	-	-	-	-
More than six months	-	-	-	-	-	-
<b>Total</b>	<b>35.2</b>	<b>5.2</b>	<b>40.7</b>	<b>4.7</b>	<b>44.1</b>	<b>4.3</b>
<b>Other business</b>						
Not due	627.6	93.6	834.3	95.3	988.6	95.7
Overdue						
Less than three months	7.9	1.2	-	-	-	-
Three to Six months	-	-	-	-	-	-
<b>Total</b>	<b>635.5</b>	<b>94.8</b>	<b>834.3</b>	<b>95.3</b>	<b>988.6</b>	<b>95.7</b>
<b>Total all</b>	<b>670.7</b>	<b>100.0</b>	<b>875.0</b>	<b>100.0</b>	<b>1,032.7</b>	<b>100.0</b>

## Shareholders' Equity

As at December 31st , 2017, shareholders' equity amounted to 6,056.2 million Baht in accordance with registered paid up capital 1,300.0 million Baht, surplus issued ordinary share 3,515.4 million Baht, surplus paid by share-based 56.1 million Baht, legal reserve 130.0 million Baht and other components of equity (22.3) and retained earnings 1,077.0 million Baht, if considering the rate of return to shareholders' equity in the year 2015, year 2016 and year 2017 were 13.3% , 6.3% and 5.3% respectively.

## Book value per share

As at December 31st , 2017, the Company had a book value of 4.7 baht / share.

## 3. Liquidity and Capital adequacy.

During the year 2017, the Company's primary source of cash flow was cash flow from operations and loan from financial institutions.

## Cash flow from operations

In year 2017, the Company had cash flow from operations of 1,250.6 million Baht which resulted of sales volume 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 2015 to year 2017, and turnover of assets that support the said liquidity shown in the table below;

	Year 2017	Year 2016	Year 2015
The ratio of liquid assets (time)	0.9	0.8	1.5
Cash increase (decrease) from operation (million Baht)	76.0	( 76.2 )	( 41.8 )

## 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 December 31st ,2015/2016/2017 the Company had ability to repay debt (DSCR) were 2.2 ,0.7 and 0.9 times respectively. Also, ratio of debt to equity were 0.5 , 0.5 and 0.4 times respectively.

## Cash flow from investments

In year 2017, the Company had net cash used in investing of (476.0) million Baht, mainly used to pay for the purchase of machinery and equipment and increase investments in joint ventures in Indonesia.

## Cash flow from financing

In year 2017, the Company had net cash flow from financing (698.6) million Baht, mainly loans from financial institutions as cash flow from financing used to pay of interest, repayment of loan and working capital of the Company.

## Capital Structure

The Company had stable financial status, as at December 31st , 2017, total debt to equity ratio was 0.4 times. which slightly decreased from year 2016,

## obligation and contingent liabilities occurred as of December 31st ,2017 as follow ;

- Obligations under lease commitment include lease with office building was total of 41.4 million Baht with term of contract 2-4 years and shall end during the year 2018 to year 2021.
- Obligations under the Letter of Credit that unused was total of 58.1 million Baht.
- Obligations under purchased goods from supplier/ materials was total of 405.4 million Baht.
- Obligations under guarantees letter that financial institutions issued to one state enterprise was total of 6.8 million Baht.

Current ratio	unit	Year 2017	Year 2016	Year 2015
The average collection period	day	49.6	65.2	55.9
The average sale period	day	59.5	55.1	58.6
The average repayment period	day	34.2	29.8	39.2
Cash cycle	day	74.9	90.5	75.2





	Year 2017	Year 2016	Year 2015
The ratio of debt to shareholder's equity. (time)	0.4	0.5	0.5

According to, financial position and operating result of the year 2017, the Board of Directors had a resolution to approve to allocate profit through dividend payment, together with propose to the 2018 Annual General Meeting of Shareholders for approval dividend payment of the year 2017 at the rate of Baht 0.15 per share, representing 62.0% of net profit, which was higher than the dividend policy of the Company. The dividend payment will be paid amounting to 195 million Baht and will be paid on May 18th, 2018.

#### **Factors that may affect the operations or financial position in the future.**

##### The main factors affecting the operations of the Company.

The Company manages its risks to properly level comply with legal standard and has been disclosed in the section "Factor and Risks Management"

#### **1. Launching new products and expanding market share.**

Beverage business had intense price competition, the Company also face competition from various RTD (Ready to Drink) beverage manufacturers, which many manufacturers are competing with aggressive marketing strategies and launch promotional activities continuously, as well as developing and adding value to make a difference and selling point to products. It 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 on 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 sudden change situation in the market for stimulating demand of the Company's products continuously, including with acquires new demand from consumers to increase market share. During past five years, the Company had sold product in total 24 flavors.

#### **2. Sales Forecasting, Manufacturing Planning and Effectively Cost and Expense management.**

As, production costs was mostly fixed costs, including depreciation of equipment and land rental. The production cost per unit will decrease, if the Company production volume increases, so the Company is required prior to sales forecasting, production planning and management, raw material procurement and product distribution appropriately. The main factors to determine consumption such as seasonal and promotional activity as found that consumption of RTD tea, was high in summer and lower in winter, as a result the Company had adjusted its strategy to promote sales appropriately and in line with change in 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 to define standard cost per unit of production appropriately.

#### **3) Increasing distribution channels in Indonesia to cover target customers.**

#### **4.) Expanding market share into CLMV countries which had excellent result.**

#### **5.) Expanding Original Equipment Manufacturer (OEM) business.**







# Sustainable Development Report

## Corporate Social and Environment Responsibility

Ichitan Group Public Company Limited and its Subsidiary, had been disclosed its operation that reflects social and environmental responsibility which disclosed in “The 2017 Sustainable Development Report”.

In the report, the Company and its Subsidiary 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](http://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 and its Subsidiary are responsible for the Company's financial statements and financial information disclosed in the annual report. The said financial statements are prepared in accordance with accounting standards generally accepted in Thailand which are primarily in line with international standards including with 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 involved stakeholders about the Company's overall financial position.

The Board of Directors has oversees and reviews good corporate governance, code of conduct, anti-corruption, as well as establishes and maintains a proactive risk management system and effective internal control system to ensure that accounting records are accuracy, completely and timely, and that the Company's assets are properly safeguarded against fraud, operational irregularities and other risks. Also, The Boards has appointed the Audit Committee consisting of independent directors to conduct a qualitative review of the Company's financial reports and internal controls. The opinions of the Audit Committee in regard to this matter are reported in its report in the Company's annual report.

The Boards is confident that the internal control and internal audit systems as of 31 December 2017, represent reasonable confidence in the reliability of the Company's financial position, operating results together with the Company's financial statements is in accordance with 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, August 13th, 2014 and is comprised of three (3) members as follows:

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

The Nomination and Remuneration Committee has performed duties as assigned by the Boards, 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 2017, the Nomination and Remuneration Committee has held 3 meetings with 100% attendance by the members.

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 and its Subsidiary which has approved by the Boards hereunder;

- 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 December 31st, 2017, the Board of Directors 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 align with the scope of responsibilities of the directors and executives and in accordance with the policy and



Mr. Issarachai Decharit  
Chairman of Nomination and Remuneration Committee

## Reports of the Corporate Governance Committee

Dear Shareholders;

Ichitan Group Public Company Limited and its Subsidiary have appointed the Corporate Governance Committee in the Board of Directors Meeting No.1/2016 which held on February 24th , 2016 consist of;

- |                               |   |
|-------------------------------|---|
| 1. Mr. Prasan Limpipatanakul, | Independent Director/Chairman of the Corporate Governance Committee |
| 2. Mr. Issara Decharit,       | Independent Director/ Member of the Committee                       |
| 3. Mrs.Eng Passakornnatee,    | Member of the Committee   |

In the year 2017, 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 and its Subsidiary in order to improve compliance with the CGR regulation that define by Thai Institute of Directors (IOD) , the self-assessment of the Anti-Corruption of Thailand's Private Sector Collective Action Coalition Against Corruption: (CAC) and CG Code by the Securities and Exchange Commission, Thailand (the SEC).
- To consider and approve the governance plan for the year 2017 and review and results of operations of the past. In order to improve the implementation of the corporate governance of the Company and its Subsidiary for the best practice.
- To follow-up reports in comply with good corporate governance in the 2017 annual report , Form 56-1 and Sustainable Development Report (SD Report) of the Company and its Subsidiary to improve and develop overall good corporate governance and propose 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 and its Subsidiary that may impact on communities ,society and the environment that is a part of good corporate governance and shall regularly report for implementation to the Committee 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 and its Subsidiary with efficiency and effectively, on the basis of sustainable business best practices. The committee is committed to oversee the Company and its Subsidiary to operate business on good corporate governance in order to build confidentially from all stakeholders of the Company and its Subsidiary.



Mr. Prasan Limpipatanakul  
Chairman of the Corporate Governance Committee



# Report of the Risk Management Committee

Dear Shareholders,

Ichitan Group Public Company Limited and its Subsidiary have appointed the Risk Management Committee in the Board of Directors Meeting No.6/2013 which held on June 17th ,2013 which consists of 5 persons hereto;

- |                           |                           |   |
|---------------------------|---------------------------|---|
| 1. Mrs. Eng               | Passakornnatee,           | Chairman of Risk Management Committee         |
| 2. Air Vice Marshal (AVM) | Nathawat Nimmolthanakorn, | Independent Director/ Member of the Committee |
| 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 2017, the committee has arranged the meeting 4 times and all members, attended the meeting every time which summarizes as follows;

- To consider the risk factors that may be obstacle achievement of the strategic goal of the Company and its Subsidiary including with consider the risks both internal and external risks and give recommendation for protection.
- To audit and follow up progression of implementation plan of the risk management of the Company and its Subsidiary, in order to achieve the goal.
- To recommend to arrange the risk management training to enhance the skill of analysis for executive and employees.
- 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 and its Subsidiary, have appointed the Audit Committee which consists 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 June 17th , 2013, and each member of the Audit Committee has the qualifications as defined in the charter of the Audit Committee ,in comply with the requirements and best practice of the Audit Committee of the Securities and Exchange Commission (the SEC) and the Stock Exchange of Thailand (the SET). The Audit Committee consists of;

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

In the year 2017, 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 with 100% attendance by all members. The performance assessment of the Audit Committee as a whole and self-assessment are conducted each year. The assessment result was on satisfying level. Sometimes, in the meeting, the Audit Committee has been discussed with Chief Executive Officer (CEO), Executive Boards, the auditor, internal audit as appropriately. The Audit Committee has provided opinion and comment independently and the committee performed its duties as summarized hereto;

### Review of Financial Statement:

The Audit Committee has reviewed significant data and information in financial statement both quarterly and annually for year 2017 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.

### Review of Internal Control and Internal Audit Systems:

The Audit Committee has mutual reviewed internal control system together with Internal Audit Manager quarterly, that the Company and its Subsidiary has proper and adequate internal control and internal audit systems, including compliance with professional standard by applying the method of risk assessment and internal control system in accordance with the standard of the Committee of Sponsoring Organizations (COSO). Moreover, the Audit Committee has discussed with the auditor for acknowledging the problem or issues that relevant to internal control system. The Audit Committee has reviewed the performance of Internal Audit Department, annual Internal Audit plan, including manpower turnover rate and individual development plan of Internal Audit Department for Internal Audit Department can perform independently.

### Review of Good Corporate Governance and comply with relevant law:

The Audit Committee has reviewed the Company's practice to be in line with Securities and Exchange Law, and the requirement of the SET or laws that relate to the Company's business; and also review connected transaction or transaction that might have conflict of interest in order to ensure the Company and its Subsidiary have operated in regard to criteria and requirement of government with reasonable practice and concern on maximum benefit of the Company and its Subsidiary, including operate its business in comply with the policy of connected transaction which has approved by the Board of Directors. In addition, anti-corruption policy has been carried forward and promoted in organization





for compliance whereas the Company declared its intent to be joined in Thailand's Private Sector Collective Action Coalition Against Corruption: CAC.

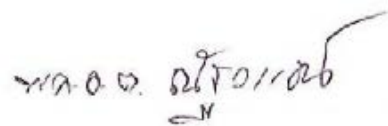
**Proposed to the Board of Directors to appoint an auditor for the year 2018:**

To consider performance, qualification and audit fees of independent auditors of the Company and its Subsidiary to comply with the notification of the Securities and Exchange Commission (the SEC) and the Stock Exchange of Thailand (the SET). Proposed to the Board of Directors to appoint an auditor for the year 2018: To consider performance, qualification and audit fees of independent auditors of the Company and its Subsidiary to comply with the notification of the Securities and Exchange Commission (the SEC) and the Stock Exchange of Thailand (the SET). Also, the committee has proposed to appoint Miss Sujitra Masena , CPA No.8645 and/or Miss Nareewan Chaibantad , CPA No. 9219 and/or Mr. Yoottapong Soontalinka, CPA No. 10604 from KPMG Phoomchai Audit Limited ("KPMG") to be an auditor of the Company and its Subsidiary of the year 2018, including with define the Company's fee was 2,550,000 Baht and the Subsidiary company was 300,000 Baht.

**Performance in accordance with Charter of the Audit Committee:**

According to, the assessment of self-performance of the Audit Committee for year 2017 on November 8th , 2017, the Audit Committee reviewed the performance of the Audit Committee in overall function and specific performance consisting of reviewed on financial statement, internal control and internal audit systems, reviewed on the Company and its Subsidiary have been comply with relevant laws to its 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 committee had completely performed their tasks in best practice.

The Audit Committee agreed with the auditor that Financial Statement of the year 2017, had been prepared in accordance with the financial reporting standard whereas the Company and its Subsidiary had been disclosed information adequacy and effectively overall internal control system without any material error, and comply with relevant laws and regulations. The management team aims to develop continuously to support the sustainable good corporate governance of the Company and its Subsidiary, directly reported the audit result of the internal audit manager to the Audit Committee, including continually periodic follow-up and correction in accordance with suggestions.



AVM Natthawat Nimmolthanakorn  
Chairman of the Audit Committee

## Audit Fee

### 1. Audit fee

In the year 2017, the Company and its Subsidiary had paid audit fee to KPMG Phoomchai Audit Limited (“KPMG”) which could separate as of the Company was amounting to 2,450,000 Baht and the Subsidiary Company was amounting to 300,000 Baht.

### 2. Non-Audit fee

In the year 2017, the Company and its Subsidiary had been paid audit fee to KPMG Phoomchai Audit Limited (“KPMG”), amounting to 80,000 Baht.





**Ichitan Group Public Company Limited  
and its Subsidiary**

Financial statements for the year ended  
31 December 2017  
and  
Independent Auditor's Report

## Independent Auditor's Report

**To the Shareholders of Ichitan Group Public Company Limited**

### Opinion

I have audited the consolidated and separate financial statements of Ichitan Group Public Company Limited and its subsidiary (the “Group”) and of Ichitan Group Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statement of financial positions as at 31 December 2017, the consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2017 and their 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 Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key Audit Matters

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







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 12 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"> <li>• 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;</li> <li>• 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;</li> <li>• 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;</li> <li>• 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</li> <li>• evaluating the adequacy of related disclosures in the financial statements in accordance with Thai Financial Reporting Standards.</li> </ul>

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

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

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

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

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

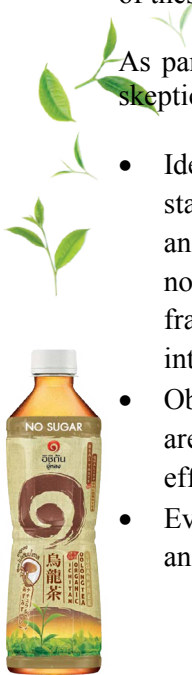
Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

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

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

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

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

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



(Sujitra Masena)  
Certified Public Accountant  
Registration No. 8645

KPMG Phoomchai Audit Ltd.  
Bangkok  
22 February 2018

## Ichitan Group Public Company Limited and its Subsidiary

### Statement of financial position

		Consolidated financial statements	Financial statements in which the equity method is applied	Separate financial statements	
		31 December	31 December	31 December	
Assets	Note	2017	2016	2017	2016
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	5	109,846,467	33,830,387	101,533,474	33,830,387
Trade accounts receivable	4, 6	670,682,553	875,034,779	699,640,725	875,034,779
Other current receivables	4, 7	55,629,346	37,410,317	42,625,679	37,410,317
Inventories	8	736,829,451	513,990,674	585,011,723	513,990,674
Short-term loans to subsidiary	4	-	-	200,000,000	-
Other current assets		112,617	112,617	112,617	112,617
<b>Total current assets</b>		<b>1,573,100,434</b>	<b>1,460,378,774</b>	<b>1,628,924,218</b>	<b>1,460,378,774</b>
<i>Non-current assets</i>					
Investment in joint venture	9	61,202,090	94,727,423	61,270,414	94,820,414
Investment in subsidiary	10	-	-	999,970	-
Other non-current receivables		26,185,739	26,160,625	26,185,610	26,160,625
Advances for purchase of machinery and equipment		34,747,676	434,310,376	34,747,676	434,310,376
Advances for purchase of right to use trademark	12	-	-	-	-
Property, plant and equipment	11	6,808,967,624	6,499,527,200	6,808,967,624	6,499,527,200
Intangible assets	12	26,080,472	47,839,749	26,080,472	47,839,749
Deferred tax assets	13	94,628,921	62,141,124	94,628,921	62,141,124
Other non-current assets		1,388,890	1,776,890	1,388,890	1,776,890
<b>Total non-current assets</b>		<b>7,053,201,412</b>	<b>7,166,483,387</b>	<b>7,054,269,577</b>	<b>7,166,576,378</b>
<b>Total assets</b>		<b>8,626,301,846</b>	<b>8,626,862,161</b>	<b>8,683,193,795</b>	<b>8,626,955,152</b>

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



# Ichitan Group Public Company Limited and its Subsidiary

## Statement of financial position

		Consolidated financial statements	Financial statements in which the equity method is applied	Separate financial statements	
		31 December	31 December	31 December	
Liabilities and equity	Note	2017	2016	2017	2016
<i>(in Baht)</i>					
<b>Current liabilities</b>					
Short-term borrowings from financial institutions	14	240,000,000	713,717,579	240,000,000	713,717,579
Trade accounts payable to other parties		426,000,668	256,709,053	426,000,668	256,709,053
Other payables		142,065,079	68,187,677	141,970,960	68,187,677
Payables on purchase of property, plant and equipment		106,126,535	30,183,111	106,126,535	30,183,111
Accrued expenses	4	203,934,233	213,996,362	160,476,388	213,996,362
Current portion of long-term borrowings from financial institutions	14	647,530,715	524,020,795	647,530,715	524,020,795
Income tax payable		7,190,891	-	7,190,891	-
<b>Total current liabilities</b>		<b>1,772,848,121</b>	<b>1,806,814,577</b>	<b>1,729,296,157</b>	<b>1,806,814,577</b>
<b>Non-current liabilities</b>					
Long-term borrowings from financial institutions	14	767,497,454	1,042,735,590	767,497,454	1,042,735,590
Provisions for employee benefits	15	29,781,867	26,060,374	29,781,867	26,060,374
<b>Total non-current liabilities</b>		<b>797,279,321</b>	<b>1,068,795,964</b>	<b>797,279,321</b>	<b>1,068,795,964</b>
<b>Total liabilities</b>		<b>2,570,127,442</b>	<b>2,875,610,541</b>	<b>2,526,575,478</b>	<b>2,875,610,541</b>

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



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## Ichitan Group Public Company Limited and its Subsidiary

### Statement of financial position

Liabilities and equity (continued)	Note	Consolidated	Financial	Separate financial statements	
		financial	statements	31 December	
		statements	in which the		
		31 December	equity method		
		2017	is applied		
			31 December		
			2016	2017	2016
				(in Baht)	
<b>Equity</b>					
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
Share premium	16				
Share 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		1,076,952,485	761,798,184	1,155,115,739	749,842,033
Other components of equity		(22,280,659)	(12,049,142)	-	-
<b>Total equity</b>		<b>6,056,174,404</b>	<b>5,751,251,620</b>	<b>6,156,618,317</b>	<b>5,751,344,611</b>
<b>Total liabilities and equity</b>		<b>8,626,301,846</b>	<b>8,626,862,161</b>	<b>8,683,193,795</b>	<b>8,626,955,152</b>

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





# **Ichitan Group Public Company Limited and its Subsidiary**

## **Statement of comprehensive income**

		Consolidated financial statements Year ended 31 December	Financial statements in which the equity method is applied Year ended 31 December	Separate financial statements Year ended 31 December	
	Note	2017	2016	2017	2016
		<i>(in Baht)</i>			
<b>Revenues</b>	<b>4</b>				
Revenue from sale of goods	18, 23	5,687,510,930	5,338,269,362	5,821,874,987	5,338,269,362
Interest income		927,210	1,349,422	3,509,547	1,349,422
Other income		30,587,563	22,213,392	32,387,563	22,213,392
<b>Total revenues</b>		<b>5,719,025,703</b>	<b>5,361,832,176</b>	<b>5,857,772,097</b>	<b>5,361,832,176</b>
<b>Expenses</b>					
Cost of sale of goods	4, 8, 20	4,334,654,008	3,943,939,837	4,470,220,693	3,943,939,837
Distribution costs	4, 20	711,401,962	714,903,853	615,163,188	714,903,853
Administrative expenses	4, 20	174,495,161	202,631,682	328,138,055	359,031,682
Finance costs	21	64,348,496	75,457,561	64,348,496	75,457,561
<b>Total expenses</b>		<b>5,284,899,627</b>	<b>4,936,932,933</b>	<b>5,477,870,432</b>	<b>5,093,332,933</b>
Share of loss of investment in joint venture	9	(144,343,816)	(95,738,465)	-	-
<b>Profit before income tax</b>		<b>289,782,260</b>	<b>329,160,778</b>	<b>379,901,665</b>	<b>268,499,243</b>
Tax income	22	25,311,932	39,319,959	25,311,932	39,319,959
<b>Profit for the year</b>		<b>315,094,192</b>	<b>368,480,737</b>	<b>405,213,597</b>	<b>307,819,202</b>
<b>Other comprehensive income</b>					
<i>Item that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating financial statements	9	(10,231,517)	327,764	-	-
		<b>(10,231,517)</b>	<b>327,764</b>	<b>-</b>	<b>-</b>
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Gain on remeasurement of defined benefit plan	15	75,136	-	75,136	-
Income tax relating to item that will not be reclassified subsequently to profit or loss	13, 22	(15,027)	-	(15,027)	-
		<b>60,109</b>	<b>-</b>	<b>60,109</b>	<b>-</b>
<b>Other comprehensive income for the year, net of income tax</b>		<b>(10,171,408)</b>	<b>327,764</b>	<b>60,109</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>304,922,784</b>	<b>368,808,501</b>	<b>405,273,706</b>	<b>307,819,202</b>
<b>Basic earnings per share</b>	<b>24</b>	<b>0.24</b>	<b>0.28</b>	<b>0.31</b>	<b>0.24</b>

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



## Financial statements in which the equity method is applied

		Retained earnings				Other components of equity	
						Exchange differences on translating financial statements	Total equity

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

**Ichitan Group Public Company Limited and its Subsidiary**  
**Statement of changes in equity**

	Consolidated financial statements					
	Retained earnings			Other components of equity		
	Issued and paid-up share capital	Share premium on ordinary shares	Surplus on share-based payment transactions	Legal reserve (in Baht)	Unappropriated	Exchange differences on translating financial statements
<b>Year ended 31 December 2017</b>						
<b>Balance at 1 January 2017</b>	<b>1,300,000,000</b>	<b>3,515,423,218</b>	<b>56,079,360</b>	<b>130,000,000</b>	<b>761,798,184</b>	<b>(12,049,142)</b>
<b>Comprehensive income for the year</b>						
Profit	-	-	-	-	315,094,192	-
Other comprehensive income	-	-	-	-	60,109	(10,231,517)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>315,154,301</b>	<b>(10,231,517)</b>
<b>Balance at 31 December 2017</b>	<b>1,300,000,000</b>	<b>3,515,423,218</b>	<b>56,079,360</b>	<b>130,000,000</b>	<b>1,076,952,485</b>	<b>6,056,174,404</b>

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



## Ichitan Group Public Company Limited and its Subsidiary

### Statement of changes in equity

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

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



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

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## Ichitan Group Public Company Limited and its Subsidiary

### Statement of cash flows

		Consolidated financial statements	Financial statements in which the equity method is applied	Separate financial statements	
		Year ended 31 December	Year ended 31 December	Year ended 31 December	Year ended 31 December
Note	2017	2016	2017	2016	
(in Baht)					
<b>Cash flows from operating activities</b>					
Profit for the year		315,094,192	368,480,737	405,213,597	307,819,202
<i>Adjustments to reconcile profit to cash receipts</i>					
Depreciation	11	521,697,141	512,914,167	521,697,141	512,914,167
Amortisation of intangible assets	12	1,497,275	555,564	1,497,275	555,564
Impairment losses on advances for purchase of right to use trademark	12	-	9,345,794	-	9,345,794
Impairment losses on intangible assets	12	29,601,648	40,174,712	29,601,648	40,174,712
Impairment loss on investment in joint venture	9	-	-	154,600,000	156,400,000
Interest income		(927,210)	(1,349,422)	(3,509,547)	(1,349,422)
Finance costs	21	64,348,496	75,457,561	64,348,496	75,457,561
Loss on inventories devaluation	8	25,666,654	33,820,129	25,666,654	33,820,129
Unrealised (gain) loss on exchange		(544,210)	6,515,689	(544,210)	6,515,689
Loss on write-off of equipment		294,674	83,209	294,674	83,209
Gain on disposal of equipment		-	(653,096)	-	(653,096)
Provisions for employee benefits	15	3,796,629	3,480,551	3,796,629	3,480,551
Share of loss of investment in joint venture	9	144,343,816	95,738,465	-	-
Tax income	22	(25,311,932)	(39,319,959)	(25,311,932)	(39,319,959)
		1,079,557,173	1,105,244,101	1,177,350,425	1,105,244,101
<b>Changes in operating assets and liabilities</b>					
Trade accounts receivable		204,352,226	157,707,460	175,394,054	157,707,460
Other current receivables		(18,219,029)	49,905,135	(3,279,061)	49,905,135
Inventories		(248,505,431)	128,906,585	(96,687,703)	128,906,585
Other current assets		-	373,832	-	373,832
Other non-current assets		388,000	(109,855)	388,000	(109,855)
Trade accounts payable to other parties		169,297,891	(130,378,886)	169,297,891	(130,378,886)
Other payables		73,877,402	487,685	73,783,283	487,685
Accrued expenses		(10,144,045)	2,239,097	(53,601,890)	2,239,097
Net cash generated from operating		1,250,604,187	1,314,375,154	1,442,644,999	1,314,375,154
Income tax paid		(25,115)	(25,919,826)	(24,986)	(25,919,826)
<b>Net cash from operating activities</b>		<b>1,250,579,072</b>	<b>1,288,455,328</b>	<b>1,442,620,013</b>	<b>1,288,455,328</b>





# **Ichitan Group Public Company Limited and its Subsidiary**

## **Statement of cash flows**

		Consolidated financial statements	Financial statements in which the equity method is applied	Separate financial statements	
		Year ended 31 December	Year ended 31 December	Year ended 31 December	Year ended 31 December
	Note	2017	2016	2017	2016
<i>(in Baht)</i>					
<b><i>Cash flows from investing activities</i></b>					
Interest received		927,210	1,349,422	1,573,246	1,349,422
Cash outflow on short-term loans to subsidiary	4	-	-	(200,000,000)	-
Acquisition of investment in subsidiary	10	-	-	(999,970)	-
Cash outflow on paid-up capital of investment in joint venture	9	(121,050,000)	(115,600,000)	(121,050,000)	(115,600,000)
Advances for purchase of right to use trademark	12	-	(9,345,794)	-	(9,345,794)
Acquisition of plant and equipment		(346,520,564)	(728,832,067)	(346,520,564)	(728,832,067)
Proceeds from sale of equipment		-	654,206	-	654,206
Acquisition of intangible assets		(9,339,646)	188,971	(9,339,646)	188,971
<b>Net cash used in investing activities</b>		<b>(475,983,000)</b>	<b>(851,585,262)</b>	<b>(676,336,934)</b>	<b>(851,585,262)</b>
<b><i>Cash flows from financing activities</i></b>					
Interest paid		(73,134,197)	(75,583,653)	(73,134,197)	(75,583,653)
Dividends paid to owners of the Company	25	-	(650,000,000)	-	(650,000,000)
Proceeds from borrowings		372,292,579	693,717,579	372,292,579	693,717,579
Repayments of borrowings		(997,738,374)	(481,180,795)	(997,738,374)	(481,180,795)
<b>Net cash used in financing activities</b>		<b>(698,579,992)</b>	<b>(513,046,869)</b>	<b>(698,579,992)</b>	<b>(513,046,869)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>76,016,080</b>	<b>(76,176,803)</b>	<b>67,703,087</b>	<b>(76,176,803)</b>
Cash and cash equivalents at 1 January		33,830,387	110,007,190	33,830,387	110,007,190
<b>Cash and cash equivalents at 31 December</b>	5	<b>109,846,467</b>	<b>33,830,387</b>	<b>101,533,474</b>	<b>33,830,387</b>
<b><i>Supplemental disclosures of cash flows information:</i></b>					
Property, plant and equipment paid by cash are detailed as follows:					
Property, plant and equipment purchased during the year	11	831,432,239	271,391,848	831,432,239	271,391,848
Less - Changes in advanced payment		-399,306,169	425,592,808	-399,306,169	425,592,808
- Changes in payables		-76,737,889	31,986,944	-76,737,889	31,986,944
- Capitalised interest	11	-8,867,617	-139,533	-8,867,617	-139,533
<b>Property, plant and equipment paid by cash</b>		<b>346,520,564</b>	<b>728,832,067</b>	<b>346,520,564</b>	<b>728,832,067</b>

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

# Notes to the financial statements

## Ichitan Group Public Company Limited and its Subsidiary Notes to the financial statements For the year ended 31 December 2017

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**Ichitan Group Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

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 22 February 2018.

## **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, 28<sup>th</sup> 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 2017.

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

Details of the joint venture and subsidiary as at 31 December 2017 and 2016 are disclosed in notes 9 and 10 to the financial statements, respectively.

## **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 2017. 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 revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements. The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

### **(b) Basis of measurement**

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



## Ichitan Group Public Company Limited and its Subsidiary

### Notes to the financial statements

For the year ended 31 December 2017

#### (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 has been rounded in the notes to the financial statements to the nearest thousand Baht unless otherwise stated.

#### (d) *Use of judgments and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgments, 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 12	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 these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market 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).





**Ichitan Group Public Company Limited and its Subsidiary**  
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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.

**(e) The first time preparation of the consolidated financial statements**

On 8 February 2017, the Company established Ichitan Power Co., Ltd., incorporated in Thailand and the Company owned 99.99% of share capital.

Since Ichitan Power Co., Ltd. is controlled by the Group. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases (See Notes 3 (a) and 10 to the financial statements).

**3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 2 (e), which addresses the first time preparation of the consolidated financial statements and 3 (a), which addressed basis of consolidation.

**(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the “Group”) and the Group’s interests in joint venture.

*Subsidiary*

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

*Loss of control*

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

*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 initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements 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.

## **Ichitan Group Public Company Limited and its Subsidiary** **Notes to the financial statements** **For the year ended 31 December 2017**

### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. 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 respective functional currency of Group entities 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.

#### *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.





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**(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.

**(f) Investments**

*Investments in subsidiary and joint venture*

Investments in subsidiary and joint venture in the separate financial statements of the Company are accounted for using the cost method. Investment in joint venture in the consolidated financial statements is accounted for using the equity method.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of total holding of investments.

**(g) Property, plant and equipment**

*Recognition and measurement*

*Owned assets of the Group*

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated 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.

## Ichitan Group Public Company Limited and its Subsidiary

### Notes to the financial statements

For the year ended 31 December 2017

Any 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 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.

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.







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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.

*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.

## Ichitan Group Public Company Limited and its Subsidiary Notes to the financial statements For the year ended 31 December 2017

### (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.

#### *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.





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**Notes to the financial statements**  
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**(n) Revenue**

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

*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 Group at a discount. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the right and the other components of the sale. The amount allocated is estimated by reference to the fair value of the right to 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.

*Dividend income*

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

*Interest income and other income*

Interest income and other income are recognised in profit or loss on the accrual basis.

**(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.

## **Ichitan Group Public Company Limited and its Subsidiary** **Notes to the financial statements** **For the year ended 31 December 2017**

### *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 investments in subsidiary and joint venture to the extent that it 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.

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 judgments about future events. New information may become available that causes the Group to change its judgment 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.





# Ichitan Group Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 December 2017

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

Relationship with joint venture and subsidiary are disclosed in notes 9 and 10 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
Tanboon Co., Ltd.	Thailand	Shared directors and shareholders
Tan Eng Asset Co., Ltd.	Thailand	Shared directors and shareholders
Ninja Amata Co., Ltd. (Formerly Japanese Prime Restaurants Management Co., Ltd.)	Thailand	Shared directors and shareholders
Passakornnatee 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



## Ichitan Group Public Company Limited and its Subsidiary

### Notes to the financial statements

For the year ended 31 December 2017

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

Transactions	Pricing policies
Sale/Purchase of goods	Market price
Management service income	Contract prices determined by the terms and conditions used in the normal course of business.
Interest income	Source of fund cost
Other expenses	Agreed price

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

	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
<b>Year ended 31 December</b>				
<b>Subsidiary</b>				
Sale of goods	-	-	708,249	-
Management service income	-	-	1,800	-
Interest income	-	-	2,595	-
<b>Other related parties</b>				
Sale of goods	511,446	595,701	428,195	595,701
Purchase of goods	562	1,207	562	1,207
Other expenses	962	29,463	844	29,463
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	32,345	32,459	32,345	32,459
Post-employment benefits	1,662	1,577	1,662	1,577
<b>Total key management personnel compensation</b>	<b>34,007</b>	<b>34,036</b>	<b>34,007</b>	<b>34,036</b>

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

	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
<b>Trade accounts receivable</b>				
Subsidiary	-	-	198,784	-
Other related parties	35,152	40,668	18,722	40,668
<b>Total</b>	<b>35,152</b>	<b>40,668</b>	<b>217,506</b>	<b>40,668</b>



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	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
<b><i>Other current receivables</i></b>				
Subsidiary	-	-	3,737	-
Other related parties	-	217	-	217
<b>Total</b>	<b>-</b>	<b>217</b>	<b>3,737</b>	<b>217</b>

	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
<b><i>Short-term loans to subsidiary</i></b>				
Ichitan Power Co., Ltd.	-	-	200,000	-

Movements of short-term loans to subsidiary during the years ended 31 December 2017 and 2016 were as follows:

	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
At 1 January	-	-	-	-
Increases	-	-	340,000	-
Decreases	-	-	(140,000)	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>200,000</b>	<b>-</b>

As at 31 December 2017 the unsecured short-term loans to subsidiary bears interest at the fixed rate of 5% per annum (2016: nil) and receivable when recall.

	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
<b><i>Accrued expenses</i></b>				
Other related parties	3,114	11,923	3,114	11,923

## Ichitan Group Public Company Limited and its Subsidiary

### Notes to the financial statements

### For the year ended 31 December 2017

#### *Significant agreements with related parties*

##### *Product distribution agreement*

On 1 August 2017, 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 2017 to 30 June 2020.

##### *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.

##### *Management service agreement*

On 20 April 2017, the Company entered into a management service agreement with a subsidiary (Ichitan Power Co., Ltd.). Under the term of the agreement, the subsidiary agrees to pay a management service fee in an amount and a condition as specified in the agreement. The agreement shall be in effect from 1 January 2018 to 31 December 2018.

## 5 Cash and cash equivalents

	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
Cash on hand	90	84	90	84
Cash at financial institutions				
- current accounts	(7,078)	(12,080)	(6,894)	(12,080)
Cash at financial institutions				
- savings accounts	116,834	45,826	108,337	45,826
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>109,846</b>	<b>33,830</b>	<b>101,533</b>	<b>33,830</b>



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**6 Trade accounts receivable**

		Consolidated financial statements	Financial statements in which the equity method is applied	Separate financial statements	
	Note	2017	2016	2017	2016
			(in thousand Baht)		
Related parties	4	35,152	40,668	217,506	40,668
Other parties		635,531	834,367	482,135	834,367
<b>Total</b>		<b>670,683</b>	<b>875,035</b>	<b>699,641</b>	<b>875,035</b>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements	Financial statements in which the equity method is applied	Separate financial statements	
	2017	2016	2017	2016
		(in thousand Baht)		
<b>Related parties</b>				
Within credit terms	35,152	40,668	217,506	40,668
	<b>35,152</b>	<b>40,668</b>	<b>217,506</b>	<b>40,668</b>
<b>Other parties</b>				
Within credit terms	627,573	834,367	479,570	834,367
Overdue less than 3 months	7,958	-	2,565	-
	<b>635,531</b>	<b>834,367</b>	<b>482,135</b>	<b>834,367</b>
<b>Total</b>	<b>670,683</b>	<b>875,035</b>	<b>699,641</b>	<b>875,035</b>

During the year 2017, the credit terms granted by the Group range from 30 days to 60 days (2016: credit term range from 30 days to 45 days).

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## 7 Other current receivables

	<i>Note</i>	<b>Consolidated financial statements</b> 2017	<b>Financial statements in which the equity method is applied</b> 2016 <i>(in thousand Baht)</i>	<b>Separate financial statements</b> 2017	<b>Separate financial statements</b> 2016
<b>Related parties</b>	4	-	217	3,737	217
<b>Other parties</b>					
Refundable value added tax		37,601	-	23,946	-
Suspense input value added tax		7,610	7,361	4,870	7,361
Accrued other income		4,955	-	4,955	-
Prepaid expenses		2,120	16,262	1,775	16,262
Rebate and sponsorship receivables		1,902	3,453	1,902	3,453
Compensation receivables		-	7,686	-	7,686
Others		1,441	2,431	1,441	2,431
		<b>55,629</b>	<b>37,193</b>	<b>38,889</b>	<b>37,193</b>
<b>Total</b>		<b>55,629</b>	<b>37,410</b>	<b>42,626</b>	<b>37,410</b>

## 8 Inventories

	<b>Consolidated financial statements</b> 2017	<b>Financial statements in which the equity method is applied</b> 2016 <i>(in thousand Baht)</i>	<b>Separate financial statements</b> 2017	<b>Separate financial statements</b> 2016
Finished goods	460,887	316,395	309,070	316,395
Raw materials	267,444	201,043	267,444	201,043
Supplies	15,496	10,057	15,496	10,057
<b>Total</b>	<b>743,827</b>	<b>527,495</b>	<b>592,010</b>	<b>527,495</b>
<i>Less</i> allowance for decline in value	(6,998)	(13,504)	(6,998)	(13,504)
<b>Net</b>	<b>736,829</b>	<b>513,991</b>	<b>585,012</b>	<b>513,991</b>
 Inventories recognised as an expense in 'cost of sale of goods':				
- Cost	4,308,987	3,910,120	4,444,554	3,910,120
- Write-down to net realisable value	25,667	33,820	25,667	33,820
<b>Net</b>	<b>4,334,654</b>	<b>3,943,940</b>	<b>4,470,221</b>	<b>3,943,940</b>







**Ichitan Group Public Company Limited and its Subsidiary**  
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**9 Investment in joint venture**

	<b>Consolidated financial statements 2017</b>	<b>Financial statements in which the equity method is applied 2016 (in thousand Baht)</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
<b>Joint venture</b>				
At 1 January	94,727	74,538	94,820	135,620
Additional paid-up	121,050	115,600	121,050	115,600
Share of net loss of investment in joint venture	(144,344)	(95,738)	-	-
Allowance for impairment	-	-	(154,600)	(156,400)
Exchange differences on translating financial statements	(10,231)	327	-	-
<b>At 31 December</b>	<b>61,202</b>	<b>94,727</b>	<b>61,270</b>	<b>94,820</b>

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) totaling 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 Indonesian 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 Indonesian Rupiah 40,000 million (or equivalent to Baht 115.6 million) for the purpose of land acquisition and additional working capital. The Company paid the said paid-up capital on 30 June 2016 and the joint venture completely registered the capital increase with the Indonesia Investment Coordinating Board on 8 August 2016.

On 31 July 2017, the Company received a funding call notice from the joint venture to call for an additional paid-up of Indonesian Rupiah 45,000 million (or equivalent to Baht 121.1 million) for the purpose of additional working capital. The Company paid the said paid-up capital on 11 August 2017 and the joint venture completely registered the capital increase with the Indonesia Investment Coordinating Board on 22 August 2017.

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 is 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 154.6 million in the statement of comprehensive income of separate financial statements for the year ended 31 December 2017 (2016: Baht 156.4 million) and the Company had the carrying amount of investment in joint venture as at 31 December 2017 amounted to Baht 61.3 million (2016: Baht 94.8 million).



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Investment in joint venture as at 31 December 2017 and 2016 were as follows:

**Consolidated financial statements / Financial statements in which the equity method is applied**

Type of business	Country of incorporation	Ownership interest		Paid-up capital	Cost		Equity	
		2017	2016	2017	2016	2017	2016	2016
			(%)		(in thousand Baht)			
<b>Joint venture</b>								
Manufacturing and sale of beverages	Indonesia	50	50	744,541	502,440	372,270	251,220	94,727
<b>Total</b>						<b>372,270</b>	<b>251,220</b>	<b>94,727</b>

**Separate financial statements**

Ownership interest	Paid-up capital	Cost		Impairment	At cost-net	
		2017	2016	2017	2016	2016
				(in thousand Baht)		
<b>Joint venture</b>						
PT Ichi Tan Indonesia	50	502,440	502,440	(311,000)	(156,400)	94,820
<b>Total</b>				<b>(311,000)</b>	<b>(156,400)</b>	<b>94,820</b>

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

**Ichitan Group Public Company Limited and its Subsidiary**  
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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	
	2017	2016
	<i>(in thousand Baht)</i>	
Revenue	20,691	18,408
Expenses	<u>(309,379)<sup>a</sup></u>	<u>(209,885)<sup>a</sup></u>
Total comprehensive income (100%)	<u>(288,688)</u>	<u>(191,477)</u>
<b>Company's share of total comprehensive income (50% hold)</b>	<b><u>(144,344)</u></b>	<b><u>(95,738)</u></b>
Current assets	120,052 <sup>b</sup>	271,202 <sup>b</sup>
Non-current assets	74,271	69,565
Current liabilities	<u>(71,919)</u>	<u>(151,312)</u>
Net assets (100%)	<u>122,404</u>	<u>189,455</u>
<b>Carrying amount of interest in joint venture (50% hold)</b>	<b><u>61,202</u></b>	<b><u>94,727</u></b>
Remark:		
a. Includes depreciation and amortisation	797	591
b. Includes cash and cash equivalents	73,014	239,117

## Ichitan Group Public Company Limited and its Subsidiary Notes to the financial statements For the year ended 31 December 2017

### 10 Investment in subsidiary

	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 <i>(in thousand Baht)</i>	Separate financial statements 2017	Separate financial statements 2016
At 1 January	-	-	-	-
Acquisition	-	-	1,000	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>-</b>

The detail of acquisition of investment in subsidiary during the years ended 31 December 2017 and 2016 were as follows:

	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 <i>(in thousand Baht)</i>	Separate financial statements 2017	Separate financial statements 2016
Ichitan Power Co., Ltd.	-	-	1,000	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>-</b>

At the Board of Directors' meeting of the Company held on 10 August 2016, the Board of Directors of the Company approved to set up a subsidiary, Ichitan Power Co., Ltd. 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.



**Ichitan Group Public Company Limited and its Subsidiary**  
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Investment in subsidiary as at 31 December 2017 and 2016, and dividend income for years then ended, were as follows:

Name of subsidiary	Type of business	Country of incorporation	Ownership interest		Paid-up capital	Cost		Dividend income	
			2017	2016	2017	2017	2016	2017	2016
			(%)			(in thousand Baht)			
<b>Local direct subsidiary</b>									
Ichitan Power Co., Ltd.	Sale of beverages	Thailand	99.99	-	1,000	1,000	-	-	-
<b>Total</b>						<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>





**Consolidated financial statements / 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 <i>(in thousand Baht)</i>	Tool and equipment	Vehicles	Assets under construction and installation	Total
<b>Cost</b>									
At 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)
<b>At 31 December 2016 and 1 January 2017</b>	<b>431,698</b>	<b>73,756</b>	<b>2,361,142</b>	<b>5,103,163</b>	<b>69,843</b>	<b>166,521</b>	<b>17,595</b>	<b>55,851</b>	<b>8,279,569</b>
Additions	-	-	3,437	2,542	2,304	11,380	-	811,769	831,432
Transfers	-	-	251,277	582,492	1,820	6,841	-	(842,430)	-
Disposals	-	-	(106)	(464)	(397)	(216)	-	-	(1,183)
<b>At 31 December 2017</b>	<b>431,698</b>	<b>73,756</b>	<b>2,615,750</b>	<b>5,687,733</b>	<b>73,570</b>	<b>184,526</b>	<b>17,595</b>	<b>25,190</b>	<b>9,109,818</b>
<b>Depreciation</b>									
At 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
<b>At 31 December 2016 and 1 January 2017</b>	<b>-</b>	<b>(15,969)</b>	<b>(434,606)</b>	<b>(1,201,281)</b>	<b>(39,122)</b>	<b>(83,002)</b>	<b>(6,062)</b>	<b>-</b>	<b>(1,780,042)</b>
Depreciation charge for the year	-	(3,706)	(124,796)	(352,185)	(8,091)	(29,443)	(3,476)	-	(521,697)
Disposals	-	-	96	247	386	160	-	-	889
<b>At 31 December 2017</b>	<b>-</b>	<b>(19,675)</b>	<b>(559,306)</b>	<b>(1,553,219)</b>	<b>(46,827)</b>	<b>(112,285)</b>	<b>(9,538)</b>	<b>-</b>	<b>(2,300,850)</b>
<b>Net book value</b>									
At 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 and 1 January 2017	431,698	57,787	1,926,536	3,901,882	30,721	83,519	11,533	55,851	6,499,527
At 31 December 2017	431,698	54,081	2,056,444	4,134,514	26,743	72,241	8,057	25,190	6,808,968

**Ichitan Group Public Company Limited and its Subsidiary**  
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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 2017 amounted to Baht 101.0 million (2016: Baht 34.2 million).

*Security*

As at 31 December 2017, the Company had mortgaged/pledged the Company's assets with a net book value of Baht 3,292.1 million (2016: Baht 3,603.3 million) as collateral against borrowings from financial institutions, as described in note 14 to the financial statements.

*Assets under construction and installation*

Assets under construction and installation as at 31 December 2017 amounted to Baht 25.2 million (2016: Baht 55.9 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 8.9 million (2016: Baht 0.1 million), with a capitalisation rate of 2.98% per annum (2016: 2.98% per annum).

**12 Intangible assets**

	Consolidated financial statements / 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>			
<b>Cost</b>				
At 1 January 2016	6,093	184,579	9,346	200,018
Additions	8	-	-	8
Transfer from advances for purchase of right to use trademark	-	2,337	-	2,337
Disposals	(197)	-	-	(197)
<b>At 31 December 2016 and 1 January 2017</b>	<b>5,904</b>	<b>186,916</b>	<b>9,346</b>	<b>202,166</b>
Additions	9,340	-	-	9,340
<b>At 31 December 2017</b>	<b>15,244</b>	<b>186,916</b>	<b>9,346</b>	<b>211,506</b>
<b>Amortisation and impairment losses</b>				
At 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)
<b>At 31 December 2016 and 1 January 2017</b>	<b>(2,001)</b>	<b>(152,325)</b>	<b>-</b>	<b>(154,326)</b>
Amortisation for the year	(1,498)	-	-	(1,498)
Impairment loss	-	(29,602)	-	(29,602)
<b>At 31 December 2017</b>	<b>(3,499)</b>	<b>(181,927)</b>	<b>-</b>	<b>(185,426)</b>

## Ichitan Group Public Company Limited and its Subsidiary

## Notes to the financial statements

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	Consolidated financial statements / 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>			
<i>Net book value</i>				
At 1 January 2016	4,647	74,766	9,346	88,759
At 31 December 2016 and 1 January 2017	3,903	34,591	9,346	47,840
At 31 December 2017	11,745	4,989	9,346	26,080

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, totaling 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 totaling 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, totaling 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 totaling Baht 121.5 million.

During 2015, the registration and subsequent transfer of the rights to use Bireley's trademark in overseas countries, totaling 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, totaling 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 2017, 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 (2016: Baht 9.3 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 as at 31 December 2017 is lower than the carrying amount of Baht 29.6 million (2016: Baht 40.2 million). Therefore, the management considered to recognise an allowance for impairment loss for the right to use trademark in Thailand in the account "Intangible assets" and an impairment loss for the right to use trademark in the statement of comprehensive income for the year ended 31 December 2017 amounting to Baht 29.6 million (2016: Baht 40.2 million).

### 13 Deferred tax

Movements in total deferred tax assets during the years were as follows:

	At 1 January 2017	Consolidated financial statements / Separate financial statements (Charged) / Credited to:		At 31 December 2017
		Profit or loss (Note 22) (in thousand Baht)	Other comprehensive income	
<b>Deferred tax assets</b>				
Allowance for decline in value of inventories	2,222	(1,172)	-	1,050
Impairment loss on advances for purchase of right to use trademark	1,869	-	-	1,869
Impairment loss on intangible assets	21,558	1,995	-	23,553
Impairment loss on investment in joint venture	31,280	30,920	-	62,200
Provisions for employee benefits	5,212	760	(15)	5,957
<b>Total</b>	<b>62,141</b>	<b>32,503</b>	<b>(15)</b>	<b>94,629</b>

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	Financial statements in which the equity method is applied / Separate financial statements		
	(Charged) / Credited to:		
	At 1 January 2016	Profit or loss (Note 22) (in thousand Baht)	Other comprehensive income
<b>At 31 December 2016</b>			
<b>Deferred tax assets</b>			
Allowance for decline in value of inventories	529	1,693	-
Impairment loss on advances for purchase of right to use trademark	467	1,402	-
Impairment loss on intangible assets	16,981	4,577	-
Impairment loss on investment in joint venture	-	31,280	-
Provisions for employee benefits	4,516	696	-
<b>Total</b>	<b>22,493</b>	<b>39,648</b>	<b>-</b>

## 14 Interest-bearing liabilities

	Financial statements in which the equity method is applied			
	Consolidated financial statements 2017	2016	Separate financial statements 2017	2016
		(in thousand Baht)		
<b>Current</b>				
Promissory note				
- unsecured	240,000	400,000	240,000	400,000
Trust receipts				
- unsecured	-	313,717	-	313,717
Total short-term borrowings from financial institutions	240,000	713,717	240,000	713,717
Current portion of long-term borrowings from financial institutions				
- secured	647,531	524,021	647,531	524,021
<b>Total current</b>	<b>887,531</b>	<b>1,237,738</b>	<b>887,531</b>	<b>1,237,738</b>
<b>Non-current</b>				
Long-term borrowings from financial institutions				
- secured	767,497	1,042,736	767,497	1,042,736
<b>Total non-current</b>	<b>767,497</b>	<b>1,042,736</b>	<b>767,497</b>	<b>1,042,736</b>
<b>Total</b>	<b>1,655,028</b>	<b>2,280,474</b>	<b>1,655,028</b>	<b>2,280,474</b>







**Ichitan Group Public Company Limited and its Subsidiary**  
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The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	<b>Consolidated financial statements 2017</b>	<b>Financial statements in which the equity method is applied 2016 (in thousand Baht)</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
Within one year	887,531	1,237,738	887,531	1,237,738
After one year but within five years	702,751	1,042,736	702,751	1,042,736
After five years	64,746	-	64,746	-
<b>Total</b>	<b>1,655,028</b>	<b>2,280,474</b>	<b>1,655,028</b>	<b>2,280,474</b>

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:

	<b>Consolidated financial statements 2017</b>	<b>Financial statements in which the equity method is applied 2016 (in thousand Baht)</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
<i>Note</i>				
Property, plant and equipment	11 3,292,143	3,603,263	3,292,143	3,603,263
<b>Total</b>	<b>3,292,143</b>	<b>3,603,263</b>	<b>3,292,143</b>	<b>3,603,263</b>

## Ichitan Group Public Company Limited and its Subsidiary

### Notes to the financial statements

### For the year ended 31 December 2017

#### *Long-term borrowings from financial institutions*

As at 31 December 2017, the Company entered into significant secured borrowing agreements with financial institutions as follows:

#### *The first financial institution*

Borrowing agreement	Approved credit facilities	Carrying amount as at 31 December 2017	Interest rate (% per annum)	Term of payment
Number 1 dated 4 April 2012 addendum to the loan agreement dated 1 August 2014	Baht 972.0 million	Baht 400.0 million	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
Number 2 dated 14 October 2014	Baht 600.0 million	Baht 139.0 million	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 borrowing obligation as prescribed under the borrowing agreements.

Under the long-term borrowing 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.





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*The second financial institution*

Borrowing agreement	Approved credit facilities	Carrying amount as at 31 December 2017	Interest rate (% per annum)	Term of payment
Number 1 dated 12 July 2013 and addendum to the loan agreement dated 26 August 2014	Baht 1,000.0 million	Baht 400.0 million	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 borrowings from financial institution. The Company mortgaged its assets with the financial institution to secure the borrowing obligation as prescribed under the borrowing agreements.

Under the long-term borrowing 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.

*The third financial institution*

Borrowing agreement	Approved credit facilities	Carrying amount as at 31 December 2017	Interest rate (% per annum)	Term of payment
Number 1 dated 20 August 2012	Baht 770.0 million	Baht 103.8 million	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
Number 2 dated 20 December 2016	Baht 750.0 million	Baht 372.3 million	Interest rate is 6 months BIBOR rate plus 1.25% per annum	Quarterly, repayable in 6 years and the first installment is due in June 2018

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 borrowing obligations for credit facilities of Baht 20 million.

Under the long-term borrowing 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.

## Ichitan Group Public Company Limited and its Subsidiary

### Notes to the financial statements

#### For the year ended 31 December 2017

#### Interest rates

Interest rates as at 31 December 2017 and 2016 were as follows:

	Consolidated financial statements / Financial statements in which the equity method is applied/ Separate financial statements	
	2017	2016
	(% per annum)	
Short-term borrowings from financial institutions	2.25 - 2.98	2.40 - 2.98
Long-term borrowings from financial institutions	2.95 - 5.00	2.97 - 5.00

#### Unutilised credit facilities

As at 31 December 2017 the Company had unutilised credit facilities totaling Baht 937.7 million (2016: Baht 936.2 million).

### 15 Provisions for employee benefits

	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
<b>Statement of financial position</b>				
<b>Provisions for:</b>				
Post-employment benefits				
Defined benefit plan	29,782	26,060	29,782	26,060
<b>Total</b>	<b>29,782</b>	<b>26,060</b>	<b>29,782</b>	<b>26,060</b>

	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
<b>Year ended 31 December</b>				
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits				
Defined benefit plan	3,797	3,480	3,797	3,480
<b>Total</b>	<b>3,797</b>	<b>3,480</b>	<b>3,797</b>	<b>3,480</b>
<b>Recognised in other comprehensive income:</b>				
Actuarial gains recognised in the year	(75)	-	(75)	-
Cumulative actuarial losses recognised	<b>9,201</b>	<b>9,276</b>	<b>9,201</b>	<b>9,276</b>





**Ichitan Group Public Company Limited and its Subsidiary**  
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The Group operate a defined benefit 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 plan exposes the Group 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:

	<b>Consolidated financial statements 2017</b>	<b>Financial statements in which the equity method is applied 2016 (in thousand Baht)</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
Present value of unfunded obligations	29,782	26,060	29,782	26,060
<b>Statement of financial position obligation</b>	<b>29,782</b>	<b>26,060</b>	<b>29,782</b>	<b>26,060</b>

Movement in the present value of the defined benefit obligations

	<b>Consolidated financial statements 2017</b>	<b>Financial statements in which the equity method is applied 2016 (in thousand Baht)</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
At 1 January	26,060	22,580	26,060	22,580
<b>Include in profit or loss:</b>				
Current service cost	2,989	2,780	2,989	2,780
Interest on obligation	808	700	808	700
	<b>3,797</b>	<b>3,480</b>	<b>3,797</b>	<b>3,480</b>
<b>Included in other comprehensive income</b>				
Actuarial gain	(75)	-	(75)	-
	<b>(75)</b>	<b>-</b>	<b>(75)</b>	<b>-</b>
<b>At 31 December</b>	<b>29,782</b>	<b>26,060</b>	<b>29,782</b>	<b>26,060</b>



## Ichitan Group Public Company Limited and its Subsidiary

### Notes to the financial statements

#### For the year ended 31 December 2017

Actuarial gains and losses recognised in other comprehensive income arising from:

	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
Demographic and financial assumptions	8	-	8	-
Experience adjustment	(83)	-	(83)	-
<b>Total</b>	<b>(75)</b>	<b>-</b>	<b>(75)</b>	<b>-</b>

#### Actuarial assumptions

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

	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (%)	Separate financial statements 2017	2016
Discount rate	2.87	3.1	2.87	3.1
Future salary growth	6	8-10	6	8-10

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

At 31 December 2017, the weighted-average duration of the defined benefit obligation was 13 years (2016: 17 years).

#### 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.

	Consolidated financial statements (in thousand Baht)	Separate financial statements
<b>At 31 December 2017</b>	Increase      Decrease	Increase      Decrease
Discount rate (1% movement)	(2,292)      2,685	(2,292)      2,685
Future salary growth (1% movement)	2,569      (2,245)	2,569      (2,245)



**Ichitan Group Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**



	<b>Financial statements in which the equity method is applied</b> <i>(in thousand Baht)</i>		<b>Separate financial statements</b>	
<b>At 31 December 2016</b>	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)

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>	2017 Number of shares Amount <i>(thousand shares/thousand Baht)</i>	2016 Number of shares Amount
<b><i>Authorised</i></b>			
At 1 January			
- ordinary shares	1	<u>1,300,000</u>	<u>1,300,000</u>
<b>At 31 December</b>			
- ordinary shares	1	<u><b>1,300,000</b></u>	<u><b>1,300,000</b></u>
<b><i>Issued and paid-up</i></b>			
At 1 January			
- ordinary shares	1	<u>1,300,000</u>	<u>1,300,000</u>
<b>At 31 December</b>			
- ordinary shares	1	<u><b>1,300,000</b></u>	<u><b>1,300,000</b></u>

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.

### ***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.

## Ichitan Group Public Company Limited and its Subsidiary Notes to the financial statements For the year ended 31 December 2017

### 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*

##### **Exchange differences on translating financial statements**

Exchange differences on translating financial statements account within equity comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

### 18 Segment information

#### *Reportable segment*

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

#### *Geographical information*

In presenting information on the basis of geographical area, segment revenues is based on the geographical location of customers.

The Group presented the following main geographical information:

Area 1 : Thailand

Area 2 : Others

Details of revenues obtained from the external parties that related to the geographical areas of the Group for the years ended 31 December 2017 and 2016 were as follows:

	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
Thailand	4,154,373	5,231,613	4,288,737	5,231,613
Others	1,533,138	106,656	1,533,138	106,656
<b>Total</b>	<b>5,687,511</b>	<b>5,338,269</b>	<b>5,821,875</b>	<b>5,338,269</b>



**Ichitan Group Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
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**Major customer**

Revenues from one customer of the Group and the Company represent approximately Baht 3,809.2 million and Baht 3,320.9 million in the consolidated and separate financial statements, respectively (2016: Baht 4,986.4 million in the financial statements in which the equity method is applied and separate financial statements) of the Group and the Company's total revenues.

**19 Employee benefit expenses**

		Consolidated financial statements	Financial statements in which the equity method is applied	Separate financial statements	
	Note	2017	2016	2017	2016
			(in thousand Baht)		
Salaries and wages		196,678	185,386	196,678	185,386
Defined benefit plan	15	3,797	3,480	3,797	3,480
Defined contribution plan		4,317	4,047	4,317	4,047
Others		22,709	22,256	22,709	22,256
<b>Total</b>		<b>227,501</b>	<b>215,169</b>	<b>227,501</b>	<b>215,169</b>

**Defined contribution plan**

The defined contribution plan comprise provident fund established by the Group for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the Group 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:

		Consolidated financial statements	Financial statements in which the equity method is applied	Separate financial statements	
	Note	2017	2016	2017	2016
			(in thousand Baht)		
<b>Included in cost of sale of goods:</b>					
Changes in inventories of finished goods		(144,492)	108,688	7,326	108,688
Raw materials and supplies		3,213,882	2,772,802	3,197,631	2,772,802
Depreciation and amortisation		511,788	499,199	511,788	499,199
Utility expenses		230,543	182,871	230,543	182,871
Employee benefit expenses		132,676	124,120	132,676	124,120
Distribution and transportation expenses		33,008	36,291	33,008	36,291
Others		357,249	219,969	357,249	219,969
<b>Total</b>		<b>4,334,654</b>	<b>3,943,940</b>	<b>4,470,221</b>	<b>3,943,940</b>

**Ichitan Group Public Company Limited and its Subsidiary**  
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		Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
	Note				
<b>Included in distribution costs:</b>					
Advertising and sales promotion expenses		671,829	656,737	580,980	656,737
Entrance and other service fees		18,144	32,367	12,956	32,367
Distribution and transportation expenses		18,049	18,405	17,847	18,405
Export expenses		3,380	7,395	3,380	7,395
<b>Total</b>		<b>711,402</b>	<b>714,904</b>	<b>615,163</b>	<b>714,904</b>

**Included in administrative expenses:**

Impairment loss	9, 12	29,602	49,521	184,202	205,921
Employee benefit expenses		94,018	90,350	94,018	90,350
Depreciation and amortisation		11,406	14,270	11,406	14,270
Rental fees		5,981	5,676	5,981	5,676
Education, sports and other donations		4,144	4,055	4,144	4,055
Others		29,344	38,760	28,387	38,760
<b>Total</b>		<b>174,495</b>	<b>202,632</b>	<b>328,138</b>	<b>359,032</b>

## 21 Finance costs

		Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
	Note				
<b>Interest expense:</b>					
Financial institutions		72,408	74,897	72,408	74,897
<b>Total interest expense</b>		<b>72,408</b>	<b>74,897</b>	<b>72,408</b>	<b>74,897</b>
Transaction costs and others		808	700	808	700
<b>Total</b>		<b>73,216</b>	<b>75,597</b>	<b>73,216</b>	<b>75,597</b>
Less amounts included in the cost of qualifying assets					
- Property, plant and equipment under construction	11	(8,868)	(139)	(8,868)	(139)
<b>Net</b>		<b>64,348</b>	<b>75,458</b>	<b>64,348</b>	<b>75,458</b>







**Ichitan Group Public Company Limited and its Subsidiary**  
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**For the year ended 31 December 2017**

**22 Income tax**

*Income tax recognised in profit or loss*

		Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
	Note				
<b>Current tax</b>					
Current year		7,191	328	7,191	328
		<u>7,191</u>	<u>328</u>	<u>7,191</u>	<u>328</u>
<b>Deferred tax</b>					
Movements in temporary differences		(32,503)	(39,648)	(32,503)	(39,648)
	13	<u>(32,503)</u>	<u>(39,648)</u>	<u>(32,503)</u>	<u>(39,648)</u>
<b>Total</b>		<u>(25,312)</u>	<u>(39,320)</u>	<u>(25,312)</u>	<u>(39,320)</u>

*Income tax recognised in other comprehensive income*

		Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
	Note				
Defined benefit plan actuarial gain	13	15	-	15	-
<b>Total</b>		<u>15</u>	<u>-</u>	<u>15</u>	<u>-</u>

*Reconciliation of effective tax rate*

		Consolidated financial statements / Financial statements in which the equity method is applied			
		2017	2016		
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)	
Profit before income tax		289,782		329,161	
Income tax using the Thai corporation tax rate	20	57,956	20	65,832	
Share of loss of investment in joint venture		(2,051)		(12,132)	
Income not subject to tax		(73,569)		(89,795)	
Expenses not deductible for tax purposes		11,241		3,779	
Expenses that are deductible for tax purposes		(30,552)		(7,004)	
Current year losses for which no deferred tax asset was recognised		11,663		-	
<b>Total</b>	(9)	<u>(25,312)</u>	(12)	<u>(39,320)</u>	

**Ichitan Group Public Company Limited and its Subsidiary**  
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	<b>Separate financial statements</b>			
	Rate (%)	2017 (in thousand Baht)	Rate (%)	2016 (in thousand Baht)
Profit before income tax		379,902		268,499
Income tax using the Thai corporation tax rate	20	75,980	20	53,700
Income not subject to tax		(73,569)		(89,795)
Expenses not deductible for tax purposes		2,829		3,779
Expenses that are deductible for tax purposes		(30,552)		(7,004)
<b>Total</b>	<b>(7)</b>	<b>(25,312)</b>	<b>(15)</b>	<b>(39,320)</b>

*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.

## 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:

- exemption from payment of import duty on machinery approved by the Board;
- exemption from payment of corporate income tax on net profit of the promoted business for certain periods and conditions as stipulated in the promotional certificate;
- 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;
- 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;
- 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
- 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 certificate.





**Ichitan Group Public Company Limited and its Subsidiary**  
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Summary of revenue from promoted and non-promoted businesses:

	<b>Consolidated financial statements / Financial statements in which the equity method is applied</b>					
	<b>2017</b>			<b>2016</b>		
	Promoted businesses	Non- promoted businesses	Total (in thousand Baht)	Promoted businesses	Non- promoted businesses	Total
Local sales	1,883,164	2,271,209	4,154,373	3,014,918	2,216,695	5,231,613
Export sales	792,468	740,670	1,533,138	65,854	40,802	106,656
<b>Total</b>	<b><u>2,675,632</u></b>	<b><u>3,011,879</u></b>	<b><u>5,687,511</u></b>	<b><u>3,080,772</u></b>	<b><u>2,257,497</u></b>	<b><u>5,338,269</u></b>

	<b>Separate financial statements</b>					
	<b>2017</b>			<b>2016</b>		
	Promoted businesses	Non- promoted businesses	Total (in thousand Baht)	Promoted businesses	Non- promoted businesses	Total
Local sales	2,155,301	2,133,436	4,288,737	3,014,918	2,216,695	5,231,613
Export sales	792,468	740,670	1,533,138	65,854	40,802	106,656
<b>Total</b>	<b><u>2,947,769</u></b>	<b><u>2,874,106</u></b>	<b><u>5,821,875</u></b>	<b><u>3,080,772</u></b>	<b><u>2,257,497</u></b>	<b><u>5,338,269</u></b>

## 24 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2017 and 2016 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:

	<b>Financial statements in which the equity method is applied</b>			
	<b>Consolidated financial statements 2017</b>	<b>2016 (in thousand Baht)</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
<b>Profit for the year attributable to ordinary shareholders of the Company (basic)</b>	<b><u>315,094</u></b>	<b><u>368,481</u></b>	<b><u>405,214</u></b>	<b><u>307,819</u></b>
<b>Number of ordinary shares outstanding (basic)</b>	<b><u>1,300,000</u></b>	<b><u>1,300,000</u></b>	<b><u>1,300,000</u></b>	<b><u>1,300,000</u></b>
<b>Basic earnings per share (in Baht)</b>	<b><u>0.24</u></b>	<b><u>0.28</u></b>	<b><u>0.31</u></b>	<b><u>0.24</u></b>

## 25 Dividends

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.

## Ichitan Group Public Company Limited and its Subsidiary

### Notes to the financial statements

For the year ended 31 December 2017

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 Group 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 Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group 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 Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

### *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 Group 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 Group's operations and its cash flows. The Group is primarily exposed to interest rate risk from its borrowings (note 14 to the financial statements). The Group 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:

	Interest rate (% per annum)	Consolidated financial statements / Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
<b>2017</b>					
<b>Current</b>					
Short-term borrowings from financial institutions	Market rate	240,000	-	-	240,000
Current portion of long-term borrowings from financial institutions	MLR minus 2%, MLR minus 2.12% and 6 months BIBOR plus 1.25%	647,531	-	-	647,531



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		<b>Consolidated financial statements / Separate financial statements</b>			
	Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
<b>Non-current</b>					
Long-term borrowings from financial institutions	MLR minus 2%, MLR minus 2.12% and 6 months BIBOR plus 1.25%	-	702,751	64,746	767,497
<b>Total</b>		<b>887,531</b>	<b>702,751</b>	<b>64,746</b>	<b>1,655,028</b>
		<b>Financial statements in which the equity method is applied / Separate financial statements</b>			
	Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
<b>2016</b>					
<b>Current</b>					
Short-term borrowings from financial institutions	Market rate	713,717	-	-	713,717
Current portion of long-term borrowings from financial Institutions	MLR minus 2% and 6 months BIBOR plus 1.25%	524,021	-	-	524,021
<b>Non-current</b>					
Long-term borrowings from financial institutions	MLR minus 2%, MLR minus 2.12% and 6 months BIBOR plus 1.25%	-	1,042,736	-	1,042,736
<b>Total</b>		<b>1,237,738</b>	<b>1,042,736</b>	<b>-</b>	<b>2,280,474</b>

Management believes that such interest rate risk is minimal.

**Foreign currency risk**

The Group is exposed to foreign currency risk relating to purchase and sale which are denominated in foreign currencies. However, as at 31 December 2017 and 2016 the Group does not have material foreign currency risk.



## Ichitan Group Public Company Limited and its Subsidiary Notes to the financial statements For the year ended 31 December 2017

At 31 December, the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
<b>United States Dollars</b>				
Advances for purchase of machinery and equipment	1,776	14,253	1,776	14,253
Payables on purchase of property, plant and equipment	(17,251)	(13,164)	(17,251)	(13,164)
Trade accounts payable	(13,382)	-	(13,382)	-
	<b>(28,857)</b>	<b>1,089</b>	<b>(28,857)</b>	<b>1,089</b>
<b>Japanese Yen</b>				
Payables on purchase of property, plant and equipment	(159)	(169)	(159)	(169)
	<b>(159)</b>	<b>(169)</b>	<b>(159)</b>	<b>(169)</b>
<b>Euro</b>				
Advances for purchase of machinery and equipment	30,707	385,678	30,707	385,678
Payables on purchase of property, plant and equipment	(55,815)	-	(55,815)	-
	<b>(25,108)</b>	<b>385,678</b>	<b>(25,108)</b>	<b>385,678</b>
<b>Statement of financial position exposure</b>	<b>(54,124)</b>	<b>386,598</b>	<b>(54,124)</b>	<b>386,598</b>

### Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management 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 Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group'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 borrowings are bearing interest at rates close to current market rate, the management believes that as at 31 December 2017 and 2016, the carrying amount of the Group's financial instruments does not materially differ from their aggregate fair value.





**Ichitan Group Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**27 Commitments with non-related parties**

***Capital commitments***

	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
<i>Contracted but not provided for:</i>				
Property, plant and equipment	233,170	480,263	233,170	480,263
<b>Total</b>	<b>233,170</b>	<b>480,263</b>	<b>233,170</b>	<b>480,263</b>

***Future minimum lease payments under non-cancellable operating lease***

	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
Within one year	14,708	8,391	14,708	8,391
After one year but within five years	26,690	6,046	26,690	6,046
<b>Total</b>	<b>41,398</b>	<b>14,437</b>	<b>41,398</b>	<b>14,437</b>

The Group has lease agreements with local companies covering office premises including facilities and others for periods of 2 to 4 years expiring in 2018 to 2021.

***Other commitments***

	Consolidated financial statements 2017	Financial statements in which the equity method is applied 2016 (in thousand Baht)	Separate financial statements 2017	2016
Unused letters of credit	58,066	2,372	58,066	2,372
Purchase orders for goods and supplies	405,434	443,679	405,434	443,679
<b>Total</b>	<b>463,500</b>	<b>446,051</b>	<b>463,500</b>	<b>446,051</b>

***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 6.8 million (2016: Baht 5.8 million).

## Ichitan Group Public Company Limited and its Subsidiary Notes to the financial statements For the year ended 31 December 2017

### *Significant agreements with non-related parties*

As at 31 December 2017 the Group 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 2018 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 2017 to 31 October 2020. The third agreement shall be in effect from 1 June 2017 to 31 May 2020.

A subsidiary, Ichitan Power Co., Ltd., has production distribution agreements with two local companies. Under the terms of the agreement, the subsidiary agrees to pay distribution fees at the rates as specified in the agreement. The first agreement shall be in effect from 1 February 2017 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 2017 to 31 October 2018.

#### *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

- 28.1 On 5 January 2018, the Company received a funding call notice from the joint venture to call for an additional paid-up of Indonesian Rupiah 60,000 million (or equivalent to Baht 158.7 million) for the purpose of additional working capital. The Company paid the said paid-up capital on 17 January 2018 and the joint venture completely registered the capital increase with the Indonesia Investment Coordinating Board on 24 January 2018.



## Ichitan Group Public Company Limited and its Subsidiary

### Notes to the financial statements

#### For the year ended 31 December 2017

28.2 At the meeting of the Board of Directors of the Company held on 22 February 2018, the Board of Directors approved the appropriation of annual dividend for the year 2017 of Baht 0.15 per share, amounting to Baht 195 million, is scheduled to be paid to the Company's shareholders on 18 May 2018. The annual dividend, however, is subject to the final approval from the shareholders of the Company.

## 29 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2016 have been reclassified to conform to the presentation in the 2017 financial statements as follows:

	2016					
	Financial statements in which the equity method is applied			Separate financial statements		
	Before reclassi- fication	Reclassi- fication	After reclassi- fication (in thousand Baht)	Before reclassi- fication	Reclassi- fication	After reclassi- fication
<b>Statement of financial position as at 31 December 2016</b>						
Other current receivables	30,098	7,312	37,410	30,098	7,312	37,410
Other current assets	7,474	(7,361)	113	7,474	(7,361)	113
Other non-current receivables	-	26,161	26,161	-	26,161	26,161
Other non-current assets	27,889	(26,112)	1,777	27,889	(26,112)	1,777
Other payables	(56,459)	(11,729)	(68,188)	(56,459)	(11,729)	(68,188)
Other current liabilities	(11,729)	11,729	-	(11,729)	11,729	-
		<u>-</u>			<u>-</u>	

The reclassifications have been made in order to comply with the classification set out in the Pronouncement of the Department of Business Development "Determination of items in the financial statements B.E. 2559" dated 11 October 2016 that is effective for annual periods beginning on or after 1 January 2017.



**ICHITAN**  
GROUP

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