



REINFORCING LEADERSHIP

IN INDUSTRIAL PROPERTY DEVELOPMENT

Annual Report 2017

TICON Industrial Connection Public Company Limited



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Message from the Chairman of the Board



To Shareholders

The year 2017 was an outstanding year of TICON Industrial Connection Public Company Limited (“TICON”) in achieving its strategic milestone to enhance the Company’s competitiveness whilst preparing for future business expansion. At the same time, the Company has strengthened its business platform and continued to improve process turnaround and efficiency. Total revenue, as a result, was reported at an outstanding of 2,087 million baht with a net profit of 482 million baht in 2017 or a year-on-year increase of 11% and 73% respectively.

During the year, the Company has successfully increased its registered and paid-up capital from 1,099 million baht to 1,834 million baht and raised additional equity totaling 13,230 million baht by issuing new shares to Fraser Property Holdings (Thailand) Co., Ltd., an associate company of Fraser Property Limited (FPL). FPL is a global real estate investment and property management company with expertise in various real estate asset class including factory and warehouse. FPL became the major shareholder of the Company in

January 2017. Not only has the Company had a stronger capital structure, it also has sufficient funds to pursue future business expansion. The Company also benefits from being a part of Fraser Property Limited network which provides an access to a world-class knowledge, management expertise as well as new innovation of industrial property. This includes knowledge on customized design and construction that meets specific requirement of the customer or “Built to Suit”, which has proven to be a success in Australia. Together with current expertise of the Company, TICON is now able to offer more varieties of products and services to serve customer under a technology age and meet an ongoing requirement for change in production and warehouse management as a result of digital economy and new government initiatives under Thailand 4.0 policy.

The Company has successfully merged 3 former property funds namely T-FUND, T-LOGIS and T-GROWTH with TICON Freehold and Leasehold Real Estate Investment

“Thailand’s economic growth in 2018, investment and business expansion along Eastern Economic Corridor (EEC) and growth in digital consumption will drive more demand in industrial property especially Built-to-Suit factories and warehouses.”

Trust or TREIT in December 2017. TREIT has become the largest Industrial REIT in Thailand with an asset portfolio of more than 32 billion baht. TICON and its subsidiary holds 22% in TREIT which further solidify the Company’s strategy to form a financial vehicle for fund raising and capital management to support the Company’s long-term expansion. TREIT is a sizeable fund which holds high quality assets and delivers satisfactory investment return. These have attracted attention of both domestic and foreign investors and allow the Company to further monetize its assets for future business expansion. TREIT can borrow up to 60% of total asset value and has a flexibility to acquire assets of TICON as well as third party in order to generate investment return to unit holders.

In 2017, the Company has put an emphasis on employee development and process improvement in order to set a foundation for TICON to be a leading player in industrial property development internationally. The Company also went through a restructuring in order to enhance its capability to be in line with its business direction and future business scope. The Company expects Thailand’s economic growth in 2018, investment and business expansion along Eastern Economic Corridor (EEC) and growth in digital consumption to drive more demand in industrial property especially Built-to-Suit factories and warehouses. The Company strongly believes that the stated growth potentials as well as the Company’s capability will enable TICON to sustainably

expand in Thailand and internationally, particularly in CLMV countries.

As for corporate governance, the Company has formed a Corporate Governance Committee to oversee business operations and to ensure that the Company operates fairly to all stakeholders. The Corporate Governance Committee has reviewed and revised policies and Charter of Corporate Governance Committee to be in consistent with present business operation and good corporate governance principle as guided by the Thai Institute of Directors (IOD). On August 18, 2017, the IOD has accepted the Company to be a member of the Private Sector Collective Action Coalition against Corruption (CAC).

Finally, on behalf of TICON’s Board of Directors, I would like to thank our shareholders and business partners as well as TREIT unit holders for their continuous support in TICON and I would like to thank the Company’s directors, management as well as employees for their cooperation and relentless efforts in making 2017 another successful year.



(Mr. Chainoi Puankosoom)

Chairman of the Board

Report of the Audit Committee for the Year 2017



To Shareholders of TICON Industrial Connection Public Company Limited

The Audit Committee of TICON Industrial Connection Public Company Limited was appointed by the Company's Board of Directors and consists of independent directors who are qualified and have experience in certain areas including accounting, finance, business administration and law. They are independent and qualified to review the reliability of financial reports according to the Stock Exchange of Thailand (SET). Currently, there are 4 members, namely, Mr. Threekwan Bunnag (Chairman of the Audit Committee), Mr. Chainoi Puankosoom, Mr. Chatchaval Jiaravanon and Mr. Tithiphan Chuerboonchai.

The Audit Committee has completely and independently conducted its functions in accordance with the Audit Committee Charter which is in line with the regulations of the Stock Exchange of Thailand. The Audit Committee also places emphasis on good corporate governance, good internal audit system and promotes preventive controls covering risk management and protects all the stakeholders' interests equally. In 2017, the Audit Committee held 6 meetings all of which were attended by all members of the Audit Committee. The agenda included consultation with the management, internal auditor and external auditor to share information, take advice and provide helpful recommendations for the audit on adequacy and effectiveness of the internal control system, reliability of financial reports and compliance with applicable laws, rules and regulations, as well as to review on connected transactions or transactions with possible conflict of interest. In addition, the Audit Committee also held one meeting in order to discuss with the external auditor, without the management, to consider the scope, approach and independency of the annual audit by the external auditor. The key operations in 2017 can be summarized as follows:

1. Reviewing of financial reports

The Audit Committee reviewed significant items of financial reports submitted by the Company and its affiliates on a quarterly basis and for the year ended 31 December, 2017 which was reviewed and audited by the external auditor. This also included the review of the issues on significant accounting policies, changes over the past year, potential impact and significant irregular items. This was conducted in cooperation between the management, the external auditor and the internal auditor. The external auditor was of the view that the financial reports present accurate, adequate and reliable financial position and financial performance and the preparation was in accordance with generally accepted accounting standards with adequate disclosure.

2. Regulating internal audit plan

The Audit Committee reviewed and approved the audit plan prepared by the internal auditor for the year 2017 and developed by referring to the results of the entire organization risk assessment and significance of each system in accordance with the business goals and circumstances. This also included a review of the operation scope and it was recommended to the internal audit team to complete the audit plan objectives based on the audit committee assignment. In addition, the Audit Committee considered and appointed the Chief of the Internal Audit as Secretary to the Audit Committee and approved the engagement and compensation to internal audit consultants who cooperate with the internal audit department in performing effective internal audit work in accordance with internal audit standards.

During late 2017, the Audit Committee evaluated the performance of chief of the internal audit, reviewed the appropriateness and adequacy of manpower of the internal audit department, supported the development of potential and professional progress of the internal auditor as well as evaluating the 2017 overview performance and set forth key performance indicators for the internal audit department for the year 2018.

3. Reviewing compliance

The Audit Committee reviewed and monitored that the Company and its affiliates complied with rules and regulations, policies and laws relating to securities and exchange, the SEC's requirements and SET's requirements and such other laws related to the Company's business to ensure that no indication is found to believe that non-compliance and/or breach of applicable laws, rules and regulations has taken place.

4. Nominating the auditor for the year 2017

The Audit Committee selected and nominated the external auditors based on qualifications, independency, performance and reasonableness of proposed compensation. The Audit Committee agreed with the appointment of the external auditors from EY office limited as follows: Mr. Sophon Permsirivallop, CPA License No. 3182 and/or Miss Rungrapa Lertsuwankul, CPA License No. 3516 and/or Mr. Chayapol Suppasertanon, CPA License No. 3972 and/or Miss Rosaporn Decharkom, CPA License No. 5659 and/or Mrs. Sumana Punpongsonon, CPA License No. 5872, to be the Company's auditors for the year 2017 and fixed the compensation at the total amount of 1,050,000 baht and presented to the Board of Directors and to the Shareholders' meeting 2017 for approval.

5. Reviewing connected transactions or transactions with possible conflicts of interest

The Audit Committee reviewed related transactions or transactions with possible conflicts of interest based on SET Regulations: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions. The Audit Committee was of the view that connected transactions were made on an arm's length basis without any conflict of interest in fair and reasonable manner. No irregularity was found, and information was adequately disclosed.

6. Reviewing and revising the Audit Committee Charter

The Audit Committee reviewed and revised the Audit Committee Charter as to its adequacy and appropriateness of the Charter to reflect changes in circumstances or situation. The Charter's objectives are to assist the Board of Directors in performing work pertaining to the review

of the financial report, internal control and internal audit system and compliance with laws and regulations, as well as give independent opinions and suggestions with regard to good corporate governance, risk management to ensure efficiency and compliance with rules, and policies and practices prescribed by the Board of Directors. The current Audit Committee Charter was approved by the Board on 10 August 2017. Furthermore, the Internal Audit Charter was also prepared by the Internal Audit department to ensure the management and staff at all levels of the Company and its affiliates understand the objectives, duties and responsibilities, authorities, reporting line, code of conduct and operation guidelines of the Internal Audit Department in accordance with the International Professional Practices Framework by the Institute of Internal Auditors. The present Internal Audit Charter was approved by the Audit Committee on 10 November 2017.

7. Reporting the Audit Committee's performance result to the Board of Directors

The Audit Committee reports its operations with a review of financial statements to the Board of Directors at least once every quarter, and discloses the Audit Committee report in the annual report 2017 in accordance with SET requirements. Any transactions or actions that could have significant impact to the Company's financial status and/or operation shall be presented to the Board of Directors for acknowledgement. Over the past year, there was no such incident or circumstance.

In summary of 2017, the Audit Committee had fulfilled its functions and responsibilities as stated in the Audit Committee Charter through its knowledge, capacity, prudence and due care with adequate independency in following up the Company and affiliates' operations, thereby protecting all the stakeholders' interests equally. The Committee was of the opinion that the Company and its affiliates' financial reports were accurate, reliable, and adequate in accordance with the generally accepted accounting principles. Besides, the Company has implemented a sufficient, appropriate, and effective internal control system and internal audit system based on international standards, and also the follow up and monitoring system, compliance with the Securities and Exchange laws, rules and regulations, and other laws relating to the company's business.

On behalf of the Audit Committee



(Mr. Threekwan Bunnag)
Chairman of the Audit Committee

Report of the Risk Management Committee 2017



The Board of Directors of TICON Industrial Connection Public Company Limited believes strongly in a proper risk management as a governing mechanism for the Company to achieve its mission and goals, add value to the business, shareholders and stakeholders as well as facilitate robust and sustainable growth. The Board of Directors has set up a Risk Management Committee consisting of four members, with duties to formulate policies and manage risks relating to execution of strategies and business plans.

The Committee has performed its duties in accordance with the Risk Management Committee Charter approved by the Board of Directors. In 2017, two Risk Management Committee meetings were convened with key agendas summarized as follows:

- 1. Reviewed of risk management policy:** The Risk Management Committee reviewed and revised risk management policy to reflect current business operation and to comply with international standard. The policy will be a framework guideline to manage overall business of the Company.
- 2. Reviewed of Risk Management Committee Charter:** The Risk Management Committee revised the Risk Management Committee Charter to be in compliance with good corporate governance practices. The Charter was approved by the Board of Directors.
- 3. Opined on Risk Tolerance Limit:** The Risk Management Committee opined on risk tolerance limit and approved

that the primary risk management responsibility lies with the management of the Company. The Risk Management Committee will regularly monitor and evaluate results of risk management by the management and report to the Board of Directors.

- 4. Approved to arrange risk management training for employees:** The Risk Management Committee approved to arrange regular trainings on risks and risk management for the employees of the Company so that the employees understand the importance of risk management which is to be exercised at all times.

The Risk Management Committee is determined to perform its duties to monitor and evaluate risks of the Company. The shareholders and other stakeholders can be assured that the Company has a robust risk management procedure to efficiently address the risks to mitigate impacts to the Company's operations and performance.

Over the last one year, the Risk Management Committee has supervised the Company to develop a systematic risk management framework. This will be pursued going forward to ensure that the Company is sustainably managed within acceptable risks.

A handwritten signature in black ink, appearing to read 'Chotiphat Bijananda'.

(Mr. Chotiphat Bijananda)
Chairman of the Risk Management Committee

Vision

“To be an international leading industrial property developer in factory and warehouse, with a focus on social responsibility and environmental sustainability, that generates recurring and efficient returns to shareholders.”

“To be a leading industrial property developer in factory and warehouse, with comprehensive services and solutions for customers, that operates under good corporate governance for the benefits of all stakeholders.”

Mission

SIGNIFICANT DEVELOPMENTS during the past three years

APR

SLP



- TICON signed a joint venture business agreement with PT Surya Semesta Internusa Tbk and Mitsui & Co., Limited to invest in PT SLP Surya TICON Internusa (SLP). PT Surya Semesta Internusa Tbk is an industrial estate developer in Indonesia. TICON has 25% stake in SLP which is held through a subsidiary company in Hong Kong.



- TICON set up TICON (HK) Limited, a subsidiary company in Hong Kong to invest in countries outside Thailand.

OCT

TPARK

TICON Logistics Park Company Limited invested in TPARK BFTZ Company Limited which is a joint venture company with Prospect Development Company Limited to develop warehouses for rent and/or sale in Bangkok Free Trade Zone project in Bang Phli, Samut Prakan.

DEC

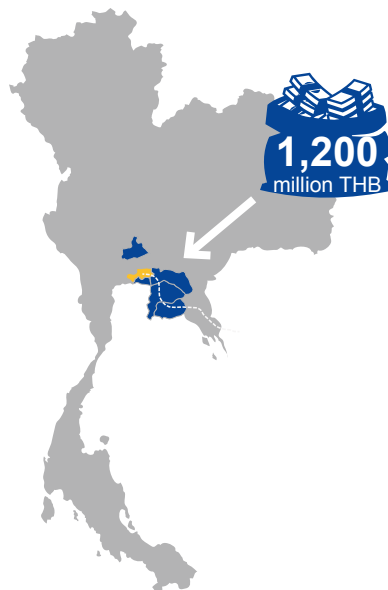
FRASERS
CENTREPOINT

TICON increased capital by issuing common shares to Frasers Property Holdings (Thailand) Company Limited or FPHT. The new 735 million shares were distributed under a private placement.

2015

2016

2017



TICON invested Baht 1,200 million in Thailand for development of warehouses to meet increasing demand in Greater Bangkok area, Bangna-Trad, Bang Phli, and Wangnoi area. This resulted in a 22% increase in rental area of warehouses and 7% increase in rental area of factories.

"A" Stable TRIS RATING

TICON's credit rating was upgraded to "A" Stable by TRIS Rating from stable operating cash flow and strong balance sheet pursuant to capital injection.



TICON was certified a member of Collective Action Coalition (CAC) for anti-corruption.

TREIT



TFUND TLOGIS and TGROWTH property funds were converted successfully to TREIT (TICON Freehold and Leasehold Real Estate Investment Trust) and continued to be managed by TICON Management Co., Ltd. (TMAN). TREIT became the largest Industrial REIT in Thailand with total asset value of Baht 32 billion.

JAN

MAY

AUG

OCT

DEC

TICON established a 100% subsidiary TICON International Pte. Ltd. in Singapore to invest in companies outside Thailand. As at December 31, 2017, the Company's registered and paid-up capital was SGD 225.8 million.



40% stake

TICON received capital injection of Baht 13.23 billion from FPHT. FPHT became a major shareholder of TICON with 40% stake.

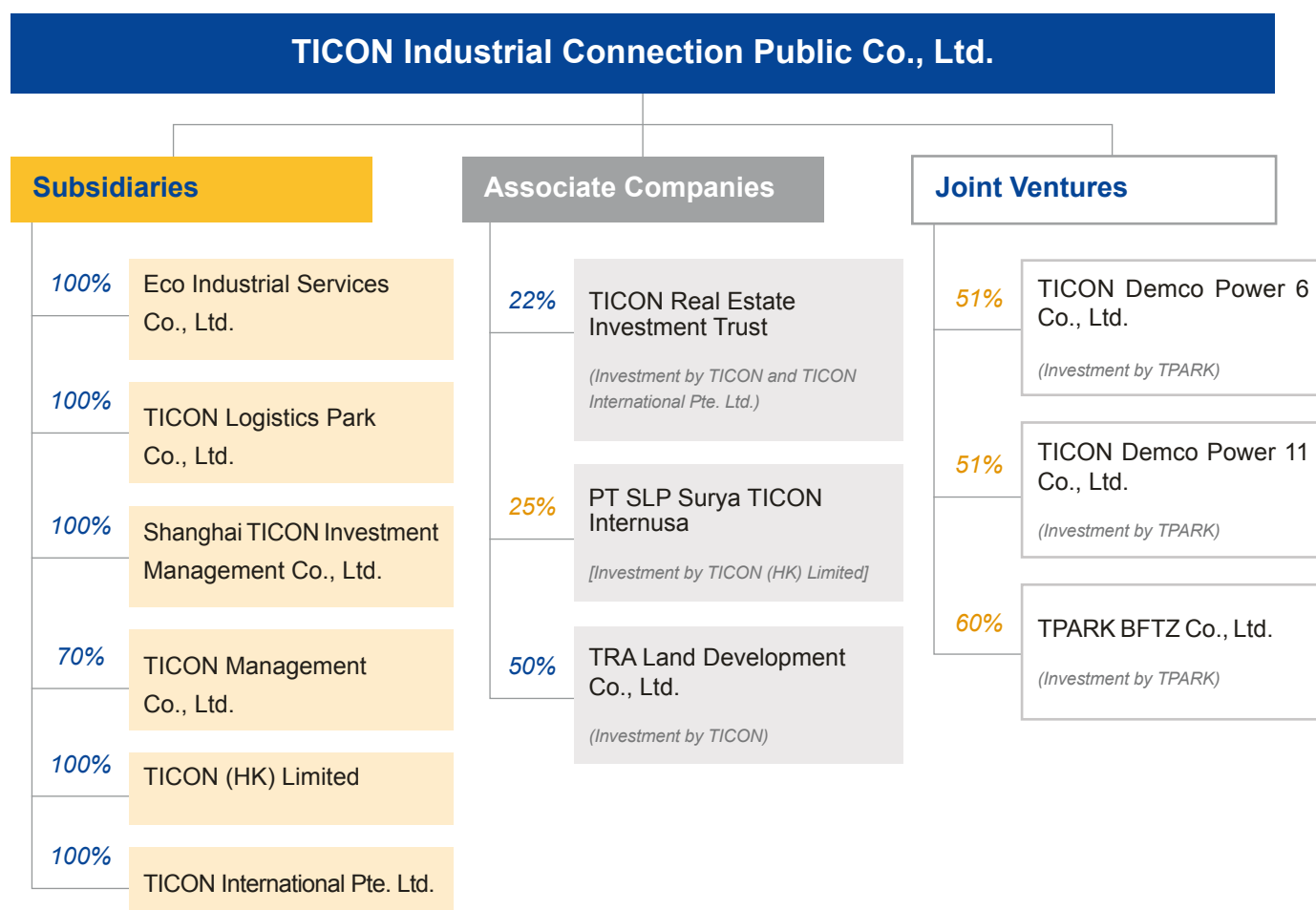


TICON received a GOLD certified LEED (Leadership in Energy and Environmental Design) standard for green warehouses from the U.S. Green Building Council (USGBC), a leading organization for green buildings in USA. This solidifies TICON as a leading international warehouse developer.



TICON Group Structure

As of December 31, 2017



Details of subsidiaries as follows;

(1) Eco Industrial Services Co., Ltd. ("EISCO")

TICON holds 100 percent stake in EISCO. EISCO was established under the Board of Investment privileges to develop ready-built factories on Laemchabang Industrial Estate. However, such privileges have expired.

In 2003, EISCO was certified ISO 9001:2000. As of December 31, 2017, EISCO had registered and paid-up capital of Baht 12.5 million.

(2) TICON Logistics Park Co., Ltd. ("TPARK")

TICON holds 100 percent stake in TPARK. TPARK was established in August 2005 to develop logistics warehouses.

In 2009, TPARK was certified ISO 9001:2008. As of December 31, 2017, TPARK had registered and paid-up capital of Baht 11,500 million.

(3) Shanghai TICON Investment Management Company Limited ("SH-TICON")

TICON holds 100 percent stake in SH-TICON. SH-TICON was registered in China in July 2010 to explore real estate investment opportunities in China.

As of December 31, 2017, SH-TICON had registered and paid-up capital of USD 2.8 million.

(4) TICON Management Company Limited ("TMAN")

TICON holds 70 percent stake in TMAN and Mitsui & Co. (Asia Pacific) Pte. Limited holds 30 percent. TMAN was founded in May 2013 as a trust manager of REIT and was approved by the Securities and Exchange Commission (SEC) to manage the Trust since August 6, 2014.

As of December 31, 2017, TMAN had registered and paid-up capital of Baht 10 million.

(5) TICON (HK) Limited (“TICON-HK”)

TICON holds 100 percent stake in TICON-HK which was founded in Hong Kong in April 2015 to invest in business outside Thailand. Presently, the Company holds the investment in PT SLP Surya TICON Internusa.

As of December 31, 2017, TICON-HK had registered and paid-up capital of USD 16.13 million.

(6) TICON International Pte. Ltd.

TICON holds 100 percent stake in TICON International Pte. Ltd., which was founded in Singapore in October 2017 to invest in companies outside Thailand.

As of December 31, 2017, TICON International Pte. Ltd. had registered and paid-up capital of SGD 225.88 million.

Details of associate companies are as follows;**(1) TICON Real Estate Investment Trust (“TREIT”)**

TICON and TICON International Pte. Ltd. hold, in aggregate, 22 percent stake in TREIT, an industrial real estate trust listed on the Stock Exchange of Thailand. TREIT was established in December 2014 to invest in industrial properties owned not only by TICON or TPARK but also by third parties. TICON Management Company Limited or TMAN is the REIT manager and BBL Assets Management is a trustee of TREIT. TICON and TPARK play important roles as a property management of TREIT.

After TFUND, TLOGIS and TGROWTH were merged and converted to TREIT on December 29, 2017, TREIT became the largest industrial REIT in Thailand with registered and paid-up capital of Baht 25.4 billion.

TREIT has a policy to pay dividend semi-annually of not less than 90 percent of net profit after deducting unrealized gain on revaluation or valuation review of the properties and other adjustments according to Notification of the Office of the Securities and Exchange Commission. The dividend is not subject to corporate income tax. As at December 31, 2017, the NAV of TREIT was Baht 9.78 per unit.

(2) PT SLP Surya TICON Internusa (“SLP”)

SLP is a joint venture company in Indonesia which is 25 percent owned by TICON (HK) Limited and 25 percent owned by Mitsui & Co., Limited while PT Surya Semesta Internusa Tbk holds 50 percent. SLP was incorporated to develop factories and warehouses for sale and rent in Indonesia. SLP owns 28 warehouse units (62,208 square meters) with an occupancy rate of 100 percent in Suryacipta Technopark.

As of December 31, 2017, SLP had registered capital of USD 185.6 million and paid-up capital of USD 46.4 million.

(3) TRA Land Development Co., Ltd.

TRA Land Development Co., Ltd. was incorporated in 2017 to develop real estate projects. It is 50 percent owned by TICON, 25 percent owned by Rojana Industrial Park Public Co., Ltd. and 25 percent owned by Asia Industrial Estate Co., Ltd.

As at December 31, 2017, TRA Land Development Co., Ltd. had registered and paid-up capital of Baht 1 million.

Details of joint ventures are as follows:**(1) TICON Demco Power 6 Company Limited (“TICON Demco 6”)**

TICON DEMCO 6 is a solar energy electricity generating company which is 51 percent owned by TPARK and 49 percent owned by Demco Public Company Limited.

As of December 31, 2017, TICON DEMCO 6 had registered and paid-up capital of Baht 5 million.

(2) TICON Demco Power 11 Company Limited (“TICON Demco 11”)

TICON DEMCO11 is a solar energy electricity generating company which is 51 percent owned by TPARK and 49 percent owned by Demco Public Company Limited.

As of December 31, 2017, TICON DEMCO 11 had registered and paid-up capital of Baht 4 million.

(3) TPARK BFTZ Company Limited (“TPARK BFTZ”)

TPARK BFTZ was founded in October 2016 to develop warehouses for sale and rent in Bang Phli's Bangkok Free Trade Zone, Samut Prakan. The company is 60 percent owned by TPARK and 40 percent owned by Prospect Development Company Limited.

As at December 31, 2017, TPARK BFTZ had registered and paid-up capital of Baht 350 million.

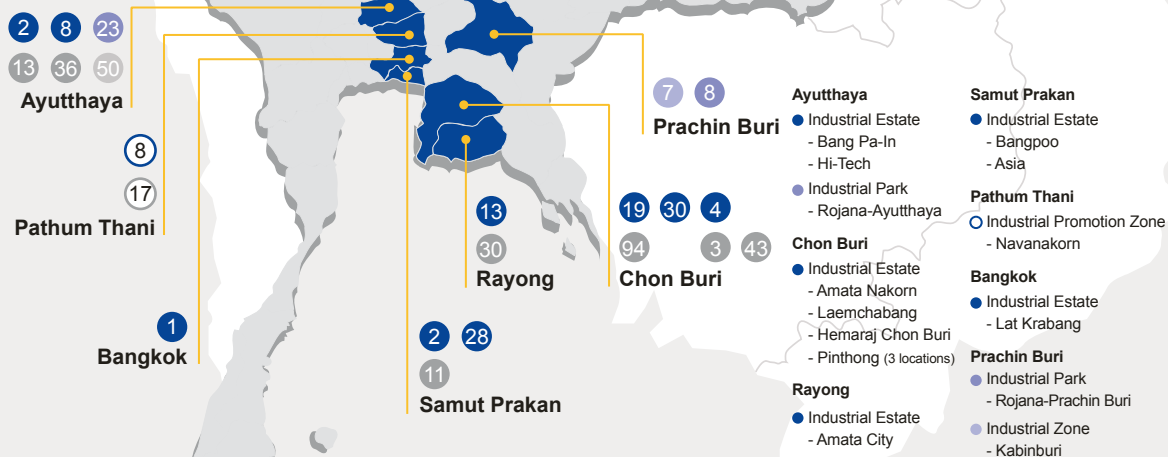
Separately, TICON also invested Baht 1 million in Bangkok Club Co., Ltd., which represents 0.11 percent stake, to utilize the Club's facilities.

Factories



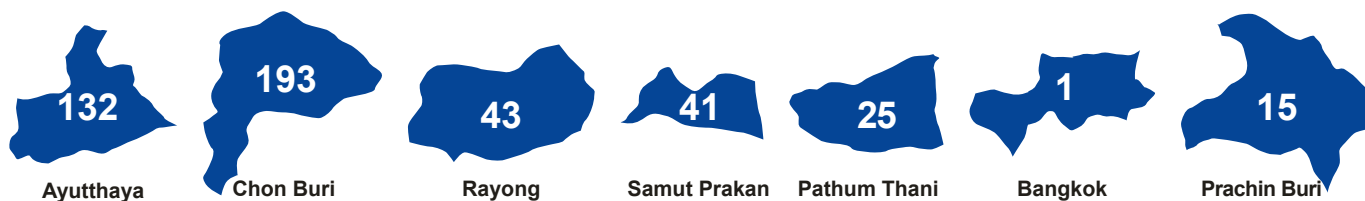
under managed by
the Company

- Industrial Estate
- Industrial Park
- Industrial Zone
- Industrial Promotion Zone



7 | **16**
Provinces | Locations*
*Not include areas under development

Number of factories under managed by the Company in 7 Provinces



Warehouses

under managed by
the Company

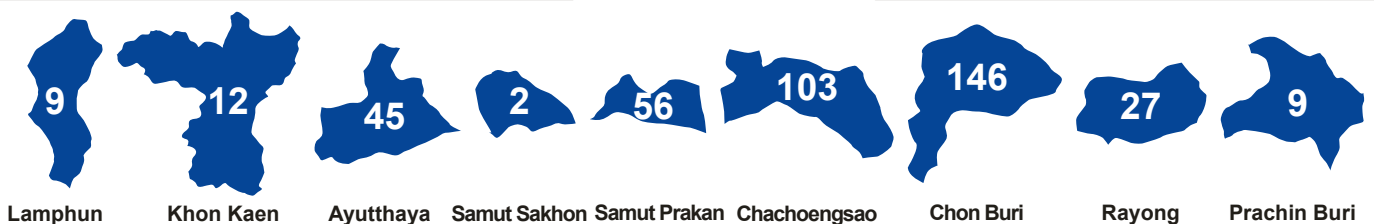


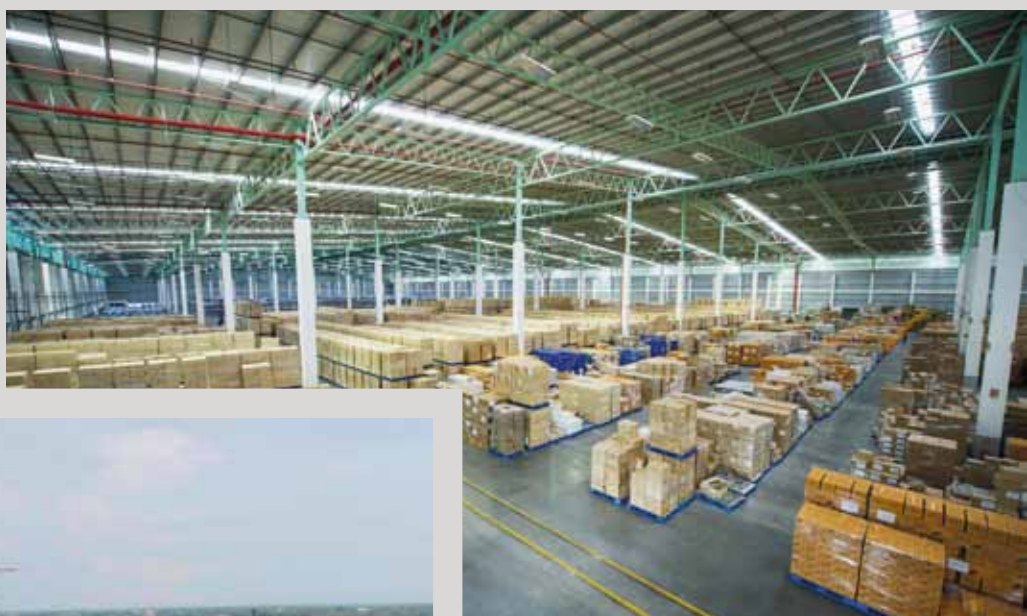
- Industrial Estate
- Industrial Park
- TPARK
- Logistic Park

- Lamphun**
 - Logistic Park
 - Lamphun
- Khon Kaen**
 - Logistic Park
 - Khon Kaen
- Ayutthaya**
 - Industrial Park
 - Rojana-Ayutthaya
 - TPARK
 - Wangnoi (2 locations)
- Samut Sakhon**
 - Logistic Park
 - Samut Sakhon
- Samut Prakan**
 - Logistic Park
 - Bang Phli (5 locations)
- Chachoengsao**
 - TPARK
 - Bangna
- Chon Buri**
 - Industrial Estate
 - Amata Nakorn
 - Hemaraj Chon Buri
 - TPARK
 - Si Racha
 - Logistic Park
 - Laemchabang (2 locations)
 - Eastern Seaboard (3 locations)
 - Phan Thong
- Rayong**
 - Industrial Estate
 - Amata City
 - Logistic Park
 - Eastern Seaboard
- Prachin Buri**
 - Industrial Park
 - Rojana-Prachin Buri

9 | **24**
Provinces | Locations*
*Not include areas under development

Number of warehouses under managed by the Company in 9 Provinces





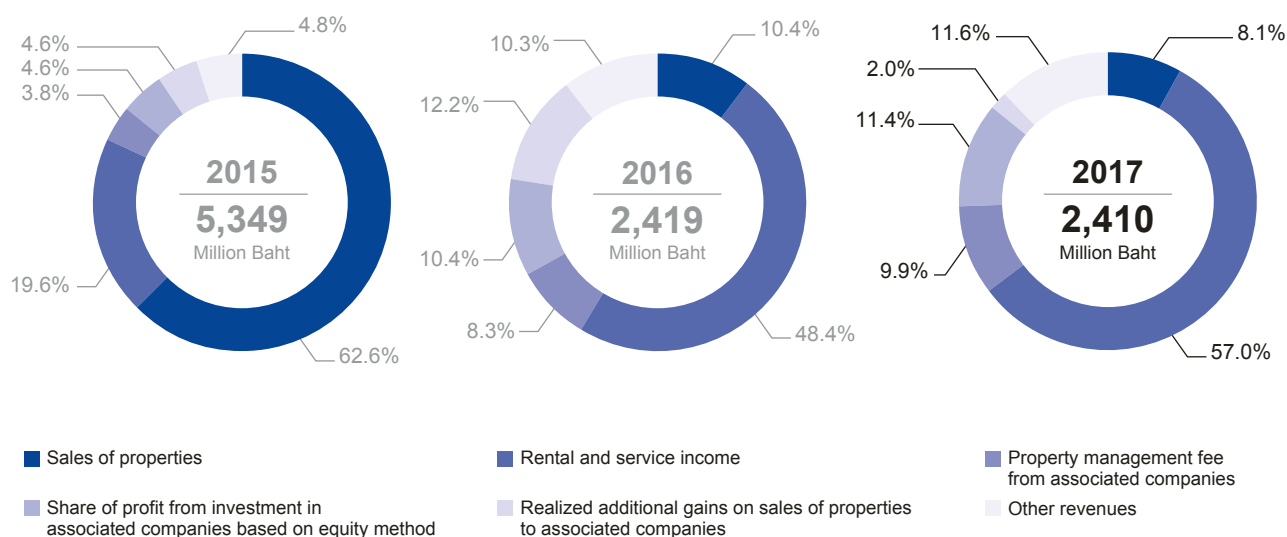
Performance Overview

Financial Highlights

Unit: Million Baht

	2017	2016	2015
Sales of properties	194.36	250.68	3,345.61
Rental and service income	1,372.60	1,172.12	1,048.55
Property management fee from property funds/REIT	239.15	201.12	204.12
Share of profit from investments in property funds/REIT	274.65	252.22	248.47
Gain on sales of properties	48.30	294.95	246.69
Cost of sales of properties	77.27	160.16	2,401.42
Cost of rental and service	409.83	332.56	306.39
Selling and administrative expenses	782.71	704.04	756.89
Net profit	482.40	278.10	770.96
Assets	40,799.93	36,092.73	36,287.15
Liabilities	15,865.69	24,675.06	24,597.66
Shareholders' equity	24,934.24	11,417.67	11,689.50
Return on equity (%)	2.64	2.38	6.65
Return on fixed assets (%)	3.20	2.31	4.63
Dividend payout ratio (%)	38.21	53.35	71.39

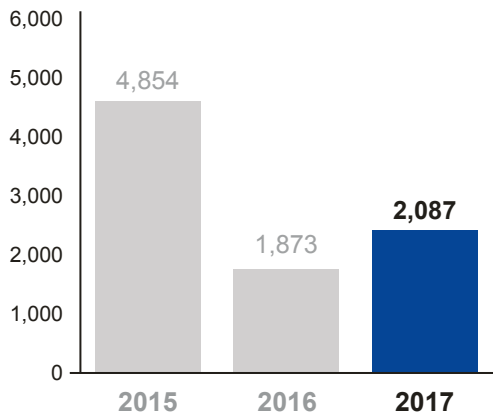
Revenue Structure



Financial Performance

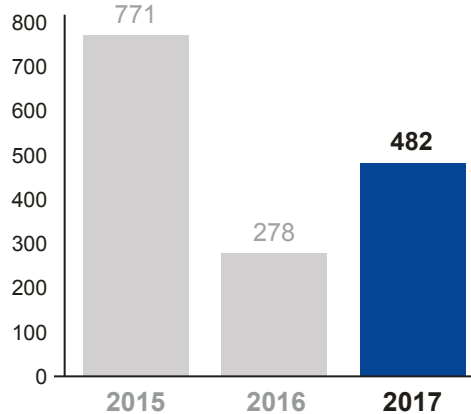
Total Revenue

(Unit: Million Baht)



Net Profit

(Unit: Million Baht)



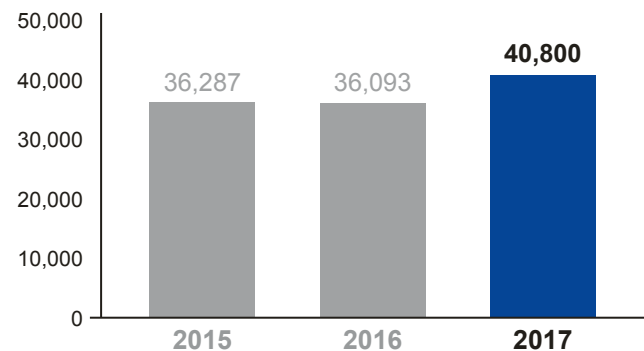
Strong
net profit
growth of
73%
YoY

Balance Sheet

36% Decreased
in liabilities
from debt repayment
Strong equity base
from capital injection

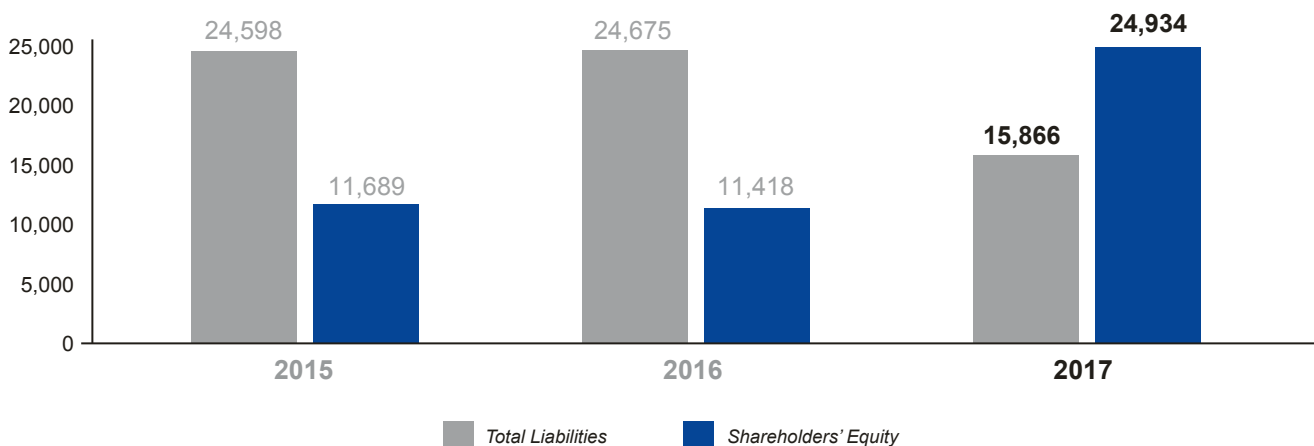
Total Assets

(Unit: Million Baht)



Total Liabilities and Shareholders' Equity

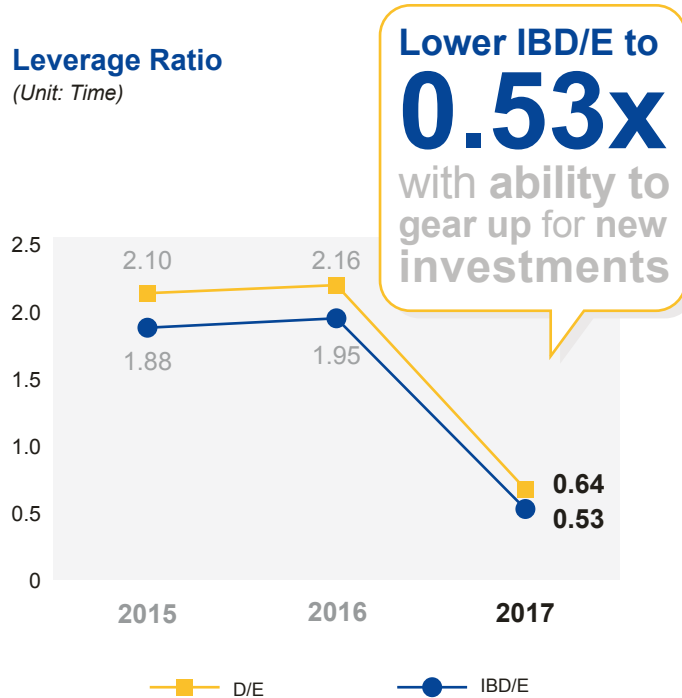
(Unit: Million Baht)



Financial Ratio

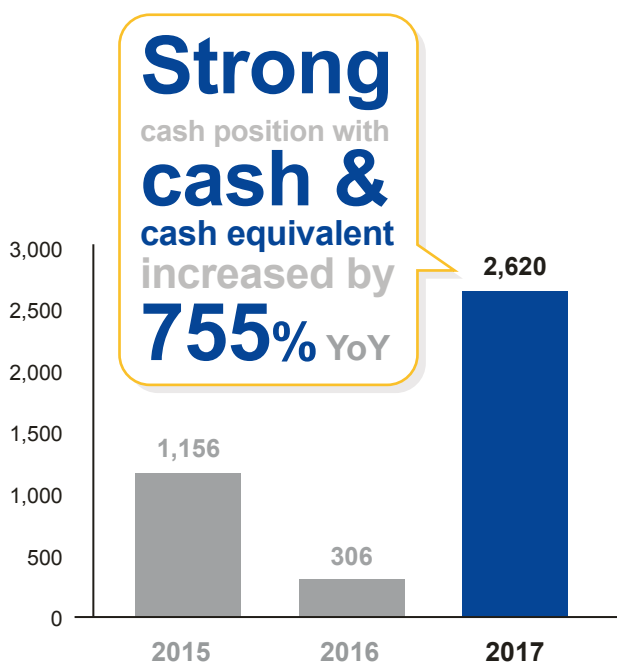
Leverage Ratio

(Unit: Time)



Cash & Cash Equivalents

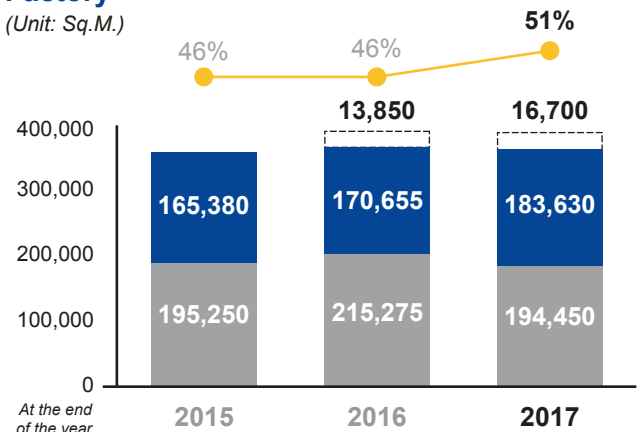
(Unit: Million Baht)



Factory and Warehouse

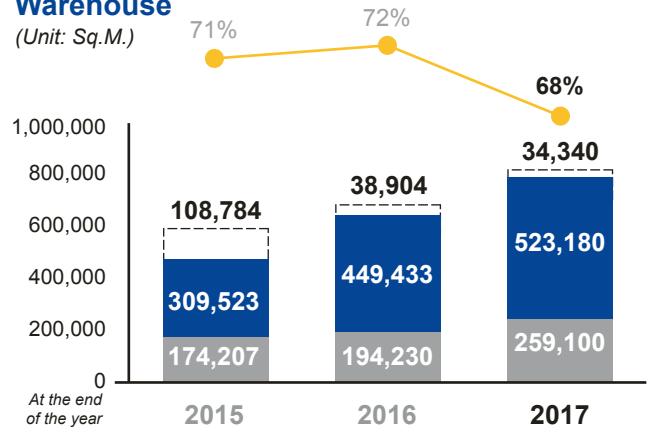
Factory

(Unit: Sq.M.)



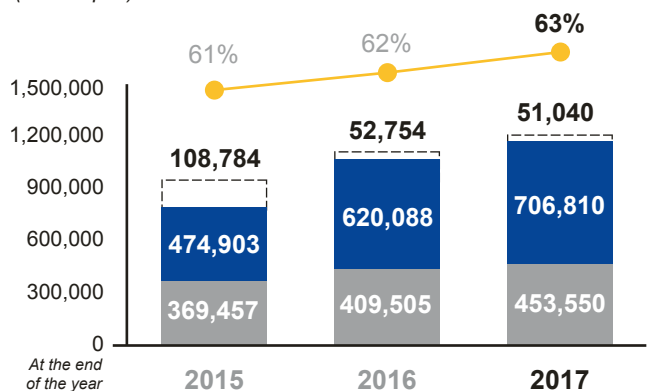
Warehouse

(Unit: Sq.M.)



Factory & Warehouse

(Unit: Sq.M.)



■ Contract
 ■ Available
 Pre-leased
 ● Occupancy Rate

Board of Directors



1

1. Mr. Chainoi Puankosoom

*Chairman of the Board, Independent Director
and Member of the Audit Committee*

2

2. Mr. Threekwan Bunnag

*Independent Director
and Chairman of the Audit Committee*

3

3. Mr. Chatchaval Jiaravanon

*Independent Director
and Member of the Audit Committee*

4

4. Mr. Tithiphan Chuerboonchai

*Independent Director
and Member of the Audit Committee*



5

6

7

8

9

5. Mr. Uten Lohachitpitaks

Authorized Director

6. Mr. Chotiphat Bijananda

Authorized Director

7. Mr. Panote Sirivadhanabhakdi

Authorized Director

8. Mr. Chali Sophonpanich

Authorized Director

9. Mr. Chai Vinichbutr

Authorized Director



Mr. Chainoi Puankosoom Age 67 years
Chairman of the Board,
Independent Director and
Member of the Audit Committee

First Appointment date 16 January 2017

Education:

- Master of Management (MM), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor Degree in Higher Accounting, California College of Commerce, USA

Thai Institute of Directors Association (IOD) and other training programs:

- The Role of Chairman in Leading Strategic Risk Oversight 2017
- Director Accreditation Program (DAP 63/2007)
- Role of the Chairman Program (RCP 33/2014)
- Financial Institutions Governance Program (FGP 3/2011)

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

Work experience:

- 2017 - Present Chairman of the Board, Independent Director and Member of the Audit Committee, TICON Industrial Connection Public Co., Ltd.
- 2017 - Present Director, Chairman of the Audit Committee, Sapthip Co., Ltd.
- 2016 - Present Chairman, Tipco Asphalt Public Co., Ltd.
- 2016 - Present Director, Petroleum Institute of Thailand
- 2016 - Present Director, Working Capital Committee, The Comptroller General's Department
- 2016 - Present Independent Director, Demeter Corporation Public Co., Ltd.
- 2015 - Present Director, Prima Marine Co., Ltd.
- 2012 - Present Director and Member of the Audit Committee, Golden Land Property Development Public Co., Ltd.
- 2011 - Present Director, Energy Fund Administration Institute (Public Organization)
- 2010 - Present Director, National Power Supply Public Co., Ltd.



Mr. Threekwan Bunnag Age 61 years
Independent Director
and Chairman of the Audit Committee

Education:

- Master of Business Administration, University of North Texas, USA

Thai Institute of Directors Association (IOD) and other training programs:

- Director Certification Program 2001, Thai Institute of Directors Association
- Director Accreditation Program 2006, Thai Institute of Directors Association
- Advanced Audit Committee Program (AACP 27/2017)

Shareholding proportion (%):

0.07 (as at January 18, 2018)

Relationship among directors/management:

- None -

Work experience:

- 2004 - Present Independent Director and Chairman of the Audit Committee, TICON Industrial Connection Public Co., Ltd.
- 2008 - 2016 Director, TICON Logistics Park Co., Ltd.
- 2009 - 2012 Independent Director, Member of the Audit Committee and Compensation Committee, Golden Land Property Development Public Co., Ltd.
- 1998 - Present Chairman of the Audit Committee, Independent Director, Member of the Nomination Committee, SVI Public Co., Ltd.
- 2012 - Present Director, Emerald Bay Resort Co., Ltd.
- 2012 - Present Director, Emerald Bay Villa Co., Ltd.



Mr. Chatchaval Jiaravanon Age 56 years
Independent Director
and Member of the Audit Committee



Mr. Tithiphan Chuerboonchai Age 65 years
Independent Director
and Member of the Audit Committee

First Appointment date 24 April 2017

Education:

- Bachelor of Business Administration, University of Southern California, USA

Thai Institute of Directors Association (IOD) and other training programs:

- Director Accreditation Program 2008, Thai Institute of Directors Association
- Certification for Executive Program, CMA9 Capital Market Academy

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

Work experience:

- 2004 - Present Independent Director and Member of the Audit Committee, TICON Industrial Connection Public Co., Ltd.
- 2013 - present Director, SVI Public Co., Ltd.
- 2007 - present Chairman of the Board, Finansia Syrus Securities Public Co., Ltd.
- 2006 - present Chairman of the Board, Thai KODAMA Co., Ltd.
- 2004 - 2012 Chairman of the Board, Metrostar Property Public Co., Ltd.
- 2000 - present Director, AEON Thana Sinsap (Thailand) Public Co., Ltd.
- 2000 - present President and Chief Executive Officer, Telecom Holding Co., Ltd.
- 1993 - present Director, TRUE Corporation Public Co., Ltd.
- 1990 - present Director, Metro Machinery Co., Ltd.

Education:

- Master of Business Administration, Thammasat University
- Master of Law (LL.M.), Harvard Law School, USA
- Barrister-at-Law, The Institute of Thai Bar Association
- Bachelor of Laws (First Class Honors), Chulalongkorn University

Thai Institute of Directors Association (IOD) and other training programs:

- Director Certification Program (DCP 0/2000)
- Financial Institutions Governance Program (FGP 3/2011)

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

Work experience:

- 2017 - Present Independent Director and Member of the Audit Committee, TICON Industrial Connection Public Co., Ltd.
- 2016 - Present Independent Director and Member of the Audit Committee, United Overseas Bank (Thai) Public Co., Ltd.
- 2010 - Present Director, C & C International Venture Co., Ltd.
- 2009 - Present Independent Director and Member of the Audit Committee, TSFC Securities Public Co., Ltd.
- 1995 - Present Director, Research Center for Law and Development, Faculty of Law, Chulalongkorn University
- 2010 - 2013 Independent Director and Member of the Audit Committee, Siam City Bank Public Co., Ltd.
- 2001 - 2009 Dean of the Faculty of Law, Chulalongkorn University
- 2000 - 2001 Vice Dean of the Faculty of Law, Chulalongkorn University
- 1978 - 2013 Lecturer of the Faculty of Law, Chulalongkorn University



Mr. Panote Sirivadhanabhakdi Age 40 years
Authorized Director

First Appointment date 16 January 2017

Education:

- Master of Science in Analysis, Design and Management of Information System, The London School of Economics and Political Science, UK
- Bachelor of Science in Manufacturing Engineering, Boston University, USA
- Certificate in Industrial Engineering and Economics, Massachusetts University, USA

Thai Institute of Directors Association (IOD) and other training programs:

- Director Certification Program (DCP 46/2004)
- Director Accreditation Program (DAP 10/2004)
- Finance for Non-Finance Director (FND 10/2004)

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Family Relations among Director and Executives:

A brother of Mr. Chotiphat Bijananda's wife

Work experience:

- 2017 - Present Director, TICON Industrial Connection Public Co., Ltd.
- 2007 - Present Vice Chairman of the Board/Chairman of the Board of Executive Directors, Univentures Public Co., Ltd.
- 2007 - 2017 Director/Executive Director, Siam Food Products Public Co., Ltd.
- 2007 - Present Director/Executive Director, Berli Jucker Public Co., Ltd.
- 2007 - Present Director, Thai Beverage Public Co., Ltd.
- 2017 - Present Director, One Bangkok Holdings Co., Ltd.
- 2017 - Present Director, Fah Parthan Pandinthong Co., Ltd.
- 2015 - Present Director, Univentures REIT Management Co., Ltd.
- 2013 - Present Director, Frasers Property Limited
- 2013 - Present Director, TCC Assets (Thailand) Co., Ltd.
- 2011 - Present Director, N.C.C. Management and Development Co., Ltd.
- 2010 - Present Director, North Park Golf and Sports Club Co., Ltd.
- 2007 - Present Director, Adelfos Co., Ltd.
- 2007 - Present Director, Eastern Seaboard Industrial Estate (Rayong) Co., Ltd.



Mr. Chotiphat Bijananda Age 55 Years
Authorized Director

First Appointment date 16 January 2017

Education:

- MBA, Finance - University of Missouri, USA
- Bachelor of Laws - Thammasat University, Thailand

Thai Institute of Directors Association (IOD) and other training programs:

- Director Certification Program (DCP 155/2012)

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

A husband of Mr. Panote Sirivadhanabhakdi's sister

Work experience:

- 2017 - Present Director, TICON Industrial Connection Public Co., Ltd.
- 2017 - Present Director, Big C Services Co., Ltd.
- 2016 - Present Director, Big C Supercenter Public Co., Ltd.
- 2013 - Present Director, Golden Land Property Development Public Co., Ltd.
- 2013 - Present Director, Frasers Property Limited
- 2013 - Present Director, Fraser and Neave Limited
- 2011 - Present Vice Chairman, Sermasuk Public Co., Ltd.
- 2007 - Present Consultant, TCC Holding Co., Ltd.



Mr. Chali Sophonpanich Age 57 years
Authorized Director



Mr. Chai Vinichbutr Age 44 years
Authorized Director

Education:

- Master of Business Administration, The University of Chicago, USA

Thai Institute of Directors Association (IOD) and other training programs:

- Director Accreditation Program 2005, Thai Institute of Directors Association

Shareholding proportion (%):

1.98 (as at January 18, 2018)

Relationship among directors/management:

- None -

Work experience:

2005 - Present Director, TICON Industrial Connection Public Co., Ltd.
2010 - 2016 Director, Shanghai TICON Investment Management Co., Ltd. (Fund Management)
1997 - Present President, Asia Industrial Estate Co., Ltd.
1987 - Present Director, Asia Sermkij Co., Ltd.
1987 - Present President, City Realty Co., Ltd.

Education:

- Bachelor of Business Administration, Boston University, USA

Thai Institute of Directors Association (IOD) and other training programs:

- Director Accreditation Program (DAP 10/2004)
- Finance for Non-Finance Directors (FND 10/2004)

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

-None-

Work experience:

2012 - Present Director, TICON Industrial Connection Public Co., Ltd.
2015 - 2016 Director, TICON Logistics Park Co., Ltd.
2015 - 2016 Director, TICON (HK) Limited
2013 - 2016 Director, TICON Management Co., Ltd.
2012 - 2016 Director, Eco Industrial Services Co., Ltd.
2007 - Present Director, Rojana Industrial Park Public Co., Ltd.
2011 - Present Director, Bangkok Office 3 Co., Ltd.
2011 - Present Director, Bangkok Office 4 Co., Ltd.
2007 - Present Director, Rojana Power Co., Ltd.
2004 - Present Managing Director, Rojana Property Co., Ltd.



Mr. Uten Lohachitpitaks Age 45 years
Authorized Director

First Appointment date 16 January 2017

● **Education:**

- Master of Business Administration, Assumption University
- Bachelor of Business Administration, Assumption University

● **Thai Institute of Directors Association (IOD) and other training programs:**

- None -

● **Shareholding proportion (%):**

0.00 (as at January 18, 2018)

● **Relationship among directors/management:**

- None -

● **Work experience:**

2017 - Present Director, TICON Industrial Connection Public Co., Ltd.

2017 - Present Director, TICON Logistics Park Co., Ltd.

2017 - Present Director, TICON International Pte. Ltd.

2017 - Present Director, Frasers Property International Pte. Ltd. (Singapore)

2016 - Present Director, Singapore Logistics Investments Pte. Ltd. (Singapore)

2016 - Present Director, FCL China Development Pte. Ltd. (Singapore)

2016 - Present Director, Sinomax International Pte. Ltd. (Singapore)

2016 - Present Director, FCL (China) Pte. Ltd. (Singapore)

2015 - Present Director, Frasers Property Holdings (Thailand) Co., Ltd.

2013 - Present Group Chief Investment Officer, Frasers Property Limited

Management

- | | |
|---------------------------------|--|
| 1. Mr. Virapan Pulges | <i>Chief Executive Officer</i> |
| 2. Mr. Sopon Racharaksa | <i>President</i> |
| 3. Miss Lalitphant Phiriyaphant | <i>Chief Financial Officer</i> |
| 4. Mr. Timothy Edwards | <i>Executive General Manager - Development</i> |
| 5. Dr. Somsak Chaiyaporn | <i>General Manager</i> |



1. Mr. Virapan Pulges Chief Executive Officer

Age 57 years

First Appointment date 16 January 2017

Education:

- Master of Engineering, University of Colorado, USA, 1983
- Bachelor of Electrical engineer and Computer science, University of Colorado, USA, 1981

Thai Institute of Directors Association (IOD) and other training program:

- Director Certification Program (Fellow member) 2002, Thai Institute of Directors Association
- DCP Refresher Course 2006, Thai Institute of Directors Association
- Audit Committee Program 2010, Thai Institute of Directors Association
- Certification for Executive Program, CMA11 Capital Market Academy
- Certificate of Completion, Master Class of National Association of Corporate Directors, USA, 18 - 19 August 2014

Shareholding proportion (%):

0.70 (as at January 18, 2018)

Relationship among directors/management:

- None -

Work experience:

- 2017 - Present Chief Executive Officer, TICON Industrial Connection Public Co., Ltd.
- 2017 - Present Director, TICON International Pte. Ltd.
- 2015 - Present Director, TICON (HK) Limited
- 2013 - Present Director, TICON Management Co., Ltd.
- 2010 - Present Director, Shanghai TICON Investment Management Co., Ltd.
- 2006 - Present Director, Singapore-Thai Chamber of Commerce
- 2005 - Present Director, TICON Logistics Park Co., Ltd.
- 2003 - 2016 Treasurer and Director, Thai Venture Capital Association
- 2001 - Present Director, Eco Industrial Services Co., Ltd.
- 2000 - 2015 Member of the Audit Committee, Director, Member of the Nomination Committee, Fabrinet Co., Ltd.
- 1998 - Present Director, SVI Public Co., Ltd.
- 1996 - 2015 Director, Thai Cane Paper Public Co., Ltd.
- 1994 - 2016 Director, Managing Director, TICON Industrial Connection Public Co., Ltd.

2. Mr. Sopon Racharaksa President

Age 46 years

First Appointment date 16 January 2017

Education:

- M.A., Public Administration, National Graduate Institute for Policy Studies, Japan, 2002
- M.A., Economics, Michigan State University, USA, 1995
- B.A., Economics, Thammasat University, 1992

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

Work experience:

- 2017 - Present President, TICON Industrial Connection Public Co., Ltd.
- 2017 - Present Director, TICON Logistics Park Co., Ltd.
- 2017 - Present Director, TICON Management Co., Ltd.
- 2017 - Present Director, Eco Industrial Services Co., Ltd.
- 2017 - Present Director, TPARK BFTZ Co., Ltd.
- 2017 - Present Director, Shanghai TICON Investment Management Co., Ltd.
- 2017 - Present Director, TICON International Pte. Ltd.

3. Miss Lalitphant Phiriyaphant Chief Financial Officer

Age 52 years

Education:

- Master of Economics, Thammasat University

Thai Institute of Directors Association (IOD) and other training program:

- Company Secretary 2003, Thai Institute of Directors Association

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

Work experience:

- 2017 - Present Director, TICON International Pte. Ltd.
- 2017 - Present Director, TICON Logistics Park Co., Ltd.
- 2016 - Present Director, TPARK BFTZ Co., Ltd.
- 2015 - Present Director, TICON (HK) Limited
- 2015 - Present Director, Eco Industrial Services Co., Ltd.
- 2013 - 2014 Director, TICON Management Co., Ltd.

4. Mr. Timothy Edwards Age 47 years
Executive General Manager - Development

Education:

- Associate Diploma of Architectural Drafting, Royal Melbourne Institute of Technology, Melbourne, Australia, 1995

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

Work experience:

2015 - Present General Manager (Thailand Secondment), Frasers Property Australia

2014 - 2015 General Manager, SA/WA & Acquisitions, Frasers Property Australia

2010 - 2014 General Manager, QLD, Frasers Property Australia

2009 - 2010 General Manager, Business Development, QLD, Frasers Property Australia

2007 - 2009 Manager, Design Development, QLD, Frasers Property Australia

2006 - 2007 Manager, Design Development, VIC/SA/WA, Frasers Property Australia

2002 - 2006 Cost Planning & Design, VIC/SA/WA, Frasers Property Australia

1999 - 2001 Cost Planning Manager / Project Manager, VIC, Walton Construction

5. Dr. Somsak Chaiyaporn Age 66 years
General Manager

Education:

- Docteur Ingénieur (Mécanique), Ecole Centrale de Lyon
- Master of Business Administration, Thammasat University

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

Work experience:

2001 - Present General Manager, Eco Industrial Services Co., Ltd.

6. Mrs. Marasri Sophasienphong Age 61 years
Internal Audit Director

Education:

- Master of Arts in Accounting, Thammasat University
- Bachelor of Arts in Accounting, Thammasat University

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

7. Miss Kamonkarn Kongkathong Age 36 years
Head of Strategic Planning

Education:

- Master in Accounting and Finance, London School of Economics and Political Science (LSE)

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

8. Mr. Samart Rusmeerojwong Age 51 years
Head of Corporate Governance & Risk Management

Education:

- Master of Business Administration, Notre Dame de Namur University

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

9. Miss Siriporn Sombatwatthana Age 55 years
Head of Administration

Education:

- Bachelor of Business Administration, Assumption University

Shareholding proportion (%):

0.09 (as at January 18, 2018)

Relationship among directors/management:

- None -

10. Miss Lanchakorn Kongsakul
Head of Human Resources

Age 56 years

Education:

- Bachelor of Science - Industrial Psychology, Chiang Mai University
- Graduate Diploma in Human Resources Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

11. Mrs. Yuko Hoshi

Age 47 years

Head of Sales & Leasing-Factory

Education:

- Bachelor of Social Science, Chiba University, Japan

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

12. Mr. Somsak Ratanavirakul

Age 58 years

Head of Sales & Leasing-Factory

Education:

- Master of Business Administration, Chulalongkorn University

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

13. Miss Primopa Natchajaruwit

Age 40 years

Head of Property Management

Education:

- Bachelor of Arts in Journalism and Mass Communication, Thammasat University

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

14. Mr. Kris Weerakul

Age 49 years

Deputy General Manager and International Business Development

Education:

- Master of Science in Civil Engineering, Oregon State University, USA

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

15. Miss Waranya Intarapiroj

Age 50 years

Head of Procurement

Education:

- Bachelor of Liberal Arts, Thammasat University

Shareholding proportion (%):

0.01 (as at January 18, 2018)

Relationship among directors/management:

- None -

16. Mr. Paroot Boondarig

Age 43 years

Head of Construction

Education:

- Bachelor of Engineering in Civil Engineering, Thammasat University

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

17. Miss Pornpimol Supawiratbancha

Age 42 years

Head of Treasury

Education:

- Master of Business Administration, Thammasat University

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

18. Miss Rungtip Piyayodilokchai

Age 47 years

Head of Strategic Finance

Education:

- Master of Business Administration, Monash University, Australia

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

19. Miss Rojana Asawavichienjinda Age 50 years
Head of Finance and Accounting

Education:

- Master of Accounting (International Program), Thammasat University

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

20. Mr. Apinat Mekloi Age 44 years
Head of Information Technology

Education:

- Bachelor of Engineering, Kasembundit University

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

21. Dr. Thaveeporn Pulket Age 41 years
Deputy General Manager

Education:

- Doctor of Philosophy in Civil Engineering, Illinois Institute of Technology, USA
- Master of Civil Engineering, Illinois Institute of Technology, USA

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

22. Ms. Piyanath Sritapanu Age 42 years
Head of Sales & Leasing - Warehouse

Education:

- Master of Business Administration, Assumption University

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

23. Ms. Monthanee Kamolman Age 43 years
Head of Property Management

Education:

- Master of Management, the University of New South Wales, Sydney, Australia

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

24. Mr. Vikij Wattanayong Age 42 years
Head of TFI

Education:

- Master of Business Administration, Southeast Asia University

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

25. Dr. Ranon Chotibhongs Age 40 years
Assistant General Manager

Education:

- Doctor of Philosophy in Civil Engineering, Illinois Institute of Technology, USA

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

26. Mr. Shigeyuki Horie Age 58 years
Head of International Sales & Leasing

Education:

- Bachelor of Engineering, Tokyo Denki University

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

27. Ms. Hataikan Duttadintorn Age 36 years
Head of Corporate Communication

Education:

- Master of Business Administration, Assumption University

Shareholding proportion (%):

0.00 (as at January 18, 2018)

Relationship among directors/management:

- None -

Nature of Business

Business Overview

The Company engages in development and management of industrial properties which are Ready-Built Factory and Ready-Built Warehouse. Going forward, the Company aims to also pursue more development in Built-to-Suit Industrial property in order to cater to larger client base and enjoy longer and more stable rent revenue. The Company's factories and warehouses are located in strategic locations

under various industrial estates, industrial parks, industrial promotion zones, logistic parks, and free-trade zones of Thailand.

Details of factories under managed by the Company in 16 locations are:

Location	Province	Number of Factory	
		TICON	TREIT
Bang Pa-In Industrial Estate	Ayutthaya	2	13
Hi-Tech Industrial Estate	Ayutthaya	8	36
Rojana Industrial Park - Ayutthaya	Ayutthaya	23	50
Amata Nakorn Industrial Estate	Chon Buri	19	94
Laemchabang Industrial Estate	Chon Buri	30	-
Hemaraj Chon Buri Industrial Estate	Chon Buri	4	3
Amata City Industrial Estate	Rayong	13	30
Bangpoo Industrial Estate	Samut Prakan	2	11
Asia Industrial Estate	Samut Prakan	28	-
Navanakorn Industrial Promotion Zone	Pathum Thani	8	17
Lat Krabang Industrial Estate	Bangkok	1	-
Kabinburi Industrial Zone	Prachin Buri	7	-
Rojana Industrial Park - Prachin Buri	Prachin Buri	8	-
Pinthong Industrial Estates (3 locations)	Chon Buri	-	43

*Note: Not including the areas pending for development

Details of warehouses under managed by the Company in 24 locations* are:

Location	Province	Number of Warehouses	
		TICON	TREIT
TPARK Bangna	Chachoengsao	21	82
TPARK Laemchabang 1	Chon Buri	-	21
TPARK Laemchabang 2	Chon Buri	29	15
TPARK Wangnoi (2 locations)	Ayutthaya	25	17

Location	Province	Number of Warehouses	
		TICON	TREIT
TPARK Eastern Seaboard	Rayong	12	4
TPARK Eastern Seaboard (3 locations)	Chon Buri	18	10
TPARK Sri Racha	Chon Buri	17	5
Hemaraj Chon Buri (Bo Win) Industrial Estate	Chon Buri	9	-
TPARK Phan Thong	Chon Buri	10	5
TPARK Bang Phli (5 locations)	Samut Prakan	33	23
Rojana Industrial Park - Prachin Buri	Prachin Buri	8	1
Rojana Industrial Park - Ayutthaya	Ayutthaya	-	3
Amata Nakorn Industrial Estate	Chon Buri	-	7
TPARK Khon Kaen	Khon Kaen	12	-
Amata City Industrial Estate	Rayong	11	-
TPARK Samut Sakhon	Samut Sakhon	2	-
TPARK Lamphun	Lamphun	9	-

*Note: Not including the areas pending for development

Revenue Structure

In 2017, the Company did not sell any assets to TREIT and hence main revenue contribution of the Company is from recurring rental, services and related business as well as management of property. The Company also earns from

shares of profit from investments. Please refer to further analysis of Revenue Structure under Management Discussion and Analysis section.

Revenue Structure	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales of properties	3,345.61	62.55	250.68	10.36	194.36	8.07
Rental and service income	1,048.55	19.60	1,172.12	48.44	1,372.60	56.96
Properties management fee from associated companies	204.12	3.82	201.12	8.31	239.15	9.92
Other revenues	255.65	4.77	248.59	10.28	280.72	11.65
Revenue before profit sharing and realized additional gains	4,853.93	90.74	1,872.51	77.39	2,086.84	86.60
Share of profit from investment in associated companies based on equity method	248.47	4.65	252.22	10.42	274.65	11.40
Realized additional gains on sales of properties to associated companies	246.69	4.61	294.95	12.19	48.30	2.00
Total	5,349.09	100.00	2,419.68	100.00	2,409.78	100.00



Business Operations by Product Types

1. Ready-Built Factory

The Company develops Ready-Built Factory of international standard in order to facilitate demand of manufacturers and companies who want to set up a business in Thailand but do not want to own the factories in order to reduce investment cost and preserve business flexibility. The Company develops factories in many strategic locations of Thailand that can cater for manufacturers of different industries. The Company also provides other services related to setting up a business in Thailand since more than 90% of tenants are foreign companies.

The Company chooses locations of the factories based on demand of existing tenants as well as potential market demand in the near future. The Company also considers other factors when determining the locations including benefits under promotional zones, accessibility to international ports and airports, proximity to Bangkok as well as quality of infrastructure of industrial estates and/or industrial parks.

The Company develops factories in Export Processing Zone, General Industrial Zone as well as other areas as required by the tenants. The demand from tenants can be specific, for example manufacturer who wants factories in Export Processing Zone would also prefer to be within proximity of deep sea port.

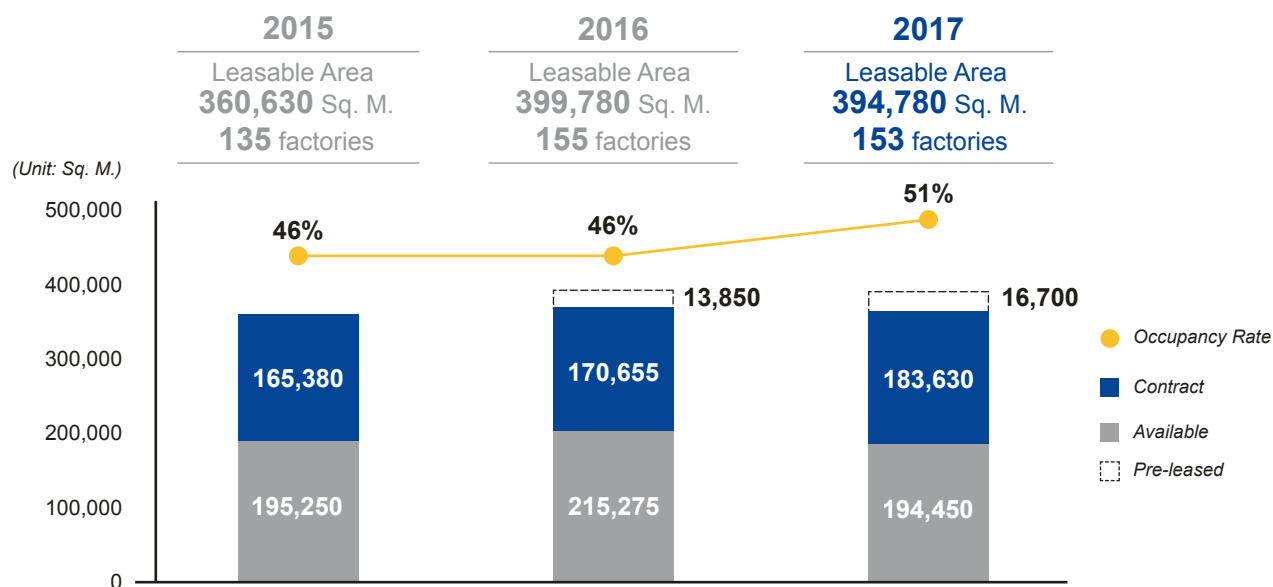
Factories of the Company is a single storey building with mezzanine office, proper fencing and landscaping, and with attached guard house, parking spaces and truck loading area. The factories are of international quality and can be customized to the tenants' specific requirement. The sizes range from 550 sqm. to 12,000 sqm. Typical sizes of the factories have been smaller over the years given rising demand of tenants with smaller-sized business operations. The factories have 1 - 3 tons floor load and is built on steel portal frame which does not require support from structural columns and hence provides more useable areas.

Leases between the Company and tenants are largely within 3 years. The Company will approach tenants for renewal closer to expiry date. Tenants also have an option to re-locate to other factory locations offer by the Company or rent factories of other sizes. Each tenancy will require cash deposits of 3-6 months depending on negotiations.

The Company also develops Built-to-Suit factories for tenants who want customized designs. Such tenancy is beneficial to the Company as the rental period is longer at around 5 - 10 years.

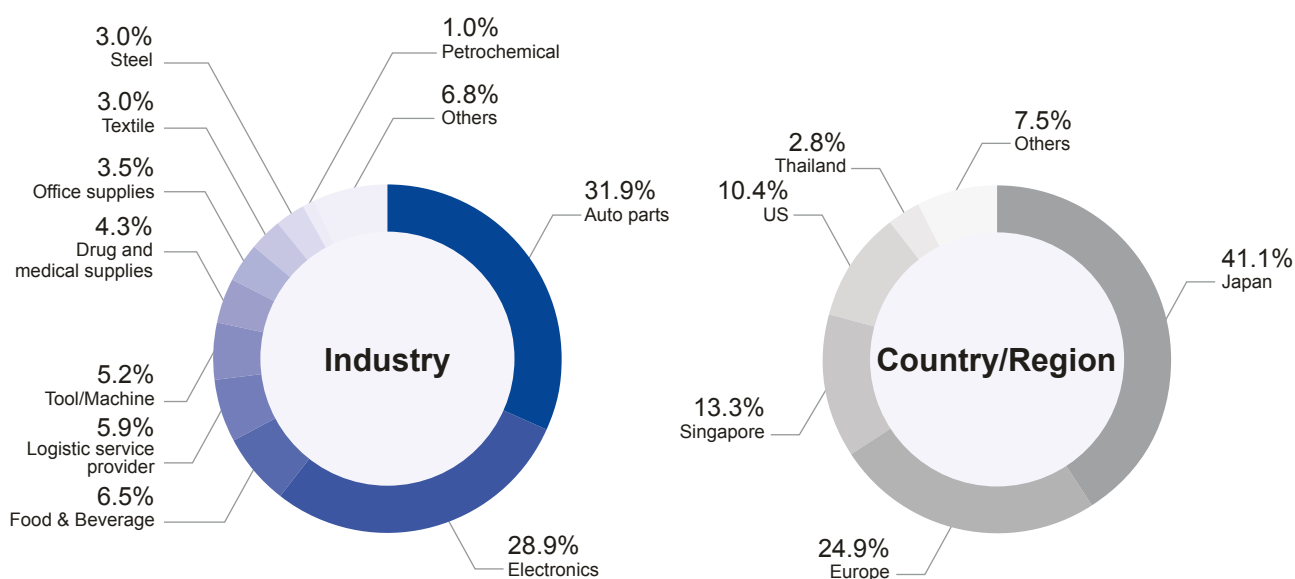
The occupancy rate of TICON's factories at the end of 2017 was 51%, higher than 46% as at 2016. Demand of factories have been driven by turnaround of tenants under electronics industry as well as returning popularity of the

previous-flooded area. The government's Eastern Economic Corridor initiative also boosted overall market sentiment. Occupancy rate of the Company as at the end of 2017 is:



Note: The occupancy rate includes customers with pre-lease contracts.

At the end of December 2017, breakdown of TICON's customers by industries and by countries are:



Note: The above calculation is based on rental and service income as of December 2017.

2. Ready-Built Warehouse

The Company's wholly owned subsidiary TICON Logistics Park Co., Ltd. ("TPARK") is a leading developer in ready-built warehouses of international quality.

Logistics is an essential business to distribute goods and supplies to other parts of the country and is a key to develop Thailand to become ASEAN hub. Presently, majority of logistics providers prefer to invest in technological software and logistics system. This creates an ideal opportunity for the Company to lease warehouses to these logistics providers.

The Company's warehouses are located in strategic locations that are ideal to be distribution centers. The warehouses are

designed to suit modern logistics management systems, with clear heights, wide column spans, dock levelers, and sufficient floor loads.

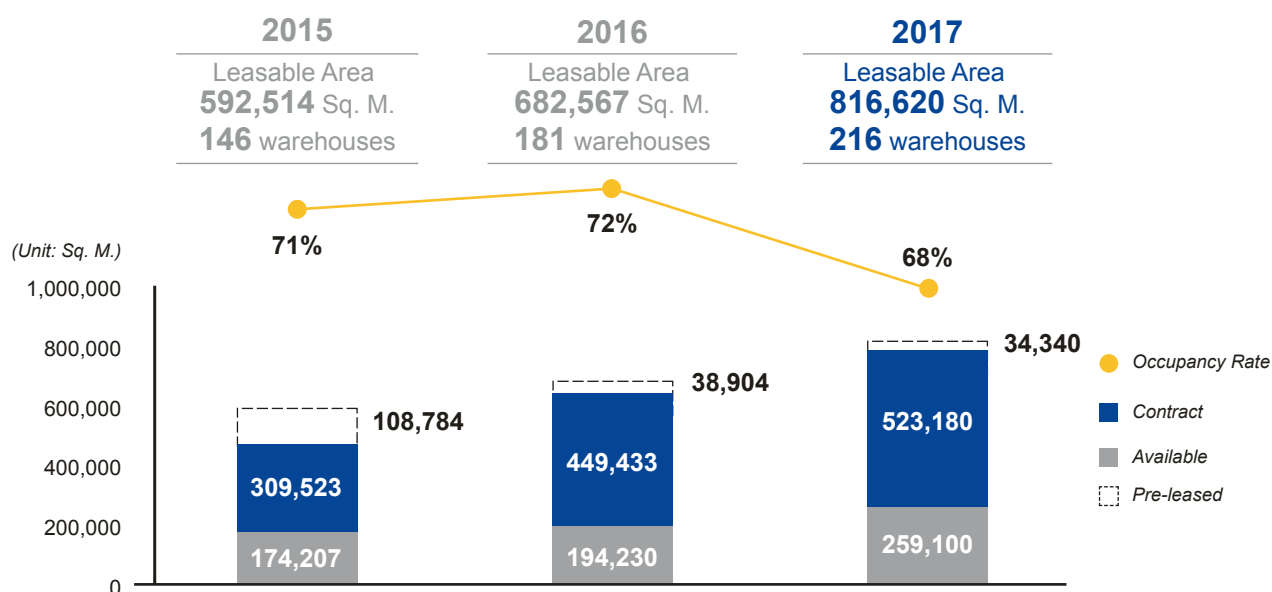
Typically, warehouse leases are around 3 years with option to renew. Every tenant will place cash deposits of 3 - 6 months of rental and service fee to the Company. Going forward, the Company expects more contribution of Built-to-Suit warehouses which has leases of more than 3 years. The average term of Built-to-Suit contracts is 10 years. The Company also offers Sale and Leaseback option for its customers.



Occupancy rate of warehouse at the end of 2017 was at 68% which was decreased from 72% in 2016 from new project development with additional leasable area of 122,676 square meters. This was to respond to rising market demand. Some of these newly developed projects have also been leased out or were under negotiation with the tenants.

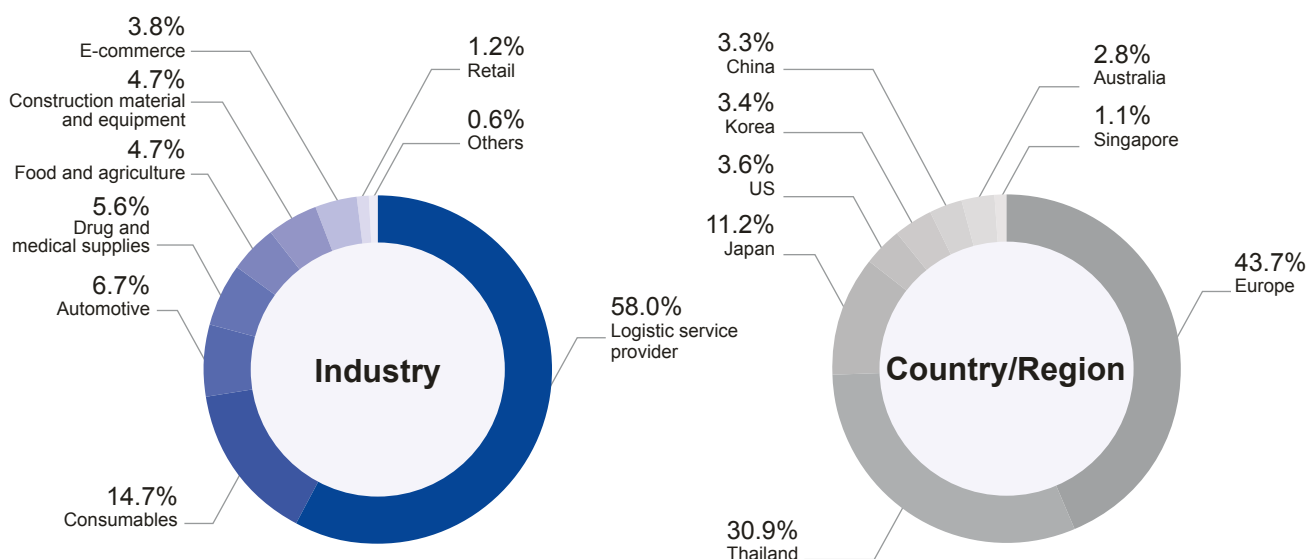
For the year 2017, the Company reported net addition of 77,077 square meters mainly from demand of customers in consumer goods, online business and construction material sector.

Occupancy rate of warehouses over the past three years were as follows:



Note: The occupancy rate includes customers with pre-lease contracts.

At the end of December 2017, breakdown of TPARK's customers by industries and by countries are:



Note: The above calculation is based on rental and service income as of December 2017.

3. Investment and property management business

The Company has a policy to invest in real estate investment trust for not less than 20% of total investment units to receive recurring investment return which is in a form of annual dividend payment. In addition, the Company is also a property manager that manages property assets owned by TREIT. This provides another source of stable income to the Company in a form of property management fees.

4. Trust management business

The Company operates and manages real estate investment trust TREIT through its 70% owned subsidiary, TICON Management Co., Ltd. (TMAN). After conversion of 3 property funds; TFUND, TLOGIS and TGROWTH into TREIT on 28 December 2017, TREIT has become the largest industrial real estate investment trust in Thailand with total assets value of more than 32 billion baht. TMAN receives management fee on annual basis and pays dividend to the Company.

5. Other services

• Modification of factory/warehouse building

The Company has an in-house design team, project development team and project management team. The Company is well positioned to assist customers in design and modification work of factory/warehouse as required by the customers.

• Procurement of utilities

The Company provides assistance to customers to procure utility services and other related assistance, as appropriate.

• Procurement of permits from the authority

The Company provides assistance to customers to obtain relevant permits and approvals necessary to commence manufacturing operations swiftly such as operation permit. Moreover, the Company also assists the customers to procure work permits for any of their foreign employees and this is deemed as one-stop service to customers from other countries.

• Other services

As the Company has been in the business for a long time and has good relationship with many business partners in different industrial sectors, the Company is in a unique position to provide other relevant services to the customers e.g. introducing suppliers or potential employees to the customers.

Benefits and Incentives from the Board of Investment for the Company and Operators in the Promotional Zone

1. Benefits and incentives from the Board of Investment (BOI) for factory for rent business

Ready-built factories under selected areas of Pinthong Industrial Estate, Amata Nakorn Industrial Estate, Hi-Tech Industrial Estate, Hemaraj Chon Buri Industrial Estate, Asia Industrial Estate, Amata City Industrial Estate, Rojana Industrial Park Ayutthaya, Rojana Industrial Park Prachin Buri and Kabin Buri Industrial Zone were granted investment incentives from the Board of Investment, which are:

- Corporate income tax exemption for the period as listed below:
 - 8 years for the projects in Kabin Buri Industrial Zone, Amata City Industrial Estate and Rojana Industrial Park - Prachin Buri.
 - 7 years for the projects in Amata Nakorn Industrial Estate, Hi-Tech Industrial Estate, Pinthong Industrial Estate and Rojana Industrial Park - Ayutthaya and for Hemaraj Chon Buri Industrial Estate
 - 3 years for the projects in Asia Industrial Estate

Companies operating in the promotional areas can also use losses incurred in prior years to deduct from net profit for 5 years after tax exemption period.

- Dividend received from the business under tax exemption is also exempted from income tax throughout the period of tax incentive.
- Importing of skilled labors and/or specialists are allowed with a certain cap where those labors can only work in the specified position.
- Permission to remit foreign currencies

2. Benefits and incentives from the Board of Investment for warehouse for rent business

The Company's logistic parks in Wangnoi 2, Sri Racha and Bang Pakong as well as distribution centers in Laemchabang, Bang Phli 2, Eastern Seaboard and Khon Kaen and warehouses in Hemaraj Chon Buri Industrial Estate (Bo Win), Amata City Industrial Estate and Amata Nakorn Industrial Estate were granted investment incentives from the Board of Investment, which are:

- Corporate income tax exemption for the following period:
 - 8 years for TICON Logistics Park in Wangnoi 2, Si Racha and Bang Pakong and TPARK Laemchabang, Eastern Seaboard and Khon Kaen and for warehouses in Amata City Industrial Estate and Amata Nakorn Industrial Estate
 - 7 years for warehouses in Hemaraj Chon Buri Industrial Estate
 - 3 years for warehouses in TPARK Bang Phli 2 and for warehouses in Rojana Industrial Park - Ayutthaya

Companies operating in the promotional areas can also use losses incurred in prior years to deduct from net profit for 5 years after tax exemption period.

- Dividend received from the business under tax exemption is also exempted from income tax throughout the period of tax incentive.
- Import duty is exempted for machines approved by the Board of Investment

3. Benefits and incentives for operators in the industrial estate of the Industrial Estate Authority of Thailand (IEAT)

TICON has factories in the industrial estates which are under supervision of IEAT and hence tenants of those factories obtain certain benefits and incentives granted by IEAT as follows:

- Tax incentives (Free Trade Zone) where import duty, value added tax, and excise tax on imported machines, equipment and raw materials for manufacturing are exempted. Export duty is also exempted for export goods.
- Non-tax incentives, for instance, permission to own lands in the industrial estate under foreign entities, permission to import skilled labors to Thailand within the permitted period and permission to remit funds outside Thailand if those funds were used for investment or relates to business outside Thailand.
- Other benefits such as applying for relevant permits from BOI (normally, these permits are granted by different authorities) including land-use permit, construction permit, industrial business operation permit. BOI also provides advisory services on documentation and legal issues to investors.

Marketing and Competition

1. Ready-built factory for rent

Ready-built factory for rent is a crucial part of foreign operators setting up production base in Thailand especially SMEs who may choose to rent factory in order to save their operation cost, expedite commencement of production and avoid risks from uncertainties. Particularly, leased factory may offer complete services for business operator.

Thailand is a hub to connect to other countries in the regions especially to CLMV. With abundant skilled labor and underlying infrastructure, Thailand attracts investors from other countries including Japan, China and European Countries to set up their production base. Incentives and privileges offered by the Board of Investment (BOI) and initiatives relating to Eastern Economic Corridor (EEC) are among efforts from the government to support requirement of operators in industrial sector.

Competitors and Competitive Landscape

Developers of ready-built factory for lease can be classified into 3 categories as follows:

- Industrial estates/industrial parks providers who also develop factory on their own industrial land e.g. Hemaraj Land and Development Public Company Limited, Amata Summit Ready Built Co., Ltd., and Pinthong Industrial Park Public Company Limited
- Developers who develop factory on industrial land purchased or leased from the industrial estate provider such as Thai Factory Development Public Company Limited, WHA Corporation Public Company Limited
- Other smaller developers which are not considered direct competitors of the Company as their tenants are SME businesses with limited rental budget.

Although, overall competition of factory for rent business is quite intense, the Company remains the largest player in this market with competitive advantage in diverse strategic locations and complete services e.g. application for permissions from the authority and investment promotion from BOI.

The Company's target customers of ready-built factory for lease are those part-manufacturers for large businesses particularly in automotive and electronic industries. The risk

of termination of lease contract is low for factory tenants in industrial group as they have to invest in facilities including machine and production lines to be installed with the factory. They therefore tend to renew the lease upon expiration of the existing lease unless they want to cease their production or seek for expansion of lease space. The Company is able to offer other locations or factory sizes according to the customer's changed requirement. Although Thai Factory Public Company Limited is considered a direct competitor but the Company has more variety of locations and factory sizes. In 2017, the Company's share in industrial factory rental market was as high as 48.5% (including assets under TREIT for 37%) according to the survey by CB Richard Ellis (Thailand) Co., Ltd. as of the quarter 3/2017.

In addition, the Company also offers Built-to-Suit service to target customer in medium to large of industrial group with long lease term giving more definite amount of revenue in the long run.

2. Ready-built warehouse for rent

Warehouse for lease plays an important role in supporting logistics and distribution business. Particularly, good logistics management is one of significant factors attracting more foreign direct investment in an effort to make Thailand as a hub for regional distribution. Currently, warehouse for rent are mainly located in Bangkok and perimeter, distribution center in major cities in each region of the country and Laemchabang Port and Suvarnabhumi Airport.

Competitor and Competitive Landscape

Developers for ready-built warehouses for lease can be classified into 2 categories as follows:

Developer of quality warehouse for lease e.g. WHA Corporation Public Company Limited and Hemaraj Land and Development Public Company Limited, etc.

Other smaller warehouse developers which are not considered direct competitors of the Company as their tenants are SME businesses with limited rental budget.

As far as the direct competitors are concerned, the Company has competitive advantage in terms of warehouse locations which are in many diversified areas. The Company also has land banks for development under Built-to-Suit.

The Company's major customers include:

- Logistics providers which include domestic and international leading companies holding managerial capacity using software and other streamlined management system. In general, logistic providers do not invest in property and prefer to lease warehouses.
- Distribution center and international procurement office
- Large producers and retailers who want to set up its distribution center to supply products to their clients and consumers either in Bangkok or regional area
- Import and export companies who want to use warehouses located near the airport or seaport especially those in free zone
- Online and e-commerce players, both domestic and foreign
- Other operators whose business can support distribution and logistics activities e.g. shipment service provider, packing service, loading and unloading service, added value service provider (quality inspection, labeling, repairing and assembling/packing) as well as loading equipment for rent, temporary workforce service etc.

The Company has a marketing strategy to establish a direct contact to target customers, as well as other networks including large manufacturers, government agency, embassy, trading office, chamber of commerce, industrial estate owner, property agency and other intermediary. The Company also uses other appropriate market communications and participates in the seminar, trade fair and related meetings held in Thailand and overseas.

Industry Overview

Factory and warehouse for lease have been one of businesses that the government has given priority and continual support. Thailand has faced with intense competition by neighboring countries for many years especially Vietnam, which has plenty of young labor forces and lower wage rate. That has attracted foreign business operator to shift their production base out of Thailand to neighboring countries. Therefore, in order to enhance Thailand's competitiveness, the Government has proposed the policy on establishing Eastern Economic Corridor (EEC), the strategic plan under

the Thailand 4.0 scheme to enhance EEC as the world-class industrial development area. It is expected that investment in EEC will stimulate economic expansion for an average of 5% per year, create labor demand in industrial and service sector for at least 100,000 job positions per year and attract investment for more than 1.9 trillion baht especially into targeted industries such as modern automotive, electronics, digital and aerospace sector.



In 2017, the overall condition of factory for lease business was in steady state mainly affected by deflation since 2015 and 2016. However, the late 2017 showed recovering prospect as a result of expansion in the export to the US, Europe and China especially for the products under automotive industry that expanded to 6.3% including the growth of domestic automotive sales.



Warehouse for lease business, on the other hand, still had constant expansion of demand and supply in 2017 from increasing demand of Third Party Logistics Provider or 3PL and expansion of E-Commerce business. The Kasikorn Research Center noted that warehouse business would grow 5.3 - 7.6% in 2017. Although supply of warehouse for lease increases, demand is still expected to grow as these business operators including logistic firms do not want to

own warehouse and prefer to get services by factory and warehouse from lease provider.

Overall business strategies

1. To be a leader in industrial property development

The Company is currently a leading developer in Ready-Built factory and Ready-Built warehouse for lease in Thailand with over 2.5 million square meters under managed. The Company will continue to develop Ready-Built factories and/or warehouses in strategic locations and will manage speculative risk by securing pre-lease contracts for future projects or project under development.

The Company also plans to increase development of Built-to-Suit factory/warehouse by applying knowledge and experiences of the major shareholder Fraser Group. Built-to-Suit project requires working closely with the customers starting from the design phase to ensure that customer's specific requirement is met. This includes design which caters for new technology and green building development under world-class standard e.g. LEED and EDGE.

2. Asset management strategy

The Company together with its major shareholder Frasers Property Limited has set up a team to actively manage assets of the Company. This includes a complete analysis of all properties of the Company to assess its return potential. Certain assets of the companies can be modified, or adjusted for different use e.g. converting warehouses into factories or into Built-to-Suit development, adjusting building dimensions to suit market demand, or partnering with other business to develop these assets into other real estate type and sale of selected assets to other developers or industrial estate player.

The asset management strategy will help optimize existing assets of the Company and increase revenue to strengthen the liquidity or invest in other future development.

3. Improve competitiveness of factories and warehouses

The Company has a plan to improve competitiveness of the Company's factories and warehouses. In addition to simple modification according to customers' request, the Company is studying to apply new technologies and innovations to

its factories and warehouses which include automation and Smart Factory. This will also support initiative from the government to alleviate industrial sector in Thailand or Thailand 4.0 scheme.

4. Expansion to adjacent businesses

The Company understands the importance of expansion into adjacent business and is in the midst of studying technology related business and data center, development of industrial-led mixed-used real estate, business park, trade center and logistic park. The Company believes that these adjacent businesses will provide a platform that further add value to the Company's existing business.

5. Expansion to other ASEAN countries

The Company has a strategy to expand into other countries in ASEAN in addition to Indonesia, especially in CLMV. These countries have high growth potential while labor cost could be lower than Thailand. There is also strong demand for industrial properties including factories and warehouses where the Company can offer variety of products and services.

Provision of Products or Services

1. Land acquisition

As a developer of factory/warehouse for rent, the Company has a policy to acquire suitable land plots in strategic location with easy access to transportation system and has a possibility to obtain BOI privilege. The land price must be justified and the land size must be suitable for development of future projects.

2. Development team/design team and selection of contractor process

The Company has an experienced in-house project development team and design team. The Company also hires external consultant, where relevant, for business flexibility.

With respect to construction material such as steel and concrete, the Company makes a direct order from several major suppliers at similar price.

With respect to the selection of contractor, the Company has adopted clear selection criteria with guidelines on quality of products and services, establishment of good relationship with key suppliers and treatment of suppliers with fairness, transparency and accountability. In addition, the Company also benchmarks proposed prices with reference price list to ensure that products or services are reasonably procured.

Selection Criteria

- Approved Vendor List is prepared with information of qualified vendors, type of products and services. The list is to be updated from time to time.
- Qualified vendors are evaluated based on profile, historical record and reputation on project delivery (punctual and complete), expertise, well-equipped with tools, equipment and workforce, good in after sale service.
- Bidding Committee is set to ensure the best interest of the Company taking into account referencing price list.
- Procurement is approved by authorized person.
- Procedures to evaluate the purchased goods
- Clear and transparent criteria for evaluating vendor
- New vendor is allowed to offer products and services to the Company.

Work in Progress

At the end of December 2017, TICON had pre-leased contracts which are under work-in-progress amounted to:

Industrial Estate/Logistics Park/Industrial Park/ Logistic Center	No. of Factories/Warehouses	Land Area (Rai)	Rental Space (Sq. M.)
Laemchabang 2	1	25.5	15,330
Bang Phli 2	2	21.1	13,952
Total	3	46.6	29,282

Risk Factors

1. Overall business risks

1.1 Risk from domestic economic and political instability

Due to political uncertainty and change in macroeconomic factors in Thailand, demand for factory or warehouse may be sluggish. The Company is aware of such risk and has employed effective risk management by close monitoring the customer's performance, regular visiting to clients to strengthen the relationship, and focusing on establishing relationship with new customers. Separately, the Company has a policy to control construction of new factories and warehouses to ensure that new supplies are supported by market demand to reduce speculation risk and manage vacant units.

The Company expects that the Eastern Economic Corridor (EEC) project, which is being supported by the government, will improve overall foreign investment sentiment including demand for factories and warehouses in Thailand.

1.2 Risk from interest rate and foreign exchange rate fluctuations

The Company is a developer of industrial property for rent and requires funding to acquire lands and develop the projects. Part of such funds is from borrowings of loans from financial institutions and issuance of debentures. Interest rate may fluctuate and the rise in interest rate may adversely impact the Company. There is, however, no risk from exchange rate fluctuation with respect to interest rate of the Company and the Company's debts are, in Thai baht only.

The fluctuation of interest rates also impacts the Company's profitability if the interest cost is pegged to floating interest rate. Over the past years, the Company has adopted a strategy to convert loans from financial institution to debenture in order to reduce floating interest rate. There are several series of issued debentures with different maturity. Most of which has fixed interest rate in order for the Company to manage interest burden effectively. Later in January 2017, after the Company received additional capital from major shareholders, part of which has been used to repay debts during the year. As of 31 December 2017, the Company's outstanding debt was at a manageable level and there was a significant decrease in interest rate risk.

1.3 Risk from investment in future projects

The Company is exposed to project risk which may impact revenue and financial stability of the Company in the long term. The Company manages such risk by focusing on the development of Built-to-Suit and pre-lease factories and warehouses. The Company also diversifies investments in various projects to avoid adverse impact to the Company's financial stability if the project is not successful. The Company also has an investment cap in terms of property types and exposures for each province to prevent concentration risk in certain assets and certain provinces.

2. Risk related to property development and asset management

2.1 Risk related to short-term lease agreement

The Company's lease contracts are mostly of 3 years term (with options to renew). The shareholders may be concerned if the lease contracts are not renewed.

Normally, once the tenants start its production or manufacture process in the factory, they will not vacate and hence reducing the risk of contracts being terminated. In addition, the risk is mitigated as the Company's factories and warehouses are well diversified in several locations. There is also a good diversification in terms of customers' nationality and their type of business. Moreover, the factories/warehouses are constructed with international standard and market design. If the lease contracts are not renewed, the Company can find replacements.

2.2 Risk related to concentration of certain tenants

As of 31 December 2017, 41% of the Company's factory tenants were Japanese, 32% of which were auto parts manufacturer and 29% were manufacturers in electronic/electric sector. For warehouse tenants, 44% were from the European countries and 58% were logistic service providers. Any adverse impact to such industries or declining investment from Japan and Europe, the Company's revenue could be impacted.

However, the Company believes that impact of such risk is limited. The manufacturers in the electronics/

electrical sector have only relocated their production line partially to other countries, where labor costs are lower and international trade preferences are greater than in Thailand. Recently, Thai government has encouraged foreign manufacturers who employ advanced technology to move to Thailand. This will help to substitute manufacturers in electronics/electrical sector who has left the country and increases new tenants to the Company's vacant factories. Moreover, Thailand's automotive sector is expected to grow strongly from relocation of major auto manufacturers to Thailand which resulted in an increase in demand of automotive parts.

In addition to industry concentration risk, tenants of the Company's warehouses are also mainly logistics providers. However, this concentration risk is mitigated by diversification of ultimate customers who may be engaged in auto parts, electrical appliances, consumer products, health and beauty sectors, chemical substances, etc.

With respect to investment from Japanese businesses, Japanese is the biggest investors in Thailand and for TICON, they are also the biggest tenants for factories and warehouses. The Company views that Thailand remains most attractive in terms of foreign direct investment in Asia. Future investments from businesses in other countries will help to reduce concentration risk from Japanese businesses.

Moreover, the Company's factories and warehouses is of international quality and standard and can serve demand of customers from various industries and countries.

2.3 Risk from inability to collect rent under lease agreement

The Company has in place preventive measures to collect the rent. The accounting staff are assigned to monitor the collection. If the tenant does not pay the rent, the accounting division will send a notice to ask the tenant to pay outstanding rent. If the tenant still fails to pay the rent, the Legal Division will start litigation against such tenant by giving prior notice to the tenant. Historically, the Company has maintained

good relationship with the tenants. The Company also has a policy to select tenants with good credit quality.

2.4 Risk from vacant factory/warehouse

Consumption demand of Thailand has declined constantly since 2012 to 2017. At the same time, export has also reduced which resulted in many businesses postponing investment plans. Shareholders may have a concern that there would be less demand for the Company's factories/warehouses.

As the Company's factories/warehouses are located in various locations, the Company is able to cater to demand from various customers ranging from customers in industrial sectors, customers who manufacture for domestic consumption or export, new or existing customers or even customers who relocate from the flooded area in 2011. The Company is able to manage vacancy factory/warehouse to meet demand from the customers. Separately, the government emphasizes on the national economic development under the policy framework of Thailand 4.0. Such initiative will help to attract foreign direct investment to Eastern Economic Corridor (EEC) where the Company has land banks for future development of factories/warehouses.

2.5 Risk from reliance on a few number of contractors

Reliance on a few number of contractors for construction of the Company's factories or warehouses poses a concentration risk where any contractor engaged in too many projects may not be able to deliver projects on schedule resulting in construction delay or even suspension of work. This could adversely affect the Company significantly.

Construction of factories or warehouses requires relevant experience or specific construction to be able to develop distinctive projects. As a result, some contractors will be preferred over the others. However, the Company understands the risk as stated earlier and hence the Company sets an internal policy not to award any contractor with high contract value (200 million Baht or above) which leads to that contractor having more than 50% value of work to complete for the Company.

2.6 Risk from serious accidents, public unrest, or natural perils

In 2011, the Company suffered from heavy flood in Phra Nakhon Si Ayutthaya Province and Pathum Thani Province. Its factories/warehouses for lease located in such area were damaged forcing the tenant to cease their operation and leading to inability for tenants to pay rent to the Company. Several tenants chose to terminate lease agreements. This situation took place for years after the flood. The shareholders may have a concern that the Company may face similar risk and hence lead to vacancy of the factories for certain period of time.

The Company has insurance on all properties with coverage for physical damages and business interruption amongst others to reduce impacts from such kind of incident. Although insurance premiums are more expensive than before, they were passed through to tenants. The industrial estate and logistic park developers in those provinces also constructed concrete dikes to protect their assets in the areas.

3. Risk related to investment in property development and management business

3.1 Risk from overseas investment

In 2015, the Company decided to invest overseas with 25% investments in PT SLP Surya TICON Internusa via its subsidiary in Hong Kong, namely, TICON (HK) Limited. The associate company registered in Indonesia had an authorized capital as of 18 January 2018 of 2,412.8 million Rupiah. The aim was to develop factory/warehouse for lease in Indonesia. Such investment resulted in the Company holding foreign assets.

This associate company develops factory/warehouse for lease with net add averaging 50,000 - 51,000 square meters per year. The construction may decelerated if the supply of Ready-Built factory/warehouse exceeds demand in order to reduce manage vacancy as a result of economic slowdown in Indonesia.

In respect of risk from overseas joint venture, the Company currently manages the risk by selecting foreign partner with

experience, willingness, credibility, business integrity and is widely recognized by local market. The Company also has a policy for selecting the partners by looking at long-term relationship and would firstly conduct a due diligence prior to proceeding with investments.

3.2 Risk from business competition with Trust

In addition to the Company, TICON Freehold and Leasehold Real Estate Investment Trust (TREIT) also operates in a similar business of factory/warehouse. The shareholder may have a concern for any competition between the Company and TREIT.

TREIT has engaged the Company to be its Property Manager which is in charge of finding new tenants and provides services to existing tenants, similar to what the Company manages its own properties. Such engagement further strengthened the Company and TREIT's competitiveness as it increases the assets pool available for customers and leads to higher chance of securing customers.

Social Responsibilities

During the past year, TICON operates its business by placing importance of internal and external activities towards building of social and environmental impacts. The Company utilizes resources, internally and externally, to maximize benefits of the Company and communities to ensure sustainable coexistence.

TICON pays great attention to its employees and stakeholders especially the local communities surrounding the Company's factories and warehouses. The Company prioritizes activities on environmental conservation to ensure that local communities can continue to lead good quality of lives with minimal disruption from the Company's operations, if any.

Resources Development Aspect



● Creating a Learning Organization

TICON encourages and supports its employees to improve their English language by enrolling in English classes taught by a foreign teacher employed by the Company free of charge. This is to develop the employees' skills and enhance their competency for career progression.

Moreover, to improve internal work process, TICON revamped internal work process from offline to online by using SAP Success Factor Program. The Company encourages employees to participate in system design and testing. Employees were trained to use the system and were encouraged to become a trainer by taking class "Train the Trainers". This also helps to enhance their leadership personality and communication skills.



Environment Aspect



● Green Buildings Reduce Global Warming

TICON gives top priority to conserve the environment and natural resources. The Company has an aim to develop environmental friendly local communities with a good standard of living near the Company's factories and warehouses.

The Company also develops green factories and warehouses. The latest TICON's warehouses with total areas of 26,160 square meters were certified LEED Gold Standards Green Building from a global Institution. Compared to a typical warehouse, the certified warehouse has a lower energy consumption of 53 percent which saves Baht 2.2 million (approximately USD 66,000) of energy expenses and saves 400 cubic meters of water consumption. The green building has a well-organized electrical system and uses a more advanced technology and equipment such as LED light bulb and solar cell. Green buildings also help to improve quality of life and health condition of those who work inside the building.

TICON is a leading developer in green factory and warehouse with "Gold LEED" (Leadership in Energy and Environmental Design) certification by U.S. Green Building Council (USGBC), a leading organization of green building standard. The evaluation system is based on LEED Core



& Shell Rating System (LEED CS) which is suitable for industrial estate developed for rental purposes in addition to conserving the energy and reducing operating cost.

Social Aspect





● TICON Morb Rak year 5 Activities “Homrakhainong”

TICON understands the problem of education in Thailand in rural area where learning equipment and skilled teachers are insufficient. Led by Khun Virapan Pulges, Chief Executive Officer of TICON, and together with the management team and employees, the Company volunteered to rebuild computer room and playground and donates 30 computers with Internet access and 250 blankets to “Baan Kae Noi School” in Mueang District, Surin Province. Recreational activities and lunch were also arranged for all teachers and students when the Company’s management and employees visited the school. The school is a hometown of one of TICON’s employee. These donations can be enjoyed by both teachers and students of the school.

TICON Morb Rak has been a successful CSR project and “Homrakhainong” was the 5th year that the Company continues with such activities to bring smiles and happiness to the local community which may not have access to basic educational equipment or necessary tools.

“The Internet is like a gigantic public library to educate and develop skills of the children. Library is a source of knowledge for the children to search for answers and provides entertainment to these children. The Internet is an important educational tool in Thailand 4.0 era.”

General Information

Name	TICON Industrial Connection Public Company Limited
Type of business	Development of ready-built factories for rent
Registration number	0107544000051 (Bor Mor Jor 666)
Head office address	Suite 1308, 13/1 th Floor, Sathorn City Tower, 175 South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120
Tel:	(662) 679-6565
Fax:	(662) 287-3153
Website	www.ticon.co.th
E-mail address	ticon@ticon.co.th
Registered capital	Baht 2,751,213,562 (As at January 18, 2018)
Paid-up capital	Baht 1,834,142,375 (As at January 18, 2018)
Par value	Baht 1 per share

Subsidiaries

Company / Head office address	Nature of business	Share- holder	Registered in	Registered capital (As at January 18, 2018)	Paid-up capital (As at January 18, 2018)	Par value (Per Share)	Owner- ship (%)
Eco Industrial Services Company Limited 49/32 Moo 5, Laemchabang Industrial Estate, Tungsukhla, Sriracha, Chon Buri 20230 Tel: (662) 679-6565 Fax: (662) 287-3153	Development of ready-built factories for rent in Laemchabang Industrial Estate under BOI Privileges	TICON	Thailand	THB 12,500,000	THB 12,500,000	THB 10	100
TICON Logistics Park Company Limited Suite 1308, 13/1 th Floor, Sathorn City Tower, 175 South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120 Tel: (662) 679-6565 Fax: (662) 287-3153 Website www.ticonlogistics.com E-mail: logistics@ticon.co.th	Development of ready-built warehouses for rent	TICON	Thailand	THB 11,500,000,000	THB 11,500,000,000	THB 10	100
Shanghai TICON Investment Management Company Limited Rm. A512, Building 4, No.3288, Jinhai Road, Pudong New Area, Shanghai, China	Investment management	TICON	China	USD 2,800,000	USD 2,800,000	-	100

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TICON Industrial Connection Public Company Limited

Company / Head office address	Nature of business	Shareholder	Registered in	Registered capital (As at January 18, 2018)	Paid-up capital (As at January 18, 2018)	Par value (Per Share)	Ownership (%)
TICON Management Company Limited Suite 1308, 13/1 st Floor, Sathorn City Tower, 175 South Sathorn Road, Thungmahamek, Sathorn, Bangkok, 10120 Tel: (662) 679-6565 Fax: (662) 287-3153	REIT manager	TICON	Thailand	THB 10,000,000	THB 10,000,000	THB 10	70
TICON (HK) Limited Room 337, 3/F South China C.S. Building, 13-17 Wah Sing Street, Kwai Chung, N.T. Hong Kong	Investment company	TICON	China	USD 16,130,000	USD 16,130,000	USD 1	100
TICON International Pte. Ltd. 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958	Investment company	TICON	Singapore	SGD 225,882,999	SGD 225,882,999	SGD 1	100

Associate Companies

Company / Head office address	Nature of business	Shareholder	Registered in	Registered capital (As at January 18, 2018)	Paid-up capital (As at January 18, 2018)	Par value (Per Share)	Ownership (%)
TICON Freehold and Leasehold Real Estate Investment Trust (Investment by TICON and TICON International Pte. Ltd.) Suite 1308, 13/1 st Floor, Sathorn City Tower, 175 South Sathorn Road, Thungmahamek, Sathorn, Bangkok, 10120 Tel: (662) 679-6565 Fax: (662) 287-3153	Industrial Real Estate Trust which invests in freehold and leasehold industrial properties	TICON and TICON International Pte. Ltd.	Thailand	THB 25,423,451,777	THB 25,423,451,777 (capital amount received from unitholders)	THB 9.63	22 (aggregate ownership)
PT SLP Surya TICON Internusa [Investment by TICON (HK)] Setiabudi Atrium Unit 201 Lantai 2, Jl. H.R. Rasuna Said, Kav. 62, Jakarta 12920, Indonesia	Development of factories and warehouses for sale and rent in Indonesia	TICON (HK)	Indonesia	Rp 2,412,800,000,000	Rp 603,200,000,000	Rp 13,000	25

Company / Head office address	Nature of business	Share- holder	Registered in	Registered capital (As at January 18, 2018)	Paid-up capital (As at January 18, 2018)	Par value (Per Share)	Owner- ship (%)
TRA Land Development Co., Ltd. (Investment by TICON) Suite 1308, 13/1 st Floor, Sathorn City Tower, 175 South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120 Tel: (662) 679-6565 Fax: (662) 287-3153	Development of real estate properties	TICON	Thailand	THB 1,000,000	THB 1,000,000	THB 10	50

Joint Ventures

Company / Head office address	Nature of business	Share- holder	Registered in	Registered capital (As at January 18, 2018)	Paid-up capital (As at January 18, 2018)	Par value (Per Share)	Owner- ship (%)
TICON Demco Power 6 Company Limited (Investment by TPARK) 59 Moo 1, Tambon Suan Prik Thai, Amphoe Mueang, Pathum Thani 12000 Tel: (662) 959-5811-5 Fax: (662) 959-5822	Electricity generating company from solar energy	TPARK	Thailand	THB 5,000,000	THB 5,000,000	THB 100	51
TICON Demco Power 11 Company Limited (Investment by TPARK) 59 Moo 1, Tambon Suan Prik Thai, Amphoe Mueang, Pathum Thani 12000 Tel: (662) 959-5811-5 Fax: (662) 959-5822	Electricity generating company from solar energy	TPARK	Thailand	THB 4,000,000	THB 4,000,000	THB 100	51
TPARK BFTZ Company Limited (Investment by TPARK) Suite 1308, 13/1 st Floor, Sathorn City Tower, 175 South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120 Tel: (662) 679-6565 Fax: (662) 287-3153	Development of warehouses for rent	TPARK	Thailand	THB 350,000,000	THB 350,000,000	THB 10	60

Other Related Persons

Share registrar

Thailand Securities Depository Company Limited
62 The Stock Exchange of Thailand Building,
Ratchadaphisek Road, Khlong Toei,
Bangkok 10110
Tel: (662) 229-2800
Fax: (662) 359-1259

Auditor

Miss Rosaporn Decharkom, CPA (Thailand), Registration No. 5659
EY Office Limited 33rd Floor, Lake Rajada Office Complex
193/136-137 New Ratchadaphisek Road, Khlong Toei,
Bangkok 10110
Tel: (662) 264-9090
Fax: (662) 264-0789

Relationship bank

Bangkok Bank Public Company Limited

Legal advisor

- None -

Shareholders Structure

Number of Registered and Paid-Up Capital

As at January 18, 2018, the Company had registered capital of Baht 2,751,213,562 and paid-up capital Baht 1,834,142,375 consisting of 1,834,142,375 shares at a par value of Baht 1 per share.

Shareholders

The top 10 major shareholders reported to the Stock Exchange of Thailand as at the closing date of the share register book on January 18, 2018 is:

Shareholders	No. of shares	%
1) Frasers Property Holdings (Thailand) Co., Ltd.	751,004,000	40.95
2) Rojana Industrial Park Public Co., Ltd.	478,699,619	26.10
3) City Realty Group		
• City Villa Co., Ltd.	38,568,150	2.10
• Mr. Chali Sophonpanich	24,773,910	1.35
• Mrs. Siriya Sophonpanich	11,458,725	0.63
• City Realty Co., Ltd.	2,582,684	0.14
	77,383,469	4.22
4) Directors/Manager/Related persons		
• Mr. Virapan Pulges (Chief Executive Officer) and spouse	12,838,203	0.70
• Mr. Threekwan Bunnag (Director and Audit Committee) and spouse	1,349,362	0.07
• Miss Pornpimol Supawiratbancha (Head of Treasury)	890	0.00
• Miss Lalitphant Phiriyaphant (Chief Financial Officer and Company Secretary)	79	0.00
	14,188,534	0.77
5) DBS Bank Ltd.	49,589,000	2.70
6) Mrs. Suchada Leesawattrakul	46,391,670	2.53
7) Mr. Jatupon Kriangchaikijkul	46,365,700	2.53
8) Thai N.V.D.R. Limited	33,328,648	1.82
9) Sathorn City Tower Property Fund	19,503,194	1.06
10) CLSA Limited	14,988,400	0.82
11) Others	302,700,141	16.50
Total	1,834,142,375	100.00

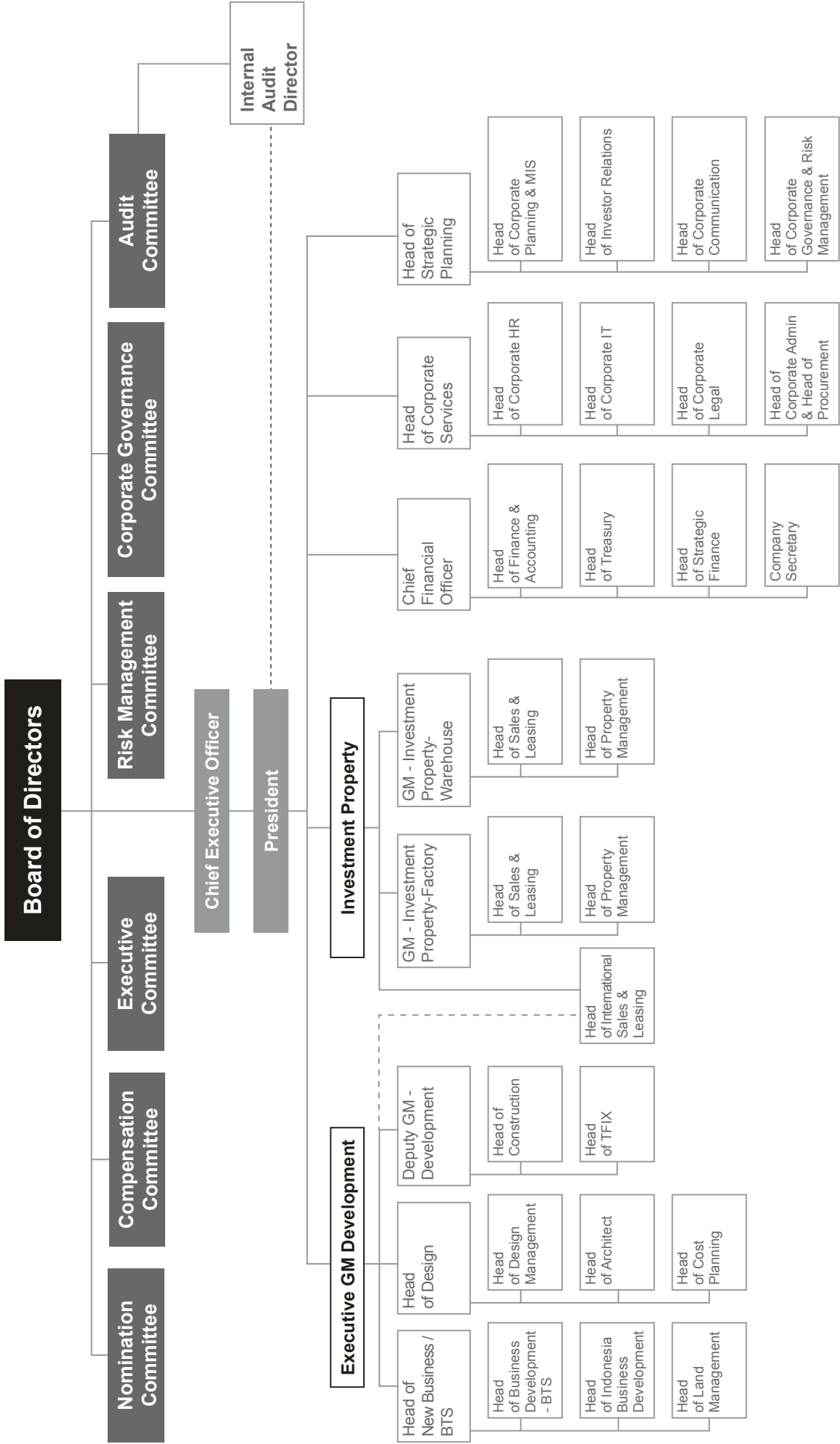
Dividend Payment Policy

The Company has a dividend payment policy of not less than 40 percent of net profit after tax; however, the final dividend payment will depend on the Company's results, financial condition, liquidity requirement and other relevant factors. At present, there is no dividend payment restriction under loan agreement between the Company and financial institutions.

Management Structure

1. TICON's Management Structure as of 31 December 2017

The Company has one Board of Directors and 6 Sub-Committees, comprising the Executive Committee, the Audit Committee, the Compensation Committee, the Nomination Committee, the Risk Management Committee and the Corporate Governance Committee.



2. Board of Directors

As of 31 December 2017, the Company's Board of Directors consisted of 9 members as follows:

- | | |
|----------------------------------|---|
| 1. Mr. Chainoi Puankosoom* | Chairman of the Board, Independent Director and Member of the Audit Committee |
| 2. Mr. Threekwan Bunnag | Independent Director and Chairman of the Audit Committee |
| 3. Mr. Chatchaval Jiaravanon | Independent Director and Member of the Audit Committee |
| 4. Mr. Tithiphan Chuerboonchai** | Independent Director and Member of the Audit Committee |
| 5. Mr. Chali Sophonpanich | Authorized Director |
| 6. Mr. Chotiphat Bijananda* | Authorized Director |
| 7. Mr. Chai Vinichbutr | Authorized Director |
| 8. Mr. Panote Sirivadhanabhakdi* | Authorized Director |
| 9. Mr. Uten Lohachitpitaks* | Authorized Director |

*appointed as a Director on 16 January 2017

**appointed as a Director on 24 April 2017

The Authorized Directors who are authorized to sign on behalf of the Company are Mr. Chali Sophonpanich or Mr. Chai Vinichbutr or Mr. Panote Sirivadhanabhakdi which need to be jointly signed with Mr. Chotiphat Bijananda or Mr. Uten Lohachitpitaks, totaling 2 directors and affix the company's seal.

Mr. Chotiphat Bijananda, Mr. Panote Sirivadhanabhakdi and Mr. Uten Lohachitpitaks represent Frasers Group, Mr. Chali Sophonpanich represents City Realty Group, and Mr. Chai Vinichbutr represents Rojana Group.

Roles, Duties and Responsibilities of the Board of Directors

The Board shall act professionally on behalf of the shareholders to steer the Company's operation and make decision on important matters, and safeguard the benefits for all stakeholders. Moreover, the Board is responsible for overseeing management operation, performance, risk management and determining remuneration.

1. New directors should attend orientation classes regarding the Company's business operations.
2. The Board shall conduct their duties in compliance with all laws, objectives and the Articles of Association of the Company, as well as resolutions of the shareholders' meetings with honesty and integrity and carefully protect

the Company's benefits to ensure fair accountability towards all shareholders.

3. The Board shall dedicate time and effort to formulate visions, directions and strategies of the Company's operation, by reviewing the aforesaid every five years. Moreover, the Board is accountable for seeking useful information for such guidance and considering any potential risk to ensure that the management team can implement the determined vision, directions and strategies efficiently.
4. The Board shall formulate policies and directions of the Company's operations, and also monitor and supervise the management team to function in accordance with such policies and regulations with efficiency and effectiveness, under the principles of Good Corporate Governance, to maximize economic value and shareholders' wealth.
5. The Board shall act as a leader and role model in performing one's own duties in accordance with applicable laws and the Company's good corporate governance approaches.
6. The Board shall be a role model in continuous learning to get knowledge and capacity required for better performance as the company director. The Company encourages a director to attend training or seminar on regular basis.
7. The Board shall manage to have effective and reliable accounting systems, financial report, accounting audits, internal control and internal audit systems.
8. The Board shall manage to consider the Company's significant risks and set out comprehensive risk management procedures. The Board shall ensure that the management team has an efficient risk management process, and seek for business opportunities that may arise out of such risk.
9. The Board shall cause the dividend to be allocated to the shareholders when the Company has sufficient profits and no accumulated losses.
10. The Board shall oversee and resolve possible conflict of interest as well as connected transaction and other significant transactions to ensure the optimum interest for the shareholders and all other stakeholders.
11. The independent and other external directors are able to freely have their respective judgment in determining strategies, management, resource utilization and nomination of directors and in setting up operation standard. They also have liberty to oppose any act of other director or of the management if they consider that the issue may affect the equity of the shareholders.

12. The Board shall report and update the “Report on the interest of Director and Executive” to the Company according to the criteria prescribed by the Company.
13. If it has come to the knowledge of the director of any inside material information which has not yet disclosed to the public and might affect the share price, that director shall cease the trade of the Company’s securities for at least 15 days before such inside information has been disclosed to the public and shall refrain from disclosing such material information to the third party failure of which shall cause such violator to be subject to legal sanction.
14. The Board shall regulate the management to treat all stakeholders ethically and impartially.
15. The Board shall review the Company’s good corporate governance policy on regular basis.
16. The Board shall set forth the anti-corruption policy and ensure that the Company has put in place the system supporting effective anti-corruption practices and that the management realizes, gives priority to anti-corruption and nurtures this policy to become an organization cultures.
17. The Board shall determine policy, oversee lodgment of complaint and ensure that the Company has specific procedures for taking such complaint into consideration.
18. The Board shall comply with anti-corruption measures and impose penalties when non-compliance occurs.
19. The Board shall appoint the Company Secretary to take care of the Board’s and the Company’s activities such as the Board of Directors’ meeting and the shareholders’ meeting, also assist the directors and the Company in performing their duties as required by laws and related rules and regulations from time to time. Moreover, the Company Secretary is responsible for supporting the directors and the Company in disclosing all information accurately, completely, transparently, and in a timely manner.
20. The Board shall report the Company’s performance to shareholders’ meetings and via the Company’s annual report.
21. The Board shall manage to provide channels for communicating to each group of shareholders properly.
22. The Board of Directors shall conduct annual self-assessment of their performance to be used as a guideline for reviewing the operation of the Board of Directors. The results shall be disclosed in the Company’s annual report. The Board shall also assess annual performance of the top executives and fix the latter’s compensation to reflect such operation results.

23. In case of necessity, the Board may seek for advice or professional opinion from external consultant regarding the operation, at the Company’s own expenses.

Appointment of the Board of Directors

The appointment of the member of the Board shall be in accordance with the Articles of Association and the Public Company Limited Act. The Nomination Committee shall nominate the candidates to the Board and the shareholders for consideration, respectively. The Articles of Association requires that the appointment of the Board members must be in compliance with the Public Company Limited Act as follows:

1. The shareholders’ meeting shall appoint a Director to replace a retired Director or an additional Director subject to following criterias and procedures:
 - a. Each shareholder has one vote per share.
 - b. Each shareholder may exercise his/her voting right pursuant to a. to elect one or more candidates as Director(s) but may not allot his/her votes to any such candidate unequally.
 - c. Candidates who receive the largest numbers of votes shall be elected as Directors until the vacancies are filled. Where there is a tie among the candidates, the Chairman of the meeting is entitled to cast a decisive vote.
2. Where a Director vacates office for reasons other than retirement, the Board of Directors will appoint a qualified person as a replacing director.

3. Executive Committee

As of 31 December 2017, the Company’s Executive Committee consisted of 5 members as follows:

- | | |
|---------------------------------|---------------------------------------|
| 1. Mr. Panote Sirivadhanabhakdi | Chairman of the Committee |
| 2. Mr. Chai Vinichbutr | Member of the Committee |
| 3. Mr. Uten Lohachitpitaks | Member of the Committee |
| 4. Mr. Virapan Pulges | Member of the Committee |
| 5. Mr. Sopon Racharaksa | Member and Secretary of the Committee |

Roles, Duties and Responsibilities of the Executive Committee

The Executive Committee shall determine strategic development plan for TICON group, approve details of investment, either financial or non-financial matters, in order to achieve the Company’s objective, add value for the

shareholders in the long run and supervise the operation of the group of companies.

1. The Executive Committee is empowered to do any act on behalf of the Company which is desirable and not in contradiction to the Articles of Association or any rules expressly indicated, act on behalf of the Company in the Company's meeting except otherwise specifically reserved for the discretion of the Board of Directors only:
 - 1.1 Sell or assign the Company's obligation or property whether in whole or material part.
 - 1.2 Conduct any transaction for the purpose of acquiring or disposing any significant property of the Company.
 - 1.3 Appoint the Board of Directors or the committee or determine, amend or adjust details of Roles, Duties and Responsibilities of the Board of Directors or of any committee.
2. The Executive Committee shall determine the guideline and supervise general operation of the Company and TICON group.
 - 2.1 Determine strategic development plan for TICON group.
 - 2.2 Take possible steps necessary for maintaining the benefit of TICON group.
 - 2.3 Review and approve value, strategies, objective, budget plan and business plan of the organization.
 - 2.4 Review and approve significant transactions (e.g. investment, acquisition and disposal) the total value of which does not exceed the specified amount or as proposed by the Executive Committee from time to time, specifically or generally, by the Board.
 - 2.5 Review and approve policy on financial resources management and human resources management.
 - 2.6 Review the Company's and TICON group's performance, both financial and non-financial aspects.
 - 2.7 Review and consider letter of consent and letter of intent signed by China legal representative (person with full authority to represent, exercise rights and be bound on behalf of the company in China) which is maintained by the Company's Secretary
 - 2.8 Monitor and review the Company's accounting system in China from time to time by referring financial practices including Finance seal and

setting up group of joint signatories for cost and expense management.

3. The Executive Committee shall determine criteria for qualifying the candidate, review and approve the appointment/nomination of candidate for senior executive positions in TICON group including CEO, President, Chief Financial Officer and other senior executives (directly reporting to CEO, President and Chief Financial Officer).

4. Audit Committee

As of 31 December 2017, the Audit Committee consisted of 4 members as follows:

- | | |
|---------------------------------|--|
| 1. Mr. Threekwan Bunnag | Chairman of the Audit Committee and Independent Director |
| 2. Mr. Chainoi Puankosoom | Member of the Audit Committee and Independent Director |
| 3. Mr. Chatchaval Jiaravanon | Member of the Audit Committee and Independent Director |
| 4. Mr. Tithiphan Chuerboonchai* | Member of the Audit Committee and Independent Director |

**appointed as member of the Audit Committee on 24 April 2017*

Roles, Duties and Responsibilities of the Audit Committee

1. Review the Company's financial report to ensure accuracy and accountability, including adequate disclosure, by coordinating with the certified public accountant and the executive who are responsible for preparing the quarterly and annual financial reports.
2. Give opinions on connected transactions or transactions which may constitute potential conflicts of interest to ensure compliance with the laws and regulations of the Stock Exchange of Thailand including laws related to the business of the Company so as to assure that such transactions are reasonable and most beneficial to the Company.
3. Review the internal control system and internal audit of the Company to ensure appropriateness and effectiveness according to the international process and standard.
4. Review the performance control and follow-up procedure of the Company to ensure compliance with the Securities and Exchange law, rules, regulations or laws relating to business of the Company.

5. Review the risk management procedure of the Company to ensure comprehensiveness, effectiveness and compliance with the international standard.
 6. Review the Company's procedures for working, controlling and overseeing the information technology and preservation of data security and communication network to ensure effectiveness and compliance with the international standard.
 7. Review the Company's good corporate governance procedure, anti-corruption procedures to ensure effectiveness and compliance with guidelines of the regulatory organizations.
 8. Approve the charter, work plans and the appropriateness of resource allocation, manpower of the internal audit department as well as support the development of potential and professional progress of the internal auditors.
 9. Consider, select, nominate for appointment and evaluate the performance of the chief of the internal audit department or chief of the external audit firm that provides internal audit service as well as the independence of the internal audit department.
 10. Consider, select, nominate an independent person to be the external auditor of the Company including his remuneration by taking into account the appropriateness, and evaluate the performance efficiency of the external auditor so as to propose the Board of Directors for consideration and propose the shareholders' meeting for approval, as well as convene the meeting with the external auditors at least one meeting a year without the presence of management to seek opinions in various matters from the external auditors.
 11. Consider the audit scope and audit plan of the external auditor and the internal auditor to ensure consistency and to reduce overlapping in the part relating to the internal audit.
 12. Annually conduct the evaluation of the Audit Committee for the overall performance, team performance, and individual performance and report the evaluation results to the Board of Directors.
 13. Review to ensure that the Company has the procedures for the receipt of complaint and procedures for overseeing such matters.
 14. Attend the shareholders' meeting to clarify and/or answer questions related to the Audit Committee or the appointment of the external auditor.
 15. Report the Audit Committee's result of performance to the Board of Directors at least once a quarter so as to acknowledge the Board of Directors of the activities of the Audit Committee in due time and to enhance efficiency in the performance of the Audit Committee. The aforesaid excludes the result of performance in the fourth quarter which shall be conducted as the annual report of the Audit Committee and disclose in the annual report of the Company. Such report must be signed by the Chairman of the Audit Committee and should consist of opinions on various matters according to the SET regulations.
 16. Review the Audit Committee Charter by examining, evaluating on its adequacy and appropriateness based on the events or situations that may change, and propose to the Board of Directors for consideration and approval
 17. Performs other duties as assigned by the Board of Directors with the agreement of the Audit Committee.
- In its performance under the scope of duties, the Audit Committee shall have the authority to call for the management, chief of department or staff involved in such matters to give opinions, attend the meetings or submit relevant documents as well as seeking independent opinions from any other professional counsel when it is deemed necessary at the expense of the company.
- The Audit Committee shall perform its duties under the scope of duties and responsibilities according to the instruction of the Board of Directors who is responsible directly to shareholders, stakeholders and public.
- Composition of the Audit Committee**
1. The Board of Directors or shareholders' meeting shall appoint members of the Audit Committee, comprising at least 3 members who must be independent directors of the Company. The Board of Directors shall select 1 member of the Audit Committee to be the Chairman of the Audit Committee.
 2. In case of proposal of the Audit Committee members to a shareholders' meeting for approval, the Company should provide in an invitation the names, curriculum vitae as well as statement certifying that the appointed persons are qualified and independent as required.

3. The Audit Committee shall appoint the chief of internal audit department of the Company to act as the Secretary to the Audit Committee to assist the Audit Committee in performing work pertaining to the meeting of the Audit Committee as well as being the coordinator for reporting to the Board of Directors and the Stock Exchange of Thailand. The Secretary to the Audit Committee has no right to vote.

Qualifications of the Audit Committee

1. Must be independent directors according to the criteria prescribed in the Notification of the Securities and Exchange Commission as follows:
 - 1.1 Holding shares not more than 1% of the total number of shares with voting rights of the Company*, including shares held by related persons of such independent director;
 - 1.2 Neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the Company*, unless the foregoing status has ended not less than 2 years;
 - 1.3 Not being a person related by blood or a close relative or a person related to the director, executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of the Company or its subsidiary;
 - 1.4 Neither having nor used to have a business relationship with the Company*, in the manner which may interfere with his independent judgement, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company*, unless the foregoing relationship has ended not less than 2 years;
 - 1.5 Neither being nor used to be an auditor of the Company*, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company*, unless the foregoing relationship has ended not less than 2 years;
 - 1.6 Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding 2 million baht per year from the Company*, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years;

- 1.7 Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to major shareholder;
- 1.8 Not undertaking any business in the same nature and in competition to the business of the Company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares more than 1% of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary company;
- 1.9 Not having any other characteristics which cause the inability to express independent opinions with regard to the Company's business operations.

** including its parent company, subsidiary company, associate company, major shareholder or controlling person.*

2. Not being assigned by the Board of Directors to take part in the business decision of the Company, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person;
3. Not being a director of the parent company, subsidiary company or same-level subsidiary company, which is a listed company;
4. The Audit Committee must possess knowledge, capability, integrity and ethic in business operation, and have sufficient time to dedicate such knowledge, capability, and perform duties for the Company and such directors shall have sufficient knowledge and experience to serve as the Audit Committee. There shall be at least 1 member of the Audit Committee who possesses sufficient knowledge, understanding and experience in accounting and finance to review the creditability of financial reports.

5. Compensation Committee

As of 31 December 2017, the Compensation Committee consisted of 3 members as follows:

- | | |
|---------------------------------|--|
| 1. Mr. Chainoi Puankosoom | Chairman of the Compensation Committee |
| 2. Mr. Chatchaval Jiaravanon | Member of the Compensation Committee |
| 3. Mr. Panote Sirivadhanabhakdi | Member of the Compensation Committee |

Roles, Duties and Responsibilities of the Compensation Committee

1. Review and give advice to the Board of Directors to secure approval by the Board for:

- General working scope for compensation of the Board of Directors and key personnel from the management (namely, CEO, President and other person having power and duty relating to planning, directing and controlling activities of the Company/group) of companies.
- Compensation for each director and key management personnel of the group of companies.
- Planning for succession

The review by the Compensation Committee shall cover all aspects of compensation including such for directors, special compensation for director carrying out special duty or function for the Company or group of companies, salary, meeting allowance, bonus, securities option program, incentive, reward and other types of compensation.

2. Main objectives

- Determine transparent standard procedures for developing policy concerning compensation for the management and each director.
- Determine level and structure of compensation to reflect long-term benefit and risk management policy adopted by the group of companies to the extent that it can satisfactorily provide incentives for director and the management in discharging their duties and ultimately facilitate the performance as a whole.

Requirement

1. Take appropriate steps to ensure that policies and compensation system approved by the Board of Directors have been properly implemented in accordance with the group of companies' objective and strategies.

2. Review policies and procedures concerning compensation and benefit on annual basis. This includes plan on performance/limitation and/or other long-term incentive plan in order to:

- Support long-term incentive plan which includes stock option program or other kinds of benefits under limited period of time where the recipient can only enjoy certain part of the benefits each year.

- Support the executive committee and the management to hold the shares beyond the maturity period depending on necessity on financial management for the cost of share acquisition and relevant tax burden.

- Evaluate cost and benefit of long-term incentive plan and the executive committee and the management should enjoy the benefits under such plan.

- Give suggestion to the Board of Directors regarding the approval of amendment, adjustment or any incentive plan from time to time.

3. Review the approval made by the Board of Directors on annual basis (as well as non-executive director to be approved in the annual general meeting of the shareholders), performance and compensation of non-executive director, executive director and the management based on policy and procedures for approved compensation including following issues:

- The compensation for the executive director and the management should reflect or be proportionate to performance of the company and each individual at the same time, be in line with the benefit of the shareholders and support long-term success and risk management policy of the group of companies.

- The Compensation for non-executive director should be proportionate to one's performance in terms of contribution, time spent, duties and responsibilities and stock option program for non-executive director to ensure that such compensation is consistent with the benefit of the shareholders.

4. Propose to the Board of Directors the objectives and guidelines for proper performance in order to support the evaluation of each executive and director and the Board of Directors.

5. Review the obligation of the group of companies as a result of termination of employment contract with the executive director and the management to ensure that such contract constitutes the provisions regarding fair and reasonable termination of employment which are not too much in favor of them and seek how to exercise the provision under the contract to allow the group of companies to demand for the return of part of compensation from the executive director and the management under special circumstances such as giving erroneous financial information or conducting works improperly leading to financial damage to the group of companies.

6. Manage to approve the benefits e.g. special reward, bonus, stock option program or other long-term incentive plan to senior management of the group of companies based on the performance of each company.
7. Give advice to the management in respect of the policy on compensation and benefit for other employees in addition to the management.

6. Nomination Committee

As of 31 December 2017, the Nomination Committee consisted of 3 members as follows:

- | | |
|------------------------------|--------------------------------------|
| 1. Mr. Chatchaval Jiaravanon | Chairman of the Nomination Committee |
| 2. Mr. Threekwan Bunnag | Member of the Nomination Committee |
| 3. Mr. Chotiphat Bijananda | Member of the Nomination Committee |

Roles, Duties and Responsibilities of the Nomination Committee

1. Set official and transparent criterias and procedures for selection and resumption of the member of the Board of Directors.
2. Conduct annual performance assessment of the entire Board, Committee and Sub-committee and of each member toward the effectiveness of the Board of Directors.

Requirement

1. The Nomination Committee shall:
 - 1.1 Provide advice to the Board of Directors concerning the appointment of the Board of Directors and its component taking into account the balanced mixing of executive and non-executive directors and between independent directors and non-independent directors as well as the scope and nature of operation of the group of companies, business requirements and how to avoid improper change of the component of the Board and the committee.
 - 1.2 Review the structure, size, component and independency of the Board of Directors and give necessary suggestion to the Board of Directors in relation to certain improvement. The Nomination Committee shall ensure that there shall always be Independent Director(s) constituting and actively performing function in the Board at least one third or half of the total number of the directors.

- 1.3 Consider if any director's term of office shall expire in the annual general meeting of the shareholders each year under the concept that each director's term of office shall expire at least once every three years.

- 1.4 Give advice relating to appointment of the director or resumption [and substitute (if any)] as a part of the nomination procedures. The Nomination Committee shall consider the component of the Board of Directors, capacity, devotion, participation and performance of each director (e.g. preparedness, participation and openness) as well as the role of Independent Director. The Nomination Committee shall take steps to ensure that the name of candidates for appointment as the Company's director or for resumption of his/her office presented to the Board for approval shall be disclosed in the annual report (including disclosure of selection and nomination process).

- 1.5 Determine succession plan of the Board of Directors for approval by the Board of Directors and give advice about issues relating to the review of succession plan of the Board of Directors, especially the title of the Chairman of the Board, CEO, President and Chief Financial Officer. .

- 1.6 Identify candidate, review and consent to the nomination of following titles:

- Company's director or substitute (whether the appointment or resumption)
- Members of the committee (including the Audit Committee, the Compensation Committee and the Nomination Committee) evaluate qualifications and experience of newly nominated candidate to the Board of Directors and give advice to the Board of Directors if such nomination should be supported or not.

- 1.7 Take steps to ensure that substitute director is familiar with the Company's business and holds desirable qualifications. In case of any person is nominated to replace any Independent Director, the Nomination Committee shall ensure that such person holds qualifications similar to those of such Independent Director before appointing such person.

- 1.8 Review on yearly basis and when necessary if any director has independency and considers other significant factors.

- 1.9 If the Nomination Committee views that certain director may not be qualified for independency, the Nomination Committee shall present their comment to the Board of Directors for consideration and if the Nomination Committee views that any director is not performing one's duty independently, the Committee shall present the review result to the Board of Directors for consideration as well.
- 1.10 Review other director positions if that particular has been performing one's duty adequately as the Company's director taking into account the position taken in other companies and his/her other jobs and the Nomination shall exercise their discretion on fixing maximum number of directorship in other companies that can be taken by each director.
- 1.11 Review significant information relating to the director to be included in the annual report. Such information comprises detailed background of each director including education and expertise, shareholding in the company and other related companies, the committee of which that director is a member (as member or chairman), date of first appointment as a director, date of latest appointment as a director and as member of other committees at present and during the past three years whether as an executive director, non-executive director or Independent Director and other major duties.

7. Risk Management Committee

As of 31 December 2017, the Risk Management Committee consisted of 4 members as follows:

- | | |
|---------------------------------|---|
| 1. Mr. Chotiphat Bijananda | Chairman of the Risk Management Committee |
| 2. Mr. Threekwan Bunnag | Member of the Risk Management Committee |
| 3. Mr. Panote Sirivadhanabhakdi | Member of the Risk Management Committee |
| 4. Mr. Uten Lohachitpitaks | Member of the Risk Management Committee |

Roles, Duties and Responsibilities of the Risk Management Committee

1. Consider and approve policy, objective and scope of risk management as a guideline for risk management operation by the staff in harmonized way and in line with business strategies and goal. Policy, objective and scope of risk management will be, however, revised every year to reflect early warning signal.
2. Consider risk management policy toward the Company's transaction to cover Business & Strategic Risk, Market Risk, Credit Risk, Liquidity Risk, Operational Risk, Financial Report Risk, Legal & Compliance Risk and Reputational Risk.
3. Ensure that risk is identified taking into account internal and external factors that may prevent the Company from achieving its pre-determined objectives and the impact and possibility of given risks is evaluated to set priority and properly handle such risk.
4. Consider and review the approaches and tools for effective risk management by the Company which are suitable for the nature and extent of the risk of transaction concluded by the Company.
5. Consider and revise fixing of risk limits and corrective measures to be implemented if risk is beyond such risk limit.
6. Follow up risk assessment either in normal and critical condition (Stress Testing).
7. Evaluate risk possibly originates from new product or from newly set up business as well as define measures against possible risk possibly associating with the transaction.
8. Review the Charter of the Risk Management Committee on annual basis and any amendment thereto shall be presented to the Board of Directors for approval.
9. Report risk management results to the Board of Directors and in case of significant factor or event that may significantly affect the Company; it shall be reported to the Board of Directors for acknowledgement as soon as possible.
10. Supervise and give support to risk management concerning anti-corruption by assessing risk of corruption and reviewing the adequacy and appropriateness of anti-corruption measures.

11. Perform other duties as assigned by the Board of Directors.

8. Corporate Governance Committee

As of 31 December 2017, the Corporate Governance Committee had 3 members as follows:

- | | |
|----------------------------|--|
| 1. Mr. Chainoi Puankosoom | Chairman of the Corporate Governance Committee |
| 2. Mr. Threekwan Bunnag | Member of the Corporate Governance Committee |
| 3. Mr. Uten Lohachitpitaks | Member of the Corporate Governance Committee |

Roles, Duties and Responsibilities of the Corporate Governance Committee

1. Consider and review good corporate governance policy to be proposed to the Board of Directors.
2. Provide suggestion on the good corporate governance to the Board of Directors.
3. Review the Company's good corporate governance practices and guidelines by comparing to those applied by other listed companies and then propose them to the Board of Directors.
4. Consider and review policy and practical guideline on Sustainability Management (SM) which includes Corporate Social Responsibility (CSR) to be presented to the Board of Directors.
5. Consider and review anti-corruption policy to be presented to the Board of Directors.
6. Provide recommendations on following up and reporting activities relating to anti-corruption policy to the Board of Directors at least once a year.
7. Consider and review the policy on whistle blowing or lodgment of complaint to be presented to Board of Directors.
8. Disclose good corporate governance policy and practical guideline to all stakeholders including the Company's shareholders, creditors, employees, customers, suppliers, competitors, communities and the public.

9. Give advice to the working group for preparing documentations necessary for ranking audit on good corporate governance by independent organization.
10. Provide consultation for the management and employees with respect to compliance with anti-corruption policy.
11. Give advice to the working group for preparing documentations necessary for renewing CAC Certified Company with independent organization.
12. Review and revise the Charter of the Corporate Governance Committee to be presented to the Board of Directors for approval.

9. Management Team

As of 31 December 2017, the Company's management team is as follows:

- | | |
|-----------------------------------|---|
| 1. Mr. Virapan Pulges | Chief Executive Officer |
| 2. Mr. Sopon Racharaksa | President |
| 3. Miss Lalitphant Phiriyaphant | Chief Financial Officer |
| 4. Mr. Timothy Edwards | Executive General Manager - Development |
| 5. Dr. Somsak Chaiyaporn | General Manager |
| 6. Mrs. Marasri Sophastienphong | Internal Audit Director |
| 7. Miss Kamonkam Kongkathong | Head of Strategic Planning |
| 8. Mr. Samart Rusmeerojwong | Head of Corporate Governance & Risk Management |
| 9. Miss Siriporn Sombatwatthana | Head of Administration |
| 10. Miss Lanchakorn Kongsakul | Head of Human Resources |
| 11. Mrs. Yuko Hoshi | Head of Sales & Leasing - Factory |
| 12. Mr. Somsak Ratanavirakul | Head of Sales & Leasing - Factory |
| 13. Miss Primopa Natchajaruwit | Head of Property Management |
| 14. Mr. Kris Weerakul | Deputy General Manager and International Business Development |
| 15. Miss Waranya Intarapiroj | Head of Procurement |
| 16. Mr. Paroot Boondarig | Head of Construction |
| 17. Miss Pompimol Supawiratbancha | Head of Treasury |
| 18. Miss Rungtip Piyayodilokchai | Head of Strategic Finance |
| 19. Miss Rojana Asawavichienjinda | Head of Finance and Accounting |

20. Mr. Apinat Mekloi	Head of Information Technology
21. Dr. Thaveeporn Pulket	Deputy General Manager
22. Ms. Piyanath Sritapanu	Head of Sales & Leasing - Warehouse
23. Ms. Monthanee Kamolman	Head of Property Management
24. Mr. Vikij Wattanayong	Head of TFI
25. Dr. Ranon Chotibhongs	Assistant General Manager
26. Mr. Shigeyuki Horie	Head of International Sales & Leasing
27. Ms. Hataikan Duttadintorn	Head of Corporate Communication

Scope of Authorities and Duties

The Management is authorized to carry out tasks assigned by the Board of Directors under the rules, regulations and Articles of Association of the Company. However, any member of the Management having a material interest, directly or indirectly, or having a conflict of interests in any nature with the Company/Subsidiaries, as defined by the SEC, has no right to engage in such matter.

10. Compensation for Directors and the Management

Criteria for determination of compensation for the Board's and committee's member

Compensation is fixed for member of the Board and committee by taking into account the duties and responsibilities of each member as well as the Company's performance and compensation paid by listed companies under the same industry. The compensation has been initially determined by the Compensation Committee, and proposed to shareholders for approval.

10.1 Monetary Compensation

In 2017, the compensations (accrual basis) paid to Directors and Audit Committee's members were as follows:

Director	Meeting Allowance		Bonus
	Board	Audit Committee	
Mr. Chainoi Puankosoom	150,000	60,000	2,087,500
Mr. Threekwan Bunnag	90,000	60,000	2,077,500
Mr. Chatchaval Jiaravanon	80,000	60,000	1,352,800

Director	Meeting Allowance		Bonus
	Board	Audit Committee	
Mr. Tithiphan Chuerboonchai	40,000	50,000	1,039,600
Mr. Chali Sophonpanich	110,000	-	1,405,000
Mr. Chotiphat Bijananda	60,000	-	1,326,700
Mr. Chai Vinichbutr	80,000	-	2,057,500
Mr. Panote Sirivadhanabhakdi	70,000	-	1,326,700
Mr. Uten Lohachitpitaks	70,000	-	1,326,700
Mr. Virapan Pulges*	10,000	-	-
Mr. Nate Charanvas*	10,000	-	-
Total	770,000	230,000	14,000,000

Note *Mr. Virapan Pulges and Mr. Nate Charanvas resigned from their office on 16 January 2017.

With respect to the management, in 2017, the Company paid compensation (accrual basis) to the management as follows:

	Amount (baht)
Salary	55,628,542
Bonus	10,570,470
Provident Fund and Social Security Fund	1,699,431
Total	67,898,443

10.2 Other Compensations

In 2017, no other form of compensation was paid to directors and the management.

11. Personnel

As of 31 December 2017, the Company has a total of 322 employees as follows:

Department	Number of employees (person)
CEO	1
President	1
General Manager	1

Department	Number of employees (person)
Chief Financial Officer	1
Executive General Manager - Development	1
Assistant General Manager	1
Administration	27
Legal	4
Human Resources	7
Land Management	3
Investor Relations	1
Sales and Leasing - Factory	13
Sales and Leasing - Warehouse	11
Property Management	78
Sales and Property Management Section - Lamphun	2
Sales and Property Management Section - Khon Kaen	1
Free Zone Section	1
TFIX	32
Landscape Management Division	12
International Sales and Leasing	3
International Business Development	4
Business Development - BTS	3
President's Office	3
Procurement	6
Construction	31
Architect	5
Design Management	4
Treasury	8
Strategic Finance	4
Finance and Accounting	33
Information Technology	7
Internal Audit	2
Strategic Planning	1

Department	Number of employees (person)
Corporate Planning and MIS	2
Corporate Communication	5
Corporate Governance and Risk Management	3
Total	322

11.1 Total Compensation for Employees

Total compensation for employees in 2017 was equal to 236.27 million baht which was in the form of salaries, bonuses, fringe benefits, allowances, provident funds (Company's contribution), and business seminars and trainings.

11.2 Human Resource Development Policy

The Company regularly provided trainings and seminars to help improve skills and knowledge of employees. That included training new employees to prepare for their jobs in order to improve work efficiency and skills of the management and staff. The Company provided its employees chance to register for external training as well.

In 2017, the Company spent a total sum of 3.96 million baht on human resource development.

11.3 Labor Dispute over the Past 3 Years

- none -

Corporate Governance

The Board of Directors and the management team acknowledge the importance of corporate governance to enhance confidence of shareholders, investors and stakeholders. The development of good corporate governance starts with understanding of the Company's business operations as well as the expectation of stakeholders, the opportunities and risks affecting the business operations. The Board of Directors regularly reviews corporate governance policies on a yearly basis and discloses the policies to the shareholders, investors and stakeholders on the website, <http://www.ticon.co.th>. The stakeholders can be assured of practical guidelines and business practices of the Company based on the corporate governance. The Company also communicates regularly to the employees who are required to acknowledge and adhere strictly to these policies.

1. Shareholders' Rights

The Board of Directors emphasizes on the significance of shareholders' rights and encourages participation of shareholders as well as regular communication on these circumstances for example purchase of shares, transfer of shares, entitlement to the company's profit, exercise of voting rights in the meeting, participate in decision-making of Company's important matters, appointment or removal of directors, determination of directors remuneration, appointment of auditors, determination of auditors remuneration, and access to the Company's development announcement and news. The Company also encourages the shareholders to fully exercise their rights in the meetings and refrains from taking any actions that violate the shareholders' rights or would deprive shareholders of their rights.

The Company has a policy to support and facilitate the shareholders, including institutional investors, to attend the general meetings. The meeting venue is conveniently accessible via the mass transit systems and the meeting time in the afternoon to facilitate shareholders' commutation to attend the meeting. The Company also provides meeting documents to shareholders in advance to reduce document verification time on the meeting date. Dedicated registration counters will be set up at the meeting venue for the shareholder, juristic person shareholder, and institutional investor. The Company uses a barcode system for registration and vote computation process. To facilitate the shareholders, the Company also provides stamp duty for the appointment of proxies.

The meeting document contains detailed explanations of each agenda item, date, time, place, including supporting documents of the meeting agendas, if any. The document is available in both Thai and English for the benefit of foreign shareholders. If the shareholders cannot attend in person, the Company prepares proxy forms for shareholders to nominate

one independent director and/or audit committee member to attend meetings and vote on behalf of the shareholder including voting of any transaction with conflict of interests. The Company also attaches the Articles of Association relating to the agendas of that particular shareholders' meeting for reference.

The Company provides opportunities for the shareholders to submit questions on the meeting agenda in advance, as well as to propose agenda item, and to nominate person to be appointed as the Company's director. Documents related to the shareholders meeting is published on the website of the Company and the website of the Stock Exchange of Thailand.

The Company conducts the general meetings of shareholders in a transparent manner with examination mechanisms. The Company allows shareholders to raise questions and expresses opinions relating to the agenda which will be summarized and recorded in the minutes. The directors, relevant senior Management and the auditor of the Company are responsible to respond and acknowledge the opinions of the shareholders in the meeting.

The Company posts notices of meetings on the Company's website 30 days in advance. The Company's share registrar allows shareholders to consider the details of each agenda item. The shareholders' meeting proceeds to the order of agenda as stated in the notice of the meeting without any additional agendas. The shareholders have access to the information to support their consideration prior to the meeting.

The Company prepared minutes of the 2017 Annual General Meeting of Shareholders, which are available in Thai and English, and posted the video record of the meeting on the Company's website at www.ticon.co.th within 14 days after the meeting.

The Company held the 2017 shareholders' meeting on 24 April 2017, 14:00 hours at Ballroom (Zone A), Queen Sirikit National Convention Center, 60 New Ratchadaphisek Road, Khlong Toei Sub-district, Khlong Toei District, Bangkok, which was attended by 6 directors and the management.

2. Equal Treatment to Shareholders

The Board of Directors places importance on fair and equal treatment to all shareholders and, the following actions have been implemented:

The Company protects the rights of all shareholders. At the 2017 Annual General Meeting of Shareholders, the meeting conducted by the Chairman of the meeting arranged in accordance with the agenda as set forth in the invitation

notice to the meeting. No agenda was added without prior notification to the shareholders. All shareholders were entitled to vote based on the number of shares held by each shareholder whereby one share equals to one vote.

The shareholders who could not attend the meeting in person were entitled to appoint an independent director of the Company or any other person to attend the meeting and vote on their behalf. The Company prepared proxy forms as prescribed by the Ministry of Commerce, whereby the shareholders give their proxies voting instruction. The invitation notice attaches the proxy forms for the shareholders.

The Company prepared the minutes of the 2017 Annual General Meeting of Shareholders and posted the video record of the meeting on the Company's website at www.ticon.co.th within 14 days after the meeting.

3. Roles of Stakeholders

The Company realizes the importance of all stakeholders, including employees and executives of the Company and its subsidiaries, customers, business related persons, lenders, traders, society and communities, government sector, competitors, and other relevant authorities. The Company has ensured fair treatment to all stakeholders, including treating the employees fairly and equally, fulfilling obligations under the contract with trading partners, providing the quality product for the customers, being accountable for the products and after-sale services, maintaining the customer's confidential information, complying to loan terms of the financial institution, treating the competitors fairly and refraining from using dishonest means to the competitors, as well as being responsible to community and society, etc. The Company continues to take care of stakeholders in accordance with the policies, as follows:

3.1 Policy on Treatment of Each Group of Stakeholders

(1) Employee: Since employees are valuable key success factor, the Company treats employees equally and fairly in providing job opportunity, compensation, welfare, promotion, rotation, skill development and safe working environment. The Company complies with safety measures as well as provides necessary facilities to prevent the employees from accidents, job-related injuries and illness. The Company also provides recreation activities to unite and reward the employees.

(2) Customer: The Company seeks to serve customers' needs with more effective and efficient procedures. Also, the Company insists on delivering quality factories and warehouses and providing after-sale services at fair price in a timely manner. The customers' information is confidential and is privately kept. In times of difficulties, the Company is prepared to discuss with customers to come to a mutual resolution.

(3) Suppliers and/or Creditors: The Company has a fair treatment towards suppliers and/or creditors by giving win-win solutions whilst taking into consideration the Company's best interest. The Company is mindful of entering any circumstance that may result in a conflict of interest. The Company also honors the commitments with suppliers and/or creditors.

(4) Competitors: the Company respects competition and competes under fair business practices without violation of trade secrets or involvement in any information fraud. During last year, the Company had no dispute with competitors.

(5) Supply Chain: The Company strictly applies ISO 9001 International Standard to the supply chain processes and activities. The Company also consistently monitors its operations and updates information to ensure that supply chain process and trading partners operate sustainably, taking into account environmental impacts.

(6) Community and Society: The Company has a policy to operate its business on a sustainable basis taking into account environmental sustainability and benefits of overall community and eco-system with a balance on business growth and social development.

3.2 Policy on Anti-corruption

The Board of Directors adheres to the principle of conducting a business in a transparent manner subject to the law, ethical principles and corporate governance. The Company fully supports anti-corruption practice and is aware of corruption impacts to socio-economic development and national security. The Company's policies on anti-corruption are as follows:

(1) The Company shall encourage its employees to perform their duties with honesty, transparency, and in compliance with the laws and regulations. An anti-corruption mindset and good corporate governance practices are part of an organizational culture.

(2) The Company's employee shall not do any act implying any demands or requests of gifts, properties or benefits from a third parties dealing with the Company, except for traditional occasions or festivals, and such benefits shall not be illegal and is not a result of abusing any power to receive such benefits from the third party.

(3) The Company shall review process for operating procedures, evaluate the risk of corruption and properly address such incident.

(4) The Company shall provide sufficient and appropriate internal control system and develop systems and mechanisms for monitoring and balancing the power in order to prevent involvement in corruption.

(5) The Company shall provide communication and training for personnel in order to understand comprehensively about anti-corruption policy.

(6) The Company shall establish channels for the complaints of suspicious matter and the policy to protect informant or the whistleblower and maintain such information on a confidential basis. The Company shall also apply verification and sanction procedures subject to relevant rules and regulations.

(7) The Company should support activities held by agency or organization for the purpose of prevention of corruption practice and support anti-corruption. The Company has been certified as a member of the Collective Action Coalition (CAC) against corruption since 18 August 2017.



3.3 Policy and Guideline on Non-infringement of Intellectual Property

The Company upholds proprietary rights of others' intellectual property and any use of such intellectual property shall be subject to prior consent of its owner. The Company forbids any infringement of intellectual property as per the following policies:

(1) All staff are responsible for protecting and keeping the Company's intellectual property confidential in order to prevent information leakage and exploitation of such information for personal gain or any other person's gain without permission.

(2) All staff must respect and honor others' intellectual property. Staff refrain from exploiting of others' intellectual property, whether in whole or in part, without the owner's permission.

3.4 Policy on Compliance of Laws and Human Rights Principles

The Company's directors, executives and staff are responsible for complying to the laws and human rights principles regardless of race, color, sex, language, religion, social origin, property, birth, political opinion, or other status. The directors, executives and staff are encouraged to understand their duties and responsibilities towards society and others, based on the following guidelines:

(1) The Company strictly complies with the laws and human rights principles and does not support any business which violates the human rights.

(2) The Company treats all staff equally without discrimination in terms of employment, remuneration, training, promotion, termination and dismissal. This is regardless of sex, race, color, religion, age, marital status, pregnancy, political opinion, or disability, etc.

(3) The Company allows all staff to enjoy equal rights for work in accordance with rules, regulations, notifications and orders of the Company.

3.5 Policy on Corporate Social Responsibility and Sustainable Development

The Company's operation emphasizes on social and environmental responsibility as well as benefits for all stakeholders in every dimension, which are considered the key factors of Company's sustainable growth. The policy are as follows:

(1) To lead the organization with the concept of sustainable development using communication and exchange of best practices with all stakeholders.

(2) To incorporate the sustainable development concept into every aspect of works and decision-making processes of the Company.

(3) To promote training, learning, and counseling of employees according to sustainable development guidelines.

(4) To support regional operation and cooperation to achieve sustainable development.

3.6 Environmental Policy

The Company is environmentally responsible for its operations and services. The Company commits to environmental management, based on the following practices:

(1) Prevent and control pollution in compliance with international standards and take into account environmental impacts of all stakeholders.

(2) Increase staffs' awareness by providing environmental knowledge and promoting efficient use of energies and natural resources.

(3) Operate in compliance with environment-related laws and other environmental regulations.

(4) Review objectives and goals regularly to improve the environmental management system.

(5) Publish environmental policy to the public and concerned parties, as well as encourage use of eco-friendly products.

3.7 Whistle-blowing Policy

Objectives

(1) To encourage Company's employees to operate effectively, transparently, rightfully and accountably in accordance with the principles of corporate governance, ethical standards and the Company Code of Ethics. The employees shall report in good faith any misconduct or suspected to be in violation of the aforementioned principles to the Company. The Company shall improve or modify operations to be applicable, suitable, transparent, fair and consistent with the laws on protecting the whistle-blowers to the complaint receiver.

(2) To ensure that the supervisors and the Human Resources Department of the Company are responsible for managing, providing advices and monitoring the employee to be in compliance with the policy. The complaints of suspicious or corrupted acts shall be protected if they act in good faith.

Scope of Notifying Suspicions or Complaints

(1) Doubtful actions which may violate the principles of good practices including the followings:

- 1.1 Violation of compliance with the principles and guidelines of Corporate Governance Policy
- 1.2 Violation of rules and regulations of the Company
- 1.3 Experience of unfair treatment at work
- 1.4 Corrupted act

(2) Suspicious acts resulting in damage to the Company.

Channels of Notifying Suspicions or Complaints for All Stakeholders

1. Mail

Addressed to: Audit Committee

TICON Industrial Connection Public Company Limited
Suite 1308, 13/1st Floor, Sathorn City Tower,
175 South Sathorn Road, Thungmahamek
Sub-district, Sathorn District, Bangkok 10120

2. E-mail: audit_committee@ticon.co.th

Process for Dealing with the Complaints:

1. Registration and submission of matters

1.1 The Complaint Coordinator records the complaints and schedules the date to respond back the progresses to the complainant, based on the followings:

- For complaints impacting the reputation of the Company, the coordinator shall take action as urgently as possible.
- For other cases, the coordinator shall take action promptly.
- For general inquiries including questions about share price, dividend payment, registration of these inquiries are not required. These inquiries shall instead be forwarded to the responsible department to respond.

1.2 The Complaint Coordinator records following information of the complainant:

- Complainant's name - surname and contact number
- Complaint date
- Name of person or cause of complaint
- Other relevant information

1.3 After recording the complaint, the coordinator shall classify the level of confidentiality based on the nature of the matter (except for general inquiries) and proceed as follows:

- The complaint is submitted to the relevant person to supervise the investigation according to their level of authority.
- The person who is responsible for the complaint shall summarize and report to the Audit Committee.
- The Audit Committee shall report the outcome to the Board of Directors after the complaint has been handled.

2. Investigation and supervision

2.1 The person who is responsible for the complaint shall investigate and inform the relevant person. If disciplinary actions must be imposed, the person will consult with the Human Resources Department to ensure that punishment is in accordance with the Company's policies and/or applicable laws. The results of the investigation, the actions and the punishment methods shall be submitted to the Audit Committee for acknowledgement. The coordinator shall further inform the complainant.

2.2 If the person responsible for that complaint finds, after investigation, that the respondent is not guilty, or the matter arises from misunderstanding, or advice has already been provided to the respondent, or the relevant person behaves appropriately, or the case is concluded that the respondent has no penalty, the person responsible to handle the complaint shall submit the matter to their superiors and request for approval to close the case. A copy of the investigation will be submitted to the Complaint Coordinator who then will inform the complainant of the result. The Coordinator shall report to the Audit Committee.

3. Result notification to the complainant and improvements

3.1 The person responsible for that complaint shall inform the Complaint Coordinator about the progress of the results.

3.2 The Complaint Coordinator shall inform the result to the complainant, record the progress of the complaint and report to the Audit Committee quarterly.

3.3 The Complaint Coordinator shall monitor results improvement (if any) and report to the Audit Committee for acknowledgement.

Complaint in Bad Faith

For Company's employees, if notification of suspicions or complaints proves to be made in bad faith, disciplinary action shall be imposed. For outside parties whose acts or causes damage the Company, legal proceedings shall be taken against that person.

Measures to Protect the Informers or Complainants

1. The Company shall keep the information including the identity of the informers, complainants and respondents confidential.
2. The Company shall disclose the information on as necessary basis, taking into account the safety of, or threat to, the informers or relevant persons.
3. Any damage to the person shall be compensated under a fair procedure.
4. In the event that the complainants or other persons involving in the investigation consider unsafe or potentially harm, they can request for the Company's protection as appropriate. The Company may also extend the protection without the request of complainants or persons involving in the investigation.
5. The Company shall not commit unfair treatment to the informers or the complainants, including rotation their job or office, suspension from work, intimidation, interference with work, dismissal or any other action.

Punishment

Since the Anti-Corruption Policy and Measures are parts of work disciplines of the Company, any violation will be investigated and be punished according to TICON's policies, as well as the Public Limited Companies Act, Securities and Exchange Act and other applicable laws.

3.8 Insider Trading Policy

The Company establishes policies and guidelines to protect and prevent use of inside information. All directors, executives, and staff are informed of such guidelines. In this regard, directors and executives shall report their number of TICON shares including those owned by their spouses or children. Any movement in number of shares as a result of purchases, sales, transfer or acceptance of transfer, shall also be reported to the Office of the Securities and Exchange Commission in accordance with Section 59 of the Securities and Exchange Act B.E. 2535 (1992) within 3 business days from the date of purchase, sale, transfer or acceptance of transfer of securities. The directors

and executives are required to report their shares holding to the Board of Directors on a quarterly basis. Executives, who have access to insider information, are prohibited to take any action as governed by the relevant laws, rules and regulations.

4. Disclosure of Information and Transparency

The Company complies with the regulations of the SEC, the Office of SEC, and the SET with respect to disclosure of significant information, financial information, the Company's development, operational information, business performance and other relevant substantial information through the websites of the SET. In addition, the Company regularly posts updated information, both in Thai and English, on its financial information, annual report, policies, CSR activities, and registration statement (Form 56-1) on its website at www.ticon.co.th. The Company also holds analysts briefing quarterly to announce its quarterly business performance to shareholders, investors, analysts, fund managers, and other interested persons. The executives will clarify and respond to inquiries raised by participants during the analyst briefing.

To ensure that significant information is disclosed accurately, promptly and transparently, the Company's Investor Relations Department regularly communicates to the shareholders and investors. The Company's information can be obtained from the Investor Relations Department at:

Investor Relations	Contact
Miss Wimpvpa Nanthawatsiri Investor Relations Manager	Suite 1308, 13/1 th Floor, Sathorn City Tower, 175 South Sathorn Road, Bangkok 10120, Thailand
	Telephone: +66 2 679 6565
	Fax: +66 2 287-3153
	E-mail: wimpvpa.n@ticon.co.th

The Company initiates and participates in various activities to meet the investors, listens to their opinions and establishes good relationships. These activities include roadshow, the SET's Opportunity Day, company visit, analyst meeting, exhibition booth, etc. The Company arranges these activities to provide information to support their investment decisions.

In 2017, the Company organized company visits, conference calls, and press interviews, as well as participated in local and international roadshows organized by various institutions for foreign investors, as follows:

Presentation Activity	Number of Events
Listed companies meet the investor	3
Investors meet the Company's management	26
Meeting of securities analysts and press conference	3
Domestic investor briefing	3
Foreign investor briefing	3

The Board of Directors is responsible for the Company's financial statements contained in the annual report. The financial statements have been prepared in compliance with general accounting principles of Thailand, with appropriate accounting policy and accounting standards. The Audit Committee is appointed to be responsible for the quality of the financial statements reporting process and internal control system. The Audit Committee is responsible to ensure that disclosure of significant information in the notes of the financial statements is sufficient, accurate, complete and adequate for the benefit of the shareholders and investors. The annual report also contains report from the Board of Directors, the results of business operation and other important matters occurred during the year for shareholders information.

In 2017, no action has been taken against the Company by the regulators on the basis of non-disclosure or insufficient disclosure of information within the required period.

5. Responsibilities of the Board of Directors

5.1 The Board of Directors' Structure

(1) The Board of Directors consists of 9 qualified members which include 5 executive directors and 4 independent directors. The number of directors, its composition, proportion of independent directors, skills and experiences, educational background, capability and expertise are optimum to lead the organization to achieve the Company's missions and goals.

(2) The Chairman of the Board of Directors, the Chief Executive Officer and the President are not the same person to ensure check-and-balances and separate duties of policy making, supervision and management. The Board of Directors clearly determines responsibilities of the Chairman of the Board

of Directors, the Chief Executive Officer and the President. The Chairman of the Board of Directors is an independent director by the definition of the Stock Exchange and has no relationship with management team. The Chairman is responsible to ensure that the Board of Directors meetings are arranged in accordance with the agenda, encourage all directors to participate in the meeting (such as asking questions or making observation notes), provide advices and recommendation to the Management team and support the Company's business operation. The Chairman however is not allowed to operate or interfere with day-to-day operations that are being handled by the Management team. The Chief Executive Officer is responsible to manage the business and supervise its operations in accordance with the business plan of the Company, the resolutions of the shareholders' meetings and the Board of Directors' meetings, policies and to ensure that the operations comply with applicable laws and regulations.

(3) The Board of Directors includes 4 independent directors, in accordance with the proportion required by the SEC Office, who can independently provide opinion on the performance of Management Team.

(4) The directors have an office term of three years and the retiring or vacating directors is allowed to be re-elected. During the annual meeting of shareholders, one-third of the number of directors will vacate their office and may be re-elected. If the number of vacating directors is not one-third, the number nearest to one-third will vacate the office.

5.2 Role, Duties and Responsibilities of the Board of Directors

(1) The Board of Directors' is responsible to participate in determining the Company's future including its vision, mission, strategies, performance targets, business plan, budget and resource allocation amongst others. The Board of Directors is also responsible to supervise and monitor the performance of the management which is in accordance with strategic direction of the Company and for the benefits of the Company and the shareholders.

(2) The Board of Directors establishes the Corporate Governance Policy which is to be reviewed at least once a year.

(3) The Board of Directors approves the Company's Code of Ethics, which is to be reviewed at least once a year, prescribing the best practices of directors, executives and employees for treatment towards the Company, colleagues, third parties and society. The Code of Ethics provides guidelines for ethical business operations and responsibility towards shareholders and stakeholders.

(4) The Board of Directors ensures that directors with conflict of interest are not present in the conflicting agendas or meeting, and are refrain from voting, in accordance with regulations of SEC, SET and relevant regulators.

(5) In respect of risk management, the Board of Directors monitors and acknowledges risk management plan of the Company from the management team and the Corporate Governance and Risk Management Committee.

(6) The Board of Directors conducts an evaluation on the performance of the Board of Directors, director self-assessment, and sub-committee self-assessment on an annual basis to review performance of the committees and the Board of Directors including its challenges and gaps.

5.3 The Board of Directors' Meetings

The Company provides an annual schedule of the Board of Directors' Meetings, together with its agendas, to the directors to manage their time to attend the meetings. According to the Articles of Association, the Board of Directors' meeting must be arranged at least every three months; and a quorum of not less than half of total number of directors must be present.

The Company delivers an invitation notice of each meeting, its agenda, and supporting documents 7 days prior to the meeting, to allow the Board of Directors to review the documents before the meeting. During the meeting, the Chairman of the Board of Directors presides at the meeting to ensure that each agenda is carefully considered and all directors express their opinions and are involved in discussions. The senior executives will attend the meeting to clarify the information and respond to enquiries from the Board of Director. The Board of Directors also prohibits the directors and executives with conflicts of interest to attend or vote for such agenda.

During 2017, number of attendance of each director is as follows:

	Number of Attendances in 2017 (9 meetings in total)
1. Mr. Chainoi Puankosoom	8
2. Mr. Threekwan Bunnag	9
3. Mr. Chatchaval Jiaravanon	8
4. Mr. Tithiphan Chuerboonchai	4
5. Mr. Chali Sophonpanich	9
6. Mr. Chotiphat Bijananda	6
7. Mr. Chai Vinichbutr	8
8. Mr. Panote Sirivadhanabhakdi	7

	Number of Attendances in 2017 (9 meetings in total)
9. Mr. Uten Lohachitpitaks	7
10. Mr. Virapan Pulges*	1
11. Mr. Nate Charanvas*	1

Remarks: *Mr. Virapan Pulges and Mr. Nate Charanvas resigned from being directors of the Company on 16 January 2017.

The Company Secretary is responsible for arranging the meetings, the agendas and the discussion material prior to the meeting. The Company Secretary also checks relevant regulations related to the agenda topics and inform the Board of Directors. The Company Secretary records the minutes of the meetings and circulates the minutes within 14 days from the meeting date. The meeting documents including meeting invitation and discussion material are being safekept. Electronic copies of the documents are also provided to facilitate the directors and participating executives.

The Board will propose the compensation payment which is approved by the Compensation Committee to the shareholders during the annual general meeting. Historically, the shareholders approve the director compensation taking into consideration duties and responsibilities of each director. In particular, the Chairman of the Board will be more compensated than other directors. Any directors with more duties and responsibilities for instance the director who is also a member of the Audit Committee will also be more compensated.

The Company discloses the compensation amount of directors and the member of the Audit Committee in 2017 under the section "Compensation for Directors and Executives".

5.4 Sub-committees

The Board of Directors monitors the implementation of the Company's policies and strategies through 6 sub-committees. The sub-committees consider significant matters and reports to the Board of Directors. The sub-committee are as follows:

(1) Audit Committee

The Audit Committee consists of 4 independent directors. The Audit Committee is responsible for reviewing the financial reports of the Company and selecting (including proposing to terminate) the Company's auditors. The Audit Committee also reviews internal control system and internal audit system, compliance with laws relating

to the business, connected transactions, transactions of interested persons, or transactions which rise conflict of interest, amongst others.

To perform the audit duty for internal control and audit system, the Audit Committee meets with the auditors of the Company at least once a year without the presence of the management team. Furthermore, where the Audit Committee deems necessary and appropriate, the Audit Committee may request clarifications and opinions from the Internal Audit Department and the auditors of the Company on financial and accounting matters.

In 2017, the number of attendance by each member of the Audit Committee is:

	Number of Attendances in 2017 (6 meetings in total)
1. Mr. Threekwan Bunnag	6
2. Mr. Chainoi Puankosoom	6
3. Mr. Chatchaval Jiaravanon	6
4. Mr. Tithiphan Chuerboonchai*	5

Note: *Mr. Tithiphan Chuerboonchai was appointed on 24 April 2017.

The Company's internal auditor is a secretary of the Audit Committee and is responsible for scheduling and managing the Audit Committee's meetings. The secretary also prepares the agenda and supporting documents, record meeting minutes and file relevant documents.

(2) Executive Committee

The Executive Committee comprises 5 members appointed by the Board of Directors. Their responsibilities are to determine the Company's business strategy and investment plan. The Executive Committee also handles other matters as assigned by the Board of Directors, for the benefits of the companies.

In 2017, the number of attendance by each member of the Executive Committee is:

	Number of Attendances in 2017 (5 meetings in total)
1. Mr. Panote Sirivadhanabhakdi	1
2. Mr. Chai Vinichbutr	5
3. Mr. Uten Lohachitpitaks	4
4. Mr. Virapan Pulges	5
5. Mr. Sopon Rajraksa	5

(3) Compensation Committee

The Compensation Committee of the Company consists of 3 directors* appointed by the Board of Directors. The Committee is responsible to ensure that the compensation of the directors and the management as well as the welfare of the employee are fair and transparent. The compensations are determined and benchmarked with several factors including the industry's, the Company's performance, the duties and responsibilities amongst others.

In 2017, the number of attendance by each member of the Compensation Committee is:

	Number of Attendances in 2017 (4 meetings in total)
1. Mr. Chainoi Puankosoom	4
2. Mr. Chatchaval Jiaravanon	4
3. Mr. Panote Sirivadhanabhakdi	1

Note: *All 3 members of the Compensation Committee were newly appointed by the Board of Directors on 16 January 2017.

**Mr. Chali Sophonpanich, Mr. Jirapong Vinichbutr and Mr. David Desmond Tarent, who were members of the former Compensation Committee resigned from their office since 16 January 2017 and its meeting was held in 2017 for 1 time.

(4) Nomination Committee

The Nomination Committee comprises 3 directors appointed by the Board of Directors. The Committee is responsible for setting criteria and method for selecting the Company's directors, Committees' members, President and Managing Director, and ensures transparency of the selection process.

In 2017, the number of attendance by each member of the Nomination Committee is:

	Number of Attendances in 2017 (1 meeting in total)
1. Mr. Chatchaval Jiaravanon	1
2. Mr. Threekwan Bunnag	1
3. Mr. Chotiphat Bijananda	1

(5) Risk Management Committee

The Risk Management Committee comprises 4 members appointed by the Board of Directors. The Committee is responsible for evaluating and monitoring risks of the Company. The Committee also reviews guidelines and tools to assess the risks to ensure that the risks are evaluated appropriately and efficiently.

In 2017, the number of attendance by each member of the Risk Management Committee is:

	Number of Attendances in 2017 (2 meetings in total)
1. Mr. Chotiphat Bijananda	1
2. Mr. Threekwan Bunnag	2
3. Mr. Panote Sirivadhanabhakdi	-
4. Mr. Uten Lohachitpitaks	2

(6) Corporate Governance Committee

The Corporate Governance Committee comprises 3 members appointed by the Board of Directors. The Committee is responsible for reviewing the Corporate Governance Policy, advising the Board of Directors, and monitoring and reviewing business operations to ensure compliance with good corporate governance. Corporate Governance Committee members are also responsible for proposing policy and work procedures for Sustainability Management (SM), which focuses on society, community, and environment (Corporate Social Responsibility or CSR) to the Board of Directors. The Committee also reviews, advises and evaluates operations related to anti-corruption for the Company.

In 2017, the number of attendance by each member of the Corporate Governance Committee is:

	Number of Attendances in 2017 (2 meetings in total)
1. Mr. Chainoi Puankosoom	2
2. Mr. Threekwan Bunnag	2
3. Mr. Uten Lohachitpitaks	2

6. Compensation for Directors and Executives

Director Compensation: The Company sets forth clear and transparent compensation criteria for directors reflecting their duties and responsibilities of their roles whether as a chairman or members of the committee or sub-committees. The Compensation Committee reviews the compensation rate to be in line with those in the

industry's and adequate to keep qualified directors.

Executive Compensation: The Compensation Committee sets the amount of compensation for executives to reflect their performance based on Corporate KPIs before proposing to the Board of Directors for approval on an annual basis.

develop the Company's employees who have demonstrated satisfactory performance and potential. With respect to the succession plan of the retiring executives or whose terms expire, the Nomination Committee will review the criteria and select the candidate to succeed such position based on qualifications, experience and capabilities. Such candidate is also required to work on rotation to other relevant departments and attend the required training courses. The succession plan aims to ensure smooth transition and non-interruption to the business.

7. Development of Directors and Executives

1) Training for Directors and Executives

The Board promotes and facilitates the attendance of directors and executives in the training or seminar for the development of their performance on regular basis. Trainings are provided by both in-house and by the third party covering range of topics. All directors are required to attend the training in order to understand the role of director. In particular, the Company's directors shall pass the training courses of Director Certification Program (DCP), Director Accreditation Program (DAP), Board Performance Evaluation, the Role of Chairman (RCP), Audit Committee Program and Role of Compensation Committee (RCC) organized the Thai Institute of Directors (IOD).

With respect to the Company's resource management, the Company has in place processes to review, allocate and monitor resources effectively. The process is to ensure that qualified person is assigned with suitable roles, duties and responsibilities and is fairly compensated. The Company also sets job description and KPIs as well as provides training and development to the employees. Efficient personnel management by the Company helps to improve performance of the employee with clear and proper criteria of assessment and compensation.

2) Orientation of New Director

The Board requires that an orientation to the newly appointed director includes documentation pack and briefing so that the new director has an understanding of the Company's business, the role of the director and duties as member of the committee. The Company Secretary is assigned by the Board to organize the orientation and arrange follow up meetings to respond to any inquiries of the newly appointed director. The orientation documentation pack includes business overview, manual of the director of the listed company, corporate governance, Code of Ethics of the Board, meeting schedule for that calendar year, etc. The Company also requires the director to attend the courses as suggested by the Office of Securities and Exchange Commission held by the Thai Institute of Directors (IOD).

8. Succession Plan

The Board requires that the succession plan must be prepared for executives and head of significant departments by considering the performance, capacity and readiness of the candidate. In this regard, the Company prepares and develops the candidates with relevant skills and knowledge to succeed the position. The successor is selected within the Company. Job promotion is conducted every year to

Internal Control and Risk Management

The Company has an efficient, adequate and appropriate internal control and risk management system for both management level and operating level. These are considered to be the Company's key business fundamentals which lead to efficient operation and provide a platform to achieve the Company's vision and generate profit in the long run.

In addition, the Company's financial and operational details are accurate and complete. The Company has also complied with laws and related regulations. The Board of Directors' Meeting No.1/2018 reviewed the adequacy and appropriateness of the Company's internal control systems, as guided by the "Adequacy of Internal Control Questionnaire" issued by the Securities and Exchange Commission (SEC). The Board of Directors and the Audit Committee viewed that the Company's internal control systems covering 5 major areas which are the Company's Organization and Control Environment, Risk Management, Control Activities, Information and Communication system and Monitoring Activities are adequate and appropriate. The summaries are as follows:

1. Organization and Control Environment

The Company has strengthened an internal control environment by setting clear and measurable business targets in the form of earnings per share.

The operating result of each year has been compared with the target and regularly reviewed. If the target is missed, the Company will identify problems to improve the Company's performance in the following year. In addition, the Company's organizational structure clearly illustrates the authority of the management for certain actions where any member of management potentially involves in any conflict of interest will not be authorized to approve such matters. The responsibilities for approving transactions, recording accounting matters and monitoring assets are defined separately for check and balance purposes.

The management structure includes 7 committees, comprising the Board of Directors, the Executive Committee, the Audit Committee, the Compensation Committee, the Nomination Committee, the Risk Management Committee and the Corporate Governance Committee. Each committee is responsible for supervising the Company's management and operations in order to maximize the shareholders' benefit under the scope of business ethics and fair treatment to all stakeholders. The Committees also promote and follow up the progress of good corporate governance and corporate social responsibility by revising the Company's Corporate Governance Ethical Standards and Business Code of

Conduct Handbook as well as providing guidelines and other suggestions to the Company for development.

On 18 August 2017, the Company was approved by the Collective Action Coalition (CAC) as its 218th member after policy revision and implementation of internal control system, taking into account risk of corruption, which is assessed and approved by the internal auditors and the Audit Committee.

2. Risk Management

One of the Company's key policies is to emphasize on the risk management policy. The Company has set up the Risk Management Committee, consisting of 4 Directors and Management, to regulate and monitor risks associating with their operation that has been earlier assessed. Those risks may arise from internal or external factors. External risk factors are, for instance, from the economic and political situation, natural disaster, material price, domestic interest rate while internal risk factors include management of projects by the Company, lease terms and concentration of tenants etc.

The Company also evaluates risks based on their impacts to the Company's objective and business operation and assigns the person in charge of that risk in relevant department. The Committee also assigns an executive responsible for risk management in each department in order to manage risks and assess risk factors that may affect the Company's business operation and performance. The Committee follows up on the risk management of each department on a regular basis and reports to the Board of Directors. The Company also educates employees of all levels to understand and be aware of the importance of risk management and its process.

3. Control Activities

The Company's internal control activities are suitable for its specific risks and the activities cover appropriate procedures, for example, policies and working guidelines are in place for procurement, finance and general administration. A clear scope of duties and authorization of management has been identified where any person with a conflict of interest in any matter shall be unauthorized in order to prevent possible corruption. The approval limits and authority of each level of management, the procedures of approving investment project, as well as the procurement and supplier selection processes are well-arranged. The management who involves in any conflict of interest is unable to approve such matters. In addition, the Company clearly divides the responsibilities between approval transactions, records accounting items

and maintains control over assets for check and balance purposes. The Company ensures that every function strictly complies with its policies, working guidelines, laws and related regulations. Furthermore, the Company reviews the policies and operating procedures to be appropriate. The Company also continuously manages, develops and maintains securities of the Information System.

The Company usually updates information regarding major shareholders, directors, the management as well as related people and parties, in order to monitor and review connected transactions or transactions that may cause any conflict of interest. To approve the connected party transactions, the Company makes a decision on an arm's length basis by taking into account maximum benefits of the Company. The person who is conflicted is unable to involve in the approval process. To achieve target of investment in subsidiaries, the Company monitors the process and provides execution guidelines for the directors and management.

4. Information and Communication System

The information system as well as communication of internal and external information especially on performance and financial reports ensure that the decisions of the Board, the management, shareholders and relevant parties are made on the basis of adequate, correct, complete, up-to-date, reliable and comprehensive information, in order to enhance the Company's competitiveness.

The Company provides all important information for the Board to make decisions. An invitation letter which includes analytical reports, supporting facts and all necessary information for consideration of the matters will be sent at least 7 days prior to the Board of Directors' meeting. The Company Secretary is responsible for providing the Board with information regarding rules and regulations, as well as managing the Board's activities and communicating the Board's resolutions to the management and coordinating the implementation of the Board's resolution. Moreover, the Company Secretary has served as a center to maintain corporate documents, i.e. a register of directors, notifications and minutes of the Board of Directors' meetings and the Shareholders' meetings, for reviewing and examining by the shareholders.

The financial reports were managed systematically, including a filing process, an examination/audit by external auditor, and a review of the financial reports by the Audit Committee together with external auditors. The Company's accounting policies are complied with the General Accepted Accounting Principles and are suitable for characteristics

of the Company's business operation. Before disclosure of the financial reports to the public, the Board of Directors will review the reports to ensure its accuracy, completeness and transparency.

5. Monitoring Activities

The Company has implemented the monitoring system of both management level and operating level to achieve the targets. In case that there is any deviation from the target, the Board of Directors and the management will solve problems and provide clear solutions.

In case of an issue that may have significant impact to company, a person will be assigned to report revision of the operation, root cause analysis and timely approval of the solutions. They will be kept informed of the implementation and a follow-up.

In early 2017, the Company approved the establishment of internal audit unit. Before setting up such unit and relevant process, the Company has engaged an independent auditor, namely KPMG, Phoomchai Business Advisory Limited to work with the internal auditor (co-sourcing). This follows the Internal Audit Standards to ensure that the company has adequate Internal control to audit and mitigate operational risk in core business processes. The internal auditor has assessed the overall risks, developed audit plan 2017 and conducted an audit on Sale to Collection process, Business Development, Investment and Construction process, Property Management process and Fixed Assets Management (Back Office) process. The audit covered working procedures and system in accordance with applicable rules and regulations, provided advices and recommendations for each department on appropriateness and efficiency based on international standard, and monitored the implementation of those advices and recommendations. The internal auditor directly reports to the Audit Committee for the audit results, observations and recommendations of the previous quarters.

Connected Transactions

1. Details of Connected Transactions

Item	Nature of Transaction	Entity Name	Relationship	Necessity & Rationality of Transaction	Value (Million Baht)	Opinion of the Audit Committee
					2017	
1.1	Purchase of land from connected parties	1.1.1 Rojana Industrial Park Public Co., Ltd.	Major shareholder and a member of the Board of Directors is also director of the Company.	The Company has acquired plots of land for factories/warehouses development from Rojana Industrial Park Public Company Limited for many years. Rojana Industrial Park Public Company Limited was a related party which had a conflict of interest with TICON as Rojana Industrial Park Public Company Limited was one of major shareholders of TICON and Mr. Chai Vinichbutr is a member of the Board of Directors of both companies. In 2017, the Company has not acquired any plot of land from Rojana Industrial Park Public Company Limited.		The Audit Committee has considered the connected transactions mentioned above by benchmarking the acquisition price against market prices of the surrounding lands. The Committee was of the view that such transactions were necessary, reasonable and determined at market price, with terms and conditions as practiced in the market.
		1.1.2 Asia Industrial Estate Co., Ltd.	A member of the Board of Director is also director of the Company.	The Company has acquired plots of land from Asia Industrial Estate Co., Ltd. One of the directors of which is Mr. Chali Sophonpanich, is also a director of TICON. In 2017, the Company has not acquired any plot of land from Asia Industrial Estate Co., Ltd.		
1.2	Lease of office space from related party	Sathorn City Tower Property Fund (the "Fund")	A major shareholder relates to a shareholder and a director of the Company.	The Company has leased office space from Sathorn City Tower Property Fund (the "Fund"). A major shareholder of the Fund relates to a shareholder and a director of the Company, details of which are as follows: 1. City Realty Group, a major shareholder of the Fund, held the Company's shares, directly or indirectly, for 4.22% (as of 18 January 2018) 2. Mr. Chali Sophonpanich is a shareholder and an authorized director of TICON as well as of the associated companies under City Realty Group.		The Audit Committee has considered the transaction mentioned above by benchmarking against the rental rate of surrounding office. The Committee was of the view that such transaction is reasonable and determined at market price with similar services and conditions offered for other tenants.
				The rental fee for office space to the Fund.	17.3	
				As of 31 December 2017, there was no accrued expense on those transactions.		

Item	Nature of Transaction	Entity Name	Relationship	Necessity & Rationality of Transaction	Value (Million Baht)		Opinion of the Audit Committee
					2017		
1.3	Use of financial services provided by related party	Bangkok Bank Public Company Limited ("BBL")	A member of the Board of Director is also director of the Company.	The Company is a customer of Bangkok Bank Public Company Limited ("BBL"). A major shareholder of BBL is Sophonpanich family which relates to Mr. Chali Sophonpanich, a shareholder and a director of TICON.			The Audit Committee has considered the transactions as mentioned and was of the opinion that such transactions were reasonable and determined at market price with proper terms and conditions as generally practiced in the market.
				At the end of 2017, the Company had outstanding balance of financial transactions with BBL as follows:			
				Transaction	Interest rate / Fee rate (% p.a.)		
				Letter of guarantee	As announced by the bank	9.72	
				Long-term loan	MLR minus a fixed rate	-	
				Promissory notes	Market interest rate	-	
1.4	Transactions regarding securities trading with related party	Asia Plus Securities Co., Ltd. ("ASP")	Director is an authorized director of a company.	Saving deposits	As announced by the bank	149.01	The Audit Committee considered the transactions and fee amount mentioned above and was of the opinion that such transactions were necessary and determined at market price with conditions as generally practiced in the market. The Company's Board of Directors' Meeting No. 4/2008 held on August 13, 2008, authorized the management to make a decision on any connected transactions determined at market or fair price.
				As of 31 December 2017, the Company had no outstanding loan interest balances.			
				The Company has traded mutual fund units of TFUND, TLOGIS, TGROWTH and trust units of TREIT via Asia Plus Securities Co., Ltd. ("ASP"). Mr. Chali Sophonpanich is a director of ASP as well as an authorized director of TICON.			
				The Company paid of fee for securities trading service to Asia Plus Securities Co., Ltd. in 2017.		0.66	

Item	Nature of Transaction	Entity Name	Relationship	Necessity & Rationality of Transaction	Value (Million Baht)	Opinion of the Audit Committee
					2017	
1.5	Service charges for meeting room, food and beverage paid to related party	1.5.1 F&B International Co., Ltd.	A member of the Board of Director is also director of the Company.	The Company used meeting room and food & beverage services provided by F&B International Co., Ltd. whose director, Mr. Panote Sirivadhanabhakdi, is also the Company's director. In 2017, the total amount of meeting room, food and beverage service fees paid by the Company to F&B International Co., Ltd.		The Audit Committee considered such connected transactions mentioned above by benchmarking service fees of meeting room and food & beverage services against those offered by other parties and was of the opinion that such transactions were reasonable and determined at market price with conditions as generally practiced in the market.
				Meeting room, food and beverage service fees	0.47	
		1.5.2 TCC Hotel Asset Management Co., Ltd.	Director relates to the major shareholder of the company.	The Company used meeting room and food & beverage service from TCC Hotel Asset Management Co., Ltd. whose director relates to the major shareholder of the Company. In 2017, the amount of service fee for meeting room and food & beverage paid to TCC Hotel Asset Management Co., Ltd.		
				Service fee for meeting room and food & beverage	0.33	
		1.5.3 N.C.C. Management & Development Co., Ltd.	A member of the Board of Director is also director of the Company.	The Company used meeting room service from N.C.C. Management & Development Co., Ltd. whose director, Mr. Panote Sirivadhanabhakdi, is also the Company's director. In 2017, the Company paid meeting room service fee to N.C.C. Management & Development Co., Ltd.		
				Service fee for meeting room	0.1	
		1.5.4 TCC Luxury Hotels & Resort Co., Ltd.	Director relates to the major shareholder of the company.	The Company used meeting room from TCC Luxury Hotels & Resort Co., Ltd. whose director relates to the major shareholder of the Company. In 2017, the amount of meeting room service paid to TCC Luxury Hotels & Resort Co., Ltd.		
				Service fee for meeting room	0.64	

Item	Nature of Transaction	Entity Name	Relationship	Necessity & Rationality of Transaction	Value (Million Baht)	Opinion of the Audit Committee
					2017	
1.6	Service fees	1.6.1 T.C.C. Technology Co., Ltd.	A member of the Board of Director is also director of the Company.	The Company rents computers and uses internet service for its office from T.C.C. Technology Co., Ltd. whose directors, namely, Mr. Panote Sirivadhanabhakdi and Mr. Chotiphat Bijananda, are also the Company's directors.		The Audit Committee considered such connected transactions mentioned above taking into account rates and service charge offered by other service providers and was of the opinion that such transactions were necessary and determined at market price with conditions as generally practiced in the market.
				In 2017, the Company paid for rental of computer and internet service fee to T.C.C. Technology Co., Ltd.		
				Service fee for Rental of computer	0.67	
		1.6.2 Southeast Capital Co., Ltd.	A member of the Board of Director is also director of the Company.	Internet service fee	0.18	
				The Company rented a car for its executive from Southeast Capital Co., Ltd. whose director, Mr. Chotiphat Bijananda is also the Company's director.		
				In 2017, the amount of car rental fee paid to Southeast Capital Co., Ltd.		
				Car rental fee	0.8	
		1.6.3 Southeast Life Insurance Public Co., Ltd.	A member of the Board of Director is also director of the Company.	The Company takes up health insurance and group insurance for its employees with Southeast Life Insurance Public Company Limited whose director, Mr. Chotiphat Bijananda, is also the Company's director.		
				In 2017, the health insurance and life insurance premium paid to Southeast Life Insurance Public Co., Ltd.		
				The health insurance and life insurance premium paid	0.9	
		1.6.4 Southeast Insurance Public Co., Ltd.	A member of the Board of Director is also director of the Company.	The Company takes up insurance coverage against its factory and warehouse with Southeast Insurance Public Company Limited whose director, Mr. Chotiphat Bijananda, is also the Company's director.		
				In 2017, the amount of property insurance premium paid to Southeast Insurance Public Co., Ltd.		
				Property insurance premium paid	4.27	

Item	Nature of Transaction	Entity Name	Relationship	Necessity & Rationality of Transaction	Value (Million Baht)		Opinion of the Audit Committee
					2017		
1.7	Income from rent and service fees from related companies	1.7.1 Berli Jucker Logistics Co., Ltd.	Director relates to the major shareholder of the company.	The Company earned warehouse rent and service fee from Berli Jucker Logistics Co., Ltd. whose director relates to the major shareholder of the Company. In 2017, the amount of warehouse rent and service fee received from Berli Jucker Logistics Co., Ltd.			The Audit Committee considered such connected transactions mentioned above taking into account available rent rate and service fee charged with other tenants and was of the opinion that such transactions were necessary and determined at market price with condition as generally practiced in the market.
				Warehouse rent and service fee	6.1		
		1.7.2 Berli Dynaplast Co., Ltd.	Director relates to the major shareholder of the company.	The Company earned rent and service fee from warehouse leased by Berli Dynaplast Co., Ltd. whose director relates to the major shareholder of the Company. In 2017, the amount of rent and service fee received from Berli Dynaplast Co., Ltd.			
				Rent and service fee	3.1		
		1.7.3 Thai Beverage Logistic Co., Ltd.	Director relates to the major shareholder of the company.	The Company earned rent and service fee from the warehouse leased by Thai Beverage Logistic Co., Ltd. whose director relates to the major shareholder of the Company. In 2017, the amount of rent and service fee received from Thai Beverage Logistic Co., Ltd.			
				Rent and service fee	3.3		

2. Necessity and Reasonableness of Transactions

The above mentioned connected transactions were necessary for the operations of the Company, for the best interest of the Company, and was transacted at fair and reasonable price as stated in the opinion of the Audit Committee.

3. Measures or Procedures for Approving Connected Transactions

The Audit Committee is responsible for ensuring that the Company's connected transactions are conducted at a fair price, for the best interest of the Company and that these transactions are reported accurately and completely in accordance with the regulations of the Stock Exchange of Thailand.

The measurements adopted by the Company concerning connected transaction are as follows:

- The Company's Board of Directors' Meeting No. 6/2017 held on 10 August 2017 approved the policy on connected transactions by setting a clear guideline and criteria for connected transactions in accordance with relevant rules. Such policy was already approved by the Board of Directors.
- The Audit Committee shall ensure that connected transactions are conducted at market or fair price. The Board or the Shareholders shall approve connected transactions if these transactions vary from general trading terms. In addition, any director or shareholder having conflict of interest shall not be allowed to vote for that matter.
- The Company reports connected transactions according to guidelines and regulations of the Stock Exchange of Thailand, the Office of Securities and Office and as stated in the Company's Articles of Association.
- Disclosure details of connected transactions is in accordance with accounting standard set forth by Accounting Profession Association.

4. Policy or Potential Connected Transaction in the Future

Connected transactions are expected to be carried out as long as it renders benefits to the Company.

Management Analysis and Discussion

1. Operating Results

1.1 Revenues

The Company's core business is in industrial real estate development which comprises the development of factories and warehouses mainly for rent and occasionally for sale. Over the past 3 years, contribution of rental and related service income to total revenues was approximately 21.6 percent, 62.6 percent and 65.8 percent, respectively.

Sales of factories and warehouses to TFUND, TGROWTH, and TREIT was historically main revenue contribution of the Company. In 2015, such income represented approximately 62.6 percent of total revenues. The objective of such sales was to raise funds for business expansion in each year. In 2016 and 2017, such sales were cancelled in view of capital injection from Frasers Property Holdings (Thailand) Co.,Ltd (FPHT), pursuant to terms of the shares subscription agreement signed between the Company and FPHT in October 2016. The issuance of new shares for capital increase by FPHT provided the Company with adequate funds for business expansion.

The Company also had income from sales of factories to tenants, most of which were under options to buy as specified in the lease contracts. The sales of factories to tenants are opportunistic and would depend on tenants' decisions.

With respect to the income from the investments in TFUND/TLOGIS/TGROWTH (TFUND,TLOGIS and TGROWTH have merged with TREIT since December 2017) and TREIT, it comprises shares of profit from investments, property management fee, gain from sales of investment units and realized additional gains on sales of properties to the fund/trust.

Besides, the Company also generated a small portion of revenue from construction services and utility income.

1.1.1 Rental and service income

Over the past 3 years, rental and services income were 1,048.5 million baht, 1,172.1 million baht and 1,372.6 million baht, respectively, representing an increase of 8.5

percent, 11.8 percent and 17.1 percent, respectively. Cost of rental and services for such periods were 304.6 million baht, 332.6 million baht and 409.8 million baht, respectively. This resulted in gross margin of 70.8 percent, 71.6 percent and 70.1 percent, respectively.

The growth in rental and services income since 2015 was driven by higher demand of warehouse segment which came from logistics providers. There was also demand for 'Built-to-Suit' warehouses which were designed based on requirement from customers. In 2017, rental and services income in 2017 rose 200.5 million baht or 17.1 percent compared to that of the same period last year owing to an increase in new leases for both factories and warehouses. Particularly, the new leases for warehouse increased 22 percent.

1.1.2 Income from sales of properties to property funds/trust

In 2015, income from sales of properties to TFUND, TGROWTH and TREIT amounted to 3,037.3 million baht. This was 31.9 percent lower than that of the previous year as the Company required less funds to buy new lands for development. The said sales comprises 126.0 million baht of sales to TFUND in September 2015 and 2,911.3 million baht of sales of factories and warehouse to TREIT (freehold and leasehold) in December 2015.

Sales of properties to TFUND were made on a freehold basis for both land and factory/warehouse buildings and the Company recorded the whole amount as income from sales of properties in the income statement. Meanwhile, sales of properties to TGROWTH and TREIT were made on freehold and leasehold basis. The sale of lands on leasehold basis was recorded as unearned land rental income in balance sheet statement, which will be realized as rental income throughout lease agreements. The sales of factory/warehouse buildings under leasehold arrangement were recorded as income from sales of properties presented in income statement, according to TAS 17 (revised 2014) which defines the long-term leasing of buildings as financial lease.

Sales of properties to property funds and/or REITs each year depend on the Company's funding needs for its business expansion. The Company did not report any sales of properties to property funds and/or TREIT in 2016 and 2017 as the Company had in place sufficient funds from capital injection from FPHT as stated earlier.

1.1.3 Income from sales of properties to other parties

In addition to income from sales of properties to funds and TREIT, the Company had income from sales of properties to its tenants and/or other third party on an opportunistic basis. In 2015, 2016 and 2017, the Company sold properties to third party investors and received income of 308.3, 250.7 and 194.4 million baht, respectively.

In 2015, the Company sold factories to third party at 48.2 million baht and sold lands for an amount of 260.1 million baht.

In 2016, the Company sold lands to third party at 250.7 million baht.

In 2017, the Company sold factories to third party at 176.6 million baht and lands at 17.8 million baht.

As stated, income from sales of factories to the tenants is on opportunistic basis and would depend on the tenants' decisions to exercise the options to buy as set forth in lease agreements. Gross margin of such sales would vary by age, sizes, specification and location of the factories. Sales of lands are also on an opportunistic basis and depend on agreed pricing.

1.1.4 Income from and related to associated companies (TREIT, SLP and TRA)

1) Share of profit from investments in TREIT, SLP and TRA

Share of profit from investments in TREIT, SLP and TRA depend on investment amount of TICON and its stake in such investments.

In 2015, 2016 and 2017, share of profit from investments in the associated companies was 248.5, 252.2 and 274.7 million baht, respectively, representing a 7.0 percent increase, 1.5 percent increase and 8.9 percent increase, respectively.

In 2015, share of profit from investments in associated companies increased from 2014 as the Company reduced its

investments in TFUND, TLOGIS and TGROWTH. Separately, the Company recorded in 2015 1.8 million baht share of profit from investment in SLP which develops factories and warehouses for lease or sales in Indonesia.

In 2016, the Company received 3.7 million baht higher share of profit from associated companies compared to the amount in 2015 owing to improving operating performance of TFUND and TREIT. The Company also recorded 1.9 million baht share of profit from SLP.

In 2017, share of profit from investments in associated companies increased 22.5 million baht from that of 2016 as a result of profit from converting its investments in property funds to TREIT in December 2017. In addition, the Company also received share of profit from investment in SLP for an amount of 1.7 million baht.

2) Property management income from property funds and REIT

In 2015, 2016 and 2017, Property management income was 204.1, 201.1 and 239.2 million baht, respectively.

In 2015, property management income was 204.1 million baht, 23.5 percent increase compared to that of the previous year, from income from TREIT which was established in quarter 4/2014.

In 2016, property management income was 201.1 million baht, decreased by 1.5 percent from the income in 2015 from lower property management income received from TLOGIS and TGROWTH.

In 2017, property management income was 239.2 million baht, increased by 18.9 percent compared to that of the previous year, resulted from recognition of past commission income from TFUND, TLOGIS, TGROWTH and TREIT. Property management income from TLOGIS was also higher than the previous year from change in calculation method of property management fee.

3) Gain from sales of investment in associated companies

In 2015, 2016 and 2017, the Company recorded gain from sales of investments in TFUND, TLOGIS, TGROWTH and TREIT of 126.30, 103.6 and 5.0 million baht, respectively.

4) Realized additional gain on sales of properties to the funds/REIT

The Company may realize additional gain from sales of properties to TFUND, TLOGIS, TGROWTH and TREIT when these funds/REIT sell such properties to the third party or when the Company reduces its investments. In 2015, 2016 and 2017, realized additional gain on sales of properties to TFUND, TLOGIS, TGROWTH and TREIT was 246.7, 295.0 and 48.3 million baht, respectively.

In 2015, realized additional gain was 246.7 million baht from lower investments in TFUND, TLOGIS and TGROWTH by 5.2 percent, 3.8 percent and 1.9 percent, respectively and TFUND sold three factories to third party.

In 2016, realized additional gain was 295.0 million baht from lower investments in TFUND, TLOGIS, TGROWTH and TREIT by 18.7 percent, 1.0 percent, 6.0 percent and 38.4 percent, respectively and TFUND and TGROWTH sold some of their land and factories to the third party.

In 2017, realized additional gain was 48.3 million baht because TFUND and TGROWTH sold some of their land and factories to third party and the Company reduced its investments in TGROWTH after conversion of TGROWTH to TREIT in December.

1.1.5 Other incomes

In addition to the income mentioned above, the Company had other incomes as follows:

1) Income from construction services

The Company generated this income from providing construction or modification of factory and warehouse services to its tenants. Normally, such income was a minor part of total revenues.

2) Income from utilities fees

The Company generated this income from providing utilities for factory and warehouse for its tenants.

1.2 Expenses

1.2.1 Provisions related to sales of properties

In 2015, the Company set up provisions related to sales of properties worth 33.3 million baht in profit and loss statement pursuant to sales of properties to TREIT in December 2015. The Company has an obligation to guarantee of rental income to TREIT for vacant properties on the transfer date. Such obligations were booked in the Company's statement and as short-term and long-term provisions under liabilities. Total provision amount was 50.3 million baht and the difference of 9.9 million baht was booked as deferred gains on sales of properties to TREIT in accordance with the Company's unitholding in TREIT (19.6 percent). During the year, the Company reversed the entries of such provisions valued 8.1 million baht as 'option to buy' under lease agreements with TREIT matures.

In 2016, the Company reversed back provisions related to sales of properties of 59.33 million baht as majority of option-to-buy features under the lease contracts for properties under TREIT has matured.

In 2017, the Company had no provisions related to sales of properties.

1.2.2 Selling and administrative expenses

In 2015, 2016 and 2017, selling and administrative expenses were 756.9, 704.0 and 782.7 million baht, respectively, translating to an increase of 1.6 percent, a decrease of 7.0 percent and an increase of 11.2 percent per year, respectively.

Majority of selling and administrative expenses were expenses related to employees and depreciation of vacant factories/warehouses. In 2017, these expenses made up approximately 61.9 percent of the Company's selling and administrative expenses.

In 2015, selling and administrative expenses were 756.9 million baht, a decrease of 12.6 million baht compared to that of the previous year from lower marketing expenses and expenses related to sales of properties to TREIT. Moreover, the Company also had lower administrative expenses as well as repair and maintenance expenses.

In 2016, selling and administrative expenses were 704.0 million baht, which was 52.9 million baht lower or a drop of 7.0 percent compared to that of the previous year. Partly, this was due to change in the Company's depreciation policy where from January 1, 2016, the useful life of investment properties assets was changed from 20 to 30 years. Depreciation expenses hence were lower.

In 2017, selling and administrative expenses were 782.7 million baht; an increase of 78.7 million baht or 11.2 percent higher compared to that of the previous year from higher depreciation expenses of vacant warehouse and higher employee expenses.

1.2.3 Financial expenses

In 2015, 2016 and 2017, financial expenses were 762.2, 812.0 and 570.9 million baht, respectively; representing an increase of 18.6 percent and 6.5 percent and a decrease of 29.7 percent, respectively.

The financial expenses surged in 2015 and 2016 from increased borrowings to fund expansion of factory/warehouse business in Thailand. The Company also borrowed to finance investments in joint venture with foreign partners to expand factory/warehouse in ASEAN country. Meanwhile, financial expenses decreased in 2017 from repayment of short-term and long-term loans and payment of matured debenture using proceeds from new capital injection in early 2017.

1.3 Profit

1.3.1 Gross profit

Gross profit margin from its operations (rental and sales of factory/warehouse) over the past 3 years was 38.4 percent, 65.4 percent and 68.9 percent, respectively.

In 2015, gross profit margin increased slightly because of higher margin from sale of lands to third party. Notwithstanding, gross profit margin from rental properties and sale of properties to funds/REIT were lower as revenue contribution from warehouse and sale of warehouses to funds/REIT were higher. Typically, margin from sale of warehouses is lower from higher construction cost.

In 2016, gross profit margin was 65.4 percent which was higher than that in 2015 as there was no sales of properties to funds/REIT as properties sales margin would be low.

In 2017, gross profit margin was 68.9 percent which was higher than that of the previous year from sale of properties (land and building) to third party which had higher margin.

1.3.2 Net profit

In 2015, 2016 and 2017, consolidated net profit calculated based on equity method, were 769.7, 275.0 and 480.0 million baht, respectively. Earning per share were 0.70, 0.25 and 0.27 baht, respectively.

In 2015, net profit slightly increased by 1.1 percent. Operating profit in 2015 was close to that of 2014 but the Company had significant profit from sale of investments in TFUND and TGROWTH during the year. Moreover, the Company also earned higher income related to associated company and managed to control cost and reduced selling and administrative expenses.

In 2016, net profit decreased 494.7 million baht or a drop of 64.3 percent from that of 2015 as there was no sales of properties to funds/REIT pursuant to terms of share subscription agreement for capital injection by FPHT. However, rental and related service income which was the Company's core business rose 11.8 percent compared to that of 2015.

In 2017, net profit rose sharply by 205.0 million baht or an increase of 74.6 percent from higher rental and related service income which rose 17 percent compared to that of the previous year. This was driven by higher occupied area of factory and warehouse which was increased by 8 percent and 29 percent, respectively. Also, gross profit from sales of properties increased from 36 percent to 60 percent in 2017, as lands and building were sold at higher margin. Property management fees also increased by 38 million baht or 19 percent from higher brokerage fee for properties under TFUND, TLOGIS, TGROWTH and TREIT. There was also change in calculation of property management fee for TLOGIS. In addition, the Company also enjoyed higher interest on deposit of 97 million baht which comprised interest on deposits from proceeds of capital injection of

73 million baht and adjustment to past warehouse revenue previously recorded as income from rent and related service to interest income from hire-purchase agreement for an amount of 26 million baht.

2. Financial Status

2.1 Assets

As of 31 December 2017, total assets were 40,799.9 million baht; 77.3 percent of which were investment properties, and 8.9 percent of which were the investments in TREIT, SLP and TRA.

Total assets increased for approximately 4,707.2 million baht or 13.0 percent from that of 2016 from an increase in cash and cash equivalents, current investments, trade and other receivables, accrued dividend, receivables under financial leases and investment in associated companies.

2.1.1 Investment properties

Investment properties comprised properties under development, properties available for lease, and leased properties. Investment properties were 30,074.9 million baht on 31 December 2015, 31,247.1 million baht on 31 December 2016 and 31,526.2 million baht on 31 December 2017.

Investment properties (net of properties sold to TFUND/TLOGIS/TGROWTH/TREIT) increased in 2014 by 38.5 percent, in 2015 by 25.8 percent, in 2016 by 3.9 percent and in 2017 by 0.8 percent as a result of the Company's business expansion with substantial increase in land acquisition and development in factories/warehouses particularly in 2014 and 2015. The increase was in part due to change in accounting method to record the common area of each project under investment properties instead of property, plants and equipment.

2.1.2 Property, plant and equipment

As of 31 December 2017, property, plant and equipment were 149.8 million baht; a decrease of 30.8 million baht or 17.1 percent compared to that of the previous year.

2.1.3 Current investments

As of 31 December 2017, current investments were 1,101.6 million baht; an increase of 1,079.4 million baht compared to that of 2016. These consist of fixed deposit with commercial banks and certificate of deposit which was a low-risk investment and deemed as an alternative for financial management with higher return than savings with commercial banks.

2.1.4 Trade account receivables-net

As of 31 December 2017, trade accounts receivables (net) was 61.6 million baht consisting of past due receivables of up to 3 months of 31.3 million baht, or 50.8 percent of total trade account receivables (net), and unbilled operating leases receivables of 29.9 million baht, or 48.5 percent of total trade receivables (net).

To mitigate credit risk of the tenants and potential breach of agreement, the Company has a policy to hold security deposits equates to three to six months of rental and monthly service fee.

2.1.5 Advances for construction cost

As of 31 December 2017, advances for construction cost which was paid to sub-contractors for warehouse construction was 8.6 million baht which was decreased by 101.2 million baht from the end of 2016.

2.1.6 Pledged fixed deposit

As of 31 December 2017, the Company had 0.2 million baht security deposit against L/C credit facilities, trust receipts, FX facilities and bank guarantee facilities to issue BG for government agency or state enterprise.

2.1.7 Investments in subsidiary/associates/joint venture

As of 31 December 2017, investments in subsidiaries, associated companies and joint venture as follows:

- 1) Eco Industrial Services Co., Ltd. (a subsidiary) - shareholding of 100 percent of paid-up capital, with investment under cost method of 12.5 million baht, representing 0.1 percent of the Company's total assets.

- 2) TICON Logistics Park Co., Ltd. (a subsidiary) - shareholding of 100 percent of paid-up capital, with investment under cost method of 11,515.0 million baht, representing 27.7 percent of the Company's total assets.

Shanghai TICON Investment Management Co., Ltd. (a subsidiary) - shareholding of 100 percent of paid-up capital, with investment under cost method of 85.4 million baht, representing 0.2 percent of the Company's total assets.

- 3) TICON Management Co., Ltd. (a subsidiary) - shareholding of 70 percent of paid-up capital, with investment under cost method of 7.0 million baht, representing 0.02 percent of the Company's total assets
- 4) TICON (HK) Ltd. (a subsidiary) - shareholding of 100 percent of paid-up capital, with investment under cost method of 575.1 million baht, representing 1.4 percent of the Company's total assets.
- 5) TICON International Pte. Ltd. (a subsidiary) - shareholding of 100 percent of paid-up capital, with investment under cost method of 5,445.0 million baht, representing 13.1 percent of the Company's total assets.
- 6) TICON Freehold and Leasehold Real Estate Investment Trust (TREIT) (an associate company), holding of 21.9 percent of TREIT's paid-up capital by the Company and its subsidiaries, with investment under equity method of 3,241.6 million baht or 7.9 percent of the Company's consolidated assets and under cost method of 5,651.4 million baht or 13.6 percent of the Company's total assets.
- 7) PT SLP Surya TICON Internusa (an associate company), holding of 25 percent of SLP through a subsidiary company, with investment under equity method of 391.5 million baht or 1.0 percent of the Company's consolidated assets and under cost method of 414.2 million baht or 1.0 percent of the Company's total assets.
- 8) TRALand Development Co., Ltd. (an associate company) - shareholding of 50 percent of paid-up capital, with investment under equity method of 0.5 million baht or 0.001 percent of the Company's consolidated assets and

under cost method of 0.5 million baht or 0.001 percent of the Company's total assets.

- 9) TICON Demco Power 6 Co., Ltd. (a joint venture) - shareholding of 51 percent of paid-up capital through a subsidiary, with investment under equity method of 2.7 million baht representing 0.01 percent of the Company's consolidated assets, and under cost method of 2.6 million baht or 0.01 percent of the Company's total assets
- 10) TICON Demco Power 11 Co., Ltd. (a joint venture) - shareholding of 51 percent of paid-up capital through a subsidiary, with investment under equity method of 2.2 million baht representing 0.01 percent of the Company's consolidated assets, and under cost method of 2.0 million baht or 0.01 percent of the Company's total assets.
- 11) TPARK BFTZ Co., Ltd. (a joint venture) - shareholding of 60 percent of paid-up capital through a subsidiary, with investment under equity method of 210.0 million baht representing 0.5 percent of the Company's consolidated assets, and under cost method of 210.0 million baht or 0.5 percent of the Company's total assets.
- 12) Bangkok Club Co., Ltd. (a related company) - shareholding of 0.11 percent of registered capital, with investment after net of allowance for impairment of 0.26 million baht.

2.1.8 Prepaid rental expenses

As of 31 December 2017, prepaid rental expenses were 653.4 million baht, a decrease of 30.8 million baht from the end of 2016. Prepaid rental expenses are long-term leases of lands for warehouse development which would be gradually realized as expenses in profit and loss statement throughout the lease terms.

2.2 Liabilities

As of 31 December 2017, total liabilities were 15,865.7 million baht, a decrease of 8,809.4 million baht or 35.7 percent from 2016. Majority of the Company's total liabilities was external loans which represented 85.9 percent of total liabilities. The increase in total liabilities resulted from:

2.2.1 Loans

Total loans as of 31 December 2017 were debentures of 13,320.0 million baht, a decrease of 8,922.4 million baht or 40.1 percent compared to that of 31 December 2016 from a drop in short- and long-term borrowings and debentures. Source of repayment was from proceeds of capital injection from FPHT. As of 31 December 2017, the outstanding debentures equals to 13,320.0 million baht with tenor ranges from 3 to 10 years.

The Company typically finance construction of factory and warehouses from long-term borrowings, debentures and internal cash. Short-term borrowings have been used to finance working capital and manage internal liquidity especially to bridge finance acquisition of lands pending granting of long-terms loans from commercial banks. The Audit Committee of the Company regularly monitors the use of short-term borrowings and the proportion of short-term to long-term loans to ensure no financial mismatch, sufficient liquidity and repayment ability.

Existing loan and debenture covenant is to maintain debt/ interest-bearing debt to equity not exceeding 2.5-3.0 times. The Company has never breached the said covenant.

2.2.2 Trade payables

As of 31 December 2017, trade payables were 93.6 million baht, a decrease of 130.8 million baht or 58.3 percent compared to that of the previous year. Almost all of trade payables were related to construction cost.

2.2.3 Corporate income tax payable

As of 31 December 2017, corporate income tax payable was 4.4 million baht, an increase of 3.1 million baht compared to that of 2016. The Company's subsidiaries recorded higher profit and as a result the Company needs to cater for higher payable of corporate income tax.

2.2.4 Provisions

As of 31 December 2017, the Company had no provisions.

2.2.5 Provisions for long-term employee benefits

As of 31 December 2017, the Company recorded 39.6 million baht under long-term employee benefits, estimated

based on the Company's obligations to pay for retirement compensation.

The Company has adopted TAS19 - Employee Benefits since 2011, and hence has recorded an accumulative amount of benefits until the end of 2010 as liability, and has since recorded provision for employee benefits incurred each year as expenses.

2.2.6 Unearned land rental income

As of 31 December 2017, unearned land rental income was 1,262.6 million baht recorded in 2014 and 2015 on long-term lease of lands to TREIT for a period of 28-30 years. The rental income will be realized in the statement of income every year throughout the lease term based on a straight line method.

2.2.7 Deferred tax

As of 31 December 2017, deferred tax liabilities was 46.70 million baht which was net of deferred tax assets. The deferred tax liabilities was mainly related to sale of properties on leasehold basis to TGROWTH and TREIT and change in useful life of the Company's assets.

2.3 Shareholders' equity

As of 31 December 2017, total shareholders' equity was 24,934.2 million baht, an increase of 13,516.6 million baht or 118.4 percent from capital increase during early 2017.

2.4 Appropriateness of the Company's capital structure

The primary objective of the Company's capital management is to ensure an appropriate capital structure that can facilitate its business and maximize shareholder value.

In the past, the Company used operating cash flow, shareholders' capital injection, and loans from financial institutions as main sources of funds for factories and warehouses development. Over the last 10 years, the Company also raised funds from sale of properties to TFUND in 2005, TLOGIS in 2009, TGROWTH in 2013 and TREIT in 2014. Proceeds from sales of properties to these

property funds have reduced reliance on borrowings and capital increases which had higher costs.

The Company also issued debentures with tenors of 3-10 years in order to diversify its source of funds. Debenture is typically cheaper than long-term loans from financial institutions.

2.5 Liquidity

As of 31 December 2017, the Company had net cash flow from its operating activity of 996.8 million baht, net cash flow from investing activity of 3,913.3 million baht and net cash flow from financing activity of 4,157.1 million baht.

The Company had more liquidity compare to 2016. The Company views that the current ratio is not appropriate to measure the Company's liquidity because the Company has no inventory. Most of the Company's assets are lands and buildings under non-current assets while land acquisition payables and construction cost payables were recorded as current liabilities. This resulted in low current ratio.

As of 31 December 2017, the Company had an interest-bearing debt to equity ratio calculated from:

$$\frac{(\text{Loans and borrowings} + \text{Liability under financial lease})}{\text{Total shareholders' equity}}$$

equal to 0.53 times which was reduced from 1.95 times in 2016 as the Company used proceeds of capital increase to repay loans and paid down matured debentures. The low interest-bearing liabilities to equity ratio is an opportunity for the Company to capitalize on strong equity for future business expansion.

As for interest coverage ratio which was calculated from:

$$\frac{(\text{Net profit} + \text{Interest expenses} + \text{Corporate income tax} + \text{Deferred gain on sales of properties to associated companies})}{\text{Interest expenses}}$$

The Company had interest coverage ratio of 1.83 times reflecting the Company's strong ability to pay financial costs. The Company has never defaulted on interest payment.

Debt service coverage ratio which was calculated from:

$$\frac{(\text{Net cash flows from operating activities} + \text{Interest expenses})}{(\text{Repayment of long-term loans and debentures} + \text{Dividends} + \text{Interest expenses})}$$

The Company's debt service coverage ratio was 0.2 times.

3. Future Prospects

In 2017, the Company has focused on personnel development, uplifting of operating procedures to meet international standard as well as reorganizing corporate structure to prepare for future business plan and its scope. This has provided the Company with a foundation to be a leader in real estate development especially for industrial properties in ASEAN. Thailand's economic growth in 2018, investments and expansion along Eastern Economic Corridor (EEC) and trends towards digital market and economy are the key drivers for increasing demand for Built-to-Suit factories and warehouses. The Company believes in its capability and is ready to expand in Thailand and in ASEAN especially in CLMV countries. The above external factors are expected to positively drive the Company on a sustainable basis.

Statement of Directors' Responsibilities Concerning the Company's Financial Report

The TICON's Board of Directors had the management prepare financial statements to reveal the Company's financial position and operating results of the year 2017 in accordance with the Public Limited Companies Act B.E. 2535. (A.D. 1992)

The Board of Directors is well aware of its duties and responsibilities as the directors of a listed company in the Stock Exchange of Thailand to ensure that TICON's financial statements are accurate, complete, and transparent in accordance with generally accepted accounting principles, while providing adequate information to safeguard the Company's assets from unlawful conduct and abnormalities which is for the benefit of shareholders and investors to have true and fair information.

The Board of Directors is of the opinion that the consolidated financial statements of TICON and Subsidiaries for the year 2017 reviewed by the Audit Committee in collaboration with the Management and the external auditor, EY Office Limited (formerly known as Ernst & Young Office Limited), were presented in a complete, true and fair manner in compliance with the generally accepted accounting principles and all governing rules and regulations, with appropriate and consistent accounting policies and adequate information disclosure.



(Mr. Chainoi Puankosoom)

Chairman of the Board

Independent Auditor's Report

To the Shareholders of TICON Industrial Connection Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of TICON Industrial Connection Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of TICON Industrial Connection Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TICON Industrial Connection Public Company Limited and its subsidiaries and of TICON Industrial Connection Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. 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 judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

The recognition of investment properties available for rent/sale and depreciation

As discussed in Note 15 to the financial statements, the Group transferred investment properties under development amounting to Baht 563 million to investment properties available for rent/sale during the year. The decision about when to transfer the investment properties under development to investment properties available for rent/sale requires a strict control process to ensure that the timing of the transfer and the depreciation of the transferred assets are appropriate. In addition, the economic slowdown has directly resulted in more intense competition among industrial real estate development companies that are engaged in the construction of factories and warehouses for rent and for sale. This may result in delays in the transfer of the investment properties available for rent/sale of which construction is complete. There is therefore a risk related to the recognition of the investment properties under development and the related depreciation.

I have performed the following procedures with respect to the recognition of the investment properties available for rent/sale and depreciation.

- Assessed and tested the Group's internal controls with respect to the decisions about and approval of transfers of investment properties under development to investment properties available for rent/sale and the calculation of the related depreciation.
- On a sampling basis, examined supporting documents for transactions with respect to the transfer of investment properties under development to investment property available for rent/sale during the year.

- Performed an observation of the physical count of investment properties of the Group, considering the percentage of completion of the construction work and, on a sampling basis, checked investment properties of which construction was complete to the details of investment properties available for rent/sale.
- Tested the calculation of the depreciation of investment properties available for rent/sale to examine whether depreciation was initiated when the investment properties were available for use and their useful lives are as specified in the accounting policy of the Group.

The recognition of rental and related service income

The Group has disclosed its accounting policy relating to rental and related service income in Note 4.1 to the financial statements. I identified the recognition of rental and related service income to be areas of significant risk in the audit. This is because the amount of rental and related service income that the Group recognises in each period forms a significant portion of the Group's total revenue. In addition, the process of measurement and the determination of appropriate timing of recognition are areas which required management to exercise prudence in determining the substance of the agreements in order to calculate income in accordance with the accounting policy and Thai Financial Reporting Standards. This could present a risk with respect to the amount and timing of the recognition of rental and related service income.

I have performed the following procedures with respect to the recognition of rental and related service income.

- Assessed and tested the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting samples to test the operation of the designed controls.
- Read rental and service agreements relevant to the rental of the Group's investment properties to identify terms and conditions related to revenue recognition.
- Tested the calculation in the rental and related service income worksheet to evaluate whether the calculation was in accordance with the terms and conditions specified in the agreements and the Group's accounting policy.
- On a sampling basis, examined supporting documents for actual income transactions occurring near the end of the accounting period.
- Reviewed credit notes that the Group issued after the period end.

- On a sampling basis, assessed whether investment properties which generate rental and service income were occupied by tenants by checking rental and service agreements to the results of physical count of investment properties.
- Performed analytical procedures on disaggregated data to detect possible irregularities in income transactions throughout the period, particularly for accounting entries made through journal vouchers.

Other Information

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group'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 or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 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 ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements 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 to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 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.

I am responsible for the audit resulting in this independent auditor's report.



Rosaporn Decharkom

Certified Public Accountant (Thailand) No. 5659

EY Office Limited

Bangkok: 19 February 2018

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TICON Industrial Connection Public Company Limited

TICON Industrial Connection Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	6, 7	1,518,173,007	284,268,251	1,395,514,354	213,910,734
Current investments	8	1,101,562,350	22,144,140	1,080,000,000	-
Trade and other receivables	6, 9	724,725,463	138,029,561	641,391,775	129,086,038
Current portion of finance lease receivables	10	15,779,150	-	-	-
Accrued dividend income	6	328,117,018	-	328,117,018	-
Short-term loans to related companies	6	144,855,166	108,668,574	-	-
Advances for construction		8,602,623	109,767,436	3,774,282	2,872,940
Withholding tax deducted at source		244,488,541	191,638,044	76,991,684	47,457,081
Other current assets	6	60,351,833	57,738,832	15,141,234	15,226,767
Total current assets		4,146,655,151	912,254,838	3,540,930,347	408,553,560
Non-current assets					
Pledged deposits at financial institution	6, 11	240,000	240,000	-	-
Unbilled operating leases receivables		145,068,730	121,170,552	7,841,486	9,561,993
Finance lease receivables - net of current portion	10	295,151,544	-	-	-
Long-term loans to related company	6	-	-	12,658,500,000	717,000,000
Investments in subsidiaries	12	-	-	17,626,396,875	20,070,806,949
Investments in joint ventures	13	215,001,800	4,840,475	-	-
Investments in associates	14	3,633,606,966	2,915,233,379	206,855,884	4,532,517,334
Investment in related company		256,500	256,500	256,500	256,500
Investment properties under development and available for rent/sale	15.1	16,605,408,463	17,639,902,311	5,194,749,554	5,459,871,002
Investment properties for rent	15.2	14,920,772,193	13,607,243,626	2,321,772,337	2,206,620,325
Property, plant and equipment	16	149,818,143	180,561,960	12,471,982	14,567,193
Computer software	17	11,165,123	3,526,299	6,280,639	1,423,492
Prepaid rental expenses		653,400,248	684,192,061	-	-
Other non-current assets	6	23,386,153	23,306,253	15,368,048	15,498,695
Total non-current assets		36,653,275,863	35,180,473,416	38,050,493,305	33,028,123,483
Total assets		40,799,931,014	36,092,728,254	41,591,423,652	33,436,677,043

TICON Industrial Connection Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans	18	-	2,026,247,663	-	2,026,247,663
Short-term loans from related companies	6	-	1,060,000,000	-	1,060,000,000
Trade and other payables	6, 19	331,766,646	493,477,245	234,450,253	255,767,995
Current portion of liabilities under financial lease agreements	20	1,628,034	4,473,011	-	-
Current portion of long-term loans from related company	6	-	291,266,000	-	-
Current portion of long-term loans	21	-	254,227,294	-	254,227,294
Current portion of debentures	22	4,100,000,000	4,020,000,000	4,100,000,000	4,020,000,000
Income tax payable		4,428,813	1,318,998	-	-
Other current liabilities	6	458,358,926	139,968,102	38,998,044	36,364,972
Total current liabilities		4,896,182,419	8,290,978,313	4,373,448,297	7,652,607,924
Non-current liabilities					
Liabilities under financial lease agreements	20	201,693	1,730,848	-	-
Long-term loans from related company	6	-	492,500,000	-	-
Long-term loans	21	-	778,163,458	-	438,163,458
Debentures	22	9,220,000,000	13,320,000,000	9,220,000,000	13,320,000,000
Provision for long-term employee benefits	23	39,565,519	41,998,075	25,620,140	27,152,017
Deferred tax liabilities	28	46,761,426	62,984,974	148,464,054	190,917,252
Customer deposits		400,374,005	367,945,470	136,460,482	135,194,107
Unearned land rental income	6	1,262,603,912	1,318,758,362	379,369,523	400,284,140
Total non-current liabilities		10,969,506,555	16,384,081,187	9,909,914,199	14,511,710,974
Total liabilities		15,865,688,974	24,675,059,500	14,283,362,496	22,164,318,898

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TICON Industrial Connection Public Company Limited

TICON Industrial Connection Public Company Limited and its subsidiaries

Statement of financial position (continued)

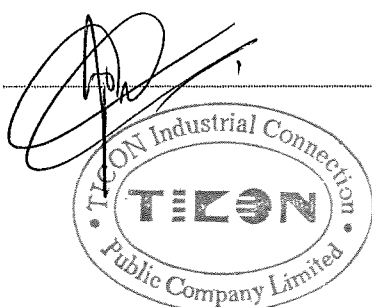
As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Shareholders' equity					
Share capital					
Registered					
2,751,213,562 ordinary shares of Baht 1 each	24	2,751,213,562	1,834,142,375	2,751,213,562	1,834,142,375
(2016: 1,834,142,375 ordinary shares of Baht 1 each)					
Issued and paid up					
1,834,142,375 ordinary shares of Baht 1 each					
(2016: 1,099,142,375 ordinary shares of Baht 1 each)		1,834,142,375	1,099,142,375	1,834,142,375	1,099,142,375
Premium on ordinary shares		19,838,380,077	7,343,380,077	19,838,380,077	7,343,380,077
Surplus (deficit) from the change in the ownership interest					
in subsidiaries		48,521,808	48,521,808	-	-
Retained earnings					
Appropriated - statutory reserve	25	273,737,803	126,374,017	273,737,803	126,374,017
Unappropriated		2,969,584,460	2,775,269,638	5,361,800,901	2,703,461,676
Other components of shareholders' equity		(38,075,535)	19,424,855	-	-
Equity attributable to owners of the Company		24,926,290,988	11,412,112,770	27,308,061,156	11,272,358,145
Non-controlling interests of the subsidiaries		7,951,052	5,555,984	-	-
Total shareholders' equity		24,934,242,040	11,417,668,754	27,308,061,156	11,272,358,145
Total liabilities and shareholders' equity		40,799,931,014	36,092,728,254	41,591,423,652	33,436,677,043



Directors



TICON Industrial Connection Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Revenues					
Rental and related service income	6	1,372,602,634	1,172,118,655	357,054,855	334,879,156
Revenues from service	6	80,883,319	46,586,275	23,348,791	30,742,847
Sales of properties	6, 26	194,357,500	250,675,813	166,357,500	40,746,813
Utility income		36,594,319	32,306,808	7,120,565	7,892,805
Dividend income from subsidiary	6, 12	-	-	2,090,799,974	5,999,981
Dividend income from associates	6, 14	-	-	681,839,708	323,866,663
Management fee income from associates	6	239,152,571	201,121,219	141,916,478	114,961,823
Interest income	6	103,246,550	6,766,462	504,081,810	23,799,004
Gain on sales of investment in associates		5,028,620	103,623,088	6,408,020	48,679,805
Other income		54,974,984	59,308,417	54,657,158	53,119,555
Total revenues		2,086,840,497	1,872,506,737	4,033,584,859	984,688,452
Expenses					
Cost of rental and related services		409,828,582	332,557,436	59,283,214	54,684,744
Cost of service		56,653,440	39,045,201	20,528,214	27,983,801
Cost of sales of properties	26	77,268,984	160,164,425	73,746,733	28,347,046
Cost of utilities		31,932,822	27,214,505	5,602,304	6,985,898
Provision related to sales of properties (reversal)		-	(59,325,829)	-	(57,190,971)
Selling expenses		36,228,163	43,330,188	9,378,939	8,033,118
Administrative expenses	6	527,041,923	479,566,472	293,860,125	266,750,671
Depreciation		219,442,985	181,139,366	69,551,663	62,322,553
Other expenses		3,892,333	19,778,661	16,919,901	10,179,929
Total expenses		1,362,289,232	1,223,470,425	548,871,093	408,096,789

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TICON Industrial Connection Public Company Limited

TICON Industrial Connection Public Company Limited and its subsidiaries

Income statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Profit before share of profit from investments					
in associates and joint ventures, realised additional					
gains on sales of properties to associates, deferred gains					
on sales of properties to associates, finance cost and					
income tax expense		724,551,265	649,036,312	3,484,713,766	576,591,663
Share of profit from investments in associates	14	274,654,398	252,216,889	-	-
Share of profit from investments in joint ventures	13	761,325	172,207	-	-
Realised additional gains on sales of properties					
to associates	14	48,302,411	294,951,979	-	-
Profit before finance cost and					
income tax expense		1,048,269,399	1,196,377,387	3,484,713,766	576,591,663
Finance cost	6	(570,913,750)	(811,957,686)	(580,786,669)	(779,868,689)
Profit (loss) before income tax expense		477,355,649	384,419,701	2,903,927,097	(203,277,026)
Income tax benefit (expense)	28	5,045,467	(106,319,774)	43,663,981	(18,259,511)
Profit (loss) for the year		482,401,116	278,099,927	2,947,591,078	(221,536,537)
Profit attributable to:					
Equity holders of the Company		480,006,021	275,025,315	2,947,591,078	(221,536,537)
Non-controlling interests of the subsidiaries		2,395,095	3,074,612		
		482,401,116	278,099,927		
Earnings per share	30				
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company		0.27	0.25	1.63	(0.20)

TICON Industrial Connection Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2017

			(Unit: Baht)	
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit (loss) for the year	482,401,116	278,099,927	2,947,591,078	(221,536,537)
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of financial statements in foreign currency	(57,500,390)	2,681,572	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods	(57,500,390)	2,681,572	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Actuarial loss gain (loss)	10,504,731	(3,834,519)	6,053,914	(2,513,348)
Less: Income tax effect	(2,100,946)	766,904	(1,210,783)	502,670
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	8,403,785	(3,067,615)	4,843,131	(2,010,678)
Other comprehensive income for the year	(49,096,605)	(386,043)	4,843,131	(2,010,678)
Total comprehensive income for the year	<u>433,304,511</u>	<u>277,713,884</u>	<u>2,952,434,209</u>	<u>(223,547,215)</u>
Total comprehensive income attributable to:				
Equity holders of the Company	430,909,416	274,639,272	2,952,434,209	(223,547,215)
Non-controlling interests of the subsidiaries	2,395,095	3,074,612	-	-
	<u>433,304,511</u>	<u>277,713,884</u>	<u>2,952,434,209</u>	<u>(223,547,215)</u>

(Unit: Baht)

The accompanying notes are an integral part of the financial statement

TICON Industrial Connection Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017

	Separate financial statements				(Unit: Baht)	
	Issued and fully paid-up share capital	Premium on ordinary shares	Retained earnings			Total shareholders' equity
			Statutory reserve	Unappropriated		
Balance as at 31 December 2015	1,099,142,375	7,343,380,077	126,374,017	3,476,551,229	12,045,447,698	
Profit for the year	-	-	-	(221,536,537)	(221,536,537)	
Other comprehensive income for the year	-	-	-	(2,010,678)	(2,010,678)	
Total comprehensive income for the year	-	-	-	(223,547,215)	(223,547,215)	
Dividend paid (Note 33)	-	-	-	(549,542,338)	(549,542,338)	
Balance as at 31 December 2016	1,099,142,375	7,343,380,077	126,374,017	2,703,461,676	11,272,358,145	
Balance as at 31 December 2016	1,099,142,375	7,343,380,077	126,374,017	2,703,461,676	11,272,358,145	
Received from the capital increase (Note 24)	735,000,000	12,495,000,000	-	-	13,230,000,000	
Profit for the year	-	-	-	2,947,591,078	2,947,591,078	
Other comprehensive income for the year	-	-	-	4,843,131	4,843,131	
Total comprehensive income for the year	735,000,000	12,495,000,000	-	2,952,434,209	16,182,434,209	
Dividend paid (Note 33)	-	-	-	(146,731,198)	(146,731,198)	
Appropriated to statutory reserve (Note 25)	-	-	147,363,786	(147,363,786)	-	
Balance as at 31 December 2017	1,834,142,375	19,838,380,077	273,737,803	5,361,800,901	27,308,061,156	

The accompanying notes are an integral part of the financial statement

TICON Industrial Connection Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit (loss) before tax	477,355,649	384,419,701	2,903,927,097	(203,277,026)
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	530,673,785	436,122,337	108,956,428	98,536,729
Allowance for impairment loss on investment properties	2,548,424	-	2,548,424	-
Allowance for impairment loss on investments in subsidiary	-	-	13,563,352	-
Allowance for doubtful accounts	910,263	15,197,137	742,402	7,369,117
Bad debt	-	3,010,598	-	2,810,598
Write-off withholding tax deducted at source	1,138,324	-	1,046,413	-
Dividend income from subsidiary	-	-	(2,090,799,974)	(5,999,981)
Dividend income from associates	-	-	(681,839,708)	(323,866,663)
Cost of sales of properties	72,912,648	150,571,004	69,938,499	27,168,957
Losses (gains) on sales/write-off of property, plant and equipment	(1,117,557)	(1,267,879)	(1,088,911)	(1,217,514)
Gains on sales of investments in associates	(5,028,620)	(103,623,088)	(6,408,020)	(48,679,805)
Unrealised (gain) losses on exchange	-	1,596,622	-	-
Long-term employee benefit expenses	8,186,475	7,716,965	4,578,917	1,097,014
Recognition of unearned land rental income	(56,384,179)	(64,221,338)	(21,144,346)	(28,954,468)
Recognition of prepaid rental expenses	30,791,813	30,791,814	-	-
Provision related to sales of properties (reversal)	-	(59,325,829)	-	(57,190,971)
Share of profit from investments in associates	(274,654,398)	(252,216,889)	-	-
Share of losses (profit) from investments in joint ventures	(761,325)	(172,207)	-	-
Realised additional gains on sales of properties to associates	(48,302,411)	(294,951,979)	-	-
Interest income	(103,246,550)	(6,766,462)	(504,081,810)	(23,799,004)
Interest expenses	570,580,587	807,355,536	580,453,505	775,272,575
Profit from operating activities before changes in operating assets and liabilities	1,205,602,928	1,054,236,043	380,392,268	219,269,558
Operating assets (increase) decrease				
Trade and other receivables	(65,151,154)	(101,485,960)	33,333,067	(93,872,026)
Finance lease receivables	(32,397,418)	-	-	-
Advances for construction	101,164,813	(35,834,850)	(901,342)	7,975,895
Other current assets	(2,613,001)	4,235,805	85,535	1,042,159
Other non-current assets	(79,900)	124,576	130,648	768,750
Operating liabilities increase (decrease)				
Other payables	28,808,031	18,530,609	36,967,401	6,973,243
Other current liabilities	318,620,553	6,234,697	2,862,801	(3,049,709)
Provisions	-	(63,387,623)	-	-
Customer deposits	32,428,535	64,961,263	1,266,375	31,541,125
Payment of long-term employee benefits	(114,300)	(1,758,200)	(56,880)	(1,758,200)
Cash flows from operating activities	1,586,269,087	945,856,360	454,079,873	168,890,795
Interest received	101,227,691	6,119,375	69,855,441	5,241,752
Cash paid for interest expense	(626,574,897)	(814,634,263)	(636,291,046)	(782,654,921)
Cash paid for income tax	(64,158,032)	(50,198,822)	(30,581,016)	(22,547,961)
Net cash flows from (used in) operating activities	996,763,849	87,142,650	(142,936,748)	(631,070,335)

TICON Industrial Connection Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Decrease (increase) in current investments	(1,079,418,210)	39,060	(1,080,000,000)	-
Increase in investments in associates	(1,734,716,203)	(33,698,244)	(1,734,716,203)	(33,698,244)
Decrease in investments in subsidiaries	-	-	7,875,846,721	-
Increase in investments in joint ventures	(209,400,000)	(599,990)	-	-
Proceeds from sales of investments in associates	75,528,340	1,013,520,985	75,528,340	1,013,520,985
Cash received from decrease in value of investment units from capital reduction	1,923,003	-	1,923,003	-
Decrease in pledged deposits at financial institution	-	57,190,970	-	57,190,970
Cash receipt from short-term loans to related party	20,400,000	-	-	-
Cash receipt from long-term loans to subsidiary	-	-	240,000,000	645,250,000
Cash paid for short-term loans to related party	(71,860,000)	(110,265,196)	-	-
Cash paid for long-term loans to subsidiary	-	-	(12,181,500,000)	(1,362,250,000)
Cash paid for acquisition of investment properties under development and available for rent/sale	(1,256,811,263)	(1,865,817,357)	(23,178,020)	(126,226,836)
Cash paid for acquisitions of equipment	(11,592,887)	(11,584,374)	(4,911,592)	(4,126,160)
Cash paid for acquisition of computer software	(8,427,769)	(1,309,033)	(5,086,095)	(224,496)
Interest income from subsidiary	-	-	433,900,000	16,000,000
Dividend received from subsidiary	-	-	2,090,799,974	5,999,981
Dividend received from associates	353,722,690	323,866,663	353,722,690	323,866,663
Proceeds from sales of equipment	1,393,170	2,423,577	1,342,522	2,337,555
Net cash flows from (used in) investing activities	(3,919,259,129)	(626,232,939)	(3,956,328,660)	537,640,418
Cash flows from financing activities				
Decrease in short-term loans	(2,030,000,000)	(10,000,000)	(2,030,000,000)	(10,000,000)
Cash receipt from short-term loans from related party	-	1,060,000,000	-	768,500,000
Cash receipt from long-term loans from related party	-	106,986,000	-	-
Cash receipt from long-term loans	-	430,000,000	-	-
Proceeds from issuance of debentures	-	2,400,000,000	-	2,400,000,000
Repayments of short-term loans from related party	(1,060,000,000)	-	(1,060,000,000)	-
Repayments of long-term loans from related party	(783,766,000)	(71,600,000)	-	-
Repayments of long-term loans	(1,032,390,752)	(424,489,358)	(692,390,752)	(119,590,183)
Redemptions of debentures	(4,020,000,000)	(3,250,000,000)	(4,020,000,000)	(3,250,000,000)
Proceeds from increase in share capital	13,230,000,000	-	13,230,000,000	-
Dividends paid	(146,740,247)	(549,650,270)	(146,740,220)	(549,650,252)
Net cash flows from (used in) financing activities	4,157,103,001	(308,753,628)	5,280,869,028	(760,740,435)
Decrease in translation adjustments	(702,965)	(1,777,672)	-	-
Net increase (decrease) in cash and cash equivalents	1,233,904,756	(849,621,589)	1,181,603,620	(854,170,352)
Cash and cash equivalents at beginning of year	284,268,251	1,133,889,840	213,910,734	1,068,081,086
Cash and cash equivalents at end of year (Note 7)	1,518,173,007	284,268,251	1,395,514,354	213,910,734

Annual Report 2017

TICON Industrial Connection Public Company Limited

TICON Industrial Connection Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Supplemental cash flows information				
Cash paid during the year for:				
Interest capitalised to related assets	13,925,699	20,542,895	-	12,558,150
Non-cash items:				
Transfer of investment properties under development and available for rent/sale and investment property for rent to cost of sales of properties	72,912,648	150,571,004	69,938,499	27,168,957
Purchase of investment properties and property, plant and equipment for which no cash has been paid	95,401,769	230,307,866	19,631,180	18,317,424
Transfer of investment properties under financial lease	278,533,276	-	-	-
Dividend receivable	328,117,018	-	328,117,018	-
Transfer of investment in associate for subscribing of share capital of subsidiary	-	-	5,445,000,000	-
Receivable from decrease in value of investment units from capital reduction	544,334,330	-	544,334,330	-

TICON Industrial Connection Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2017

1. General information

TICON Industrial Connection Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company and its subsidiaries are principally engaged in industrial real estate development business, which comprises the development of factories and warehouses, mainly for rent and occasionally for sale, and the provision of service related to rental business.

The registered office of the Company is at No. 175 Sathorn City Tower, 13/1th Floor, South Sathorn Road, Bangkok.

As at 31 December 2017, the Company's major shareholder is Frasers Property Holdings (Thailand) Company Limited, which is incorporated in Thailand and holds 40.07%. As at 18 January 2018, Frasers Property Holdings (Thailand) Company Limited increased the percentage of shareholding of the Company to 40.95%.

As at 31 December 2016, the Company's major shareholder is Rojana Industrial Park Public Company Limited, which is incorporated in Thailand and holds 43.55%.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of TICON Industrial Connection Public Company Limited and the following subsidiary companies ("the Group").

The Company's shareholding in its subsidiaries can be summarised as follows:

Company	Country of incorporation	Nature of business	Percentage of shareholding	
			<u>2017</u> (%)	<u>2016</u> (%)
ECO Industrial Services Company Limited	Thailand	Real estate business- development of factories for rent/sale	99.99	99.99
TICON Logistics Park Company Limited	Thailand	Real estate business- development of warehouses for rent/sale	99.99	99.99
TICON Management Company Limited	Thailand	REIT manager	69.99	69.99
Shanghai TICON Investment Management Company Limited	China	Fund management	100.00	100.00
TICON (HK) Limited	Hong Kong	Investment in real estate in overseas	100.00	100.00
TICON International Pte. Ltd.	Singapore	Investment in real estate in overseas	100.00	-

The financial statements of Shanghai TICON Investment Management Company Limited ("the subsidiary") for the years ended 31 December 2017 and 2016, included in the consolidated financial statements of the Company, were audited by its auditor.

The financial statements of TICON (HK) Limited ("the subsidiary") for the year ended 31 December 2017 and 2016, included in the consolidated financial statements of the Company, were prepared by the management of the subsidiary. The financial statements of TICON International Pte. Ltd. ("the subsidiary") for the period as from 12 October 2017 to 31 December 2017, included in the consolidated financial statements of the Company, were prepared by the management of the subsidiary.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statement of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries and associates presented under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements

(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales

Sales are recognised in full when the Company and its subsidiaries have transferred the significant risks and rewards of ownership to the buyer.

Rental and related service income

Rental and related service income are recognised as revenue in profit and loss on a straight-line basis over the lease term. The recognised revenue which is not yet due per the operating lease agreements has been presented under the caption of "Unbilled operating leases receivables" at the end of reporting period.

Dividends

Dividends are recognised when the right to receive the dividends is established.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in the collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Finance lease receivables

Finance lease receivables are stated at net realisable value, which consists of the contract value net of unearned finance lease and allowance for doubtful accounts (if any).

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

- b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- c) Investments in non-marketable equity securities, which are classified as other investments, are stated at cost net of allowance for impairment loss (if any).
- d) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

The weighted average method is used for computation of the cost of investments.

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

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 30 years or the same as land lease agreement. Depreciation of the investment properties is included in determining income.

No depreciation is provided on land and construction in progress.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment and depreciation

Land is stated cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	30 years
Others	3 and 5 years

Depreciation is included in determining income.

No depreciation is provided on land.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Intangible assets

Intangible assets acquired intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit and loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3, 5 and 10 years

4.10 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, joint ventures, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.11 Long-term leases

Leases which the Company and its subsidiaries transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of assets which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease income is recognised in profit and loss on a straight-line basis over the lease term.

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the investment properties, property, plant and equipment or intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's

length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit and loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.15 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not

available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Recognition of investments in joint ventures by equity method when the subsidiary holds more than half of shares

The management of the Company determined that the Company and its subsidiary has no control over TICON Demco Power 6 Company Limited, TICON Demco Power 11 Company Limited and TPARK BFTZ Company Limited, even though the subsidiary holds 51%, 51% and 59.9%, respectively, of shares and voting rights, which is more than half of shares and voting rights because the subsidiary and the other shareholder have mutual control over these companies. One shareholder is not able to direct the significant activities without the other shareholder's consent.

Recognition of investments in associate by equity method when the Company holds half of shares

The management of the Company determined that the Company has no control over TRA Land Development Company Limited, even though the Company holds 50% of shares and voting rights, which is equal to half of shares and voting rights, because such company has two other major shareholders and the Company must have at least one other shareholder's consent to be able to control and direct the significant activities of such company.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Impairment of investments in subsidiaries, joint ventures and associates

The Company and its subsidiaries treat investment in subsidiaries, joint ventures and associates as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

Investment properties available for rent/sale, investment properties for rent, and property, plant and equipment and depreciation

In determining depreciation of investment properties available for rent/sale, investment properties for rent, and plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company and its subsidiaries' investment properties available for rent/sale, investment properties for rent, and plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review investment properties available for rent/sale, investment properties for rent, and property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

- 6.1 The nature of the relationships between the Company and its related parties is summarised below.

Related parties names	Relationships	Percentage holding of the Company
ECO Industrial Services Company Limited	Subsidiary Company	99.99%
TICON Logistics Park Company Limited	Subsidiary Company	99.99%
TICON Management Company Limited	Subsidiary Company	69.99%
Shanghai TICON Investment Management Company Limited	Subsidiary Company	100.00%

Related parties names	Relationships	Percentage holding of the Company
TICON (HK) Limited	Subsidiary Company	100.00%
TICON International Pte. Ltd.	Subsidiary Company	100.00%
TICON Demco Power 6 Company Limited	Joint venture (Held by subsidiary)	51.00%
TICON Demco Power 11 Company Limited	Joint venture (Held by subsidiary)	51.00%
TPARK BFTZ Company Limited	Joint venture (Held by subsidiary)	59.99%
TICON Property Fund*	Associated Company	-
TPARK Logistics Property Fund*	Associated Company	-
TICON Industrial Growth Leasehold Property Fund*	Associated Company	-
TICON Freehold and Leasehold Real Estate Investment Trust	Associated Company	21.93%
TRA Land Development Company Limited	Associated Company	50.00%
PT SLP Surya TICON Internusa	Associated Company (Held by subsidiary)	25.00%
PT SLP Internusa Karawang	Held by associated company	-
PT Surya Semesta Internusa Tbk	Shareholder of associated company	-
PT Surya Internusa Timur	Shareholder of associated company's subsidiary company	-
Rojana Industrial Park Public Company Limited	Shareholder / Co-Director	-
Rojana Industrial Park Prachinburi Company Limited	Shareholder / Co-Director	-
Rojana Industrial Management Company Limited	Shareholder / Co-Director	-
F & B International Company Limited	Common shareholder / Co-Director	-
Oishi Group Public Company Limited	Common shareholder / Co-Director	-
TCC Hotel Asset Management Company Limited	Common shareholder / Co-Director	-
Berli Jucker Logistics Company Limited	Common shareholder / Co-Director	-
M S & K C Development Company Limited	Common shareholder / Co-Director	-
T.C.C. Technology Company Limited	Common shareholder / Co-Director	-
Horeca Management Company Limited	Common shareholder / Co-Director	-
Hotels World 7 Company Limited	Common shareholder / Co-Director	-
Southeast Capital Company Limited	Common shareholder / Co-Director	-
North Sathorn Hotel Company Limited	Common shareholder / Co-Director	-
T.C.C. Commercial Property Management Company Limited	Common shareholder / Co-Director	-
TCC Hotel Collection Company Limited	Common shareholder / Co-Director	-

Related parties names	Relationships	Percentage holding of the Company
N.C.C. Management And Development Company Limited	Common shareholder / Co-Director	-
BIG C Supercenter Public Company Limited	Common shareholder / Co-Director	-
Southeast Life Insurance Public Company Limited	Common shareholder / Co-Director	-
Southeast Insurance Public Company Limited	Common shareholder / Co-Director	-
North Park Golf and Sports Club Company Limited	Common shareholder / Co-Director	-
Asia Plus Securities Public Company Limited	Co-Director	-
Asia Industrial Estate Company Limited	Co-Director	-
SVI Public Company Limited	Co-Director	-
Sathorn City Tower Property Fund	Common shareholder	-
Bangkok Bank Public Company Limited	Directors are in the same family.	-

- Dissolution of property funds as per the Conversion Plan to TICON Freehold and Leasehold Real Estate Investment Trust on 21 December 2017

6.2 Details of significant business transactions with related parties

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing Policy
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions between the Company and its subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Management fee income	-	-	10	7	2% of rental and service income of subsidiaries and 2.5% of net income from factory rental and related service of TICON Freehold and Leasehold Real Estate Investment Trust for January to November 2017 and the year 2016, 2.75% of net income from factory rental and related service of TICON Freehold and Leasehold Real Estate Investment Trust for December 2017, plus a variation range 0-19.5% of gross operating profit less 8.3% of a variation fee for January to November 2017

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing Policy
	2017	2016	2017	2016	
					and the year 2016, and a variation fee 5.0% of gross operating profit for December 2017, plus lease commission of 2-3 month of rental and service fee, and brokerage fee for sale/ transfer of leasehold rights at the rate of 3% of such value.
Interest income	-	-	432	19	Average interest rate of debentures and short-term loan plus 0.15% and since 1 May 2017 plus 1.00%
Dividend income	-	-	2,091	6	As declared by subsidiaries
Land rental income	-	-	5	5	4% of the price of land acquired from a subsidiary
Other income	-	-	16	13	Contract amount
Management fee	-	-	5	6	3% of rental and service income of associated
<u>Transactions between the Company and its associates</u>					
Management fee income from TICON Property Fund	95	84	95	84	4% of rental and service income of the Fund, plus a variation ranged 0-19.5% of gross operating profit, plus lease commission of 2 month of rental and service fee, and plus sales commission at maximum of 3% of sales value
Management fee income from TPARK Logistics Property Fund	16	-	16	-	55% of gross rental and service income of the Fund, net of minimum income guaranteed, direct expense in relation to the property management, and other reserve, until 31 December 2016. After that, 3% of the gross rental and service income of the Fund plus a variation range 0-10% of gross operating profit will be applied.
Management fee income from TICON Industrial Growth Leasehold Property Fund	29	31	29	31	4% of net income of the Fund, plus a variation ranged 0-19.5% of gross operating profit, plus lease commission of 2 month of rental and service fee, and brokerage fee for purchase, sale, transfer of leasehold rights in and receipt of a transfer of leasehold rights in properties at the rate of not more than 3% of such value.
Dividend income	-	-	682	324	As declared by the Fund
Other income	4	1	4	1	Contract amount
Revenues from service	4	5	4	5	Contract amount
Land rental income	15	16	15	16	Contract amount

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing Policy
	2017	2016	2017	2016	
<u>Transactions between the Company and its related companies</u>					
Rental and service income	64	-	-	-	- Contract amount
Office rental and related fees	19	19	19	19	- Normal commercial price
Interest income	4	2	3	1	- Market rate
Interest expense	3	31	1	-	- MLR minus a certain rates and market rate
Service expenses	4	3	3	2	- Normal commercial price
Other expenses	13	-	10	-	- Normal commercial price
<u>Transactions between subsidiary and associates</u>					
Management fee income from TICON Property Fund	1	1	-	-	- 2% of rental and service income of the Fund, plus a variation ranged 0.5-10.5% of gross operating profit, plus lease commission of 2 month of rental and service fee, and plus sale commission at maximum of 3% of sales value
Management fee income from TPARK Logistics Property Fund	18	10	-	-	- 3% of rental and service income of the Fund, plus a variation ranged 0-10% of gross operating profit and plus lease commission of 2 month of rental and service fee, and plus sale commission at maximum of 3% of sales value.
Management fee income from TICON Industrial Growth Leasehold Property Fund	18	17	-	-	- Not more than 3% of net income of the Fund, plus a variation ranged 0-10.0% of gross operating profit, plus lease commission of 2 month of rental and service fee, and brokerage fee for purchase, sale, transfer of leasehold rights in and receipt of a transfer of leasehold rights in properties at the rate of not more than 3% of such value and administrative fee fix rate at Baht 1 million per annum.
Management fee income from TICON Freehold and Leasehold Real Estate Investment Trust	24	19	-	-	- 0.25% per annum of the Trust's total assets
Management fee income from TICON Freehold and Leasehold Real Estate Investment Trust	39	39	-	-	- 2% and 4% of net income from rental and service agreements on warehouse buildings and on factory buildings, respectively, plus incentive fee 0-10.5% and 0-19.5% of net operating profit of warehouse buildings and factory buildings, respectively, plus lease commission in a proportion of lease time of rental and service agreement of the new tenant but not over 3 months of rental and service fee, and brokerage fee for purchase, sale

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing Policy
	2017	2016	2017	2016	
					and transfer of leasehold rights in and receipt of a transfer of leasehold rights in properties at the rate of 3% of such value.
Common area service fees	21	22	-	-	- Normal commercial price
Revenues from service	13	1	-	-	- Contract amount
Land rental income	46	46	-	-	- Contract amount
Transaction between subsidiary and joint venture					
Management fee income	5	-	-	-	- Contract amount

6.3 The outstanding balance of the related party transactions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash at bank (presented under cash and cash equivalents)				
Related company (Directors are in the same family)	149,006	96,365	30,947	28,963
Other receivables - related parties (presented under trade and other receivables) (Note 9)				
Subsidiaries	-	-	4,668	109,397
Associates	575,723	30,946	548,870	11,076
Joint venture (Held by subsidiary)	2,203	37	-	-
Related company	75,500	-	75,500	-
Total	653,426	30,983	629,038	120,473
Dividend receivables				
Associates	328,117	-	328,117	-
Interest receivables (presented under trade and other receivables) (Note 9)				
Subsidiaries	-	-	218	2,611
Joint venture (Held by subsidiary)	-	2	-	-
Total	-	2	218	2,611
Pledged deposits at financial institution				
Related company (Directors are in the same family)	240	240	-	-
Short-term loans to related companies				
Joint venture (Held by subsidiary)	-	2,400	-	-
Related company (Shareholder of associated company's subsidiary company)	144,855	106,269	-	-
Total	144,855	108,669	-	-
Long-term loans to related company				
Subsidiaries	-	-	12,658,500	717,000
Refundable deposits (presented under other non-current assets)				
Related companies (Common shareholder)	4,267	3,690	4,267	3,690
Related companies (Shareholder/Co-Director)	1,141	1,173	1,125	1,157
Related companies (Co-Director)	2,071	2,071	2,071	2,071
Total	7,479	6,934	7,463	6,918

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Other payables - related parties (presented under trade and other payables) (Note 19)				
Subsidiaries	-	-	183	1,114
Associates	3	4,239	-	1,654
Total	3	4,239	183	2,768
Interest payable (presented under trade and other payables) (Note 19)				
Related company (Directors are in the same family)	-	159	-	72
Accrued expenses (presented under trade and other payables) (Note 19)				
Related company (Shareholder/Co-Director)	37,741	126	37,606	126
Unearned land rental income (presented under other current liabilities)				
Subsidiaries	-	-	3,281	3,281
Associates	50,196	50,425	14,954	15,184
Total	50,196	50,425	18,235	18,465
Short-term loans from related companies				
Related company (Directors are in the same family)	-	1,060,000	-	1,060,000
Long-term loans from related company				
Related company (Directors are in the same family)	-	783,766	-	-
Unearned land rental income				
Associate	1,262,604	1,318,758	379,370	400,284

6.4 The outstanding balances and the movements of the lending and the borrowing between the Company and its related parties

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
Short-term loans to related companies				
TPARK BFTZ Company Limited	2,400	18,000	(20,400)	-
PT Surya Internusa Timur	106,269	38,586	-	144,855
Total	108,669	56,586	(20,400)	144,855
Short-term loans from related company				
Bangkok Bank Public Company Limited	1,060,000	-	(1,060,000)	-

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	Increase	Decrease	Balance as at
	31 December 2016	during the year	during the year	31 December 2017
Long-term loans to related companies				
TICON Logistic Park Company Limited	717,000	12,144,000	(240,000)	12,621,000
ECO Industrial Services Company Limited	-	37,500	-	37,500
Total	717,000	12,181,500	(240,000)	12,658,500
Short-term loans from related company				
Bangkok Bank Public Company Limited	1,060,000	-	(1,060,000)	-

As at 31 December 2017, long-term loans to related companies amounting to Baht 12,659 million were unsecured loans to TICON Logistics Park Company Limited and ECO Industrial Services Company Limited, and carried interest at rates of 3.78% to 4.84% and 4.81% to 4.84% per annum, respectively, and due for principle repayment within July 2019 and May 2022, respectively.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at	Increase	Decrease	Balance as at
	31 December 2016	during the year	during the year	31 December 2017
Long-term loans from related company				
Bangkok Bank Public Company Limited	783,766	-	(783,766)	-

The outstanding long-term loan obtained from a financial institution, which is considered as a related company, is as follows:

(Unit: Million Baht)

Loans	Contract date	Consolidated		Significant conditions			
		Financial statements		Repayment			
		2017	2016	Period	Schedule	Installment period	Interest rate
1.	23 April 2013	-	636	9 years	Every 6 months	November 2016 - May 2022	MLR minus certain rate
2.	3 April 2014	-	20	9 years	Every 6 months	November 2017 - May 2023	MLR minus certain rate
3.	3 April 2014	-	128	9 years	Every 6 months	November 2017 - November 2022	MLR minus certain rate
Total		-	784				
Less Current portion		-	(291)				
Long term loans, net		-	493				

As at 31 December 2017, a part of the investment properties under development and available for rent/sale, investment properties for rent, land and buildings of the subsidiary, with a book value of Baht 2,026 million (2016: Baht 2,942 million), have been pledged as collateral for the loans mentioned above.

As at 31 December 2017, there were available long-term loan facilities from a related party which had not yet been drawn down by the subsidiary of approximately Baht 4,065 million (2016: Baht 4,065 million).

6.5 Directors and management's remuneration

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as shown below.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	88,804	65,624	67,111	46,115
Post-employment benefits	4,910	3,947	3,243	2,517
Total	<u>93,714</u>	<u>69,571</u>	<u>70,354</u>	<u>48,632</u>

7. Cash and cash equivalents

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	1,081	947	114	175
Deposits at financial institutions	157,092	283,321	35,400	213,736
Certificate of deposits with an original maturity of 3 months or less	1,360,000	-	1,360,000	-
Total	<u>1,518,173</u>	<u>284,268</u>	<u>1,395,514</u>	<u>213,911</u>

As at 31 December 2017, deposits at financial institutions and certificate of deposits carried interests between 0.1% and 1.2% per annum (2016: between 0.1% and 1.7% per annum).

8. Current investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Fixed deposit	21,562	22,144	-	-
Certificate of deposits	1,080,000	-	1,080,000	-
Total current investments	<u>1,101,562</u>	<u>22,144</u>	<u>1,080,000</u>	<u>-</u>

As at 31 December 2017, fixed deposit and certificate of deposits carried interests between 1.0% to 1.5% per annum (2016: 1.5% per annum).

9. Trade and other receivables

The outstanding balance of trade accounts receivable, classified by age of the due dates are as follow.

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Past due of up to 3 months	31,300	58,123	4,139	1,523
Past due of 3 - 6 months	-	2,817	-	-
Past due of 6 - 12 months	-	803	-	-
Past due of over 12 months	<u>20,519</u>	<u>19,123</u>	<u>12,143</u>	<u>11,876</u>
Total	51,819	80,866	16,282	13,399
Unbilled operating leases receivables	29,895	19,721	4,677	2,939
Less: Allowance for doubtful debts	<u>(20,134)</u>	<u>(19,224)</u>	<u>(12,143)</u>	<u>(11,401)</u>
Total trade receivables - unrelated parties, net	<u>61,580</u>	<u>81,363</u>	<u>8,816</u>	<u>4,937</u>
<u>Other receivables</u>				
Other receivables - related parties	653,426	30,983	629,038	120,473
Other receivables - unrelated parties	1,557	5,415	72	770
Interest receivable - related party	-	2	218	2,611
Interest receivable - unrelated parties	2,720	699	2,720	-
Accrued income	<u>5,442</u>	<u>19,568</u>	<u>528</u>	<u>295</u>
Other receivables	<u>663,145</u>	<u>56,667</u>	<u>632,576</u>	<u>124,149</u>
Trade and other receivables, net	<u>724,725</u>	<u>138,030</u>	<u>641,392</u>	<u>129,086</u>

10. Finance lease receivables

10.1 As at 31 December 2017 and 2016, the balances of finance lease receivables are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Current portion of finance lease receivables		Finance lease receivables - net of current portion		Total	
	2017	2016	2017	2016	2017	2016
Finance lease receivables	35,003	-	429,602	-	464,605	-
Less: Unearned finance lease interest income	(19,224)	-	(134,450)	-	(153,674)	-
Finance lease receivables - net	15,779	-	295,152	-	310,931	-

10.2 As at 31 December 2017 and 2016, the balances of finance lease receivables (net of unearned finance lease interest income) are classified by aging as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2017	2016
<u>Age of receivables</u>		
Not yet due	310,418	-
Past due		
1 - 3 installments	513	-
Finance lease receivables - net	310,931	-

10.3 As at 31 December 2017 and 2016, the future minimum lease payments receivable under finance lease contracts together with the present value of minimum lease payments receivables are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	2017		2016	
	Minimum lease payments of finance lease contracts	Present value of minimum lease payments receivables	Minimum lease payments of finance lease contracts	Present value of minimum lease payments receivables
Within one year	35,003	15,780	-	-
After one year but not more than five years	137,959	71,197	-	-
Over 5 years	291,643	223,954	-	-
Total	464,605	310,931	-	-
Less: Unearned finance lease interest income	(153,674)		-	
Net investment in finance lease contracts	310,931		-	

10.4 The subsidiary's receivables from financial lease agreements have terms of 11 - 15 years.

11. Pledged deposits at financial institution

As at 31 December 2017, the Company and its subsidiaries have deposits at financial institution of Baht 0.2 million (2016: Baht 0.2 million) which are pledged with certain banks as collateral for letter of credit and trust receipt credit lines together with pre-settlement risk lines and letters of guarantees issued by banks in favor of a government entity, a state enterprise and private companies.

12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)										
Subsidiaries	Nature of business	Separate financial statements								
		Country of Incorporation	Paid-up capital		Shareholding percentage		Investment value under cost method		Dividend received during the years	
			2017	2016	2017	2016	2017	2016	2017	2016
ECO Industrial Services Company Limited	Development of real estate, development of factories for rent/sale	Thailand	12,500	50,000	99.99	99.99	12,500	50,000	6,250	6,000
TICON Logistics Park Company Limited	Development of real estate, development of warehouses for rent/sale	Thailand	11,500,000	19,500,000	99.99	99.99	11,515,000	19,515,000	2,084,550	-
TICON Management Company Limited	REIT manager	Thailand	10,000	10,000	69.99	69.99	7,000	7,000	-	-
Shanghai TICON Investment Management Company Limited	Fund management	China	85,384	85,384	100.00	100.00	85,384	85,384	-	-
Less: Allowance for impairment							(13,563)	-	-	-
							71,821	85,384	-	-
TICON (HK) Limited	Investment in overseas	Hong Kong	575,076	413,423	100.00	100.00	575,076	413,423	-	-
TICON International Pte. Ltd.	Investment in overseas	Singapore	5,445,000	-	100.00	-	5,445,000	-	-	-
Total investments in subsidiaries - net							17,626,397	20,070,807	2,090,800	6,000

During the year 2017, the investments in the subsidiaries have been changed as follows:

- On 23 March 2017, TICON (HK) Limited, registered the capital increase from 11.6 million shares to 16.1 million shares at par value of USD 1 each, amounting to Baht 162 million. The Company made payment for the share increase.
- On 29 March 2017, the 2017 Annual General Meeting of Shareholders of TICON Logistics Park Company Limited, approved an allotment of retained earnings for dividend payment to its shareholders of Baht 1.069 per share. The dividend payment, totaling Baht 2,085 million, was paid on 21 April 2017. In addition, the meeting approved the reduction of registered capital from Baht 19,500 million to Baht 11,500 million by reduction of number of shares. The subsidiary registered the reduction of its registered capital with the Ministry of Commerce on 2 May 2017. The Company already received payment of ordinary share reduction.

- (c) On 29 March 2017, the 2017 Annual General Meeting of Shareholders of ECO Industrial Services Company Limited, approved an allotment of retained earnings for dividend payment to its shareholders of Baht 1.25 per share. The dividend payment, totaling Baht 6 million, was paid on 25 April 2017. In addition, the meeting approved the reduction of registered capital from Baht 50 million to Baht 12.5 million by reduction of number of shares. The subsidiary registered the reduction of its registered capital with the Ministry of Commerce on 3 May 2017. The Company already received payment of ordinary share reduction.
- (d) On 12 October 2017, the Company has established TICON International Pte. Ltd., a new subsidiary in Singapore, to be a vehicle for the Company's overseas investment in the future, with the initial registered capital of 1 ordinary share at a par value of SGD 1 per share. On 27 December 2017, the subsidiary increased registered capital from 1 share to 225.9 million shares by an issuance of 225.9 million shares. The Company subscribed such capital increase by transferring of units of TICON Freehold and Leasehold Real Estate Investment Trust, as discussed in Note 14.7. The Company holds 100 percent of the registered shares of the subsidiary.

13. Investments in joint ventures

13.1 Details of joint ventures:

Investments in joint ventures represent investments in entities which are jointly controlled by the Company through its subsidiary and other company. Details of these investments are as follow:

Joint ventures	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Percentage of investment	
			2017	2016	2017	2016
			(Million Baht)	(Million Baht)	(%)	(%)
<u>Held by TICON Logistics Park Company Limited</u>						
TICON Demco Power 6 Company Limited	Electric generator and seller	Thailand	5.00	5.00	51.00	51.00
TICON Demco Power 11 Company Limited	Electric generator and seller	Thailand	4.00	4.00	51.00	51.00
TPARK BFTZ Company Limited	Development of real estate, development of warehouses for rent/sale	Thailand	350.00	1.00	59.99	59.99

On 29 March 2017, the Extraordinary General Meeting of the shareholders No.3/2017 of TPARK BFTZ Company Limited, passed a resolution to approve an increase in company's registered shares capital from Baht 1 million to Baht 350 million. The subsidiary paid for share capital totaling Baht 209 million. The joint venture company registered the increase of its share capital with the Ministry of Commerce on 30 March 2017.

13.2 Details of investments in joint ventures

(a) Carrying amounts of investments in joint ventures

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements			
	Cost		Equity method	
	2017	2016	2017	2016
TICON Demco Power 6 Company Limited	2,550	2,550	2,741	2,491
TICON Demco Power 11 Company Limited	2,040	2,040	2,218	2,026
TPARK BFTZ Company Limited	210,000	600	210,043	323
Total	214,590	5,190	215,002	4,840

(b) Share of profit (loss) from investments in joint ventures

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements	
	For the years ended	
	31 December	
	2017	2016
TICON Demco Power 6 Company Limited	250	273
TICON Demco Power 11 Company Limited	192	176
TPARK BFTZ Company Limited	319	(277)
Total	761	172

13.3 Summarised financial information of jointly controlled entities

Summarised information about financial position

(Unit: Thousand Baht)

	TICON Demco Power 6 Company Limited		TICON Demco Power 11 Company Limited	
	As at 31 December		As at 31 December	
	2017	2016	2017	2016
Cash and cash equivalent	140	427	183	384
Other current assets	1,360	1,483	974	1,057
Non-current assets	13,480	14,083	10,126	10,578
	14,980	15,993	11,283	12,019
Current portion of long-term loans	(1,200)	(1,200)	(702)	(702)
Other current liabilities	(1,229)	(1,532)	(2,158)	(2,569)
Long-term loans	(7,263)	(8,463)	(4,156)	(4,858)
	(9,692)	(11,195)	(7,016)	(8,129)

	TICON Demco Power 6 Company Limited		(Unit: Thousand Baht) TICON Demco Power 11 Company Limited	
	As at 31 December		As at 31 December	
	2017	2016	2017	2016
Net assets	5,288	4,798	4,267	3,890
Shareholding percentage (%)	51.00	51.00	51.00	51.00
Share of net assets	2,697	2,447	2,176	1,984
Operating result before jointly controlled entity	44	44	42	42
Carrying amounts of jointly control entity based on equity method	<u>2,741</u>	<u>2,491</u>	<u>2,218</u>	<u>2,026</u>

	(Unit: Thousand Baht) TPARK BFTZ Company Limited	
	As at 31 December	
	2017	2016
Cash and cash equivalent	32,560	1,764
Other current assets	22,219	15,574
Non-current assets	538,012	342,422
	<u>592,791</u>	<u>359,760</u>
Short-term loans	-	(4,000)
Other current liabilities	(43,560)	(355,221)
Long-term loans	(112,550)	-
Other non-current liabilities	(86,551)	-
	<u>(242,661)</u>	<u>(359,221)</u>
Net assets	350,130	539
Shareholding percentage (%)	59.99	55.99
Carrying amounts of jointly control entity based on equity method	<u>210,043</u>	<u>323</u>

Summarised information about income

	TICON Demco Power 6 Company Limited		TICON Demco Power 11 Company Limited	
	For the years ended		For the years ended	
	31 December		31 December	
	2017	2016	2017	2016
Revenue	1,987	2,105	1,403	1,437
Cost of sale	(867)	(787)	(633)	(549)
Administrative expense	(96)	(184)	(87)	(198)
Interest expense	(534)	(599)	(307)	(345)
Profit	490	535	376	345

(Unit: Thousand Baht)

	TPARK BFTZ Company Limited	
	For the year ended	For the period as from
	31 December 2017	20 October 2016 to 31 December 2016
Revenue	19,310	-
Cost of sale	(17,843)	-
Administrative expense	(786)	(458)
Interest expense	(122)	(3)
Corporate income tax	(26)	-
Profit (loss)	533	(461)

14. Investments in associates

14.1 Details of associates:

Associates	Nature of business	Country of incorporation	Paid up Capital		Investment Units held by the Company / subsidiary		Percentage of investment	
			2017	2016	2017	2016	2017	2016
			(Thousand Baht)	(Thousand Baht)	(Thousand Unit)	(Thousand Unit)	(%)	(%)
TICON Property Fund	Investing in properties	Thailand	-	11,824,790	-	172,470	-	15.00
TPARK Logistics Property Fund	Investing in properties	Thailand	-	4,469,062	-	66,427	-	16.05
TICON Industrial Growth Leasehold Property Fund	Investing in properties and/or leasehold rights in properties	Thailand	-	5,555,000	-	132,901	-	23.95
TICON Freehold and Leasehold Real Estate Investment Trust	Investing in properties and/or leasehold rights in properties	Thailand	25,423,452	5,542,063	570,800	68,441	21.93	12.08
PT SLP Surya TICON Internusa	Real estate business - development of factories and warehouses for rent/sale	Indonesia	1,656,633	1,656,633	11,600	11,600	25.00	25.00
TRA Land Development Company Limited	Real estate development	Thailand	1,000	-	50	-	50.00	-

14.2 Details of investments in associates

(a) Carrying amounts of investments in associates

			(Unit: Thousand Baht)	
	Consolidated financial statements		Separate financial statements	
Associates	Equity method		Cost method	
	2017	2016	2017	2016
TICON Property Fund				
Investments	-	1,585,636	-	1,783,249
Less: Deferred gains on sales of properties	-	(791,231)	-	-
Investments, net	-	794,405	-	1,783,249
TPARK Logistics Property Fund				
Investments	-	661,406	-	733,931
Less: Deferred gains on sales of properties	-	(221,934)	-	-
Investments, net	-	439,472	-	733,931
TICON Industrial Growth Leasehold Property Fund				
Investments	-	1,235,859	-	1,329,302
Less: Deferred gains on sales of properties	-	(467,003)	-	-
Investments, net	-	768,856	-	1,329,302
TICON Freehold and Leasehold Real Estate Investment Trust				
Investments	4,860,260	668,765	206,356	686,035
Less: Deferred gains on sales of properties	(1,630,299)	(198,433)	-	-
Add: Unrealised expenses on provision related to sales of properties	11,680	11,680	-	-
Investments, net	3,241,641	482,012	206,356	686,035
PT SLP Surya TICON Internusa				
Investments	391,477	430,488	-	-
TRA Land Development Company Limited				
Investments	489	-	500	-
Investments in associates, net	3,633,607	2,915,233	206,856	4,532,517

Associates	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Equity method		Cost method	
	2017	2016	2017	2016
Value of investments per unit (Baht)				
TICON Property Fund	-	4.61	-	10.34
TPARK Logistics Property Fund	-	6.62	-	11.05
TICON Industrial Growth Leasehold Property Fund	-	5.80	-	10.00
TICON Freehold and Leasehold Real Estate Investment Trust	5.68	7.06	9.92	10.02
PT SLP Surya TICON Internusa	33.75	37.11	-	-
TRA Land Development Company Limited	9.78	-	10.00	-

The deferred gains on sales of properties to TICON Property Fund, TPARK Logistics Property Fund, TICON Industrial Growth Leasehold Property Fund ("the Funds") and TICON Freehold and Leasehold Real Estate Investment Trust ("the Trust") are calculated in proportion to its investments in the Funds and the Trust and presented as reductions on costs of investments in the statement of financial position and reductions against gain on sales of properties to associates in income statement for the period.

(b) Share of profit from investments in associates

Associates	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2017	2016
TICON Property Fund	64,547	98,517
TPARK Logistics Property Fund	37,628	35,545
TICON Industrial Growth Leasehold Property Fund	143,366	83,270
TICON Freehold and Leasehold Real Estate Investment Trust	27,433	32,986
PT SLP Surya TICON Internusa	1,691	1,899
TRA Land Development Company Limited	(11)	-
Total	274,654	252,217

(c) Dividend received from associates

Associates	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2017	2016
TICON Property Fund	380,698	117,142
TPARK Logistics Property Fund	133,515	48,958
TICON Industrial Growth Leasehold Property Fund	117,023	113,156
TICON Freehold and Leasehold Real Estate Investment Trust	50,604	44,611
Total	681,840	323,867

14.3 Movements of investments in associates

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Investments in associates				
Balance at beginning of year	4,581	5,522	4,533	5,464
Purchases of investment	1,735	34	1,735	34
Sales of investment	(70)	(910)	(5,515)	(965)
Return from decrease in value of fund units	(546)	-	(546)	-
Share of profit	275	252	-	-
Dividend received	(682)	(324)	-	-
Translation adjustment	(41)	7	-	-
Balance at end of year	<u>5,252</u>	<u>4,581</u>	<u>207</u>	<u>4,533</u>
Deferred gains on sales of properties				
Balance at beginning of year	1,678	1,973		
Decrease during the year	(48)	(295)		
Balance at end of year	<u>1,630</u>	<u>1,678</u>		
Unrealised expenses on provision related to sales of properties				
Balance at beginning of period	12	25		
Decrease during the year	-	(13)		
Balance at end of year	<u>12</u>	<u>12</u>		
Investments in associates, net	<u>3,634</u>	<u>2,915</u>		

The increase in deferred gains on sales of properties and unrealised expenses on provision related to sales of properties during the year resulted from the Company's sales of properties to the Funds and the Trust, while the decrease in the deferred gains and unrealised expenses on provision related to sales of properties reflected the Funds and the Trust's sales of properties to third parties, as well as the Company's lower stakes in the Funds and the Trust.

The significant movements of the deferred gains on sales of properties to associates during the year 2017 are as follows.

Date	Transactions during the year 2017	Number of investment units	Selling price (Million Baht)	Decrease in deferred gains on sales of properties (Million Baht)
19 October 2017	TICON Property Fund sold land and factory that was purchased from the Company to third party	1 factory	36	(3)
6 November 2017	TICON Industrial Growth Leasehold Property Fund sold factory that was purchased from the Company to third party	1 factory	64	(7)
26 December 2017	Decrease in investments of TICON Industrial Growth Leasehold Property Fund from the conversion of property fund into the Trust			(38)
				(48)

14.4 Fair value of the investments in associates which are listed companies on the Stock Exchange of Thailand

Associates' name	Fair value as at 31 December		Fair value per unit as at 31 December	
	2017	2016	2017	2016
	(Million Baht)	(Million Baht)	(Baht)	(Baht)
TICON Property Fund	-	1,725	-	10.0
TPARK Logistics Property Fund	-	671	-	10.1
TICON Industrial Growth Leasehold Property Fund	-	1,488	-	11.2
TICON Freehold and Leasehold Real Estate Investment Trust	5,936	664	10.4	9.7
Total	5,936	4,548		

14.5 As at 31 December 2016, the Company's investment units in TICON Property Fund of 66 million units, with the value under the equity method amounting to Baht 306 million, and the market value amounting to Baht 665 million, were pledged with a bank as collateral for short-term loans and long-term loans and the Company's investment units in the TPARK Logistics Property Fund of 22 million units, with the value under the equity method amounting to Baht 147 million, and the market value amounting to Baht 225 million, were pledged with a bank as collateral for guarantee of lease and service incomes.

14.6 Summarised financial information of associates

Financial information of the associated companies is summarised below.

a) TICON Property Fund

Summarised information about financial position

	(Unit: Thousand Baht)	
	As at 31 December	
	2017	2016
Current assets	2,701,491	13,523,060
Non-current assets	-	7,392
Current liabilities	(2,671,930)	(48,377)
Non-current liabilities	(29,561)	(332,204)
Net assets	-	13,149,871
Shareholding percentage (%)	-	15.00
Share of net assets	-	1,972,481
Deferred gains on sales of properties	-	(791,231)
Adjustment entries according to the Company's accounting policies	-	(386,845)
Carrying amounts of associates based on equity method	-	794,405

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Revenue	891,976	918,030
Profit	671,471	731,568
Other comprehensive income	(69,091)	200,384
Total comprehensive income	602,380	931,952

b) TPARK Logistics Property Fund

Summarised information about financial position

	(Unit: Thousand Baht)	
	As at 31 December	
	2017	2016
Current assets	922,673	4,952,519
Non-current assets	-	4,171
Current liabilities	(909,590)	(20,581)
Non-current liabilities	(13,083)	(90,599)
Net assets	-	4,845,510
Shareholding percentage (%)	-	16.05
Share of net assets	-	777,704
Deferred gains on sales of properties	-	(221,934)
Adjustment entries according to the Company's accounting policies	-	(116,298)
Carrying amounts of associates based on equity method	-	439,472

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Revenue	341,468	360,871
Profit	256,086	297,914
Other comprehensive income	53,922	(344)
Total comprehensive income	310,008	297,570

c) TICON Industrial Growth Leasehold Property Fund

Summarised information about financial position

	(Unit: Thousand Baht)	
	As at 31 December	
	2017	2016
Current assets	879,015	6,371,939
Non-current assets	86	2,786
Current liabilities	(878,681)	(17,587)
Non-current liabilities	(420)	(611,503)
Net assets	-	5,745,635
Shareholding percentage (%)	-	23.95
Share of net assets	-	1,376,080
Deferred gains on sales of properties	-	(467,003)
Adjustment entries according to the Company's accounting policies	-	(140,221)
Carrying amounts of associates based on equity method	-	768,856

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Revenue	487,553	571,455
Profit	382,132	468,512
Other comprehensive income	125,024	79,231
Total comprehensive income	507,156	547,743

d) TICON Freehold and Leasehold Real Estate Investment Trust

Summarised information about financial position

	(Unit: Thousand Baht)	
	As at 31 December	
	2017	2016
Current assets	31,848,526	7,714,896
Non-current assets	112,778	56,380
Current liabilities	(3,924,350)	(48,960)
Non-current liabilities	(2,568,861)	(1,975,447)
Net assets	25,468,093	5,746,869
Shareholding percentage (%)	21.93	12.08
Share of net assets	5,585,153	694,222
Deferred gains on sales of properties	(1,630,299)	(198,433)
Unrealised expenses on provision related to sales of properties	11,680	11,680
Adjustment entries according to the Company's accounting policies	(724,893)	(25,457)
Carrying amounts of associates based on equity method	3,241,641	482,012

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Revenue	595,246	655,775
Profit	369,097	397,124
Other comprehensive income	(142,250)	90,890
Total comprehensive income	226,847	488,014

e) PT SLP Surya TICON Internusa

Summarised information about financial position

	(Unit: Thousand Baht)	
	As at 31 December	
	2017	2016
Current assets	341,014	364,818
Non-current assets	1,601,765	1,772,934
Current liabilities	(76,052)	(26,727)
Non-current liabilities	(292,059)	(376,217)
Net assets	1,574,668	1,734,808
Shareholding percentage (%)	25.00	25.00
Share of net assets	393,667	443,702
Elimination entries	(2,190)	(3,214)
Carrying amounts of associates based on equity method	391,477	430,488

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Revenue	119,256	93,202
Profit	7,855	10,063
Other comprehensive income	-	(229)
Total comprehensive income	7,855	9,834

14.7 On 8 September 2017, the Meeting of Board of Directors No.7/2017 of the Company acknowledged the conversion of property funds into REIT with the support of the conversion of TICON Property Fund (TFUND), TPARK Logistics Property Fund (TLOGIS), TICON Industrial Growth Leasehold Property Fund (TGROWTH) into TICON Freehold and Leasehold Real Estate Investment Trust ("the Trust") ("the Conversion of Property Funds"). The Board of Directors passed a resolution approving the grant of Right to Invest in assets subsequent to the conversion of property funds and Right of First Refusal to the Trust, as detailed below.

- 1) Right to Invest - in assets of the Company and/or its subsidiaries and investment plan of the Trust. The Company agrees that it shall procure the amount of assets under Right to Invest to have a total investment value of not less than Baht 3,500 million. If the Trust intend to invest in those assets, it shall complete the investment transaction by 31 December 2018.
- 2) Right of First Refusal - The Trust has a right to first decline to enter into a transaction in the event where the Company and/or its subsidiaries intend to sell, dispose, transfer or lease in all or part of assets used in the business operation of warehouse and factory for rent, of which the Company and/or its subsidiaries have ownership or are entitled to lease to any person who wishes to come by the said assets as an investment, under certain conditions.

On 20 December 2017, the Trust received the transfer of assets and liabilities of TFUND, TLOGIS and TGROWTH and issued trust units to TFUND, TLOGIS and TGROWTH in a total amount of 2,035,587,048 trust units together with Baht 3,499,839,010 cash in exchange of assets and liabilities of TFUND, TLOGIS and TGROWTH transferred to the Trust. In addition, the Trust has swap the its trust units together with cash for investment units of TFUND, TLOGIS and TGROWTH according to the Swap Ratio as follow.

- At the rate of 1 investment unit of TFUND to 0.9874 trust units of the Trust with Baht 1.6977 cash per unit.
- At the rate of 1 investment unit of TLOGIS to 1.0129 trust units of the Trust with Baht 1.7415 cash per unit.
- At the rate of 1 investment unit of TGROWTH to 0.8673 trust units of the Trust with Baht 1.4911 cash per unit.

As a result, the unitholders of TFUND, TLOGIS and TGROWTH have became unitholders of the Trust. TFUND, TLOGIS and TGROWTH were dissolved on 21 December 2017.

On 27 December 2017, the Company entered into the Agreement for Investment in Share Capital whereby the Company agreed to transfer 550 million units of investment in the Trust to TICON International Pte. Ltd., a subsidiary, for subscribing for the capital increase as discussed in Note 12 (d).

As at 31 December 2017, the Company and TICON International Pte. Ltd. held 0.8% and 21.13% of the investment in the Trust, respectively.

15. Investment properties

15.1 Investment properties under development and available for rent/sale

15.1.1 Movements of the net book value

(Unit: Thousand Baht)

	Consolidated financial statements							
	Investment properties under development				Investment properties available for rent/sale			
	Land and land improvement	Construction in progress	Common assets	Total	Land and land improvement	Factory and warehouse building	Total	Grand total
Cost								
1 January 2016	10,735,381	4,272,066	413,154	15,420,601	1,515,346	4,086,840	5,602,186	21,022,787
Purchase	82,350	1,641,775	-	1,724,125	-	-	-	1,724,125
Disposal	(104,537)	-	(4,841)	(109,378)	(471)	(66)	(537)	(109,915)
Transfer in/out	(1,069,857)	(4,498,151)	215,554	(5,352,454)	368,208	797,665	1,165,873	(4,186,581)
Capitalised interest	-	20,543	-	20,543	-	-	-	20,543
31 December 2016	9,643,337	1,436,233	623,867	11,703,437	1,883,083	4,884,439	6,767,522	18,470,959
Purchase	76,606	1,035,519	-	1,112,125	-	-	-	1,112,125
Transfer in/out	(1,063,517)	(1,961,855)	485,414	(2,539,958)	207,199	355,951	563,150	(1,976,808)
Capitalised interest	-	13,926	-	13,926	-	-	-	13,926
31 December 2017	8,656,426	523,823	1,109,281	10,289,530	2,090,282	5,240,390	7,330,672	17,620,202
Accumulated depreciation								
1 January 2016	-	-	40,048	40,048	14,005	663,089	677,094	717,142
Depreciation for the year	-	-	12,118	12,118	4,565	135,004	139,569	151,687
Depreciation on disposal	-	-	(1,445)	(1,445)	(154)	(6)	(160)	(1,605)
Transfer in/out	-	-	(14,309)	(14,309)	8,130	(29,988)	(21,858)	(36,167)
31 December 2016	-	-	36,412	36,412	26,546	768,099	794,645	831,057
Depreciation for the year	-	-	21,311	21,311	6,706	160,963	167,669	188,980
Transfer in/out	-	-	2,843	2,843	202	(10,836)	(10,634)	(7,791)
31 December 2017	-	-	60,566	60,566	33,454	918,226	951,680	1,012,246
Allowance for impairment loss								
31 December 2016	-	-	-	-	-	-	-	-
Increase during the year	-	2,548	-	2,548	-	-	-	2,548
31 December 2017	-	2,548	-	2,548	-	-	-	2,548
Net book value								
1 January 2016	10,735,381	4,272,066	373,106	15,380,553	1,501,341	3,423,751	4,925,092	20,305,645
31 December 2016	9,643,337	1,436,233	587,455	11,667,025	1,856,537	4,116,340	5,972,877	17,639,902
31 December 2017	8,656,426	521,275	1,048,715	10,226,416	2,056,828	4,322,164	6,378,992	16,605,408
Depreciation for the year (Included in administrative expenses)								
2016								151,687
2017								188,980

(Unit: Thousand Baht)

	Separate financial statements							
	Investment properties under development				Investment properties available for rent/sale			
	Land and land improvement	Construction in progress	Common assets	Total	Land and land improvement	Factory Building	Total	Grand total
Cost								
1 January 2016	2,806,529	568,937	3,920	3,379,386	836,710	1,808,136	2,644,846	6,024,232
Purchase	-	102,189	-	102,189	-	-	-	102,189
Transfer in/out	(304,418)	(504,111)	-	(808,529)	230,205	331,391	561,596	(246,933)
Capitalised interest	-	12,558	-	12,558	-	-	-	12,558
31 December 2016	2,502,111	179,573	3,920	2,685,604	1,066,915	2,139,527	3,206,442	5,892,046
Purchase	-	24,492	-	24,492	-	-	-	24,492
Transfer in/out	(17,003)	(31,373)	18,912	(29,464)	(55,548)	(188,961)	(244,509)	(273,973)
31 December 2017	2,485,108	172,692	22,832	2,680,632	1,011,367	1,950,566	2,961,933	5,642,565
Accumulated depreciation								
1 January 2016	-	-	178	178	792	404,433	405,225	405,403
Depreciation for the year	-	-	82	82	204	56,495	56,699	56,781
Transfer in/out	-	-	-	-	(160)	(29,849)	(30,009)	(30,009)
31 December 2016	-	-	260	260	836	431,079	431,915	432,175
Depreciation for the year	-	-	343	343	663	61,792	62,455	62,798
Transfer in/out	-	-	39	39	(284)	(49,461)	(49,745)	(49,706)
31 December 2017	-	-	642	642	1,215	443,410	444,625	445,267
Allowance for impairment loss								
31 December 2016	-	-	-	-	-	-	-	-
Increase during the year	-	2,548	-	2,548	-	-	-	2,548
31 December 2017	-	2,548	-	2,548	-	-	-	2,548
Net book value								
1 January 2016	2,806,529	568,937	3,742	3,379,208	835,918	1,403,703	2,239,621	5,618,829
31 December 2016	2,502,111	179,573	3,660	2,685,344	1,066,079	1,708,448	2,774,527	5,459,871
31 December 2017	2,485,108	170,144	22,190	2,677,442	1,010,152	1,507,156	2,517,308	5,194,750
Depreciation for the year (included in administrative expenses)								
2016								56,781
2017								62,798

15.1.2 The fair value of the investment properties

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Land and land improvement under development*	13,830,069	12,895,764	2,948,160	2,948,160
Land and factory and warehouse buildings available for rent/sale	9,004,008	8,422,362	4,262,300	4,604,500

* The fair value does not include construction in progress which had book value of Baht 521 million (2016: Baht 1,436 million) (The Company only: Baht 170 million, 2016: Baht 180 million).

For 2017 and 2016, the fair value of investment properties has been determined based on independent values. The fair value of the land and land improvement under development has been determined based on market prices, while that of the factory and warehouse buildings available for rent/sale has been determined using the income approach. The main assumptions used in the valuation are yield rate, vacancy rate and long-term growth in real rental rates.

15.1.3 Finance cost capitalised as investment properties under development

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Investment properties under development	10,226,416	11,667,025	2,677,442	2,685,344
Capitalised interest expenses from the part of loans from financial institutions and debentures	13,926	20,543	-	12,558
Capitalisation rate (%)	3.35	3.91	-	3.91

15.1.4 Collateralised investment properties under development and available for rent/sale

As at 31 December 2017, investment properties under development and available for rent/sale of the Company and its subsidiaries with total book value of Baht 1,801 million (2016: Baht 3,202 million) (The Company only: Baht 80 million, 2016: Baht 931 million) have been used as collateral for bank overdrafts, short-term loans and long-term loans from financial institutions.

15.1.5 Amounts recognised in profit and loss for the year 2017 that are related to investment properties under development and available for rent/sale are consisted of direct operating expense arise from investment property that did not generated rental income amounting to Baht 216 million (2016: Baht 177 million) (The company only: Baht 73 million, 2016: Baht 69 million).

15.2 Investment properties for rent

15.2.1 Movements of the net book value

	Consolidated financial statements		
	Land and land improvement	Factory and warehouse building	Total
Cost			
1 January 2016	5,123,638	5,721,659	10,845,297
Disposal	(46,025)	(2,658)	(48,683)
Transfer in/out	761,658	3,408,095	4,169,753
31 December 2016	5,839,271	9,127,096	14,966,367
Disposal	(38,998)	(334,263)	(373,261)
Transfer in/out	791,946	1,190,733	1,982,679
31 December 2017	6,592,219	9,983,566	16,575,785

(Unit: Thousand Baht)

Consolidated financial statements			
	Land and land improvement	Factory and warehouse building	Total
Accumulated depreciation			
1 January 2016	119,277	956,750	1,076,027
Depreciation for the year	18,659	234,666	253,325
Depreciation on disposal	(6,158)	(265)	(6,423)
Transfer in/out	8,867	27,327	36,194
31 December 2016	140,645	1,218,478	1,359,123
Depreciation for the year	19,580	290,862	310,442
Depreciation on disposal	-	(21,815)	(21,815)
Transfer in/out	(10,089)	17,352	7,263
31 December 2017	150,136	1,504,877	1,655,013
Net book value			
1 January 2016	5,004,361	4,764,909	9,769,270
31 December 2016	5,698,626	7,908,618	13,607,244
31 December 2017	6,442,083	8,478,689	14,920,772
Depreciation for the year (included in cost of rental and related services)			
2016			253,325
2017			310,442

(Unit: Thousand Baht)

Separate financial statements			
	Land and land improvement	Factory building	Total
Cost			
1 January 2016	1,354,351	1,172,926	2,527,277
Disposal	(27,169)	-	(27,169)
Transfer in/out	74,213	175,763	249,976
31 December 2016	1,401,395	1,348,689	2,750,084
Disposal	(38,998)	(45,814)	(84,812)
Transfer in/out	82,873	191,100	273,973
31 December 2017	1,445,270	1,493,975	2,939,245
Accumulated depreciation			
1 January 2016	3,910	474,480	478,390
Depreciation for the year	1,014	34,051	35,065
Transfer in/out	160	29,849	30,009
31 December 2016	5,084	538,380	543,464
Depreciation for the year	1,125	38,050	39,175
Depreciation on disposal	-	(14,873)	(14,873)
Transfer in/out	246	49,461	49,707
31 December 2017	6,455	611,018	617,473

(Unit: Thousand Baht)

	Separate financial statements		
	Land and land improvement	Factory building	Total
Net book value			
1 January 2016	1,350,441	698,446	2,048,887
31 December 2016	1,396,311	810,309	2,206,620
31 December 2017	1,438,815	882,957	2,321,772
Depreciation for the year (included in cost of rental and related services)			
2016			35,065
2017			39,175

15.2.2 The fair value of the investment properties

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land and land improvement with factory and warehouse buildings for rent	18,874,683	18,276,876	4,298,507	4,088,839

For 2017 and 2016, the fair value has been determined based on independent values. The fair value of the land and land improvement under development has been determined based on market prices, while that of the factory and warehouse buildings available for rent/sale has been determined using the income approach. The main assumptions used in the valuation are yield rate, vacancy rate and long-term growth in real rental rates.

In addition, as at 31 December 2017 the fair value of the investment properties of Baht 18,875 million (The Company only: Baht 4,299 million) included the fair value of long-term land leased to TICON Industrial Growth Leasehold Property Fund and TICON Freehold and Leasehold Real Estate Investment Trust of Baht 4,857 million (The Company only: Baht 1,121 million). The fair value is determined by market price.

15.2.3 Investment properties for rent under operating leases

The Company and its subsidiaries have several operating lease agreements in respect of the lease of land, factory and warehouse buildings. The terms of the agreements are generally between 2 months to 20 years. As at 31 December 2017 and 2016, future minimum rental income to be generated under these operating leases is as follows.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Less than 1 year	1,201	1,192	286	280
In over 1 and up to 5 years	2,700	2,855	433	384
In over 5 years	1,904	2,701	23	55

15.2.4 Collateralised investment properties for rent

As at 31 December 2017, investment properties for rent of the Company and its subsidiaries with a book value of Baht 2,631 million (2016: Baht 4,559 million) (The Company only: Baht 223 million, 2016: Baht 622 million) have been used as collateral for bank overdrafts, short-term loans and long-term loans from financial institutions.

15.2.5 Amounts recognised in profit and loss that are related to investment properties for rent are as total amounts presented in rental and related service income and cost of rental and related services in income statement.

16. Property, plant and equipment

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Land and land improvement	Factory building	Equipment and tools	Furniture, fixtures and office equipment	Vehicles	Total
Cost						
1 January 2016	30,850	89,081	125,468	65,108	28,450	338,957
Purchase	-	-	3,480	3,274	6,974	13,728
Disposal/write-off	-	-	(4,553)	(748)	(2,206)	(7,507)
Transfer in/out	3,384	10,648	5,840	-	-	19,872
Translation adjustment	-	(3,050)	-	(82)	(33)	(3,165)
31 December 2016	34,234	96,679	130,235	67,552	33,185	361,885
Purchase	-	-	892	3,015	3,311	7,218
Disposal/write-off	-	-	(85)	(1,263)	(1,546)	(2,894)
Transfer in/out	(16,089)	3,317	6,899	-	-	(5,873)
Translation adjustment	-	(1,042)	-	(28)	-	(1,070)
31 December 2017	18,145	98,954	137,941	69,276	34,950	359,266
Accumulated depreciation						
1 January 2016	-	14,970	73,300	51,229	16,232	155,731
Depreciation for the year	-	3,614	15,252	6,801	3,900	29,567
Depreciation on disposal/write-off	-	-	(4,411)	(686)	(1,253)	(6,350)
Transfer in/out	-	(26)	3,043	-	-	3,017
Translation adjustment	-	(573)	-	(60)	(9)	(642)
31 December 2016	-	17,985	87,184	57,284	18,870	181,323
Depreciation for the year	-	2,949	17,646	5,058	4,810	30,463
Depreciation on disposal/write-off	-	-	(84)	(1,214)	(1,320)	(2,618)
Transfer in/out	-	528	-	-	-	528
Translation adjustment	-	(224)	-	(24)	-	(248)
31 December 2017	-	21,238	104,746	61,104	22,360	209,448

(Unit: Thousand Baht)

	Consolidated financial statements					
	Land and land improvement	Factory building	Equipment and tools	Furniture, fixtures and office equipment	Vehicles	Total
Net book value						
1 January 2016	30,850	74,111	52,168	13,879	12,218	183,226
31 December 2016	34,234	78,694	43,051	10,268	14,315	180,562
31 December 2017	18,145	77,716	33,195	8,172	12,590	149,818
Depreciation for the year (included in administrative expenses)						
2016						29,567
2017						30,463

(Unit: Thousand Baht)

Separate financial statements					
	Land and land improvement	Equipment and tools	Furniture, fixtures and office equipment	Vehicles	Total
Cost					
1 January 2016	-	31,327	37,703	21,155	90,185
Purchase	-	150	2,171	1,806	4,127
Disposal/write-off	-	(2,561)	(686)	(2,206)	(5,453)
31 December 2016	-	28,916	39,188	20,755	88,859
Purchase	-	17	2,285	2,609	4,911
Disposal/write-off	-	-	(811)	(1,546)	(2,357)
31 December 2017	-	28,933	40,662	21,818	91,413
Accumulated depreciation					
1 January 2016	-	23,559	31,868	14,612	70,039
Depreciation for the year	-	230	3,233	2,079	5,542
Depreciation on disposal/ write-off	-	(2,419)	(660)	(1,253)	(4,332)
Transfer in/out	-	3,043	-	-	3,043
31 December 2016	-	24,413	34,441	15,438	74,292
Depreciation for the year	-	2,399	2,116	2,238	6,753
Depreciation on disposal/ write-off	-	-	(783)	(1,320)	(2,103)
31 December 2017	-	26,812	35,774	16,356	78,942
Net book value					
1 January 2016	-	7,768	5,835	6,534	20,146
31 December 2016	-	4,503	4,747	5,317	14,567
31 December 2017	-	2,121	4,888	5,462	12,471
Depreciation for the year (included in administrative expenses)					
2016					5,542
2017					6,753

As at 31 December 2017, its subsidiaries had vehicles with net book value of Baht 2 million (2016: Baht 6 million) which were acquired under finance lease agreements.

As at 31 December 2017, certain items of equipment were fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 126 million (2016: Baht 90 million) (The Company only: Baht 60 million, 2016: Baht 56 million).

As at 31 December 2017, the Company's and a subsidiary's land, land improvement and buildings with total book value of Baht 1 million (2016: Baht 39 million) (The Company only: none, 2016: none) have been used as collateral for bank overdrafts, short-term loans and long-term loans from financial institutions.

17. Computer software

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
Balance as at 1 January 2016	30,645	24,869
Purchase during the year	1,309	224
Balance as at 31 December 2016	31,954	25,093
Purchase during the year	8,428	5,086
Balance as at 31 December 2017	40,382	30,179
Accumulated amortisation		
Balance as at 1 January 2016	26,886	22,521
Amortisation for the year	1,542	1,149
Balance as at 31 December 2016	28,428	23,670
Amortisation for the year	789	228
Balance as at 31 December 2017	29,217	23,898
Net book value		
Balance as at 1 January 2016	3,759	2,348
Balance as at 31 December 2016	3,526	1,423
Balance as at 31 December 2017	11,165	6,281

As at 31 December 2017, certain items of computer software were fully amortised but are still in use. The gross carrying amount (before deducting accumulated amortisation) of those assets amounted to Baht 26 million (2016: Baht 26 million) (The Company only: Baht 23 million, 2016: Baht 23 million).

18. Short-term loans

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
Interest rates		2017	2016	2017	2016
(percent per annum)					
Short-term loans - bill					
of exchanges	1.75 - 1.85	-	2,026,248	-	2,026,248

As at 31 December 2017, the Company had overdraft and short-term loan credit facilities which have not yet been drawn down totaling Baht 755 million (2016: Baht 755 million).

As at 31 December 2017, the parts of the Company and its subsidiaries' investment properties under development and available for rent/sale and investment properties for rent, with total book value of Baht 163 million (2016: Baht 168 million) have been pledged as collateral for liabilities under trust receipts, bank overdrafts and short-term loans from financial institutions.

As at 31 December 2016, certain numbers of the Company's investment units in TICON Property Fund, with a value under the equity method amounting to Baht 306 million, and a market value amounting to Baht 665 million, have been pledged as collateral for liabilities under trust receipts, bank overdrafts and short-term loans from financial institutions.

19. Trade and other payables

		(Unit: Thousand Baht)			
		Consolidated financial		Separate financial	
		statements		statements	
		2017	2016	2017	2016
Trade payables - unrelated parties		93,572	224,373	19,631	18,318
Other payables - related parties		3	4,239	183	2,768
Accrued interest expenses:					
Related party		-	159	-	72
Unrelated parties		135,712	195,299	135,712	195,229
Accrued expenses:					
Related parties		37,741	126	37,606	126
Unrelated parties		64,739	69,281	41,318	39,255
Total trade and other payables		331,767	493,477	234,450	255,768

20. Liabilities under finance lease agreements

(Unit: Thousand Baht)		
Consolidated financial statements		
	2017	2016
Liabilities under finance lease agreements	1,945	6,693
Less : Deferred interest expenses	(155)	(489)
Total	1,830	6,204
Less : Portion due within one year	(1,628)	(4,473)
Liabilities under finance lease agreements - net of current portion	202	1,731

The subsidiaries have entered into finance lease agreements for rental of vehicles for use in their operations, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

As at 31 December 2017, future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)			
As at 31 December 2017			
	Less than 1 year	Over 1-5 years	Total
Future minimum finance lease payments	1,727	218	1,945
Deferred interest expenses	(105)	(10)	(115)
Present value of future minimum lease payments	1,622	208	1,830

21. Long-term loans

21.1 The outstanding long-term loans from financial institutions

(Unit: Million Baht)									
Outstanding loans									
		Consolidated financial statements		Separate financial statements		Significant conditions			
Loans	Contract date	2017	2016	2017	2016	Period	Repayment schedule	Installment period	Interest rate
1.	2 July 2012	-	53	-	53	8 years	Every 6 months	December 2013 - December 2017	MLR minus a certain rate
2.	22 November 2012	-	238	-	238	8 years	Every 6 months	June 2016 - December 2019	MLR minus a certain rate
3.	29 November 2013	-	401	-	401	9 years	Every 6 months	June 2017 - June 2022	MLR minus a certain rate
4.	27 August 2015	-	340	-	-	9 years	Every 6 months	March 2019 - September 2024	MLR minus a certain rate
Total		-	1,032	-	692				
Less Current portion		-	(254)	-	(254)				
Long term loans, net		-	778	-	438				

21.2 Movements of long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2016	1,032,391	692,390
Less: Repayments during the year	(1,032,391)	(692,390)
Balance as at 31 December 2017	-	-

As at 31 December 2017, the long-term loans credit facilities of the Company and a subsidiary have not yet been drawn down amounted to Baht 1,660 million (2016: Baht 3,382 million).

As at 31 December 2017, the Company's and its subsidiary's investment properties under development and available for rent/sale, investment properties for rent, and its subsidiary's land and buildings, with total book value of Baht 2,244 million (2016: Baht 4,690 million), have been pledged as collateral for aforesaid long-term loans. In addition, as at 31 December 2017 and 2016, its subsidiary's credit facilities from financial institutions are not guaranteed by the Company.

Under the loan agreements, the Company and its subsidiary are required to retain debt to equity of not exceeding a certain rate.

22. Debentures

As at 31 December 2017, the Company had outstanding of debentures amounting to Baht 13,320 million (2016: Baht 17,340 million). All debentures are name specified, unsubordinated, and unsecured debentures. The debentures were sold at the price of Baht 1,000 per unit, with a face value of Baht 1,000 each. Among other things, the Company is obliged to maintain its debt-to-equity ratio as specified in the terms and condition of the debentures. Significant details of the debentures are summarised below.

		Outstanding balance as at 31 December						
No.	Issued date	No. of debentures		Amount		Coupon	Tenure	Maturity date
		2017	2016	2017	2016	rate		
		(Million units)		(Million Baht)		(% p.a.)		
2/2011	8 July 2011	0.35	0.35	350	350	4.78	7 years	8 July 2018
1/2012	10 January 2012	-	0.10	-	100	4.60	5 years	10 January 2017
4/2012	5 July 2012	-	0.50	-	500	4.49	5 years	5 July 2017
5/2012	17 August 2012	-	0.30	-	300	4.17	5 years	17 August 2017
6/2012	26 September 2012	1.00	1.00	1,000	1,000	4.90	10 years	26 September 2022
2/2013	15 May 2013	1.20	1.20	1,200	1,200	4.00	5 years	15 May 2018
2/2013	15 May 2013	0.50	0.50	500	500	4.30	7 years	15 May 2020
3/2013	12 September 2013	0.30	0.30	300	300	4.73	5 years	12 September 2018

		<u>Outstanding balance as at 31 December</u>						
<u>No.</u>	<u>Issued date</u>	<u>No. of debentures</u>		<u>Amount</u>		<u>Coupon</u>	<u>Tenure</u>	<u>Maturity date</u>
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>rate</u>		
		(Million units)		(Million Baht)		(% p.a.)		
4/2013	8 October 2013	-	0.44	-	440	4.49	3 years 11 month 12 days	20 September 2017
5/2013	18 October 2013	0.62	0.62	620	620	4.85	6 years	18 October 2019
1/2014	17 January 2014	-	1.00	-	1,000	3.89	3 years	17 January 2017
1/2014	17 January 2014	0.60	0.60	600	600	4.71	5 years	17 January 2019
2/2014	18 July 2014	-	1.15	-	1,150	3.82	3 years	18 July 2017
2/2014	18 July 2014	0.80	0.80	800	800	4.80	7 years	18 July 2021
3/2014	21 July 2014	-	0.53	-	530	3.82	3 years 4 days	25 July 2017
1/2015	19 January 2015	1.55	1.55	1,550	1,550	3.08	3 years	19 January 2018
2/2015	15 May 2015	1.00	1.00	1,000	1,000	2.91	4 years	15 May 2019
2/2015	15 May 2015	1.00	1.00	1,000	1,000	3.69	7 years	15 May 2022
3/2015	14 August 2015	0.70	0.70	700	700	2.44	3 years	14 August 2018
3/2015	14 August 2015	0.60	0.60	600	600	3.22	5 years	14 August 2020
3/2015	14 August 2015	0.70	0.70	700	700	4.03	8 years	14 August 2023
1/2016	18 May 2016	0.10	0.10	100	100	2.29	4 years	18 May 2020
1/2016	18 May 2016	2.30	2.30	2,300	2,300	3.35	7 years	18 May 2023
		13.32	17.34	13,320	17,340			

22.1 The outstanding balance of the debentures

			(Unit: Thousand Baht)	
			Consolidated financial statements/ Separate financial statements	
			<u>2017</u>	<u>2016</u>
Debentures			13,320,000	17,340,000
Less: Current portion			(4,100,000)	(4,020,000)
Debentures - net of current portion			<u>9,220,000</u>	<u>13,320,000</u>

22.2 Movements of debentures

			(Unit: Thousand Baht)	
			Consolidated financial statements/ Separate financial statements	
			<u>2017</u>	<u>2016</u>
Balance - beginning of year			17,340,000	18,190,000
Add: Issuances of debentures during the year			-	2,400,000
Less: Redemptions during the year			(4,020,000)	(3,250,000)
Balance - end of year			<u>13,320,000</u>	<u>17,340,000</u>

23. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Defined benefit obligation at beginning of year	41,998	32,205	27,152	25,300
Included in profit or loss:				
Current service cost	7,318	7,001	4,070	4,085
Interest cost	868	716	509	433
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(1,143)	(2)	(808)	96
Financial assumptions changes	(1,607)	4,074	(694)	1,884
Experience adjustments	(7,754)	(238)	(4,552)	533
Transfer to subsidiaries during the year	-	-	-	(3,421)
Benefits paid during the year	(114)	(1,758)	(57)	(1,758)
Defined benefit obligation at end of year	<u>39,566</u>	<u>41,998</u>	<u>25,620</u>	<u>27,152</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Administrative expenses	8,186	7,717	4,579	4,518

As at 31 December 2017, the Company and its subsidiary have cumulative actuarial losses, which were recognised in other comprehensive income of the Company and its subsidiary, amounted to Baht 10.5 million (2016: actuarial gains amounted to Baht 3.8 million) (the Company only: actuarial losses amounted to Baht 6.1 million, 2016: actuarial losses amounted to Baht 2.5 million). The weighted average duration of the liabilities for long-term employee benefit is 8.4 - 15.6 years (2016: 9.6 - 16.8 years) (Separate financial statements: 8.4 years, 2016: 9.6 years).

The Company and its subsidiaries expect to pay long-term employee benefits during the next year to Baht 0.7 million (2016: Baht 0.7 million) (Separate financial statements: Baht 0.6 million, 2016: Baht 0.7 million).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.13 - 2.76	1.83 - 2.45	2.13	1.83
Future salary increase rate	3.0 - 5.0	3.0 - 5.0	3.0 - 5.0	3.0 - 5.0
Staff turnover rate (depending on age)				
- Head office	0.0 - 27.0	0.0 - 15.0	0.0 - 22.0	0.0 - 12.0
- Sites	0.0 - 64.0	25.0 - 55.0	0.0 - 64.0	25.0 - 55.0

As at 31 December 2017, the result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation are summarised below:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(4)	4	(2)	2
Future salary increase rate	4	(3)	2	(2)
Staff turnover rate (depending on age)	(4)	2	(2)	1

24. Registered share capital

On 23 December 2016, the Extraordinary General Meeting of Shareholders No. 1/2016 passed the following resolutions:

- Approved the reduction of registered capital from Baht 1,115.9 million to Baht 1,099.1 million by cancelling 16.8 million unissued ordinary shares at a par value of Baht 1 per share, totaling Baht 16.8 million.
- Approved the increase of registered capital from Baht 1,099.1 million to Baht 1,834.1 million by issuing ordinary shares totaling 735.0 million shares at a par value of Baht 1 per share. The newly issued shares will be allotted for serve the subscription of the newly issued ordinary shares by Frasers Property Holdings (Thailand) Company Limited, a subsidiary of Frasers Centrepoint Limited which is a company listed on the Singapore Exchange Securities.

- c) Approved the offering and allotment of the newly issued ordinary shares of no more than 735.0 million shares, with a par value of Baht 1 per share to be allotted to Frasers Property Holdings (Thailand) Company Limited ("FPHT") under a private placement scheme, at the offering price of Baht 18 per share, in the total sum of no more than Baht 13,230.0 million, representing approximately 40 percent of total register capital of the Company after the capital increase.

The Company registered the change of its registered share capital as discussed in a) and b) with the Ministry of Commerce on 28 December 2016.

On 16 January 2017, the Company received payment of share subscription from allotment of 735.0 million shares at a price of Baht 18 per share, or a total of Baht 13,230.0 million, from Frasers Property Holdings (Thailand) Company Limited. The Company registered the increase in paid-up capital from Baht 1,099.1 million to Baht 1,834.1 million with the Ministry of Commerce on 16 January 2017.

On 24 April 2017, the 2017 Annual General Meeting of Shareholders approved the increase of registered capital under a General Mandate from Baht 1,834.1 million to Baht 2,751.2 million by issuing 917.1 million newly issued ordinary shares at a par value of Baht 1 per share. The Company registered the change of its registered share capital with the Ministry of Commerce on 15 May 2017.

Reconciliation of number of registered ordinary shares and issued and paid up shares during the year 2017 are summarised below.

	Number of registered shares	Number of issued and paid up shares
	(Shares)	(Shares)
The balance as at 31 December 2016	1,834,142,375	1,099,142,375
The increase during the year	917,071,187	735,000,000
The balance as at 31 December 2017	2,751,213,562	1,834,142,375

25. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered share capital. The statutory reserve is not available for dividend distribution.

26. Sales and cost of sales of properties

The details of sales and cost of sales of properties are as follows:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Sales of properties				
Land and building sales	194	251	166	41
Cost of sales of properties				
Land and building sales	77	160	74	28

27. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salaries and wages and other employee benefits	264,816	236,972	157,200	139,426
Depreciation and amortisation	530,674	436,122	108,956	98,537
Repair and maintenance	67,507	56,184	17,371	18,357
Rental expense from operating lease agreements	76,104	70,344	31,736	35,395

28. Income tax

28.1 Income tax expense (benefit)

Income tax expense (benefit) for the years ended 31 December 2017 and 2016 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Current income tax charge	13,279	14,271	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(18,324)	92,049	(43,664)	18,260
Income tax expense (benefit) reported in income statement	(5,045)	106,320	(43,664)	18,260

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax on actuarial gain	(2,101)	767	(1,211)	503

The reconciliation between accounting profit (loss) and income tax expense (benefit) is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit (loss) before income tax	477,356	384,420	2,903,612	(203,277)
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	95,471	76,884	580,722	-
Effects of:				
Promotional privileges	(466)	-	(466)	-
Dividend income from subsidiary and associates	-	-	(456,604)	(55,329)
Non-deductible expenses and income	95,286	29,436	28,020	73,589
Additional expense deductions allowed	(195,336)	-	(195,336)	-
Total	(100,516)	29,436	(624,386)	18,260
Income tax expenses (benefit) reported in income statement	(5,045)	106,320	(43,664)	18,260

28.2 Deferred tax assets and deferred tax liabilities

As of 31 December 2017 and 2016, the components of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
Deferred tax assets				
Unrealised gains on sales of properties to associates	182,200	184,645	-	-
Provision for long-term employee benefits	7,913	8,400	5,124	5,431
Allowance for doubtful accounts	4,125	3,943	2,526	2,377
Provisions	3,894	4,548	1,813	2,091
Customer deposits	23,115	18,984	7,582	6,557
Write-off property and plant	1,553	1,682	245	245
Cost of sales of properties	25,051	22,163	520	539
Allowance for impairment loss on investment properties	510	-	510	-
Allowance for impairment loss on investments in subsidiary	2,713	-	2,713	-
Unused tax losses	45,099	-	45,099	-
Total	296,173	244,365	66,132	17,240
Deferred tax liabilities				
Operating leases receivables	10,887	9,561	1,700	2,244
Finance leases receivables	8,143	-	-	-
Building sales by finance lease	276,906	275,233	193,109	195,629
Change in accounting estimates with respect to the useful lives of assets	46,998	22,556	19,787	10,284
Total	342,934	307,350	214,596	208,157
Deferred tax assets (liabilities)	(46,761)	(62,985)	(148,464)	(190,917)

As at 31 December 2017, the subsidiary has the unused taxable losses amounting to Baht 105 million, on which deferred tax assets have not been recognised. The subsidiary considers that the future taxable profits on the non-granted promotional privileges transactions may not be sufficient to allow utilisation of the unused taxable losses. In addition, the unused tax losses will expire by 2022.

As at 31 December 2016, the Company has the unused taxable losses amounting to Baht 832 million, on which deferred tax assets have not been recognised. The Company considers that the future taxable profits on the non-granted promotional privileges transactions may not be sufficient to allow utilisation of the unused taxable losses. In addition, the unused tax losses will expire by 2021.

29. Promotional privileges

The Company and its two subsidiaries have been granted promotional privileges under the provisions of the Industrial Investment Promotion Act with respect to building development for factories and/or warehouses for 42 projects of the Company and 12 projects of its subsidiaries. Such promotional privileges included an exemption of corporate income tax for a period of 3 years to 8 years and a 50% reduction of corporate income tax for a period of 5 years after promotional period ends for 13 projects of the Company and 3 projects of its subsidiaries.

The Company and its subsidiaries' operating revenues for the years ended 31 December 2017 and 2016, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted		Non-promoted		Total	
	2017	2016	2017	2016	2017	2016
Rental and service income	456,188	458,450	916,415	713,669	1,372,603	1,172,119
Revenues from services	-	-	80,883	46,586	80,883	46,586
Sales of properties	-	25	194,358	250,651	194,358	250,676
Utility income	-	-	36,594	32,307	36,594	32,306
Management fee income						
from associates	-	-	239,153	201,121	239,153	201,121
Gains on sale of investments						
in associates	-	-	5,029	103,623	5,029	103,623
Interest income	-	-	103,246	6,766	103,246	6,079
Insurance claim	-	-	1,376	636	1,376	636
Other income	-	-	53,598	58,673	53,598	59,361
Total	<u>456,188</u>	<u>458,475</u>	<u>1,630,652</u>	<u>1,414,032</u>	<u>2,086,840</u>	<u>1,872,507</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted		Non-promoted		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Rental and service income	76,352	58,366	280,703	276,513	357,055	334,879
Revenues from service	-	-	23,349	30,743	23,349	30,743
Sales of properties	-	-	166,358	40,747	166,358	40,747
Utility income	-	-	7,120	7,893	7,120	7,893
Dividend income from subsidiary	-	-	2,090,800	6,000	2,090,800	6,000
Dividend income from associates	-	-	681,840	323,867	681,840	323,867
Management fee income from associates	-	-	140,320	114,962	140,320	114,962
Gains on sale of investments in associates	-	-	6,408	48,680	6,408	48,680
Interest income	-	-	504,082	23,799	504,082	23,799
Insurance claim	-	-	155	367	155	367
Other income	-	-	56,098	52,751	56,098	52,751
Total	<u>76,352</u>	<u>58,366</u>	<u>3,957,233</u>	<u>926,322</u>	<u>4,033,585</u>	<u>984,688</u>

30. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share:

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Profit attributable to equity holders of the Company	<u>480,006</u>	<u>275,025</u>	<u>1,803,937</u>	<u>1,099,142</u>	<u>0.27</u>	<u>0.25</u>

	Separate financial statements					
	Profit (loss) for the year		Weighted average number of ordinary shares		Earnings (loss) per share	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Profit (loss) attributable to equity holders of the Company	<u>2,947,591</u>	<u>(221,537)</u>	<u>1,803,937</u>	<u>1,099,142</u>	<u>1.63</u>	<u>(0.20)</u>

31. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as Managing Director.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have four reportable segments as follows:

- The development of investment properties - factories
- The development of investment properties - warehouses
- The provision of service
- The management fee

No operating segments have been aggregated to form the above reportable operating.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2017 and 2016, respectively.

(Unit: Million Baht)

For the year ended 31 December 2017	The development of investment properties - factories	The development of investment properties - warehouses	The provision of service	The manage- ment fee	Others	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	590	1,018	81	243	61	1,993	(9)	1,984
Interest revenue	504	26	-	-	4	534	(431)	103
Interest expense	(582)	(416)	-	-	-	(998)	427	(571)
Depreciation and amortisation	(41)	(272)	-	-	-	(313)	3	(310)
Interest in the profit or loss of associates and joint ventures accounted for by the equity method	173	149	-	-	2	324	-	324
Income tax benefit (expense)	45	(20)	-	(20)	-	5	-	5
Segment profit (loss)	280	1	(2)	109	61	449	33	482

(Unit: Million Baht)

For the year ended 31 December 2017	The development of investment properties - factories	The development of investment properties - warehouses	The provision of service	The manage- ment fee	Others	Total reportable segments	Adjustments and eliminations	Consolidated
Segment total assets	24,750	28,302	-	-	-	53,052	(12,245)	40,807
Investment in associates and joint ventures accounted for by the equity method	873	2,584	-	-	392	3,849	-	3,849
Additions to non-current assets other than financial instruments and deferred tax assets	35	1,249	-	-	-	1,284	-	1,284

(Unit: Million Baht)

For the year ended 31 December 2016	The development of investment properties - factories	The development of investment properties - warehouses	The provision of service	The manage- ment fee	Others	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	413	1,047	47	201	163	1,871	(5)	1,866
Interest revenue	24	1	-	-	1	26	(19)	7
Interest expense	(775)	(48)	-	-	-	(823)	16	(807)
Depreciation and amortisation	(37)	(219)	-	-	-	(256)	3	(253)
Interest in the profit or loss of associates and joint ventures accounted for by the equity method	381	164	-	-	2	547	-	547
Income tax expense	(51)	(39)	(16)	-	-	(106)	-	(106)
Segment profit (loss)	(328)	359	(14)	95	161	273	5	278
Segment total assets	10,196	26,327	-	-	-	36,523	(426)	36,097
Investment in associates and joint ventures accounted for by the equity method	1,285	1,205	-	-	430	2,920	-	2,920
Additions to non-current assets other than financial instruments and deferred tax assets	130	1,759	-	-	-	1,889	-	1,889

Geographic information

The Company and its subsidiaries operate their business in Thailand only. As a result, all of revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segments.

Major customers

For the year 2017, the Company and its subsidiaries have revenue from one major customer in the amount of Baht 270 million, arising from the development of investment properties-factories and the development of investment properties-warehouses (2016: Baht 196 million derived from one major customer, arising from the development of investment properties-factories and the development of investment properties-warehouses).

32. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is contributed by both employees and the Company and its subsidiaries at the rates of 2-4% of wages. The fund was managed by Bank of Ayudhya Public Company Limited. During the year 2017, the Company and its subsidiaries contributed Baht 5 million (2016: Baht 4 million) to the fund.

33. Dividends paid

Dividends for the years ended 31 December 2017 and 2016 consist of the following:

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend from the operating results of the year 2016	Annual General Meeting of the shareholders on 24 April 2017	146,731	0.08
Dividend from the operating results of the year 2015	Annual General Meeting of the shareholders on 26 April 2016	549,542	0.50

34. Commitments and contingent liabilities**34.1 Long-term lease agreements**

- a) The Company and its subsidiaries have commitments in respect of six contracts made with "Industrial Estate Authority of Thailand" to rent land for the construction of standard factories for rent. These lease agreements are summarised as follows:

Contract No.	Contract period	Fees	
21/2538-Nor Chor	13 December 1995 - 12 December 2025	Baht 4.70 million per annum	(a)
14/2540-Nor Chor	14 November 1997 - 13 November 2027	Baht 0.66 million per annum	(a)
8/2542-Nor Chor	18 August 1999 - 17 August 2029	Baht 2.21 million per annum	(a)
9/2544-Nor Chor	6 June 2001 - 31 December 2018	Baht 5.59 million per annum	(b)
Nor Chor.Kor002/2548	25 January 2005 - 31 December 2018	Baht 0.75 million per annum	(b)
Nor Chor. 005/2549	25 April 2006 - 31 December 2018	Baht 2.08 million per annum	(b)

(a) The fee will be raised every ten years, at the rate of not more than 10% of the previous fee

(b) The fee will be raised every five years, at the rate of not more than 10% of the previous fee

- b) The Company has commitments in respect of office rental and related service agreements made with a related company, with rental and service fees charged at a rate of Baht 17 million per annum. These lease agreements cover a 3-years period, as from July 2015 to June 2018.

The Company and its subsidiaries have future minimum lease payments required under these operating leases contracts as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Payable:				
In up to 1 year	29	37	17	21
In over 1 and up to 5 years	37	56	37	45
In over 5 years	31	40	31	40

34.2 Capital commitments

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Agreements with contractors	94	721	28	16
Agreements for consulting	34	37	-	-
Total	<u>128</u>	<u>758</u>	<u>28</u>	<u>16</u>

34.3 Bank guarantees

There were outstanding bank guarantees issued by the bank on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the business of the Company are categorised by purpose as follows:

Purpose of Guarantees	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Long-term land lease agreements	35	35	23	23
Utilities for construction projects	19	19	5	5
Operation for construction projects of buildings	-	2	-	-
Total	<u>54</u>	<u>56</u>	<u>28</u>	<u>28</u>

34.4 Servitude over properties

As at 31 December 2017, the Company and its subsidiary have servitude over land of approximately 315 rai (2016: 312 rai) (The company only: 71 rai, 2016: 73 rai) of which the net book value is Baht 624 million (2016: Baht 505 million) (The company only: Baht 156 million, 2016: Baht 161 million) and is presented under the caption of investment properties for rent and property, plant and equipment.

34.5 Undertaking

The Company has issued a letter of undertaking to a financial institution with respect to the indebtedness of the subsidiary of PT SLP Surya TICON Internusa of 25%, which is the proportion of the Company's indirect shareholding in this subsidiary. The undertaking is effective from 29 October 2015 to 29 October 2021.

35. Financial instruments

35.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivable, unbilled operating leases receivables, loans to, investments, short-term loans, long-term loans and debentures. The financial risk associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily from trade with counterparties involving the rental/sale of factories, warehouses and service. However, due to the large number and diversity of entities comprising the customer base, and their business conduct policy, the Company and its subsidiaries do not anticipate material losses from its debts collection. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statements of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, short-term loans, long-term borrowings and debentures. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed rates which are close to the market rate.

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

Consolidated financial statements as at 31 December 2017

	Fixed interest rates					Total	Average interest rate
	Within	Over	Over	Floating	Non- interest		
	1 year	1-5 years	5 years	interest rate	bearing		
	(Million Baht)						(% p.a.)
Financial assets							
Cash and cash equivalent	1,360	-	-	157	1	1,518	0.51, 1.23
Current investments	1,102	-	-	-	-	1,102	1.43, 1.55
Trade and other receivables	-	-	-	-	724	724	-
Short-term loans to related companies	145	-	-	-	-	145	10.00
Unbilled operating leases receivables	-	-	-	-	145	145	-
Finance lease receivables	16	71	224	-	-	311	7.00 - 7.20
	2,623	71	224	157	870	3,945	
Financial liabilities							
Trade and other payables	-	-	-	-	332	332	-
Debentures	4,100	6,220	3,000	-	-	13,320	3.82
	4,100	6,220	3,000	-	332	13,652	

Consolidated financial statements as at 31 December 2016

	Fixed interest rates					Total	Average interest rate (% p.a.)
	Within 1 year	Over 1-5 years	Over 5 years	Floating interest rate	Non-interest bearing		
	(Million Baht)						
Financial assets							
Cash and cash equivalent	-	-	-	283	1	284	0.38
Current investments	22	-	-	-	-	22	1.55
Trade and other receivables	-	-	-	-	138	138	-
Short-term loans to related companies	108	-	-	-	-	108	10.00
Unbilled operating leases receivables	-	-	-	-	121	121	-
	130	-	-	283	260	673	
Financial liabilities							
Short-term loans	2,026	-	-	-	-	2,026	1.82
Short-term loans from related party	1,060	-	-	-	-	1,060	2.48
Trade and other payables	-	-	-	-	493	493	-
Debentures	4,020	8,320	5,000	-	-	17,340	3.89
Long-term loans from related party	291	493	-	-	-	784	3.99
Long-term loans	254	778	-	-	-	1,032	4.32
	7,651	9,591	5,000	-	493	22,735	

Separate financial statements as at 31 December 2017

Separate financial statements as at 31 December 2017							
	Fixed interest rates						
	Within 1 year	Over 1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Average interest rate
							(% p.a.)
	(Million Baht)						
Financial assets							
Cash and cash equivalent	1,361	-	-	35	-	1,396	0.51, 1.23
Current investments	1,080	-	-	-	-	1,080	1.43
Trade and other receivables	-	-	-	-	641	641	-
Unbilled operating leases receivables	-	-	-	-	8	8	-
	2,441	-	-	35	649	3,125	
Financial liabilities							
Trade and other payables	-	-	-	-	234	234	-
Debentures	4,100	6,220	3,000	-	-	13,320	3.82
	4,100	6,220	3,000	-	234	13,554	

Separate financial statements as at 31 December 2016

Separate financial statements as at 31 December 2019

	Fixed interest rates						
	Within 1 year	Over 1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Average interest rate
	(Million Baht)						(% p.a.)
Financial assets							
Cash and cash equivalent	-	-	-	214	-	214	0.38
Trade and other receivables	-	-	-	-	129	129	-
Unbilled operating leases receivables	-	-	-	-	10	10	-
	-	-	-	214	139	353	
Financial liabilities							
Short-term loans	2,026	-	-	-	-	2,026	1.82
Short-term loans from related party	1,060	-	-	-	-	1,060	2.48
Trade and other payables	-	-	-	-	256	256	-
Debentures	4,020	8,320	5,000	-	-	17,340	3.89
Long-term loans	254	438	-	-	-	692	4.38
	7,360	8,758	5,000	-	256	21,374	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from purchasing transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when it considers appropriate.

As at 31 December 2017 and 2016, the Company has no balances of financial assets or liabilities denominated in foreign currencies.

35.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial assets and liabilities are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The carrying value and fair value of fixed rate long-term financial liabilities as at 31 December 2017 and 2016 are presented below.

(Unit: Million Baht)

	Consolidated/Separate financial statements as at 31 December			
	2017		2016	
	Carrying value	Fair value	Carrying value	Fair value
Debentures	13,320	13,709	17,340	17,772

The methods and assumptions used by the Company in estimating the fair value of debentures are based on the latest yield rated quoted by the Thai Bond Market Association as of the date of the statement of financial position or the discounted cash flow method. The discount rate is based on the prevailing rates of return as of the end of reporting period for debentures having substantially the same terms and characteristics. During the current year, there were no transfers within the fair value hierarchy.

36. Fair value hierarchy

As at 31 December 2017, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment in associates	5,936	-	-	5,936
Investment properties	-	-	41,709	41,709
Liabilities for which fair value are disclosed				
Debentures	-	13,709	-	13,709

(Unit: Million Baht)

	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment in associates	216	-	-	216
Investment properties	-	-	11,509	11,509
Liabilities for which fair value are disclosed				
Debentures	-	13,709	-	13,709

37. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.6:1 (2016: 2.2:1) and the Company's was 0.5:1 (2016: 2.0:1).

38. Events after the reporting period

38.1 On 9 February 2018, the meeting of the Board of Directors of Rojana Industrial Park Public Company Limited ("Rojana"), a major shareholder of the Company, passed a resolution approving the sale of 478.7 million shares of the Company (representing approximately 26.10% of its total issued and sold shares) to Frasers Assets Co., Ltd. at a selling price of Baht 17.90 per share. The sale transaction is subject to the approval of the meeting of the shareholders of Rojana.

38.2 On 19 February 2018, the meeting of the Board of Director passed the following resolutions:

- a) Approved the allotment of 2017 net profit of the Company for dividend payment at Baht 0.10 per share. The payment will be made on 12 April 2018.
- b) Approved the extension of the period for the allocation of newly-issued ordinary shares of the Company of 917.1 million shares under the General Mandate which was approved by 2017 Annual General Meeting of Shareholders and will end at 2018 Annual General Meeting of Shareholders date. The allocation conditions shall be the same as approved by the 2017 Annual General Meeting of Shareholders and the Company shall complete the allocation of the newly-issued shares within the date of the 2019 Annual General Meeting of Shareholders.
- c) Approved the amendment to Articles of Associations regarding the change in accounting fiscal year from starting 1 January and ending 31 December of each year to starting 1 October and ending 30 September of each year.
- d) Approved the issuance of debentures of not exceeding Baht 5,000 million to institutional and high net worth investors tentatively in mid of March 2018.
- e) Approved the increase of registered capital of TICON International Pte. Ltd. up to SGD 25 million.
- f) Approved the pledging of 12.84 million units of TICON Freehold and Leasehold Real Estate Investment Trust as collateral for short-term loans with a bank.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 19 February 2018.

CERTIFICATION OF THE ACCURACY OF AUDITOR'S REMUNERATION DETAILS FOR THE FISCAL YEAR ENDED 31 DECEMBER 2017

Audit fee

No.	Company's name	Auditor's name	Audit fee (Baht)
1	TICON Industrial Connection Public Company	Ms. Rosaporn Decharkom	1,050,000
2	TICON Logistics Park Company Limited	Ms. Rosaporn Decharkom	1,194,000
3	ECO Industrial Services Company Limited	Ms. Rosaporn Decharkom	386,000
4	TICON Management Company Limited	Mr. Chayapol Suppasedtanon	310,000
Total Audit fee			2,940,000

Non-audit Fee

No.	Company's name	Non-audit service	Service provider	Non-audit fee (Baht)	
				Amount paid in the year	Amount to be paid later
1	TICON Industrial Connection Public Company	HK- Certificate of Resident Status Advice	EY Corporate Services Limited	577,800	-
2	TICON Industrial Connection Public Company	EXPAT Advisory	EY Corporate Services Limited	144,450	-
3	TICON Industrial Connection Public Company	Immigration service	EY Corporate Services Limited	78,238	-
Total Non-audit fee				800,488	-

The foregoing information:

- ☒ is complete and accurate, and I certify that to the best of my knowledge there is no other remuneration paid by the Company to me and related persons and to the company I work for and its related persons.
- ☐ is not complete and not accurate in respect of

After making any necessary adjustments to the information contained in this form, I hereby certify that such information presents complete and accurate details of all Audit fees and Non-audit fees paid by the Company to me and the audit firm that I work for.

Rosaporn

(Ms. Rosaporn Decharkom)

EY Office Limited

Auditor of TICON Industrial Connection Public Company Limited

REINFORCING LEADERSHIP

IN INDUSTRIAL PROPERTY DEVELOPMENT

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