

Annual Report

**2018**




**THE  
LEADING PROVIDER OF  
SMART INDUSTRIAL  
PLATFORM**







The Leading Provider  
of Smart Industrial  
Platform

A stylized graphic of a circuit board with various lines and components, rendered in white against the blue background, located at the bottom of the page.

TICON Industrial Connection Public Company Limited  
[www.ticon.co.th](http://www.ticon.co.th)





The Leading Provider of Smart Industrial Platform



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## Message from the Chairman of the Board



Year 2018 is the first year that TICON Industrial Connection Public Company Limited changed its fiscal period from 1<sup>st</sup> January – 31<sup>th</sup> December to 1<sup>st</sup> October – 30<sup>th</sup> September. In effect, the fiscal year 2018 will only account for a nine-month period starting from 1<sup>st</sup> January 2018 to 30<sup>th</sup> September 2018. Underlying the foregoing change, performance of this year has been outstanding in terms of core business growth, portfolio expansion into new investment, organization re-structuring and operating alignment with total dimension strategy to drive for a sustainable growth in the long-run.

With reference to operating metrics over the year, TICON has completed transferring “**Built-to-Suit**” warehouses to new clients with total area approximately 70,000 sqm; and successfully embarked on an “**Asset Enhancement Initiative**” plan to effectively addressing clients’ demand and improving efficiency of factory and warehouse utilization, thereby resulting in higher take-up rates for overall asset portfolio. Moreover, by the end of the year, TICON has sold assets to TREIT with the amount equal to Baht 1,693 million., which helps increase TICON revenue stream and at the same time enhances return of TREIT as well. For international investment in ASEAN countries in 2018, TICON joint venture company in Indonesia has invested in Ready-Built warehouse for 10,000 sqm. and Built-to-Suit warehouse for 40,000 sqm.; where occupancy rate in the market has been almost as high as 100%. Based on these achievements in core business performance both domestic and abroad, TICON’s

revenue over a 9-month period in 2018 totaled at Baht 3,817 million, with a reported net profit of THB 668 million; reflecting a strong growth from the previous 12-month period of 2017 by 83% and 38% respectively.

In an attempt to expand business portfolio for a long term sustainable growth, TICON has been well-supported by “**Fraser Property Group**”, currently the Company’s major shareholder, in soliciting potential business partner to form joint investments into new businesses; comprising development of hyperscale “**Data Centre**” facility to providing shared rental space for organization’s storage of business information; and provision of “**Co-Working Space**” to provide rental service for a shared workplace fully equipped with high quality amenities. The new ventures will enhance TICON’s value proposition on top of warehouse and factory for rent business in order to meet the dynamics of customer’s requirement. Data Centre business is the joint venture between TICON and “**ST Telemedia Global Data Center (STT GDC)**”, the world’s leading Data Centre provider from Singapore with an investment proportion of 51% to 49%. This joint venture aims to build the first large-scale Data Centre, situated strategically in the midst of Bangkok metropolitan to cater for demand of large enterprises domestically and internationally. While Co-Working Space business is a joint venture between TICON and “**JustCo**”, ASEAN’s largest Co-Working Space provider from Singapore with an investment proportion of 51% to 49%. Currently the joint venture company has opened its first Co-Working



# The Company is steering its roadmap to become the country's leading provider of **“Smart Industrial Platform”** with **“Total Dimension”** strategy execution to enhance competitiveness

Space at AIA Sathon Tower, and its second location at Capital Tower All Season Place with plans for continuous expansion in high-profile central business areas.

The business growth in 2018 has been positive with key driving forces partly from the recovery of domestic economy, while many government infrastructure investments in the country have been satisfactorily progressed in the past year with continued massive funding over the next 3-5 years. Moreover, **“Eastern Economic Corridor (EEC)”** project has become more concrete with government incentivized benefit scheme to draw foreign direct investment (FDI) and greater business expansion to the country, alongside Thailand 4.0 economic model that serves as a catalyst for accelerating an economic growth by fostering the new era of digitization across key industrial sectors, leading to growing demand for factory and warehouse spaces together with data center service and co-working facility.

In order to tap on widening opportunities and cope with changes of digital disruption, TICON has planned to enhance its business potential by acquiring good quality assets and land plots in strategic locations, as well as making series of investments in new technology businesses to ride out the global trends. The Company is steering its roadmap to become the country's leading provider of **“Smart Industrial Platform”** with **“Total Dimension Strategy”** execution to enhance competitiveness, by focusing on customer needs, optimizing facilities and services to address changing preferences, utilizing innovation, as well as adopting best practices in operating and financing procedures, and maintaining a healthy balance of revenue stream between recurring income from rent services and

asset monetization to TREIT. Equally important, the Company continues to develop a robust management framework with adequate internal control system and adherence to good corporate governance principle, taking into consideration the environmental conservation, society well-being, and all stakeholders' fair treatment.

TICON's Board of Directors and I would like to applaud our management team and our employees for their professionalism and unity which brought TICON to an exceptional achievement in 2018, as evident from a record-high of dividend to shareholders at 0.27 THB per share, equivalent to a payout ratio of 74.2% from 2018 net profit. As the organization evolves towards a clearly defined direction, all personnel are committed to deliverables and fully supportive to business innovation and strategic transformation in tandem with the dynamic of global technology. With the foregoing developments, I believe that TICON will continue to grow in the future with stability and sustainability.

Lastly TICON's Board of Directors and I would like to express thankfulness to our shareholders, our businesses alliances, as well as TREIT shareholders for having trust and giving a continuous support to TICON business for all this time.



**Mr. Chainoi Puankosoom**  
Chairman of the Board

## Report of the Audit Committee



To Shareholders of TICON Industrial Connection Public Company Limited

The Audit Committee of TICON Industrial Connection Public Company Limited which was appointed by the Company's Board of Directors consisting of independent directors who are well-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 performed its duties in accordance with the Charter of the Audit Committee, according to the requirements of the Stock Exchange of Thailand, with an emphasis on complying to the principles of good corporate governance, having a good internal control system and promoting for a preventive inspection approach which covers risk management and protection of all stakeholders' interests on an equal basis. In 2018, the Company has changed its fiscal year end by September 30 to be consistent with the Group's business. Therefore, the Company's new accounting period for this year covers a period of 9 months for the first time starting from 1 January

2018, ending September 30, 2018. In this year, the Audit Committee had a total of 6 Audit Committee meetings attended by the Audit Committee as follows:

Committee Name	Position	Attendance / Total meetings
Mr. Threekwan Bunnag	Chairman of the Audit Committee	6/6
Mr. Chainoi Puankosoom	Audit Committee	6/6
Mr. Chatchaval Jiaravanon	Audit Committee	4/6
Mr. Tithiphan Chuerboonchai	Audit Committee	6/6

The aforementioned meeting was a mutual discussion between the management, internal audit and external auditor to present information, listen to opinions and useful suggestions to review the adequacy and effectiveness of internal control system, reliability of financial reports, compliance with laws and regulations related to the Company's operations, as well as reviewing the related transactions or transactions that may have conflict of interest. This includes meeting with an auditor without the management of the Company one time to ensure that the auditor has freedom to determine the scope of annual audit framework without guidance from the management. Summary of performance in the year 2018 was as follows:



## 1) Review of Financial Reports

The Audit Committee reviewed the important information of the Company's quarterly and annual financial statements as of September 30, 2018 and its subsidiaries, which have been reviewed and audited by the auditors of the Company together with the management, internal audit and external auditor. The scope of review includes issues related to important accounting policies and principles, changes over the past year, potential future impact, material extraordinary transaction, comments by auditor and internal control. The committee has the opinion that the Company's financial statements for the year ended 30 September 2018 have been presented in a fair and reasonable manner, in accordance with generally accepted accounting principles. Appropriate accounting policies are applied consistently with adequate disclosure in compliance to the laws and relevant regulations.

## 2) Review of Adequacy of Internal Control System

The Audit Committee reviewed the results of internal control system of the Company on a quarterly basis, including review of the adequacy of internal control system according to the evaluation framework by the Securities and Exchange Commission (SEC) as an assessment guideline. The committee has the opinion that the internal control system of the Company is appropriate and effective enough to conduct business transparently.

## 3) Review of Compliance

The Audit Committee has reviewed and supervised the Company, and its affiliates to comply with all applicable laws, regulations, policies; and operate all kind of activities legally under the Securities and Exchange Acts regulated by the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and other applicable laws relating to the business of the Company. There was no indication to believe that the Company had deficiencies related to non-compliance and / or malpractices contrary to or inconsistent with the regulations, rules and laws.

## 4) Nomination of the Auditor for 2018

The Audit Committee reviewed the audit service proposal from three audit firms, considering appropriateness of the qualification, independency, and reasonableness of the compensation for proposing to the Board of Directors, and obtaining approval from the shareholders' meeting resolution to appoint KPMG Phoomchai Audit Limited as an auditor of the Company with Ms. Patamawan Wattanakul, CPA License No. 9832 or Ms. Nittaya Chetchotiros, CPA License No. 4439, or Miss.Sureerat Thong-arunsang, CPA License No. 4409 or Miss Kanokorn Puriphanvanich, CPA License No. 10512 as the auditors to certify the Company's financial report of the year 2018.

## 5) Review Related Transactions or Transactions with Possible Conflicts of Interest

The Audit Committee has reviewed the related transactions or the transactions that may lead to conflicts of interest which must comply to the laws and regulations of the Stock Exchange of Thailand regarding disclosure of information and practice of listed companies in related transactions that may cause conflicts of interest. The Audit Committee has the opinion that related transactions were made on an arm's length basis without any conflict of interest in a fair and reasonable manner. No irregularity was found, and information was adequately disclosed.

## 6) Review and Monitor the Performance of Internal Audit

The Audit Committee has performed its duties as stated in the Audit Committee Charter by reviewing that the Company has appropriate internal control system to govern an effective internal audit operation in accordance with international standards and procedures. The Audit Committee shall consider and approve audit plan of the internal audit for the year 2018 which was prepared in accordance with the results of the corporate risk assessment, inclusive of determining the importance of each

system to meet business goals of the organization under changing circumstances, reviewing internal control system for independency and scope of operation, along with executing according to the recommendations in the quarterly internal control assessment report, as well as providing recommendations to the Internal Audit Department to achieve the goals set by the audit plan assigned by the Audit Committee.

The Audit Committee approved the Internal Audit Department to purchase and install a robust audit program to use in internal audit work, including both internal audit management and data analytics program to uplift the audit performance of the company effectively in compliance with international standard with capability to accommodate for large and complex data.

The Audit Committee reviewed the audit results of the internal control system according to the annual audit plan, including the procurement system, property investment management system and information technology to provide the Company with the work process, control, and supervision of information technology, security of data and communication network to be effective and consistent with international standard. The committee approved to engage the specialized IT auditors from overseas to participate in the audit of the Company's information technology system for further improvement to meet international standard.

The Audit Committee is responsible for evaluating the performance of the Chief Internal Audit and overall Internal Audit Department in the year 2018, approving the appointment, transferring and allocating manpower of the Internal Audit Department as deemed suitable, along with supporting competency development and advancement of internal audit profession.

## 7) The Audit Committee's Performance Reports to the Board of Directors.

The Audit Committee has reported its performance together with the review of the financial statements presented to the Board of Directors at least once a quarter, as well as preparing the Audit Committee's report to be disclosed in the Annual Report for the year 2018 in accordance with the regulations of the Stock Exchange of Thailand. If there are any

suspicious transactions or actions that may have a significant impact on the Company's financial position and operating results, the Audit Committee will propose to the Board of Directors for acknowledgment. During the past year, there has been no event or situation indicating that such event occurred.

To conclude the year 2018 overview, the Audit Committee performed its duties independently with knowledge, competence, prudence and caution to comply with the scope and responsibilities specified in the Charter of the Audit Committee, and protect the interests of all stakeholders on an equal basis. The Committee was of the opinion that the Company and its affiliates' financial reports were accurate, reliable, with adequate information disclosure in accordance with the generally accepted accounting principles. Besides, the Company has implemented a sufficient, appropriate, and effective internal control and audit system based on international standard. For the related transactions or transactions that may lead to conflict of interest, the Company has strictly complied with the laws and regulations of the Stock Exchange of Thailand, with procedures for controlling and monitoring operations in compliance with the Securities and Exchange Acts, regulations, and other laws related to the business of the Company.

On behalf of the Audit Committee



(Mr. Threekwan Bunnag)  
Chairman of the Audit Committee



# Report of the Risk Management



The Board of Directors of TICON Industrial Connection Public Company Limited believes strongly in 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 facilitating a robust and sustainable growth. The Board of Directors has set up Risk Management Committee consisting of five members as listed as follows: Mr. Chotiphat Bijananda, Chairman of committee with Mr. Panote Sirivadhanabhakdi, Mr. Threekwan Bunnag, Mr. Uten Lohachitpitaks and Mr. Tithiphan Chuerboonchai as members of the Committee.

Duties of the Board are to regulate and support risk management operation consistently with the company strategies and business goals.

The Committee has performed its duties in accordance with the Risk Management Committee Charter approved by the Board of Directors. In 2018, two Risk Management Committee meetings were convened with key agenda summarized as follows:

1. To review risk management policy, the Risk Management Committee reviewed and adjusted 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. To review Risk Management Committee Charter, the Risk Management Committee revised the Risk Management Committee Charter to be more proper and comply with good corporate governance practice which encourages the Board of Directors to perform duties concerning crucial risk assessment, defining a comprehensive risk management guideline, and providing an efficient system or procedure for executives to cope with risk management as well as exploring business opportunity that might occur by aforementioned risk.

3. To consent on risk tolerance limit, the Risk Management Committee consented on risk tolerance limit and determined that the primary risk management duty is in the responsibility of the Risk Management Committee. The Risk Management Committee will give advice about a comprehensive risk management guideline, provide an efficient system or procedure for executives to cope with risk management, continuously monitor and evaluate results of risk management and report to the Board of Directors.

4. To require risk management training as a compulsory course for employees, the Risk Management Committee approved to arrange regular trainings on risk knowledge and risk management for the employees of the Company so the employees will understand and aware of the risk management's importance continuously.

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 manage the crucial risks and avoid impacts to the Company's operation and performance.

Over the last one year, the Risk Management Committee has highly value to supervise the Company to develop a systematic risk management framework. Furthermore, the experienced and internationally well-known expert from outside organization was engaged as an advisor to support the development of risk management efficiently.

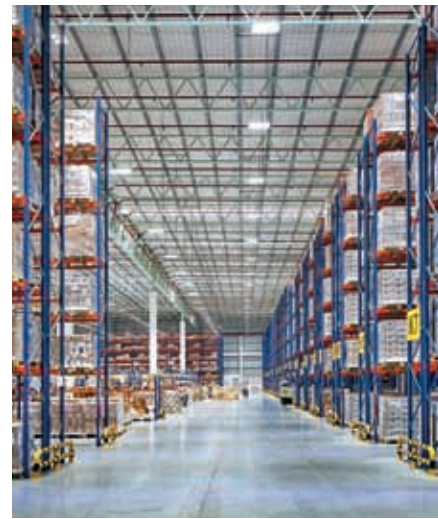
(Mr. Chotiphat Bijananda)  
Chairman of Risk Management Committee

# Vision

To be a leading provider of smart industrial platform, committed to deliver end-to-end solutions serving customer's demand in Industrial 4.0 under good corporate governance best practices to maximize benefit of all stakeholders.







## Mission

To be a leading provider of smart industrial platform, emphasizing on providing new innovative design and development process to meet international standard of factory/warehouse and customer's requirements concurrent with being a total solutions service provider by taking social responsibility and sustainability into consideration.

## Significant developments during the past three years

**TPARK**

October

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.

2016

**FRASERS  
PROPERTY**

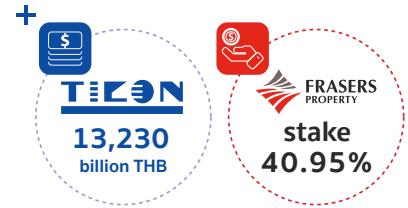
December

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.



January

TICON received capital injection of **Baht 13.23 billion** from FPHT. FPHT became a major shareholder of TICON with **40.95% stake**.



May

**"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.

2017

August

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



October

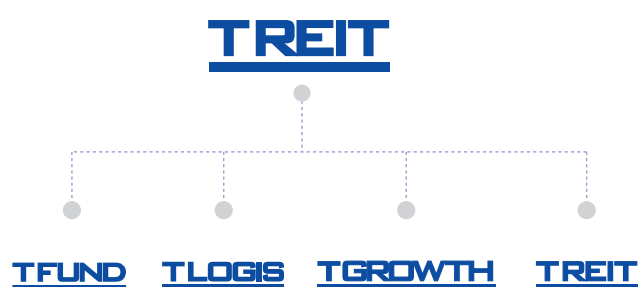


TICON established a 100% subsidiary, TICON International Pte. Ltd. in Singapore to invest in companies outside Thailand.

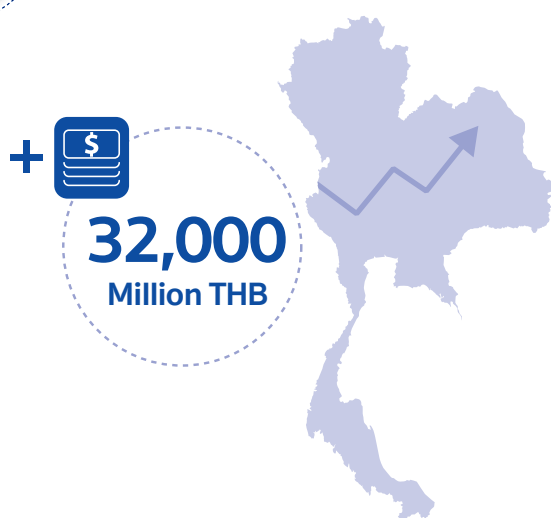
TICON received a GOLD certified LEED (Leadership in Energy and Environmental Design) standard for green warehouses from the U.S. Green Building Council (USGBC), a leading organization for green buildings in USA. This solidifies TICON as a leading international warehouse developer.

## December

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**.



2017



W.A.



TCC ASSETS

**TICON established a subsidiary, the Joint Venture company named TICON Technology Co.,Ltd. with 100% stake. TICON Technology has registered and paid-up capital of Baht 1 million. The objective of the company is to operate Data Centre business and other technology businesses in Thailand. TICON Technology partnered with STTelemedia Global Data Centres with shareholding proportion of 51% and 49%, respectively.**

2018

May



**STTelemedia**  
Global Data Centres

Fraser Assets Co., Ltd. (FAS) purchased TICON's ordinary share from ROJANA representing 26.10% of total issued and paid up capital of TICON, resulting in shareholding proportion of FPHT and FAS accounted for 67.05% of total voting rights. FAS therefore proceeded a tender offer process consequently made Fraser Group shareholding proportion in TICON being a total of 89.46%.

August

TICON established JustCo (Thailand) Co, Ltd. to operate co-working office in Thailand. The JV Company owned by TICON 51% and JustCo (Thailand 2) Pte.Ltd. owned 49% with registered and paid-up capital of **Baht 1 million**.



**JUST  
CO**

*Let's make work better*





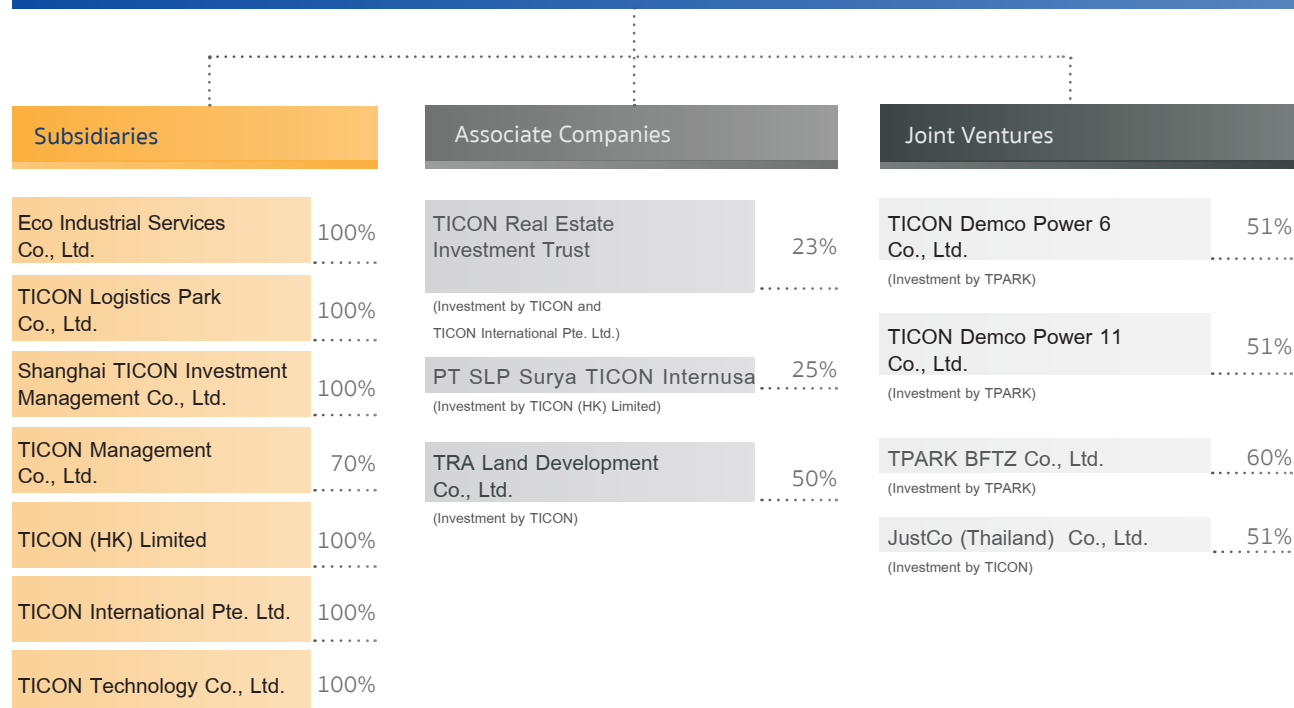
The Leading Provider of Smart Industrial Platform



# TICON Group Structure

As of September 30, 2018

## TICON Industrial Connection Public Co., Ltd.



### Details of subsidiaries are 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 September 30, 2018, 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. TPARK benefits from BOI incentive in Wangnoi logistic park, Sri Racha logistic park, Laemchabang logistic park, TPARK Eastern Seaboard, Bangpakong logistic park, TPARK Khon Kaen and some warehouses located in Amata City Chon Buri Industrial Estate, Hemaraj Industrial Estate (Bo win), TPARK Bang Phli, Amata City Rayong, ROJANA Industrial Park-Ayutthaya and Prachin Buri.

In 2009, TPARK was certified ISO 9001:2008. As of September 30, 2018, 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 September 30, 2018, 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 September 30, 2018, 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.

As of September 30, 2018, 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 September 30, 2018, TICON International Pte. Ltd. had registered and paid-up capital of SGD 238.45 million.

#### **(7) TICON Technology Company Limited.**

TICON holds 100 percent stake in TICON Technology Company Limited. which was founded in April 2018 to invest and/or own entities operating in data center business and other technology-based business.

As of September 30, 2018, TICON Technology Company Limited. had registered and paid-up capital of Baht 1 million.

### **Details of associate companies are as follows;**

#### **(1) TICON Real Estate Investment Trust (“TREIT”)**

TREIT is 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.

TREIT's first fund raising started in 2014 and proceeded to increase capital and debt financing in 2015 for investment into factory and warehouse from TICON and TPARK as well as investing in leasehold properties. In December 2017, TFUND, TLOGIS and TGROWTH were merged and converted to TREIT. Currently, TREIT has 299 factories (total area of 750,485 square meters) and 217 warehouses (total area of 818,231 square meters) resulting from assets acquired from

TPARK and leasehold to freehold assets conversion.

TICON and TPARK play important roles as a property management of TREIT.

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 of September 30, 2018, TICON and TICON International Pte. Ltd. hold, in aggregate, 23 percent stake in TREIT and NAV of TREIT was Baht 10.5108 per unit.

Properties sold to TREIT is one of TICON fund raising channel to expand its business apart from cash flow from operation and debt financing where TICON considered and maximized shareholders' return.

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

SLP is a joint venture company objectively develop factory and warehouse for rent 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 34 warehouse units (67,284 square meters) with an occupancy rate of 100 percent as well as 5 units work in progress (9,648 square meters) in Suryacipta Technopark.

As of September 30, 2018, 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 on December 22, 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 September 30, 2018, 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 September 30, 2018, 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 September 30, 2018, 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 September 30, 2018, TPARK BFTZ had registered and paid-up capital of Baht 350 million.

### **(4) JustCo (Thailand) Co., Ltd. (“JustCo”)**

JustCo was founded in August 2018 to invest in co-working office / co-working space business. It is 51 percent owned by TICON and 49 percent owned by JustCo (Thailand 2) Pte. Ltd.

As at September 30, 2018, JustCo had registered and paid-up capital of Baht 213,500,000.

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

## Relationship with major shareholder

Frasers group is a major shareholder directly and indirectly accounted for 89.46 percent stake in TICON. Three of TICON’s Board of Directors, Mr. Panote Sirivadhanabhakdi, Mr. Uten Lohachitpitaks and Mr. Chotiphat Bijananda are also the Board of Director of Frasers Property Limited.

A Combined knowledge and proficiency in real estate development of Frasers Property Limited together with TICON’s industrial property rental expertise could bring about enlarged opportunities regarding products and services diversification to support business growth and sustainability.



# Factories

under managed by  
the Company

## Ayutthaya

### Industrial Estate

- Bang Pa-In **2** **13**
- Hi-Tech **8** **36**

### Rojana Industrial Park

- Rojana - Ayutthaya **23** **50**

## Pathum Thani

### Industrial Promotion Zone

- Navanakorn **8** **17**

## Bangkok

### Industrial Estate

- Lat Krabang **1**

## Samut Prakan

### Industrial Estate

- Bangpoo **2** **11**
- Asia **28**

## Prachin Buri

### Industrial Park

- Rojana -Prachin Buri **8**

### Industrial Zone

- Kabinburi **7**

## Chon Buri

### Industrial Estate

- Amata City **19** **94**
- Laemchabang **30**
- Hemaraj **4** **3**
- Pinthong (3 locations) **42**

## Rayong

### Industrial Estate

- Amata City **13** **30**

7

Provinces

16

Locations\*

\*Not include areas  
under developments

 TICON  
 TREIT

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



**132**

Factories

Ayutthaya



**192**

Factories

Chonburi



**43**

Factories

Rayong



**41**

Factories

Samut Prakan



**25**

Factories

Pathum Thani



**1**

Factory

Bangkok



**15**

Factories

Prachin Buri



# Warehouses

under managed by  
the Company

## Lamphun

### TPARK

- Lamphun

9

## Ayutthaya

### Industrial Park

- Rojana-Ayutthaya

3

### TPARK

- Wangnoi (2 Locations)

21 17

## Samut Sakhon

### TPARK

- Samut Sakhon

2

## Samut Prakan

### TPARK

- Bang Phli (5 locations)

18 38

## Chon Buri

### Industrial Estate

- Hemaraj Chon Buri (Bo Win)
- Amata City Chonburi

9

7

### Logistic Park

- Laemchabang (2 locations)
- Sri Racha
- Eastern Seaboard 3

29 36

17 5

8

### TPARK

- Eastern Seaboard 1, 2
- Phan Thong

9 11

10 5

## Khon Kaen

### Logistic Park

- Khon Kaen

12

## Prachin Buri

### Industrial Park

- Rojana - Prachin Buri

8

1

## Chachoengsao

### Logistic Park

### Bangna

21 82

## Rayong

### Industrial Estate

- Amata City Rayong

11

### TPARK

- Eastern Seaboard

12

4

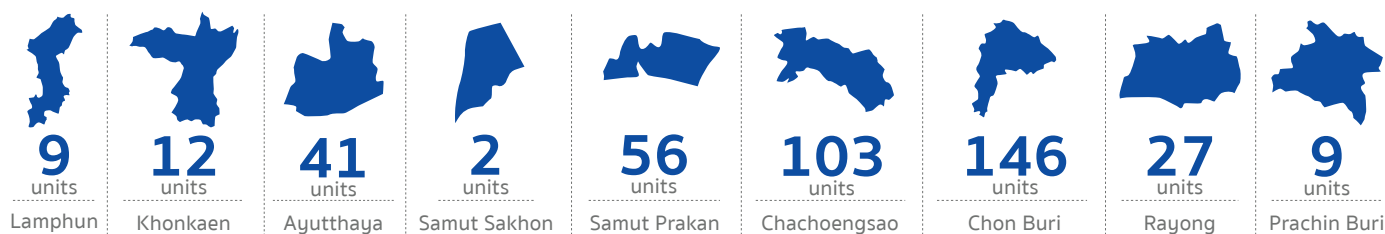


9  
Provinces

24  
Locations\*

\*Not include areas  
under developments

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







The Leading Provider of Smart Industrial Platform

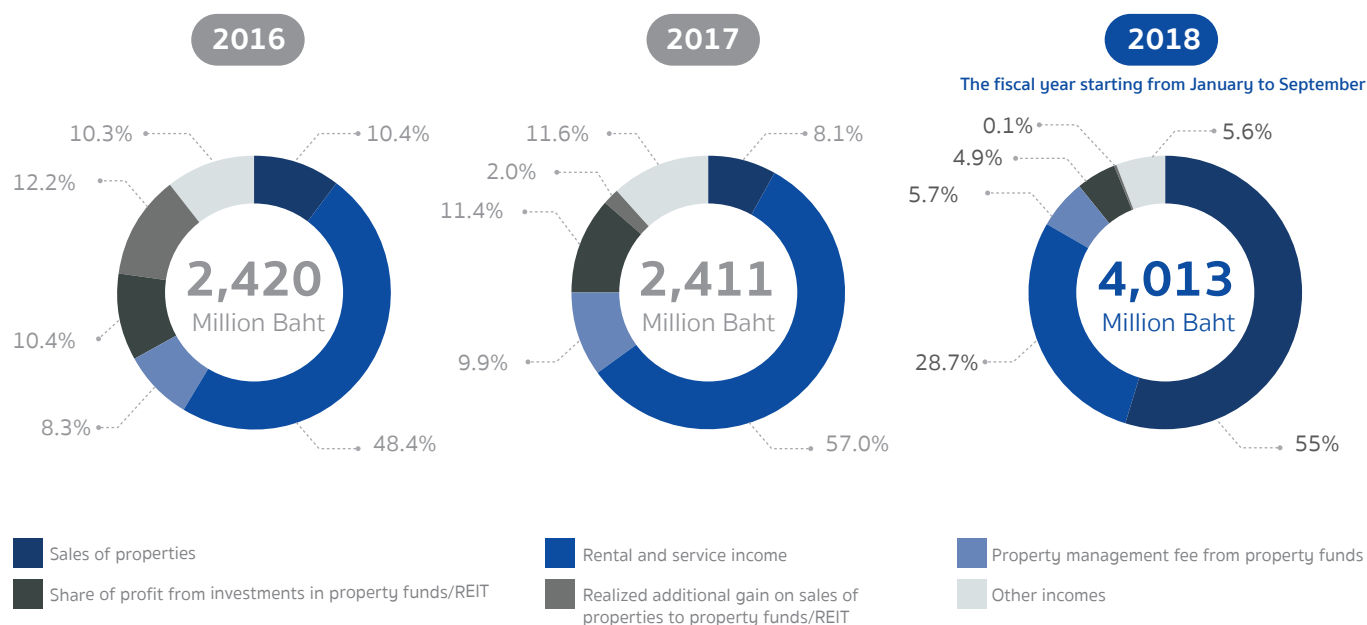
## Performance Overview

### Financial Highlights

Unit : Million Baht

	2016	2017	Jan-Sep 2018
Sales of properties	250.68	194.36	2,209.57
Rental and service income	1,172.12	1372.60	1,150.86
Property management fee from property funds	201.12	239.15	226.90
Share of profit from investments in property funds/REIT	252.22	275.42	195.56
Realized additional gain on sales of properties to property funds/REIT	294.95	48.30	2.69
Cost of sales of properties	160.16	77.27	1,593.53
Cost of rental and service	332.56	409.83	343.53
Selling and administrative expenses	704.04	786.61	795.44
Net profit	278.10	482.40	667.66
Assets	36,092.73	40,982.31	42,999.07
Liabilities	24,675.06	16,048.07	17,618.79
Shareholders' equity	11,417.67	24,934.24	25,380.28
Return on equity (%)	2.38	2.64	3.49
Return on fixed assets (%)	2.31	3.20	3.57
Dividend pay-out (%)	53.35	38.21	74.17

### Revenue Structure



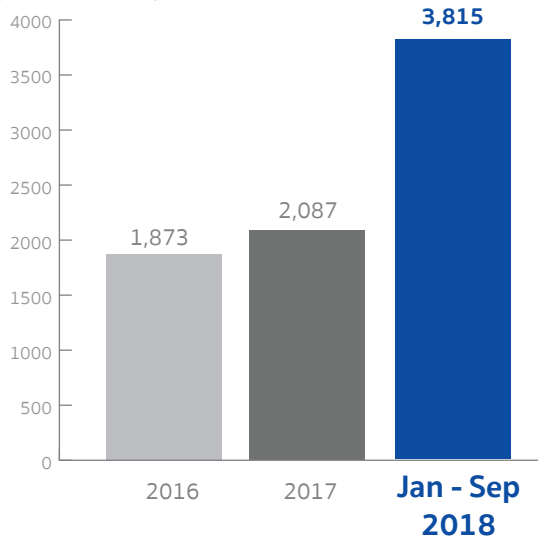




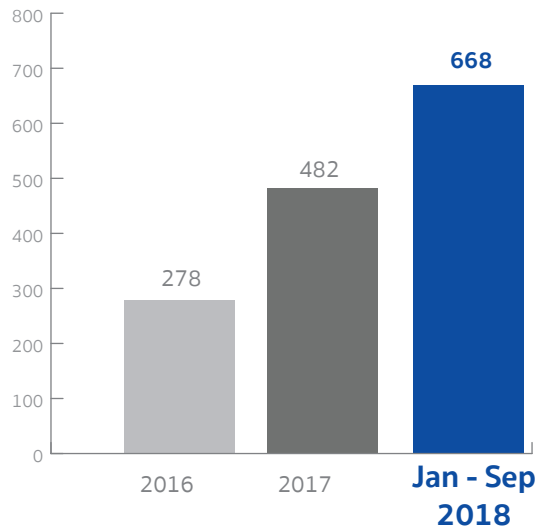
## Financial Performance

**Revenue**  
Growth of  
**83% YoY**

**Total revenue**  
(Unit: Million Baht)

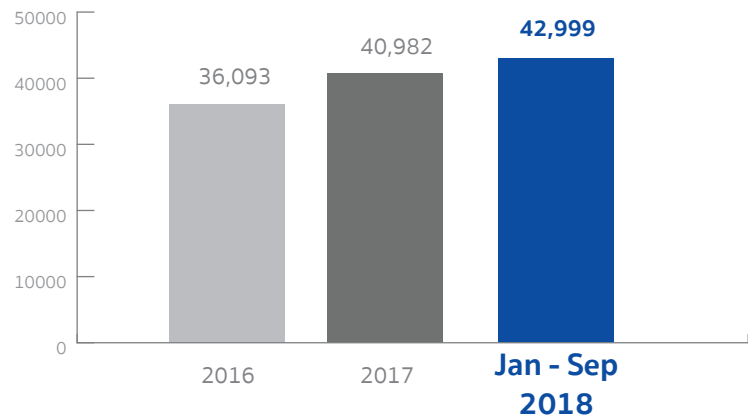


**Net Profit**  
(Unit: Million Baht)



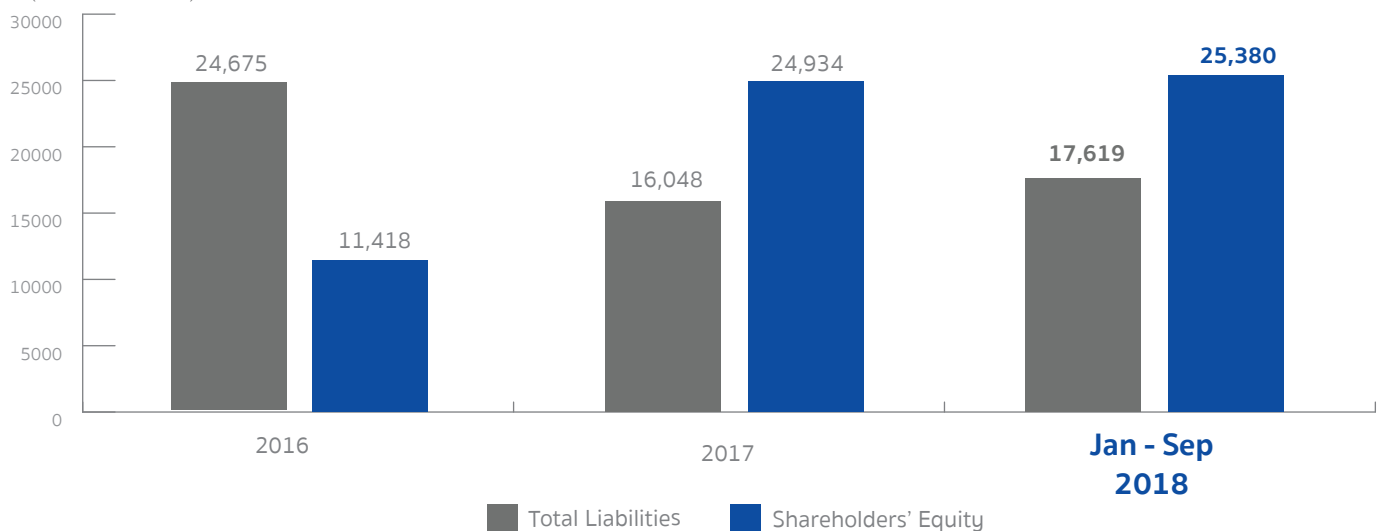
**Strong**  
Net Profit  
growth of  
**38%**  
YoY

**Total Asset**  
(Unit : Million Baht)



## Balance Sheet

**Financial Ratio**  
(Unit: Million Baht)

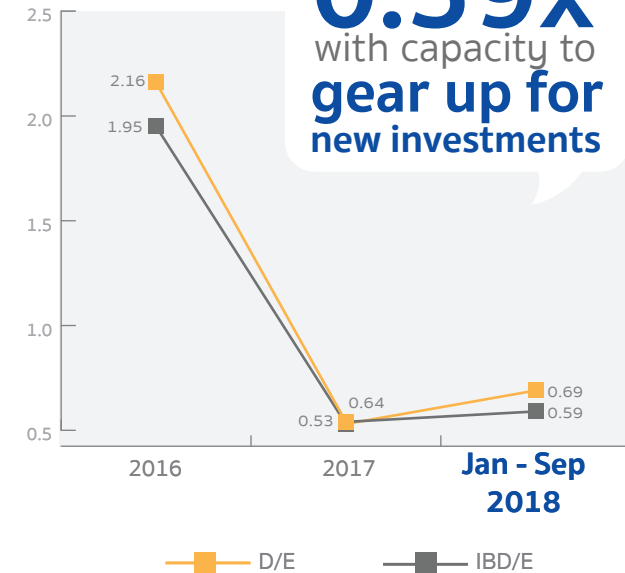






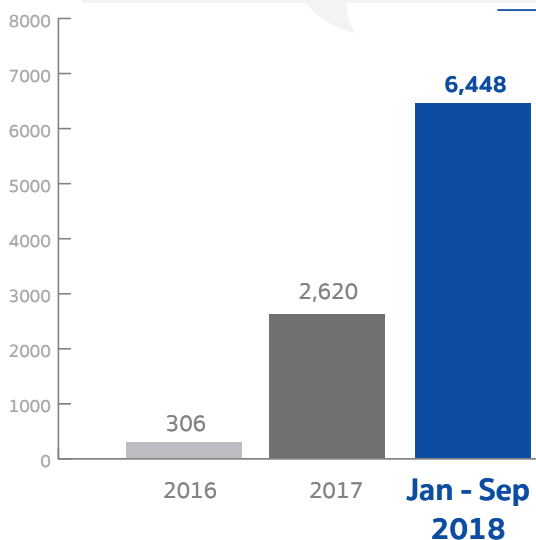
## Financial Ratio

### Leverage Ratio (Unit: Time)



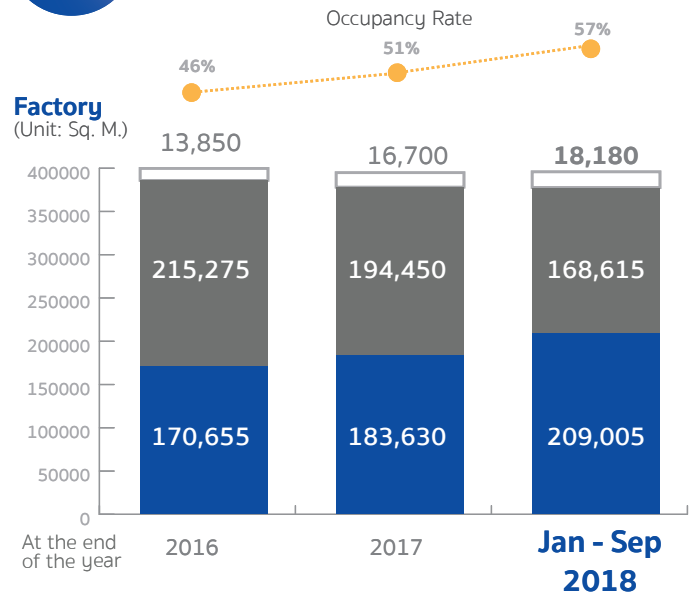
### Cash & Cash equivalents (Unit: Million Baht)

Strong cash position with Cash & Current investment increased by **146%** YoY

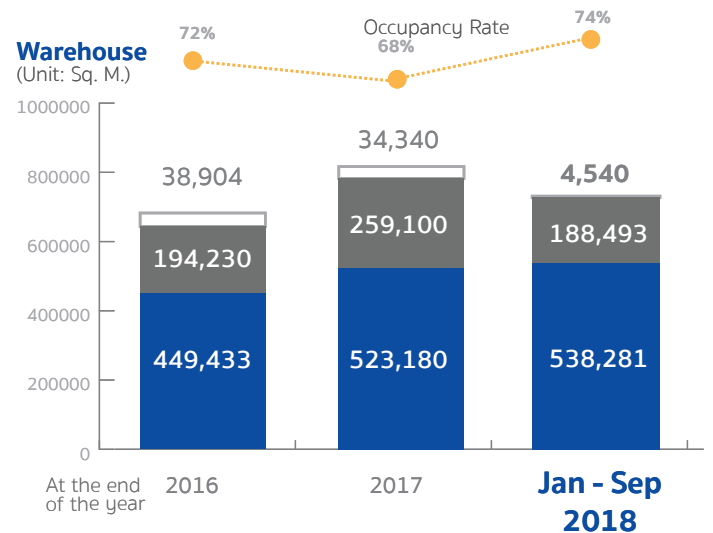


## Factory and Warehouse

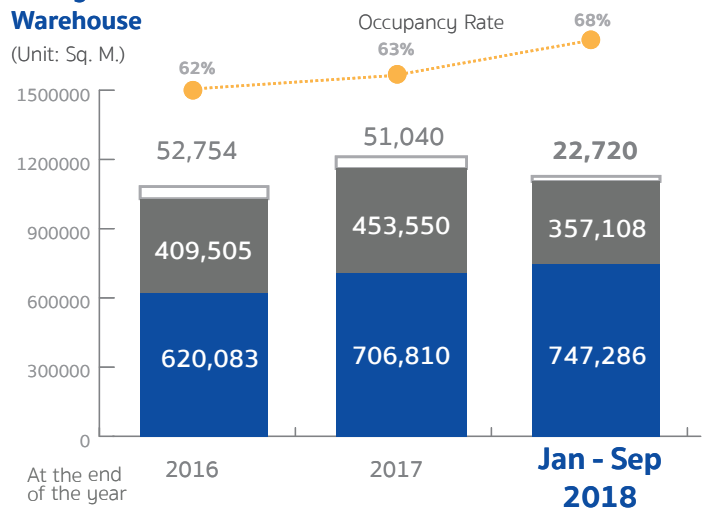
### Factory (Unit: Sq. M.)



### Warehouse (Unit: Sq. M.)



### Factory and Warehouse (Unit: Sq. M.)



Contract Available Pre-leased Occupancy Rate

## Board of Directors



### 1. Mr. Chainoi Puankosoom

Chairman of the Board, Independent Director, Member of the Audit Committee, Member of Compensation Committee, and Chairman of Corporate Governance Committee

### 2. Mr. Threekwan Bunnag

Independent Director, Chairman of Audit Committee, Member of Nomination Committee, Member of Risk Management Committee and Member of Corporate Governance Committee

### 3. Mr. Chatchaval Jiaravanon

Independent Director, Member of Audit Committee, Member of Remuneration Committee, and Member of Nomination Committee

### 4. Mr. Tithiphan Chuerboonchai

Independent Director, Member of Audit Committee, Member of Risk Management Committee, and Member of Corporate Governance Committee



**5. Mr. Uten Lohachitpitaks**

Authorized Director, Member of Executive Committee, Member of Risk Management Committee, and Member of Corporate Governance Committee

**6. Mr. Chotiphat Bijananda**

Authorized Director, Member of Nomination Committee and Chairman of Risk Management Committee

**7. Mr. Panote Sirivadhanabhakdi**

Authorized Director, Chairman of Executive Committee, Member of Remuneration and Risk Management Committee

**8. Mr. Chali Sophonpanich**

Authorized Director

**9. Mr. Chai Vinichbutr**

Authorized Director, Member of Executive Committee



## Mr. Chainoi Puankosoom

Age 68 years



### Date of First Appointment:

January 16, 2017

### Date of Latest Appointment

April 24, 2017

### Education

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

### Director's Training Course

- The Role of Chairman in Leading Strategic Risk Oversight 2560, Thai Institute of Directors Association
- Directors Accreditation Program (DAP 63/2550) Thai Institute of Directors Association
- The Role of the Chairman Program (RCP 33/2557) Thai Institute of Directors Association
- Financial Institutions Governance Program (FGP 3/2554) Thai Institute of Directors Association

### % of Shares Held in TICON included holding by spouse and minor children:

0.0 (as at November 30, 2018)

### Family Relationship among directors/management:

-None -

### Work Experience within 5 years:

- **2017 - Present** Chairman of the Board, Independent Director, Member of the Audit Committee, Member of Compensation Committee, and Chairman of Corporate Governance Committee TICON Industrial Connection Plc.

### Others Listed Companies

- **2016 - Present** Independent Director, Member of Audit Committee, Member of The Human Resource and Remuneration Committee, Demeter Corporation, Plc.
- **2016 - Present** Independent Director, Vice Chairman of the Board of Directors, Tipco Asphalt Public Co., Ltd.
- **2015 - Present** Independent Director, Chairman of Audit Committee, and Member of Human Resource, Remuneration and Committee, Prima Marine Plc.

- **2012 - Present** Independent Director, Chairman of Audit Committee, Compensation and Nominating Committee, Chairman of Corporate Governance Committee, Golden Land Property Development Plc.

### Others Non-Listed Companies

- **2017 - Present** Director and Chairman of the Audit Committee, Sapthip Co.,Ltd.
- **2010 - Present** Director, National Power Supply Plc.

### Others Organization

- **2016 - 2018** Director, Circulation Fund of The Comptroller General's Department, Ministry of Finance
- **2013 - 2014** Chairman, IRPC Public Company Limited
- **2011 - 2018** Director, The Energy Fund Administration Institute (Public Organization)
- **2010 - 2016** Director, Committee on State Enterprises Evaluation, Ministry of Finance
- **2010 - 2012** Chairman of Executive Committee, The Industrial Environment Institute of The Federation of Thai Industries
- **2009 - 2018** Director, Petroleum Institute of Thailand
- **2008 - 2010** President & CEO, PTT Aromatics & Refining PLC
- **2008 - 2010** Senior Executive Vice President, PTT PLC
- **2007 - 2008** President, PTT Aromatics & Refining PLC

## Mr. Threekwan Bunnag

Age 62 years



### Date of First Appointment

April 2, 2004

### Date of Latest Appointment

March 27, 2018

### Education

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

### Director's Training Course

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

### % of Shares Held in TICON included holding by spouse and minor children:

0.0 (as at November 30, 2018)

### Family Relationship among directors/management:

-None-

### Work Experience within 5 years

- **2004 - Present** Independent Director, Chairman of Audit Committee, Member of Nomination Committee, Member of Risk Management Committee and Member of Corporate Governance Committee TICON Industrial Connection Plc.
- **2008 - 2016** Director, TICON Logistics Park Co., Ltd.

### Others Listed Companies

- **1998 - Present** Chairman of the Audit Committee, Independent Director, and Member of the Nomination Committee, SVI Public Co., Ltd.

### Others Non-Listed Companies

- **2012 - Present** Director, Emerald Bay Resort Co., Ltd.
- **2012 - Present** Director, Emerald Bay Villa Co., Ltd.
- **2006 - Present** Director and Chairman of the Audit Committee, Siam Agro-food Industry Public Company Limited.
- **1995 - Present** Director, Gold Master Public Company Limited

## Mr. Chatchaval Jiaravanon

Age 57 years



### Date of First Appointment

April 2, 2004

### Date of Latest Appointment

March 27, 2018

### Education

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

### Director's Training Course

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

### % of Shares Held in TICON included holding by spouse and minor children:

0.0 (as at November 30, 2018)

### Family Relationship among directors/management:

-None-

### Work Experience within 5 years

- **2004 - Present** Independent Director, Member of Audit Committee Member of Remuneration Committee, and Member of Nomination Committee TICON Industrial Connection Plc.

### Others Listed Companies

- **2014 - Present** Director, WP Energy Plc.
- **2013 - Present** Independent Director and Member of the Audit Committee SVI Plc.
- **2007 - Present** Chairman of the Board, Finansia Syrus Securities Plc.
- **2000 - Present** AEON Thana Sinsap (Thailand) Plc.
- **1993 - Present** Director, and Managing Director Group Investment, TRUE Corporation Plc.

### Others Non-Listed Companies

- **2006 - Present** Chairman of the Board, Thai KODAMA Co., Ltd.
- **2000 - Present** President and Chief Executive Officer, Telecom Holding Co., Ltd.
- **1990 - Present** Director, Metro Machinery Co., Ltd.



Mr. Tithiphan Chuerboonchai

Age 66 years

**Date of First Appointment:**

April 24, 2017

**Date of Latest Appointment**

April 24, 2017

**Education**

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

**Director's Training Course**

- Financial Institutions Governance Program (FGP 3/2004) Thai Institute of Directors Association
- Director Certification Program 2000 Thai Institute of Directors Association

**% of Shares Held in TICON included holding by spouse and minor children:**

0.0 (as at November 30, 2018)

**Family Relationship among directors/management:**

-None-

**Work Experience within 5 years**

- **2017 - Present** Independent Director, Member of Audit Committee, Member of Risk Management Committee, and Member of Corporate Governance Committee, TICON Industrial Connection Plc.

**Others Listed Companies**

- **2018 - Present** Independent Director, and Member of Risk Management Committee, Asset World Corp Plc.
- **2016 - Present** Independent Director and Member of Audit Committee, Chairman of the Corporate Governance Committee, Univentures Plc.

**Others Non-Listed Companies**

- **2016 - Present** Independent Director, Member of Audit Committee, Member of Nomination and Compensation Committee United Overseas Bank (Thai) Plc.
- **2010 - Present** Director, C & C International Venture Co., Ltd.
- **2009 - Present** Independent Director and Member of Audit Committee, TSFC Securities Plc.
- **2010 - 2013** Independent Director and Member of Audit Committee, Siam City Bank Plc

**Others Organizations**

- **1995 - 2018** Director, Research Center for Law and Development, Chulalongkorn University
- **1978 - 2013** Lecturer of the Faculty of Law, Chulalongkorn University



## Mr. Panote Sirivadhanabhakdi

Age 41 years



### Date of First Appointment

January 16, 2017

### Date of Latest Appointment

April 24, 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

### Director's Training Course

- Director Certification Program (DCP 46/2004) Thai Institute of Directors Association
- Director Accreditation Program (DAP 10/2004) Thai Institute of Directors Association
- Finance for Non-Finance Directors (FND 10/2004) Thai Institute of Directors Association

### % of Shares Held in TICON included holding by spouse and minor children:

0.0 (as at November 30, 2018)

### Family Relationship among directors/management:

- A brother of Mr. Chotiphat Bijananda' s Spouse

### Work Experience within 5 years

- **2017 - Present** Director, Chairman of Executive Committee Member of Remuneration and Risk Management Committee, TICON Industrial Connection Plc.

### Others Listed Companies

- **2012 - Present** Vice Chairman of the Board, Chairman of Executive Committee, Member of the Compensation and Nominating Committee, Golden Land Property Development Plc.
- **2007 - Present** Vice Chairman of the Board and Chairman of the Board of Executive Directors, Member of the Remuneration and Nomination Committee, Member of the Corporate Governance Committee, Univentures Plc.
- **2007 - 2017** Director, Executive Director, Siam Food Products Plc.
- **2005 - 2017** Director, Executive Director Berli Jucker Plc.

### Others Non-Listed Companies

- **2018 - Present** Director Buriram Development Co., Ltd.
- **2018 - Present** Director Frasers Assets Co., Ltd.
- **2018 - Present** Director NY Property Development Co., Ltd.
- **2017 - Present** Director Bhakdivattana Co., Ltd.
- **2017 - Present** Director Siridamrongdham Co., Ltd.
- **2017 - Present** Director Sub Somboon Property Plus Co., Ltd.
- **2016 - Present** Director Asian Capital Co., Ltd.
- **2016 - Present** Director Kasemsubbhakdi Co., Ltd.
- **2016 - Present** Director Namjai Thaibev (Social Enterprise) Co., Ltd.
- **2016 - Present** Director Vadhanabhakdi Co., Ltd.
- **2015 - Present** Director Univentures REIT Management Co., Ltd.
- **2015 - Present** Director Quantum Capital Development Co., Ltd.
- **2015 - Present** Director TCC Holdings (2519) Co., Ltd.
- **2014 - Present** Director Kasemsubvadhana Co., Ltd.
- **2014 - Present** Director One Bangkok Co., Ltd.
- **2014 - Present** Director Tonic International Co., Ltd.
- **2014 - Present** Director Lakeview Golf and Yacht Club Co., Ltd.
- **2013 - Present** Director Frasers Centrepont Co., Ltd.
- **2013 - Present** Director TCC Assets (Thailand) Co., Ltd.
- **2013 - Present** Director Kasemsubsiri Co., Ltd.
- **2012 - Present** Director SMJC Development Co., Ltd.
- **2011 - Present** Director T.C.C. Exhibition and Convention Center Co., Ltd.
- **2011 - Present** Director N.C.C. Exhibition Organizer Co., Ltd.
- **2011 - Present** Director N.C.C. Management and Development Co., Ltd.
- **2011 - Present** Director N.C.C. Image Co., Ltd.
- **2011 - Present** Director F and B International Co., Ltd.
- **2010 - Present** Director Chiva-Som International Health Resort Co., Ltd.
- **2010 - Present** Director North Park Real Estate Co., Ltd.
- **2010 - Present** Director North Park Golf and Sports Club Co., Ltd.
- **2009 - Present** Director Nong Khai Country Golf Club Co., Ltd.
- **2009 - Present** Director The Cha-Am Yacht Club Hotel Co., Ltd.
- **2008 - Present** Director Terragro Fertilizer Co., Ltd.
- **2007 - Present** Director Adelfos Co., Ltd.
- **2007 - Present** Director Thai Beverage PLC
- **2006 - Present** Director Cristalla Co., Ltd.
- **2006 - Present** Director Plantheon Co., Ltd.
- **2004 - Present** Director Beer Thip Brewery (1991) Co., Ltd.
- **2002 - Present** Director Athimart Co., Ltd.
- **2002 - Present** Director Kankwan Co., Ltd.
- **2002 - Present** Director Sura Bangyikhan Co., Ltd.
- **2002 - Present** Director S.S. Karnsura Co., Ltd.
- **2002 - Present** Director Theparunothai Co., Ltd.
- **2001 - Present** Director T.C.C. Technology Co. Ltd.
- **2017 - 2018** Director Fah Prathan Pandinthong Co., Ltd.
- **2017 - 2018** Director One Bangkok Holdings Co., Ltd.
- **2011 - 2018** Director TCC Trade and Convention Center Co., Ltd.
- **2008 - 2017** Director Norm Co., Ltd.
- **2007 - 2017** Director Eastern Seaboard Industrial Estate (Rayong) Co., Ltd



## Mr. Chali Sophonpanich

Age 58 years

### Date of First Appointment

March 30, 2005

### Date of Latest Appointment

April 26, 2016

### Education

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

### Director's Training Course

- Corporate Governance for Capital Market Intermediaries (CGI 7/2015), Thai Institute of Directors Association
- Director Accreditation Program 2005 Thai Institute of Directors Association

### % of Shares Held in TICON included holding by spouse and minor children:

0.0 (as at November 30, 2018)

### Family Relationship among directors/management:

-None-

### Work Experience within 5 years

- **2005 - Present** Director, TICON Industrial Connection Plc.

### Others Listed Companies

- **1994 - Present** Chairman of the Board of Directors, Executive Director, Member of the Nominatio Committee, Asia Plus Group Holdings Public Company Limited

### Others Non-Listed Companies

- **2017 - Present** Director, TRA Land Development Co., Ltd.
- **2014 - Present** Chairman of the Board of Directors, Asia Plus Securities Company Limited
- **1997 - Present** President, Asia Industrial Estat Co., Ltd.
- **1987 - Present** Director, Asia Sermkij Co., Ltd.
- **1987 - Present** President, City Realty Co., Ltd.



## Mr. Chotiphat Bijananda

Age 56 years

### Date of First Appointment

January 16, 2017

### Date of Latest Appointment

March 27, 2018

### Education

- Master of Business Administration, Finance - University of Missouri, USA
- Bachelor of Laws - Thammasat University, Thailand
- Director's Training Course
- Director Certification Program (DCP 155/2012) Thai Institute of Directors Association

### % of Shares Held in TICON included holding by spouse and minor children:

0.0 (as at November 30, 2018)

### Family Relationship among directors/management:

A husband of Mr. Panote Sirivadhanabhakdi's sister

### Work Experience within 5 years

- **2017 - Present** Director, Member of Nomination Committee and Chairman of Risk Management Committee, TICON Industrial Connection Plc.

### Others Listed Companies

- **2013 - Present** Director, Golden Land Property Development Plc.
- **2011 - Present** Vice Chairman, Serm Suk Public Co., Ltd.

### Others Non-Listed Companies

- **2017 - Present** Director, Big C Services Co., Ltd.
- **2016 - Present** Director, Big C Supercenter Public Co., Ltd.
- **2013 - Present** Director, Frasers Property Limited
- **2013 - Present** Director, Fraser and Neave Limited
- **2008 - Present** Chairman of Executive Board, Southeast Capital Co., Ltd.
- **2008 - Present** President, Southeast Group Co., Ltd.
- **2008 - Present** Director TCC Technology Co., Ltd.
- **2007 - Present** Advisor TCC Holding Co., Ltd.

## Mr. Chai Vinichbutr

Age 45 years

### Date of First Appointment:

November 13, 2012

### Date of Latest Appointment

April 24, 2017

### Education

- Bachelor of Business Administration, Boston University, USA

### Director's Training Course

- Director Accreditation Program (DAP 10/2004) Thai Institute of Directors Association
- Finance for Non-Finance Directors (FND 10/2004) Thai Institute of Directors Association

### % of Shares Held in TICON included holding by spouse and minor children:

0.0 (as at November 30, 2018)

### Family Relationship among directors/management:

-None-

### Work Experience within 5 years

- **2012 - Present** Director, TICON Industrial Connection Plc.
- **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.

### Others Listed Companies

- **2007 - Present** Director, Rojana Industrial Park Plc.

### Others Non-Listed Companies

- **2017 - Present** Director, TRA Land Development 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.
- **2011 - Present** Director, Bangkok Office 3 Holding Co., Ltd.
- **2011 - Present** Director, Bangkok Office 4 Holding Co., Ltd.

## Mr. Uten Lohachitpitaks

Age 46 years

### Date of First Appointment

January 16, 2017

### Date of Latest Appointment

March 27, 2018

### Education

- Master of Business Administration, Assumption University
- Bachelor of Business Administration, Assumption University
- Boardroom success through Financing & Investment ("BFT") by Thai Institute of Director Association

### Director's Training Course

- Boardroom Success through Financing & Investment ("BFT") by Thai Institute of Director Association

### % of Shares Held in TICON included holding by spouse and minor children:

0.0 (as at November 30, 2018)

### Family Relationship among directors/management:

-None-

### Work Experience within 5 years

- **2017 - Present** Director, Member of Executive Committee, Member of Risk Management Committee, and Member of Corporate Governance Committee, TICON Industrial Connection Plc.
- **2018 - Present** Director, TICON (HK) Limited
- **2018 - Present** Director, TICON Management Co., Ltd.
- **2018 - Present** Commissioner, PT SLP Surya TICON Internusa
- **2017 - Present** Director, TICON Logistics Park Co., Ltd.
- **2017 - Present** Director, TICON International Pte. Ltd.

### Others Listed Companies

None

### Others Non-Listed Companies

- **2018 - Present** Director, Frasers Property Ventures I Pte. Ltd. (Singapore)
- **2018 - Present** Director, Frasers Property Ventures II Pte. Ltd. (Singapore)
- **2018 - Present** Director, TICON Technology Co., Ltd.
- **2018 - Present** Director, One Bangkok Holdings Co., Ltd.
- **2018 - Present** Director, One Bangkok Ventures Co., Ltd.
- **2018 - Present** Director, Farnborough Business Park Ltd.
- **2018 - Present** Director, Frasers Assets Co., Ltd.
- **2017 - Present** Director, Frasers Property Holdings (Thailand) Co., Ltd.
- **2017 - Present** Director, Frasers Property Investments (Europe) SARL (Luxembourg)
- **2017 - Present** Director, Frasers Property International Pte. Ltd. (Singapore)
- **2016 - Present** Director, Sinomax International Pte. Ltd. (Singapore)
- **2016 - Present** Director, Frasers (Thailand) Pte. Ltd.
- **2013 - Present** Group Chief Investment Officer, Frasers Property Limited



## Management



3 5 1 4 2 8 6 7

1. Mr. Sopon Racharaksa	President and Chief Executive Officer (Acting)
2. Dr. Somsak Chaipayorn	General Manager
3. Miss Lalitphant Phiriyaphant	Chief Financial Officer and Corporate Secretary
4. Mr. Harry Yan Khek Wee	SVP – Revenue Management
5. Miss Rojana Asawavichienjinda	Head of Finance and Accounting
6. Miss Kamonkarn Kongkathong	Head of Corporate Strategy & Investment
7. Ms. Teh Chiew Har	VP – Business Development
8. Ms. Lok Cheng Yee	VP – Design Management

**Mr. Sopon Racharaksa**  
President and Chief Executive Officer (Acting)  
Age 47 years

*\* Appointment date as Acting Chief Executive Officer on 31 March 2018*

**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

**Training Course:**

- Board Success through Financing & Investment (BFI) (5/2018 IOD Thai Institute of Director)
- Institute of Business and Industrial Development (IBID 2/2015)

**% of Shares Held in TICON included holding by spouse and minor children:**

0.00 (as at November 30, 2018)

**Family Relationship among directors/management:**

-None -

**Work experience within 5 years:**

- **2017 - Present** President, Chief Executive Officer (Acting) TICON Industrial Connection Public Co., Ltd.
- **2017 - Present** Director, TICON Logistics Park Co., Ltd.
- **2017 - Present** Director, TICON International Pte. Ltd.
- **2017 - Present** Director, TICON Management Co., Ltd.
- **2017 - Present** Director, TPARK BFTZ Co., Ltd.
- **2017 - Present** Director, Eco Industrial Services Co., Ltd.
- **2017 - Present** Director, Shanghai TICON Investment Management Co., Ltd.
- **2017 - Present** Director, PT SLP Surya TICON Internusa, Indonesia.
- **2017 - Present** Director, TICON (HK) Limited, Hong Kong.
- **2017 - Present** Director, TICON Demco Power 6 Co., Ltd.
- **2017 - Present** Director, TICON Demco Power 11 Co., Ltd.

**Other Listed Companies:**

-None-

**Others Non-Listed Companies**

- **2018 - Present** Director, JustCo (Thailand) Co., Ltd.
- **2018 - Present** Director, TICON Technology Co., Ltd.
- **2017 - Present** Director, TRA Land Development Co., Ltd.
- **2015 - Present** Managing Director, TCC Land Development Co., Ltd.

- **2012 - Present** Director, NCC Management and Development Co., Ltd.
- **2012 - Present** Assistant Deputy Managing Director, TCC Hotel Group

**Dr. Somsak Chaipayorn**  
General Manager  
Age 67 years

**Education:**

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

**Training Course:**

- Management Development Program1 / 2018

**% of Shares Held in TICON included holding by spouse and minor children:**

0.00 (as at November 30, 2018)

**Family Relationship among directors/management:**

- None -

**Work experience within 5 years:**

- **2017 - Present** Director, TICON Logistics Park Co., Ltd.
- **2001 - Present** General Manager, Eco Industrial Services Co., Ltd.

**Other Listed Companies:**

-None-

**Others Non-Listed Companies**

-None-

**Miss Lalitphant Phiriaphant**

Chief Financial Officer and Corporate Secretary

Age 53 years

**Education:**

- Master of Economics, Thammasat University

**Training Course:**

- Tax Planning and Accounting for Real Estate (41/2018)
- Management Development Program1/2018
- Company Secretary 2003, Thai Institute of Directors Association

**% of Shares Held in TICON included holding by spouse and minor children:**

0.01 (as at November 30, 2018)

**Family Relationship among directors/management:**

-None -

**Work experience within 5 years:**

- **2017 - Present** Chief Financial Officer and Corporate Secretary, TICON Industrial Connection Public Co., Ltd.
- **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.
- **2015 - Present** Director, Shanghai TICON Investment Management Co., Ltd.
- **2013 - 2014** Director, TICON Management Co., Ltd.

**Other Listed Companies:**

-None-

**Others Non-Listed Companies**

- **2018 - Present** Director, TICON Technology Co., Ltd.

**Mr. Harry Yan Khok Wee**  
SVP – Revenue Management

Age 40 years

\* Appointment date as SVP – Revenue Management on 1 September 2018

**Education:**

- Master of Science (Real Estate), National University of Singapore
- Bachelor of Science in Estate Management, The University of Reading, UK

**Training Course:**

-None-

**% of Shares Held in TICON included holding by spouse and minor children:**

0.00 (as at November 30, 2018)

**Family Relationship among directors/management:**

-None –

**Work experience within 5 years:**

- **2018 - Present** SVP – Revenue Management TICON Industrial Connection Public Co., Ltd.
- **2009 - 2018** Head of Singapore Revenue Management Ascendas Funds Management Ltd., Manager of Ascendas-REIT, Singapore

**Other Listed Companies:**

-None-

**Others Non-Listed Companies**

-None-

**Miss Rojana Asawavichienjinda**  
Head of Finance and Accounting

Age 51 years

\* Appointment date as Head of Finance and Accounting on 20 February 2017

**Education:**

- Master of Accounting (International Program) Thammasat University

**Training Course:**

- Management Development Program1/2018
- Safety Agent for Management Work Program

**% of Shares Held in TICON included holding by spouse and minor children:**

0.00 (as at November 30, 2018)

**Family Relationship among directors/management:**

-None –

**Work experience within 5 years:**

- **2017 - Present** Head of Finance and Accounting TICON Industrial Connection Public Co., Ltd.

**Other Listed Companies:**

-None-

**Others Non-Listed Companies**

-None-

**Miss Kamonkarn Kongkathong**  
Head of Corporate Strategy & Investment

Age 37 years

\* Appointment date as Head of Corporate Strategy & Investment on 1 June 2018

**Education:**

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

**Training Course:**

- Management Development Program1/2018

**% of Shares Held in TICON included holding by spouse and minor children:**

0.00 (as at November 30, 2018)

**Family Relationship among directors/management:**

-None -

**Work experience within 5 years:**

- **2017 - Present** Head of Corporate Strategy & Investment TICON Industrial Connection Public Co., Ltd.



- **2016 - 2017** Senior Vice President, Credit Risk Standard Charter Bank, Thailand
- **2014 - 2016** Senior Vice President, Credit Risk Standard Charter Bank, Singapore
- **2011 - 2014** Vice President, Regional Credit Management CIMB Bank Berhad, Singapore
- **2006 - 2011** Assistant Vice President, DBS Bank, Singapore

**Other Listed Companies:**

-None-

**Others Non-Listed Companies**

- **2018 - Present** Director, JustCo (Thailand) Co., Ltd.
- **2018 - Present** Director, TICON Technology Co., Ltd.
- **2017 - Present** Director, TRA Land Development Co., Ltd.

**Ms. Teh Chiew Har**  
VP – Business Development

Age 38 years

\* Appointment date as VP-Business Development on 1 October 2018

**Education:**

- Bachelor of Science in Mathematics, University Technology of Malaysia
- Certificate of Commerce in International Business & Banking and Chinese Culture

**Training Course:**

- Certified Financial Planner

**% of Shares Held in TICON included holding by spouse and minor children:**

0.00 (as at November 30, 2018)

**Family Relationship among directors/management:**

-None –

**Work experience within 5 years:**

- **2018 - Present** VP - Business Development TICON Industrial Connection Public Co., Ltd.
- **2014 - 2017** Investment Manager, Ascendas Funds Management Ltd., (as Manager of A-REIT), Singapore

**Other Listed Companies:**

-None-

**Others Non-Listed Companies**

-None-

**Ms. Lok Cheng Yee**  
VP – Design Management

Age 51 years

\* Appointment date as VP-Design Management on 1 October 2018

**Education:**

- Master of Science (Real Estate), National University of Singapore
- Bachelor of Building, The University of New South Wales, Australia

**Training Course:**

-None-

**% of Shares Held in TICON included holding by spouse and minor children:**

0.00 (as at November 30, 2018)

**Family Relationship among directors/management:**

-None -

**Work experience within 5 years:**

- **2018 - Present** VP Design Management TICON Industrial Connection Public Co., Ltd.
- **2016 - 2018** Deputy Head of Development Management Ascendas-Singbridge Singapore Operations

**Other Listed Companies:**

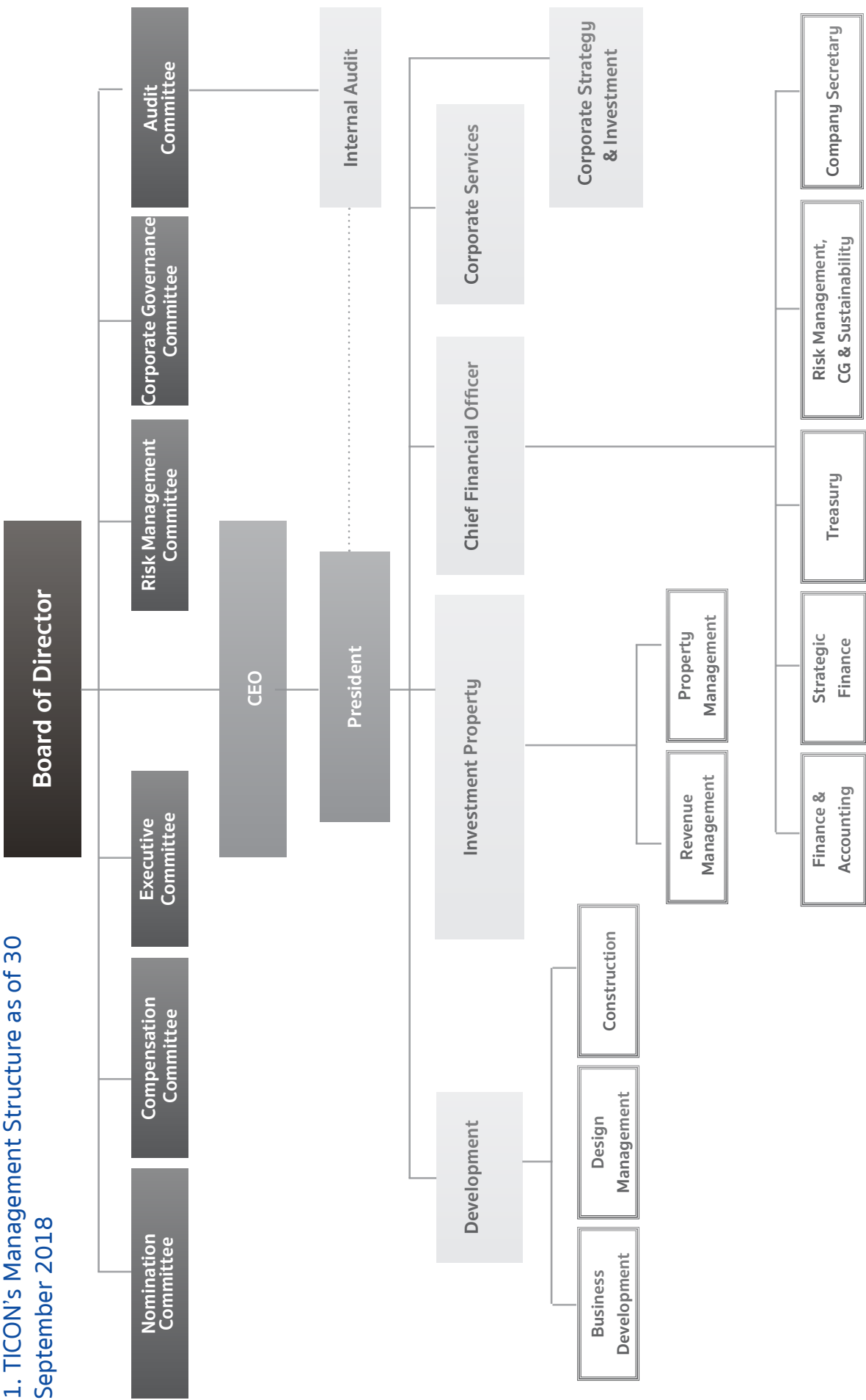
-None-

**Others Non-Listed Companies**

-None-

# Management Structure

## 1. TICON's Management Structure as of 30 September 2018



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 30 September 2018, the Company's Board of Directors consisted of 9 members as follows:

### 1. Mr. Chainoi Puankosoom

Chairman of the Board, Independent Director, Member of the Audit Committee, Member of Compensation Committee, and Chairman of Corporate Governance Committee

### 2. Mr. Threekwan Bunnag

Independent Director, Chairman of Audit Committee, Member of Nomination Committee, Member of Risk Management Committee and Member of Corporate Governance Committee

### 3. Mr. Chatchaval Jiaravanon

Independent Director, Member of Audit Committee, Member of Remuneration Committee, and Member of Nomination Committee

### 4. Mr. Tithiphan Chuerboonchai

Independent Director, Member of Audit Committee, Member of Risk Management Committee, and Member of Corporate Governance Committee

### 5. Mr. Chali Sophonpanich

Authorized Director

### 6. Mr. Chotiphat Bijananda

Authorized Director, Member of Nomination Committee and Chairman of Risk Management Committee

### 7. Mr. Chai Vinichbutr

Authorized Director, Member of Executive Committee

### 8. Mr. Panote Sirivadhanabhakdi

Authorized Director, Chairman of Executive Committee and Member of Remuneration Committee

### 9. Mr. Uten Lohachitpitaks

Authorized Director, Member of Executive Committee, Member of Risk Management Committee, and Member of Corporate Governance Committee

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 and Mr. Chali Sophonpanich represents City Realty Group.

## Roles, Duties and Responsibilities of the Board of Directors

1. To act in a best interest of the Company and all shareholders (Fiduciary Duty) by observing the following four main practices:
  - 1) To perform its duties with due diligence and care (Duty of Care).
  - 2) To perform its duties with faithfulness and honesty (Duty of Loyalty).
  - 3) To perform its duties in compliance with laws, objectives, Company's Articles of Association, the resolution of the Board of Directors, and resolutions of shareholders' meetings (Duty of Obedience).
  - 4) To disclose information to shareholders accurately, completely, and transparently with verification and timelines (Duty of Disclosure).
2. To arrange an Annual General Meeting within 4 months after the end of the Company's fiscal year. In summoning a meeting of shareholders, the Board of Directors shall send a notice of summoning of the meeting, wherein specifying the place, date, time and agenda for the meeting, as well as the matters to be proposed to the meeting in advance, within an appropriate period but not less than the period specified by related regulations.
3. To hold a Board of Directors meeting at least once every 3 months
4. To oversee and ensure that the Company maintains efficiency and accountability in its accounting system, financial reporting process, internal controls, internal audits and risk management.



5. To oversee and ensure that the Company's balance sheet and income statement have been duly prepared with true, complete and accurate information in compliance with Financial Reporting Standards, and been audited by the Company's auditor prior to proposal for the Shareholders' consideration and approval.
6. To formulate visions, directions and strategies of the Company, including policies, operational plans and budget. To monitor and supervise the Management to function in accordance with such policies, and to plan and budget with efficiency and effectiveness.
7. To approve the interim dividend payment (if any)
8. To oversee and ensure that the Company has established a system and/or procedure for risk management through appropriate and sufficient risk management guidelines and measures, with regular monitoring. To ensure that the set vision, direction and strategy have been effectively brought to implementation.
9. To govern and oversee the operations of the Company and its subsidiaries to be in compliance with the Securities and Exchange Act, the Notification of Securities and Exchange Commission, and regulations of the Stock Exchange of Thailand, i.e. connected transactions, acquisition/disposition of assets, and other related laws.
10. To oversee, review and approve the business expansion plan and major investment projects as well as the entering into joint ventures with other companies as proposed by the Management.
11. To consider and approve the appointment and/or the change of the Company's representatives to be assigned to hold office as directors and/or the Management of the Company's subsidiaries/associated companies in relation to the shareholding proportion. The Board of Directors is also responsible for the setup of the policy and governance mechanism to monitor and supervise the management and operations of subsidiaries and associated companies in order to protect interests in the

Company's investments, in accordance with the Notification of Securities and Exchange Commission.

12. To formulate the management structure and to approve the appointment of the Executive Committee, the Chief Executive Officer and other Sub-Committees, as deemed appropriate, i.e. the Audit Committee, the Nomination Committee, the Compensation Committee, the Corporate Governance Committee and the Risk Management Committee, including the determination of the Sub-Committees' roles and responsibilities and their remuneration.

The delegation of authority to take the foregoing actions shall not extend to any authority in considering and approval of connected transactions or transactions that may cause conflict of interest (if any), unless otherwise the transaction is considered as a normal course of business, with normal commercial terms, or be in accordance with the policy and procedure approved by the Board of Directors in respect to the rules, conditions and guidelines specified by the Office of the Securities and Exchange Commission and other governed regulations.

The delegation of authority must be explicit and in writing or formally recorded as the resolution of the Board of Directors meeting in the minutes, with specific role and responsibilities of the authorised person.

13. The Board of Directors may delegate certain authorities, as deemed appropriate, to a director or directors or other person to act on behalf of the Board of Directors, subject to the supervision of the Board of Directors, or delegate to such person the authorities as the Board of Directors deems appropriate and for a certain period as the Board of Directors deems appropriate, provided that the Board of Directors may cancel, revoke or amend such authorities and, that said, authorization in no way allows such authorized person to approve any transactions in which such authorized person or another person may have conflict, interest or conflicts of interest in other matters with the Company or its subsidiaries, unless otherwise the transaction is considered as a normal course of

- business, with normal commercial terms, or be in accordance with the policy and procedure approved by the Board of Directors in respect to the rules, conditions, regulation and guidelines of the Stock Exchange of Thailand, i.e. connected transactions, acquisition/disposition of assets and Notification of the Securities and Exchange Commission and other governed regulations.
14. To report and update the “Report on the interest of Director and Executive” to the Company, in compliance with the rules and regulations of the Office of the Securities and Exchange Commission. Directors must inform the Company of relationships or transactions with the Company, subsidiaries or associate companies in any business which may give rise to a conflict of interests. Any connected transaction with directors which may give rise to a conflict of interests with the Company must be avoided.
  15. Directors and Management (including their spouse and any minor child) must not use insider information of the Company, subsidiaries or associate companies which has not yet been disclosed to the public, whether the information is derived from performing of their own duties or any other way that may have a material effect on the Company, subsidiaries or associate companies for their own benefit, or that of others with or without benefit in return. If the director knows any insider material information which has not yet been disclosed to the public and might affect the share price, that director must not disclose that information to any person and must cease from trading the Company shares for a prescribed period until after the information is publicly disclosed.
  16. To set forth a corporate governance policy and code of conduct to guide directors and employees, with regular review and assessment.
  17. To set out, oversee and follow up the formulation of an anti-corruption policy and practical guidelines, and to ensure that such policy and guidelines have been strictly implemented and conformed to, by communicating them effectively to all employees and suppliers.
  18. To formulate a complaint handling policy and oversee to ensure that the Company has clear and proper procedure for complaint handling, including putting measures in place to protect and maintain the confidentiality of the complainants.
  19. To appoint the Company Secretary to assist and administer certain activities of the Company and the Board, such as the Board of Directors’ meeting, and shareholders’ meetings. The Company Secretary shall also advise the Company and the Board on their compliance with requisite duties to applicable rules and regulations, and shall ensure the accurate, complete, transparent and timely disclosure of information by the Company and the directors.

### 3. Executive Committee

As of 30 September 2018, the Company’s Executive Committee consisted of 4 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. 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 30 September 2018, 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

#### 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.

## 5. Compensation Committee

As of 30 September 2018, 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 30 September 2018, 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 criteria 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 President and Chief Financial Officer.
- 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 30 September 2018, the Risk Management Committee consisted of 5 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

#### 5. Mr. Tithiphan Chuerboonchai\*

Member of the Risk Management Committee

*\* Mr. Tithiphan Chuerboonchai was appointed as member of the Risk Management Committee on 19 February 2018*

#### 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 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 30 September 2018, the Corporate Governance Committee had 4 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

##### 4. Mr. Tithiphan Chuerboonchai\*

Member of the Corporate Governance Committee

*\* Mr. Tithiphan Chuerboonchai was appointed as member of the Corporate Governance Committee on 19 February 2018*

#### 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 3 October 2018, in accordance with SEC definition the Company's management team is as follows:

- 1. Mr. Sopon Racharaksa**  
President
- 2. Miss Lalitphant Phiriyaphant**  
Chief Financial Officer
- 3. Dr. Somsak Chaipayorn**  
General Manager
- 4. Miss Kamonkarn Kongkathong**  
Head of Corporate Strategy & Investment

## 5. Mr. Harry Yan Khek Wee<sup>1)</sup>

SVP - Investment Property

## 6. Miss Lok Cheng Yee<sup>2)</sup>

VP - Design Management

## 7. Miss Teh Chiew Har<sup>3)</sup>

VP - Business Development

## 8. Miss Rojana Asawavichienjinda

Head of Finance and Accounting

*Note:*

1) Appointed as executive of the company on 1 September 2018

2) Appointed as executive of the company on 1 October 2018

3) Appointed as executive of the company on 1 October 2018

## 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.

## Roles, Duties and Responsibilities of the Top Executive

1. Efficiently and successfully implement policies assigned by the Board, in accordance with good Corporate Governance principles and fair responsibility to shareholders.
2. Create strategic plans for financial, investment, management and real estate development in accord with the Company business.
3. Propose important matters for the Board's approval i.e. dividend payment for shareholders, arrangement of shareholder meetings and selecting, nominating and proposing the independent auditor's fees.
4. Approval of important matters concerning the Company operations.
5. Acknowledge complaints, fraud suspicions and questions about Ethical Standards and Business Code of Conduct, by following the process of dealing with the matters of complaint.
6. Authority to order employees at all levels
7. Promote qualified individuals, who have



knowledge, skills and experience useful to the Company, to Management.

#### Finance and Accounting Management Team

As of 3 October 2018, the Company's finance and accounting management team is as follows:

- 1. Miss Lalitphant Phiriyaphant**  
Chief Financial Officer
- 2. Miss Rojana Asawavichienjinda**  
Head of Finance and Accounting
- 3. Miss Rungtip Piyayodilokchai**  
Head of Strategic Finance
- 4. Miss Nusra Vongsuksiri**  
Head of Treasury (Acting)

#### Company Secretary

The Board of Directors has appointed Miss Lalitphant Phiriyaphant who is a knowledgeable, capable, qualified and experienced person as company secretary to organize Board and Shareholder's meetings and ensure the Company's performance in accordance with good governance principles.

#### Roles, Duties and Responsibilities of the Company Secretary

1. Provide advice pertaining to legal, regulatory and any relevant regulators' articles of associations that the Company must conform to correctly. Report changes on matters that have a significant impact on the Company to the Board as necessary.
2. Organize the Board and shareholders' meetings as well as arrange and send notices and record, prepare and disclose minutes.
3. Announce the Board's resolutions and policies to the management for their compliance.
4. Prepare and maintain any documents relating to the meetings of the Board and shareholders, the Company's statutory register of directors and the management and prepare the report on the interest of directors and the management, etc.
5. Ensure that appropriate company information is disclosed accurately, completely and adequately for investors' decision making.

6. Be coordinator and mediator between the shareholders, the Board and the management.

7. Perform other duties as assigned by the Board.

#### 10. Compensation for Directors and the Management

##### Criteria for determination of compensation for the Board and committee members

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.

Whereas the 2018 Annual Ordinary General Meeting of Shareholders, held on March 27, 2018, has approved the compensation as follows

Unit : Baht

	Compensation
<b>1) Meeting allowance</b>	
• Board of Directors	
- Chairman of the Board	20,000 Baht/person/meeting
- Board's member	10,000 Baht/person/meeting
• Sub-Committees	
- Audit Committee's member	10,000 Baht/person/meeting
<b>2) Bonus</b>	Depending on the Company's performance
<b>3) ESOP as directors compensation</b>	- None -
<b>Total compensation for the year</b>	<b>not exceed 15,000,000 Baht</b>

##### Determination of compensation for the management

The Compensation Committee will consider compensation for the management, appropriate for corporate performance against corporate KPIs

##### 10.1 Monetary Compensation

In the fiscal period of January 1 to September 30, 2018, the compensations (accrual basis) paid to Directors and Audit Committee's members were as follows:

Unit : Baht

Director	Meeting Allowance		Bonus
	Board	Audit Committee	
Mr. Chainoi Puankosoom	160,000	60,000	1,530,000
Mr. Threekwan Bunnag	80,000	60,000	1,370,000
Mr. Chatchaval Jiaravanon	40,000	40,000	1,200,000
Mr. Tithiphan Chuerboonchai	80,000	60,000	1,000,000
Mr. Chali Sophonpanich	40,000	-	1,100,000
Mr. Panote Sirivadhanabhakdi	50,000	-	1,000,000
Mr. Uten Lohachitpitaks	70,000	-	1,000,000
Mr. Chotiphat Bijananda	40,000	-	1,200,000
Mr. Chai Vinichbutr	70,000	-	1,000,000
Total	630,000	220,000	10,400,000

With respect to the management, in the fiscal period of January 1 to September 30, 2018, the Company paid compensation (accrual basis) to the 8 management members as follows:

	Amount (Baht)
Salary	14,760,000
Bonus	3,185,360
Provident Fund and Social Security Fund	600,262
Total	18,545,622

## 10.2 Other Compensations

In the fiscal period of January 1 to September 30, 2018, the Company has paid other forms of compensation to directors and the management as follows:

1. Directors & Officers Liability Insurance, the limits of liability not exceeding Baht 100 million.
2. Health Insurance for 9 members of the Board amount of 207,324 Baht, 8 management members came to 141,702 Baht.

Furthermore, the management received benefits as company employee such as monthly salaries, bonuses and provident fund.

## 11. Personnel

As of 3 October 2018, the Company has a total of 277 employees as follows:

Department	Number of Employees (person)
President	1
General Manager	1
Chief Financial Officer	1
Deputy General Manager	1
Revenue Management	28
Corporate Service	50
Land Management	3
Property Management	61
Construction	52
Business Development	6
President's Office/ Center of Excellence	4
Design Management	7
Finance	42
Internal Audit	4
Corporate Strategy and Investment	16
Total	277

### 11.1 Total Compensation for Employees

Total compensation for employees in the fiscal period of January 1 to September 30, 2018 was equal to 255.87 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 the fiscal period of January 1 to September 30, 2018, the Company spent a total sum of Baht 9.30 million on human resource development.

### 11.3 Labor Dispute over the Past 3 Years

- None -





# Shareholders Structure and Dividend Payment Policy

## Number of Registered and Paid-Up Capital

As at 30 November 2018, the Company had registered capital of Baht 2,751,213,562 and paid-up capital of Baht 1,834,142,375 consisting of 1,834,142,375 common shares at a par value of Baht 1 per share.

## Shareholders Structure

### Shareholders

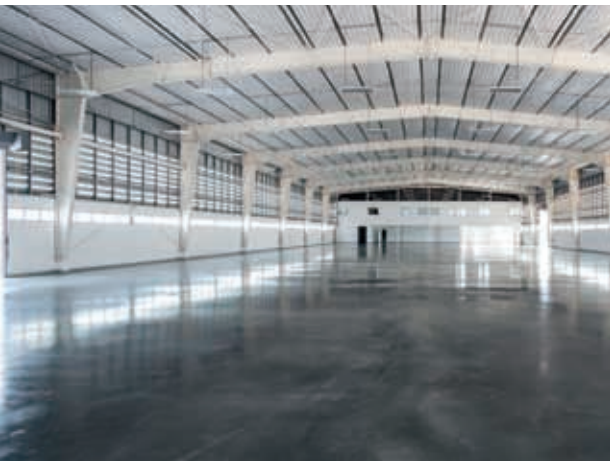
The shareholders reported to the Stock Exchange of Thailand as at the closing date of the share register book on 30 November 2018 is:

Shareholders	Share register book on 30 November 2018	
	No. of shares	%
<b>1) Frasers Property Group</b>		
• Frasers Assets Co., Ltd.	889,853,278	48.52
• Frasers Property Holdings (Thailand) Co., Ltd.	751,004,000	40.95
	<b>1,640,857,278</b>	<b>89.47</b>
<b>2) City Realty Group</b>		
• City Villa Co., Ltd.	20,000,000	1.09
	<b>20,000,000</b>	<b>1.09</b>
<b>3) DBS Bank Ltd.</b>	49,589,000	2.70
<b>4) Mr. Jatupon Kriangchaikijkul</b>	20,000,000	1.09
<b>5) Mr. Voraphan Thepbanchaporn</b>	6,687,800	0.36
<b>6) Bangkok Insurance Public Co., Ltd.</b>	5,835,524	0.32
<b>7) Southeast Capital Co., Ltd.</b>	5,610,600	0.31
<b>8) Thai N.V.D.R. Limited</b>	3,429,215	0.19
<b>9) Miss Pornpen Dejvilaisri</b>	2,815,500	0.15
<b>10) Others</b>	79,317,458	4.32
<b>Total</b>	<b>1,834,142,375</b>	<b>100.00</b>

### 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.







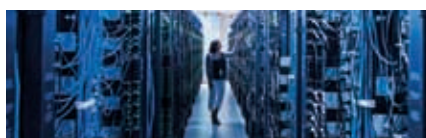
## Nature of Business

### TICON Business Overview

The Company engages in development and management of industrial properties which are Ready-Built Factory and Ready-Built Warehouse, with a strategic direction to pursue more development in Built-to-Suit Industrial property in order to cater for larger client base in accordance with its announcement of “Total Dimension” 3-year business roadmap underneath the transformation strategy to strengthen and enhance capability to compete in the long run, and stepping up to a leading provider of smart industrial platform. The Company has a plan to develop industrial property along with becoming total solution provider to drive for business sustainability. TICON is ready to move forward and promptly collaborate with strategic partnership to enhance its latency through a group network to create new revenue stream in order to add value to its core business. The Company actively focus on new growth over new business segment to meet customer’s demand in the Industry 4.0 business environment. TICON Group structure comprises 3 businesses;



Industrial Property



Technology



Smart Solution

### Revenue Structure

As at September 2018, the Company’s revenue contribution was from assets sold to TREIT and Built-to-Suit warehouse sold to third parties, While rental and services income and revenue from management of property were growing due to occupancy rate improvement. Please refer to further analysis of Revenue Structure under Management Discussion and Analysis section.

Revenue Structure	2016		2017		January – September 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales of properties	250.68	10.36	194.36	8.07	2,209.57	55.06
Rental and service income	1,172.12	48.44	1,372.60	56.96	1,150.86	28.69
Properties management fee from associated companies	201.12	8.31	239.15	9.92	226.90	5.65
Other revenues	248.59	10.28	280.73	11.65	227.24	5.66
<b>Revenue before profit sharing and realized additional gains</b>	<b>1,872.51</b>	<b>77.39</b>	<b>2,086.84</b>	<b>86.60</b>	<b>3,814.56</b>	<b>95.06</b>
Share of profit from investment in associated companies based on equity method	252.22	10.42	275.42	11.40	195.56	4.87
Realized additional gains on sales of properties to associated companies	294.95	12.19	48.30	2.00	2.69	0.07
<b>Total</b>	<b>2,419.68</b>	<b>100.00</b>	<b>2,410.56</b>	<b>100.00</b>	<b>4,012.81</b>	<b>100.00</b>

### Industrial property Business Overview

The Company provides integrated development of industrial properties with a strong portfolio of factory and warehouse of over 2.7 million square meters under management in strategic locations nationwide. Factory and warehouse offered by TICON are both in Ready-Built and Built-to-Suit type by targeting to escalate Built-to-Suit development project. 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 City Chon Buri Industrial Estate	Chon Buri	19	94
Laemchabang Industrial Estate	Chon Buri	30	-
Hemaraj Chon Buri Industrial Estate	Chon Buri	4	3
Amata City Rayong 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	-	42

\*Note: Not including the areas pending for development

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

Location	Province	Number of warehouse	
		TICON	TREIT
Logistic Park Bangna	Chachoengsao	21	82
TPARK Laemchabang 1	Chon Buri	-	21
TPARK Laemchabang 2	Chon Buri	29	15
Logistic Park Wangnoi (2 locations)	Ayutthaya	21	17
TPARK Eastern Seaboard	Rayong	12	4
TPARK Eastern Seaboard 1 and 2	Chon Buri	9	11
Logistic Park Eastern Seaboard 3	Chon Buri	8	-
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	18	38
Rojana Industrial Park - Prachin Buri	Prachin Buri	8	1
Rojana Industrial Park - Ayutthaya	Ayutthaya	-	3
Amata City Chon Buri Industrial Estate	Chon Buri	-	7
Logistic Park Khon Kaen	Khon Kaen	12	-
Amata City Rayong Industrial Estate	Rayong	11	-
TPARK Samut Sakhon	Samut Sakhon	2	-
TPARK Lamphun	Lamphun	9	-

\*Note: Not including the areas pending for development



## 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.

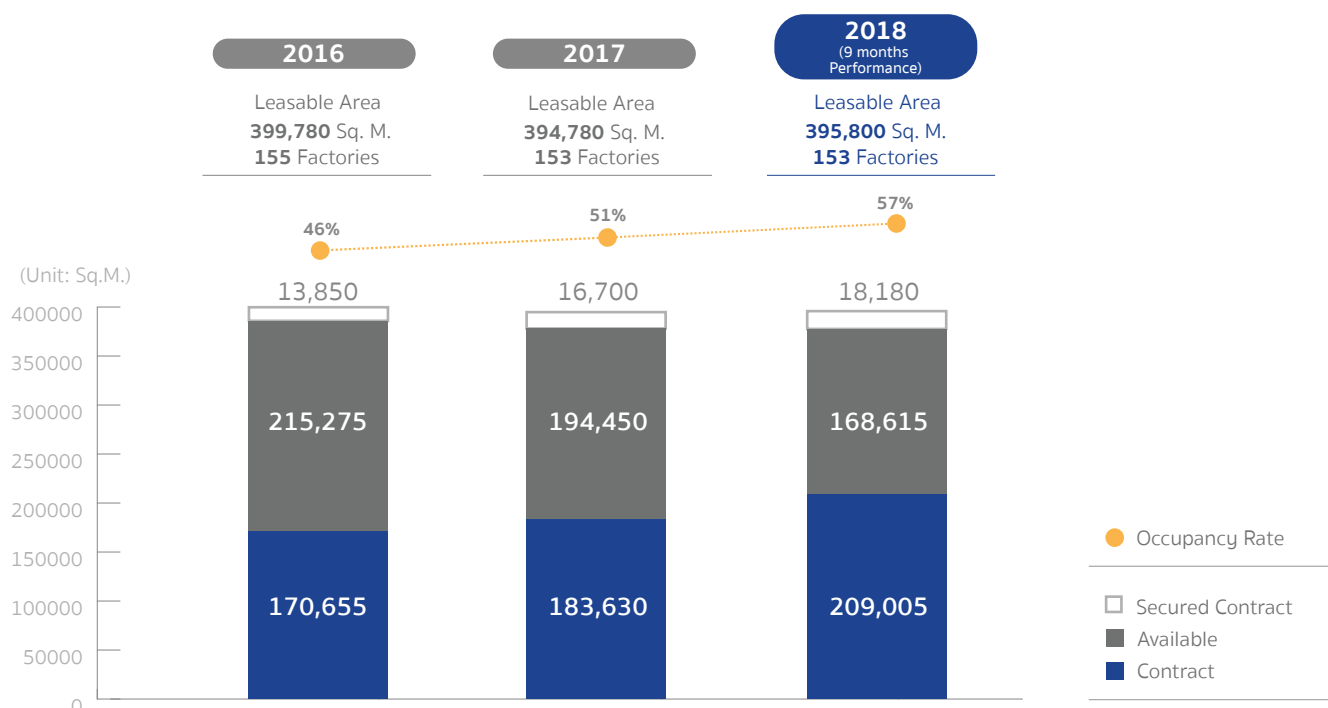
Factories of the Company is a single storey building with mezzanine office, proper fencing and landscaping, and with attached guard house, parking spaces and truck loading area. The factories are of international quality and can be customized to the tenants' specific requirement. The sizes range from 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.

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.

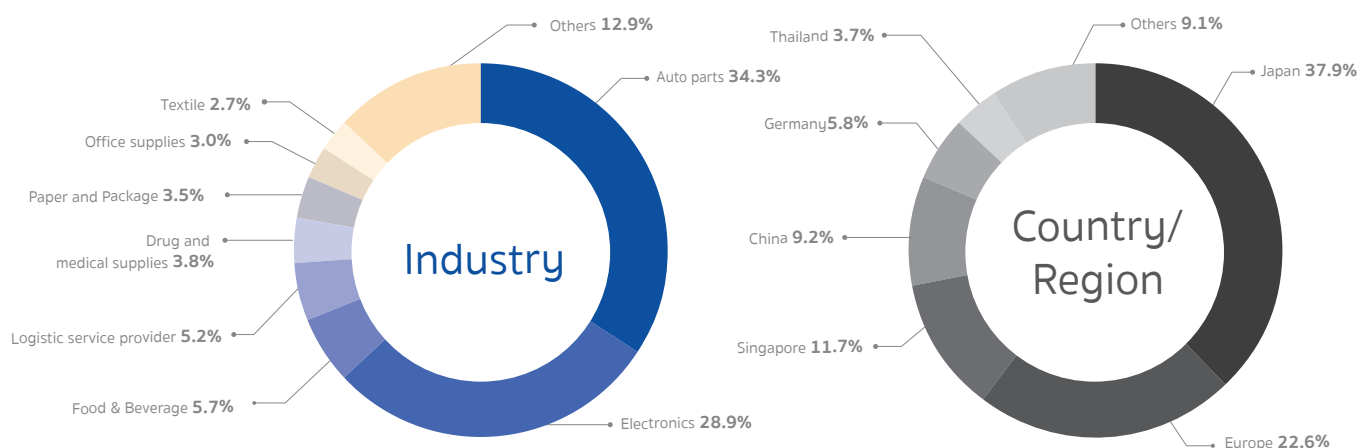
At the end of 2016, 2017 and as at September 30, 2018 the Company has occupied factory, and vacant factory as followings;



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

The occupancy rate of TICON's factory at September 2018 was 57%, higher than 51% as at 2017. Demand of factories have been driven by medium-size tenants under electronics industry, automotive industry and consumer products. The popularity of factories in-demand locates in Eastern Economic Corridor (EEC).

As at September 30, 2018, breakdown of TICON's customers by industries and by countries are:



Note: The above calculation is based on rental and service income as at September 30, 2018.

## 2) Ready-Built Warehouse

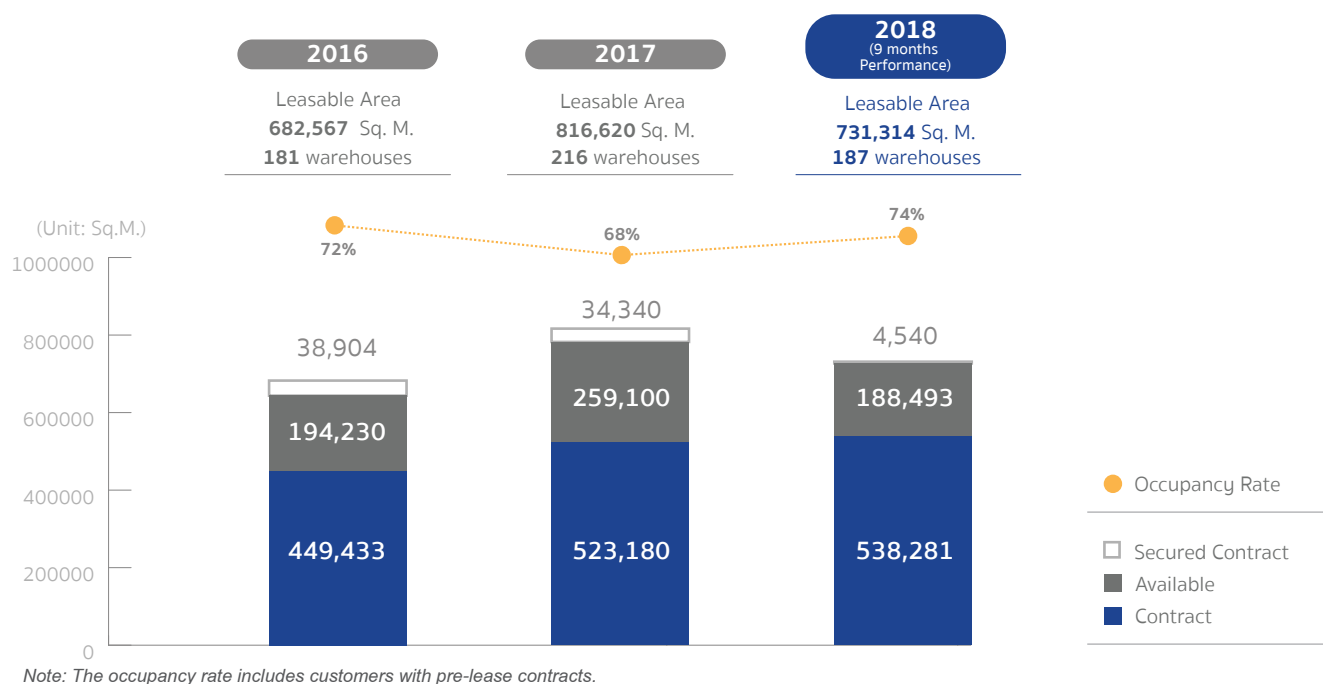
The Company's wholly owned subsidiary TICON Logistics Park Co., Ltd. ("TPARK") is a leading developer in ready-built warehouses of international quality. Logistics is an essential business to distribute goods and supplies to other parts of the country and is a key to develop Thailand to become ASEAN 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. 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.



At the end of 2016, 2017 and as at September 30, 2018 the Company has occupied warehouse and vacant warehouse as followings;

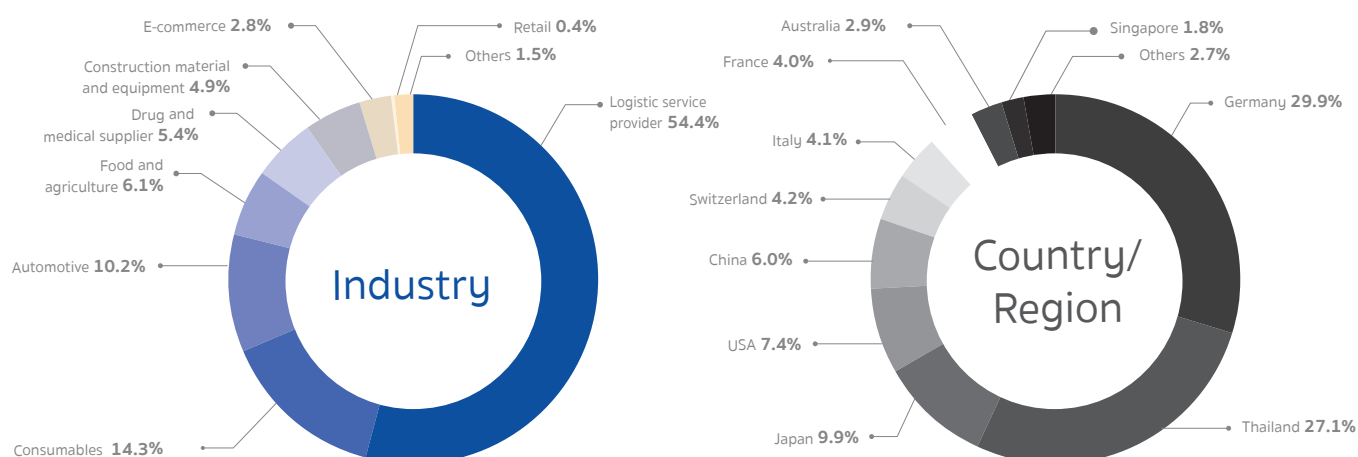


Note: The occupancy rate includes customers with pre-lease contracts.

Occupancy rate of warehouse as at September 30, 2018 was 74%, higher than 68% in 2017 due to an increasing in warehouse rent in Bang Phli and Kon Kaen.

For the year 2018, the Company reported net addition of 80,419 square meters mainly from demand of customers particularly in logistics, electronic parts, e-commerce and food & beverage.

As at September 2018, breakdown of TPARK's customers by industries and by countries are:



Note: The above calculation is based on rental and service income as at September 30, 2018.

### 3) Built-to-Suit Factory and Warehouse

The Company develops industrial property of which its design meet customer's requirement by focusing on the usage of each business operator in different industry. In addition, Built-to-Suit project could maximize factory and warehouse efficiency includes cost saving and to enhance productivity of business production as well as warehouse storage. TICON has a strategic location where ready to develop Built-to-Suit project under industrial estates, industrial parks, industrial promotion zones and others zone in Thailand. Built-to-Suit project has a long-term contract between 10 to 15 years which positively affect occupancy rate in terms of driving a sustain revenue whilst reduce expense and advertisement cost.

During the year of 2018, TICON sold investment property by delivering Built-to-Suit warehouse which built in strategic location to customer, the project as such could grab attention and spotlight TICON's customers. Besides, TICON has Built-to-Suit project in pipeline for further development.

### 4) 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.

### 5) Trust management business

The Company operates and manages real estate investment trust TREIT through its 70% owned subsidiary, TICON Management Co., Ltd. (TMAN). TICON Converted 3 property funds; TFUND, TLOGIS and TGROWTH into TREIT on 28 December 2017. Additionally, TREIT acquired assets from TICON of 79,106 square meters, TREIT has become the largest industrial real estate investment trust in Thailand with total assets value of more than Baht 32 billion. TMAN, as a REIT Manager, receives management fee on annual basis and pays dividend to the Company.

### 6) 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 City Chon Buri Industrial Estate, Hi-Tech Industrial Estate, Hemaraj Chon Buri Industrial Estate, Asia Industrial Estate, Amata City Rayong 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 Rayong Industrial Estate and Rojana Industrial Park - Prachin Buri.
  - 7 years for the projects in Amata City Chon Buri Industrial Estate, Hi-Tech Industrial Estate, Pinthong Industrial Estate and Rojana Industrial Park - Ayutthaya and 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, Si Racha, Laemchabang 2, Eastern Seaboard 3 and Bang Pakong, Khon Kaen and warehouses in Hemaraj Chon Buri Industrial Estate (Bo Win), Amata City Rayong Industrial Estate and Amata City Chon Buri Industrial Estate and Bangkok Free Trade Zone 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, Laemchabang 2, Eastern Seaboard, Bang Pakong, Khon Kaen and warehouses in Laemchabang, Eastern Seaboard, Khon Kaen and warehouse in Amata City Rayong Industrial Estate
  - 7 years for warehouses in Amata City Chon Buri Industrial estate and Hemaraj Chon Buri Industrial Estate
  - 3 years for warehouses in Bangkok Free Trade Zone

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, service for visa requirement and work permit as well as 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.

## Market 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. as well as the Company has more variety of locations and factory sizes.

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 the 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 Robotic and Automation and aerospace sector.

In 2018, the overall market condition of factory and warehouse for lease business has an improving trend mainly from government infrastructure plan throughout the year 2017-2021 with total investment value of Baht 7,130 billion expecting a clearer investment capital from both private sector and foreign investment by the end of 2018. Export to US Europe and China massively drives Thailand economic which is in the same direction of investment by private sector to support Thailand export sector.

Supply of factory for lease in 2018 slightly decreased by 0.2% whilst demand increased by 1.9% due mainly to an improvement of MPI Index. Automotive sector overall increased by 12.9% reporting 16.2% YoY growth of domestic automotive sales meanwhile Electronics sector boosted up by 4.3% driven by Hard Disk Drive and components. Foreign Direct Investment (FDI) recorded growth of 76.7% YoY.

Warehouse for lease business, on the other hand, still had constant expansion of demand and supply in 2018 by 16% YoY and 15.3% YoY, respectively from increasing demand of Third Party Logistics



Provider or 3PL and expansion of E-Commerce business against Digital Transformation. The Kasikorn Research Center noted that warehouse business would grow 5.3 - 7.0% in 2018. 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 leading provider of smart industrial platform

The Company is currently a leading developer in Ready-Built factory and Ready-Built warehouse for lease in Thailand with over 2.7 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. Additionally, the Company invested with partnership offering entire services of Data storage along with co-working office in CBD locations giving more choices to meet industrial customer demand.

### 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 promote 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, robotics and automation, 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.

## Procedure/Criteria of Land Acquisition

- Land where locates in strategic location, convenience and easy to access to public transportation, meet customer's requirement and advantage by BOI incentive.
- Fair land price which the Company could offer competitive pricing and generate rental return.
- Project expansion and modification are taken into account during land selection process with flexibility to cater for next customer's requirement.

## 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 of Construction Contractor

- 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

As at September 2018, 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.)
Amata City Rayong	0	0	1,700
Amata City Chon Buri	2	9.1	9,880
Bang Phli	1	34.0	34,300
Total	3	43.1	45,880



## Technology Group

### Business Overview

Thailand has great potential in the race to digital transformation as demand for data center services grow, which stands at the frontiers of progress towards advanced stages of digitization, in conjunction with broadband technology, cloud computing, big data analytics and internet of things. Under the Thailand 4.0 national agenda, the Thai government has envisioned an economic model aimed at achieving advanced levels of digitization and fostering an incremental economic growth through a masterplan 2017-2021 that focuses on strategic ICT investments to drive the widespread adoption and usage of digital technology.

While the state of Thailand's broadband infrastructure remains competitive, the country is thriving on other spheres of technology drivers especially the adoption of big data analytics to harness data streams from different sources, run analytics and getting significant value-add to the business from efficient information management. In an attempt to address these challenges, next level evolvement is gearing towards exploiting data center technology as a crucial IT infrastructure underlying the success of 4.0 industrialization era with an enhanced capability for entrepreneur to integrate real-time information and capture insights to win a competitive edge. In 2018, TICON made a preemptive move into the data center market via a strategic partnership with ST Telemedia Global Data Centres (STT GDC), a leading data center service provider headquartered in Singapore with global expertise and knowhow in data centre design, build and operations while meeting international standards and the demands of its customers.

### Business Operations by Product Types

Data center colocation services are deployed within a data center facility, providing shared rental space for organizations to bring in network servers and other computing hardware. A data center operator must ensure uninterrupted operations at its facilities, including providing power back-up systems to avoid downtimes in the event of power outages. In addition, they provide cooling equipment to maintain specific temperature conditions to prevent overheating of the servers.

Data center development projects must consider location and infrastructure support, supported by a pool of technical experts to ensure optimal design and security. The ability to scale up is also a crucial feature to cater to customers' requirements in the evolving digital marketplace.

As technology and internet activity continues to develop rapidly, data centers play an increasingly significant role in centering storage and connectivity. Emerging technology over the last few years has enabled data centers to take advantage of the better performance and energy efficiencies of newer and smaller IT equipment.

## Marketing and Competition

### Industry Overview

The growth prospects in Thailand data center market present a robust trend with an ongoing increase in market value by 15%-20% annually. Currently prevailing data center service providers comprise key players from telecommunication and ISP operators including Advanced Info Services Plc. (AIS), Interlink Communication Plc. (ILINK), CS Loxinfo Plc. (CSL), Internet Thailand Plc. (INET), WHA Corporation Pcl. (WHA), NTT Communications (Thailand) Co.,Ltd, (NTT) T.C.C.Technology Co.,Ltd. (TCC Tech), True Internet Data Center Co.,Ltd. (True IDC), and Supernap Thailand Co.,Ltd (SUPERNAP) which was formed by a collective partnership among leading businesses. Rising demand for data center service has been fueled by ever-increasing volumes of data produced from both consumers and businesses through massive connectivity, and colocation providers are benefitting from this growth. Potential customers for data center services range from cloud service providers, internet and media service providers, financial service institutions, telecommunication operators, governments and system integrators.

### Overall business strategies

The Company set forth an objective to become a data center service provider breaking new ground into Thailand data center market with leading-edge development and operation management to cater for large-scale enterprise demand domestically and internationally through a strategic partnership with STT GDC, whose strength is in world class data centre technology and global expertise while

adhering to international standards in terms of security and reliability. The Company is committed to lay solid foundation in state-of-the-art operating system and infrastructure development administered by the professional partner to build trust and confidence in service quality while sustaining an eco-friendly and energy-efficient solution. By leveraging on the existing business partner network, the pre-marketing strategy has been employed to solicit prospective clients particularly the large local and transnational corporations in data-driven service sectors seeking large-scale data center and cloud computing capacity including universities, medical centers, media operators, financial institutions, etc. Alongside strong and expanding demand, the data center market presents a robust future as evident from many key organizations transitioning to digital-centric ways of doing business and increased in focus on efficient data process and data center management, especially for the emerging industrial sectors that utilize advanced digital technologies favored by government policies.

### Provision of Products or Services

Our purpose-built data centre is designed to offer the highest level of reliability and comply with industry best practices, offering customers a highly resilient and secure hosting environment for their racks and servers.

Partnering with STT GDC provides the data center expertise as well as project funding to support the design, construction and operations of the data centre. In addition, optical-fiber cable network, power system, back-up energy supply, along with security features are crucial elements in an outstanding data centre. The other major aspects are the design of data center capacity based on scale-up architectures in order to cope with continuously growing requirements.

### Work in Progress

The joint venture company has begun the development phase of the data center project strategically located on a 16-Rai site in Bangkok city with planned investment for the project estimated at Baht 7.3 Billion, due for completion and service commencement by 2020 under a phased approach. With the state-of-the-art data center infrastructure, the platform capacity can be leveraged and is scalable to meet ramp-up demand and considered optimizing



or expanding further in the new facility as the industry continues to thrive with the mass adoption of advances digital technology.

In addition, the Company has currently applied for the incentives from the Board of Investment of Thailand (BOI) for data center business operation underlying IT infrastructure development activities in accordance with benefit scheme stipulated in the Investment Promotion Acts.

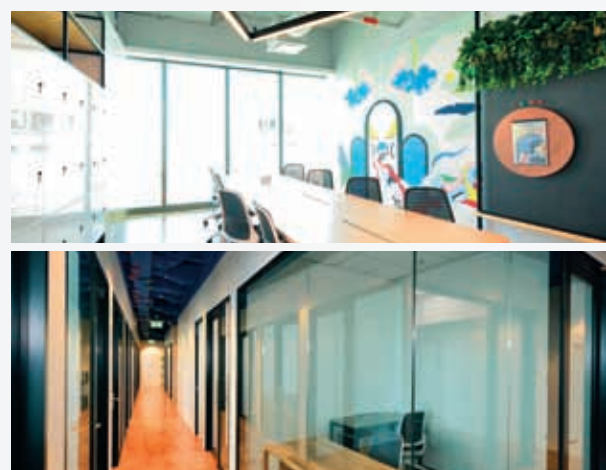
## Smart Solution Group

### Business Overview

Smart solution is a new business venture utilizing advanced technology to enhance value proposition from multi-service integration and connectivity

## Business Operations by Product Types

Co-working business provides rental service for a shared workplace, often an office that differs from a traditional commercial lease space usually employed by small organizations, with key distinctions in functionality and aesthetic design principle that allows for flexibility and scalability alongside high quality amenities to cater for variety of needs across all organizations. Co-working space is designed to accommodate a range of possible alternative uses, offering customer the ability to rent out only what you need either private meeting rooms or a suite of office-like amenities such as a dedicated desk, or 'hot-desks' which refer to a shared desk for on-demand uses by tenants with flexible working hours to maximize space efficiency.



co-created by a strategic partnership's sharing of resources, customer base, proprietary knowhow and expertise. Currently, there is a growing trend toward mixed-use development at the intersection of real estate, technology and community, which fosters combination of integrated features with modernized application to address changing lifestyles of new generation consumers. Fully embracing digital technology to optimize business solutions, TICON has taken further step to expand portfolio via strategic partnering setup of its new joint venture with JustCo, Southeast Asia's largest premium co-working space provider specialized in data analytics, smart workplace technology and powerful CRM with enlarged customer base in regional countries.

Co-working is the new path of melding life and work in a sustainable fashion. Many of the benefits provided by an innovative fully-furnished facility includes shared common areas offering recreation space and café with barista, giving a sense of community under an entertaining and refreshing atmosphere to cater for the new generation lifestyles. The co-working environment is conducive to the truly organic collaboration and conversations, encouraging interaction and networking with new people to exchange ideas and expand business leads, as co-working spaces often run a variety of community events, workshops, and seminars for their members through branched co-working offices readily accessible for privilege member services which greatly superseding the typical serviced office model.



Through the strategic partnership with JustCo, the Company has launched its first co-working service facility located at the edge of Bangkok's central business district, AIA Sathorn Tower with a combined space of 3,200 square meters, spreading over two storeys, followed by the second venue across 3,500 square meters occupying three levels of the Capital Tower at All Seasons Place.

## Marketing and Competition

### Industry Overview

The rapidly growing startup community and small enterprises has given rise to the high demand for an innovative working space in a communal and collaborative setting that encourage flexibility, enhance productivity, as well as creating exposure for networking opportunities, with high level of amenity for occupants of the building through the provision of state-of-the-art smart technology. As co-working is becoming very popular in Thailand, several regional and global players are jumping on board such as GlowFish, The Hive, Hubba, Spaces, The Great Room, Regus. The industry life cycle is currently in its initial stage of development, with total market size approximately 35,000-40,000 square meters in 2017 and forwarding trend is on a steep rise beyond 2020.

Overall co-working space has been evolving and becoming an integral part of service office market in Bangkok, with high growth potential driven by increasing workforce in freelancers, independent professionals, start-up entrepreneurs striving for innovation, and small to medium enterprises (SMEs) looking to enhance competency and competitiveness in the transition towards 4.0 economic model fostered by government. With coworking spaces working so well, it's increasingly relevant for a broad range of people and organizations and there has been a recent adoption of co-working spaces by larger organizations as well. Forward thinking companies are already starting to utilize co-working spaces where possible due to the benefits to their employees, from increased happiness and collaboration, to greater employees thriving in a lively and dynamic atmosphere that inspires productivity, with an opportunity to stay lean and lower facility costs from maximizing space utilization. Competitive landscape in co-working industry is expected to become more intense, with players now offering several co-working venues and

enlarged service capacities as well as expanding into metropolitan areas and lifestyle destinations.

### Overall business strategies

Now a global phenomenon, sharing economy is gaining higher popularity with wide-range of products and services application across various industries. A recognition of the significant opportunities associated with the mega trends has reinforced the company's strategic investment in co-working space to drive for potential growth and sustain business portfolio expansion. Continuing on enhancement of the shared space experience for the new generation workforce, business traveler and enterprises across all sizes, the co-working platform is designed to provide a lively, energetic environment with a collaborative spirit to encourage interactions and



innovations as well as promoting a healthy work-life balance. To remain ahead of the curve, the Company plans for continuous expansion of co-working spaces in high-profile central business areas, with an ambition to become the leader of co-working space provider in Thailand and regional ASEAN countries.

Through a strategic collaboration with JustCo, the Company enhances its business solution with an integrated platform of facility service for existing industrial property clients, as well as fostering a significant transition toward customer-centric ways of doing business. With an emphasis on customer experience, the Company adopts a functionally responsive system powered by proprietary CRM software and data analytics application to support customer-centric workflow, create exposure and widen networking opportunity for entrepreneurs.

## Provision of Products or Services

Co-working space is a capital-intensive business with high investment required to grow the number of co-working locations in prime area highly accessible to public transport. From a site planning and development perspective, typical scaled capacity for individual premise usually ranges from a medium site at 1,000-3,000 square meters to a large site at 3,000-8,000 square meters. The all-inclusive nature of co-working office is enabled by well-managed technologically-advanced solution that pose a challenge for facility operator, who needs to provide professional back-up support for handling all interactions, solving problems, maintaining service levels, upgrading applications and software components, as well as keeping costs well under control.

Through various membership-based models including options for monthly fees or annual fees over 1-3 year; costs vary and allow for flexibility based on the type of space to suit most needs either a shared desk or hot desk, a dedicated studio, a meeting room, a lobby to organize community events, workshops, café and recreation services. As membership-based workspace, co-working model provides a great fit to differing needs among start-ups, entrepreneurs and freelancers.

## Work in Progress

As of 30 Sept 2018, the Company has commenced the second co-working space at Capital Tower with service operation on a 1,800 square meters space under phase 1, while the remaining construction and decoration work for phase 2 is underway with target completion by February 2019.

In addition, the Company has prepared for an additional investment in its third and largest co-working space in Thailand located at Samyan Mitrtown on a 4-storey service area totaling 8,000 sq.m., with operation commencement by the end of 2019 upon the completion of Samyarn Mitrtown construction.

## Risk Factors

### 1. Overall business risks

#### 1.1 Risk from domestic economic and political change

Since current situation of overall investment in Thailand remains uncertain from political instability, demand for factory or warehouse lease may be sluggish or expand in subnormal rate. However, the Company is aware of such risk and has managed to diminish effects that probably occur to the Company such as closely monitoring customer situation, continuously and constantly strengthen relationship with existing customers and foster new relationship with potential customers. Besides that, the Company has policies to control quantity of new factory and warehouse construction to be in line with market demand each period to prevent excessive vacancy of buildings or space for rent.

The Company expects that the Eastern Economic Corridor (EEC) project supported by the government will enhance greater direct investment from foreign countries in the future as well as driving domestic demand of factories and warehouses.

#### 1.2 Risk from interest rate fluctuations

TICON's nature of business is real estate developer for industrial lease purposes which requires high investment fund for land acquisition and construction. A part of investment fund is drawn from bank loan and the company's debenture. Cost of those bank loans is interest which fluctuates according to money market movement. However, the Company only has debt and debenture in Thai Baht currency.

The fluctuation of interest rates would impact most to the company when debt service required for an interest payment by floating rate. Over the past years, the Company's strategy was repayment of loan from Financial institution to lower interest charged mostly in floating rates. In effect, the Company issued debentures in different series with differing maturity period. Majority of debentures were fixed interest rate type for cost-effective interest management which follow the Company's treasury policy. As of 30 September 2018, the Company had only few outstanding debts, indicating an exposure to interest rate fluctuation risk has decreased significantly.

### 1.3 Risk from investment in future projects

The Company is exposed to risk from unsuccessful in-the-future project investment which may cause impact to revenue or financial stability of the Company in the long term. At present the Company manages such risks by increasingly providing factories and warehouses customized to tenant demand (Built-to-Suit), securing pre-lease contract prior to factories and warehouses development, limiting investment amount in each project to minimize financial damage to the Company in case of unsuccessful execution. Furthermore, the Company has controlled an investment proportion for each type of property development in each province to be in line with market demand and to avoid concentration risk in some specific area.

## 2. Risk related to property development and asset management

### 2.1 Risk related to short-term lease agreement

As majority of the Company's lease contract term is 3 years (with renew options), the shareholders might be concerned for possible impact if the tenants had not renewed lease term.

But normally once the tenants start production, they frequently do not vacate from the factory. Moreover, the Company's factories and warehouses are spread in diversified location and the tenants are entrepreneurs in various business from various countries which create good diversification of contract cancellation risk. Our factories and warehouses are designed and constructed with international standard and located in popular area of the tenants. In case of lease contract cancellation, the Company can find new tenant without difficulty. Based on the Company's policy to control supply of new factory and warehouse construction to be in line with market demand each period, the Company is able to extend lease term to be longer than 3 years.

### 2.2 Risk related to concentration of certain tenants

As of 30 September 2018, 38% of the Company's factory tenants were entrepreneur from Japan, 34% were auto parts manufacturer and 29% were manufacturers in electronic parts and electrical appliances. While 30% of the Company's warehouse tenants were entrepreneur from Germany and 54% were logistics service providers. Reduction of investment in the aforementioned

industry especially for investment from Japan and Germany might impact the Company's revenue.

However, the Company believes that the impact of such risk is limited. Even the manufacturers in the electronic parts and electrical appliances sector had moved their production to other countries where labor cost are lower along with trade benefits not available in Thailand; it was evident that customers did not completely move out but selectively moved only production line of parts and components that are labor-intensive. Thai government has set forth policies for investment promotion to encourage foreign manufacturers who employ advanced technology in production system to move manufacturing and services base to Thailand. Those industries will substitute electronic parts and electrical appliances manufacturers who moved out and increase new tenants to the Company's vacant factories. Moreover, automotive sector is another industry on the rise trend following relocation of major automotive parts manufacturers to Thailand which brings about growing demand for automotive parts in the future.

On top of industry sector concentration risk to factories lease, major tenants of the Company's warehouses are logistics service providers. However, the Company assessed that both risks for industry and warehouse lease would have limited impact since the concentration risk is mitigated by diversification of products inventory and logistics across variety of business such as automotive parts, electrical appliances, electronic parts, consumer products, documents, health and beauty products, chemical substances, etc.

With Japanese entrepreneur ranks No.1 top investor in Thailand, TICON as a major player in factories and warehouses for rent market also has tenants from Japan in the same proportion. The Company perceives Thailand as one of the most attractive investment destinations in Asia with superior cost of production advantage. Hence the concentration risk of tenants from Japan is acceptable. Moreover, since the Company's factories and warehouses have common standard architecture, they fit demands of entrepreneurs across industries and countries.

### 2.3 Risk from uncollectible rental fee under lease agreement

The Company puts in place preventive measures to collect the rent with accounting staff 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 an outstanding rent. If the tenant still fails to pay the rent, the Legal Division will start litigation against such tenant by giving a legal notification to the tenant. Historically, the Company has maintained a good relationship with the tenants, and the Company also has a policy to select tenants with good credit quality.

#### 2.4 Risk from vacant factory and warehouse

Since early 2018, Thai economy tends to grow continuously with key drivers from domestic and international demands that result from exports and tourism expansion in tandem with world trade volume and economy of business partner country; along with consumption and investment expansion in private sector. The exports volume is growing continuously in many products especially electronic parts, automotive parts and processed agricultural products in line with rising trend of world trade volume and economy of business partner country.

Investment of private sector tends to grow as exports while private sector consumption expands from (1) Increase of production capacity rate in many industry such as automotive, food and beverage (2) Increase of capital goods and machinery imports (3) Increase of demand in loan for business sectors (4) More clarity of investment plan in large organizations (5) Support measures for low income people by government such as Community Enterprise Support Project and Agricultural Reform Project and (6) Constant increase of value from obtaining investment promotion incentives and clarity of government's mega infrastructure investment projects, including Eastern Economic Corridor (EEC) and Public-Private Partnership which help raise confidence to business sectors, promote investment climate and might attract more investment from foreign to Thailand.

With factories and warehouses located in various locations, the Company is capable of catering to various demand by existing or new customer across industry, covering producer for domestic and overseas market. The Company is able to manage those vacant factories and warehouses to stay attractive to tenants, while the availability of factories and warehouses for rent as well as land bank for future development in Eastern Economic Corridor (EEC) area presenting a competitive edge.

#### 2.5 Risk from dependency on a few numbers of

#### contractors

Employing only a few numbers of contractors to construct factories or warehouses for the Company is risky under the circumstance whereby an individual contractor taking over a great portion of the Company's development work has encountered a difficulty, and thereby delayed construction progress or leftover the construction site leading to a severe impact to the Company.

In facts, contractors with experience and expertise in construction technology are essential for the successful development of distinctive architecture in many cases. For this reason, business priority necessitates hiring some contractors with more employment contracts than the others. However, the Company realized aforementioned risk and therefore set a policy not to hire any contractor for contract value equivalent to 200 million Baht or above which would add up to overall contract-on-hand value of an individual contractor exceeding 50% of the Company's outstanding total work to complete construction.

#### 2.6 Risk from natural disaster and accidents

In 2011, the Company was affected from heavy flood in Phra Nakhon Si Ayutthaya Province and Pathum Thani Province. The factories and warehouses for lease which located in such area were damaged, forcing the tenant to cease their operation and unable to pay rent to the Company. Several tenants chose to terminate the lease agreements, and the situation had persisted for years after the flood. In this regard, the shareholders may have concern that the Company is exposed to risk from natural flood in the future, which might impact to vacancy of the factories for a certain period of time.

To address the concern, 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 use to be more expensive, they had now lowered down to normal level. In addition, The industrial estate and logistic park developers in those provinces also constructed concrete dikes to protect assets in the area.

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

### 3.1 Risk from overseas investment

Currently the Company has invested internationally, leading to an exposure to foreign currency exchange fluctuation risk. As of 30 September 2018, proportion of overseas investment to total asset of the Company was relatively low at approximately 1.3%.

Regarding long term investment in foreign countries, the Company has policies to monitor foreign exchange rate fluctuation on a continuous basis by assessing the cost of financial instruments to protect exchange rate risk in line with movement and trend of the exchange rate in order to close the risk from foreign currency fluctuation.

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

This associate company will develop factory and warehouse for lease on average 50,000 - 51,000 square meters per year. The construction may be deferred if the supply of ready-built factory and warehouse exceeds customer demand in order to mitigate vacancy risk as a result of economic slowdown in Indonesia.

With respect to overseas joint venture risk, the Company currently manages the downside by selecting foreign partner with experience, readiness, credibility, and integrity widely recognized by general business community in the market. The Company would firstly conduct a due diligence process prior to proceeding with the investment and also has a policy for selecting an overseas partner who places emphasis on long-term relationship.

### 3.2 Risk from business competition with Trust

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

According to TREIT mechanics, the Company has

been engaged as TREIT Property Manager in charge of finding new tenants and providing services to existing tenants, similar to what the Company manages its own properties. Such engagement further strengthens the Company and TREIT's competitiveness as it increases the assets pool available for customers and leads to higher chance of securing customer deals.

### 3.3 Risk from new business investment

In year 2018, the Company set up TICON Technology Co., Ltd. to run a data centre business, providing modern data storage services with international standard security to serve demand of big domestic and overseas enterprises.

A joint venture between TICON Technology Co., Ltd and ST Telemedia Global Data Centres – STT GDC, world-class alliance who has expertise in data centre business from Singapore, will emerge in Thailand's data centre business. The Company plans to bring technology, knowledge and expertise from both companies to develop the first biggest data centre on the strategic area in the midst of Bangkok metropolitan, expected for service commencement within year 2020.

Besides that, the Company also jointly invest with JustCo (Thailand 2) Pte. Ltd., an alliance from Singapore, Southeast Asia's top provider of premium class co-working space. JustCo possesses a strong expertise in data analytics, CRM and workplace technology. The Company set up JustCo Thailand Co., Ltd to run co-working office business which has now opened for 2 branches in central business district; the first one located at AIA Sathorn Tower, South Sathorn road and second one is at Capital Tower All Season Places, Wireless road. Following the successful commercial launch, the Company plans to open more branch targeted to be ready for service in Q4 of year 2019.

Emerging risks from new business investment include existing incumbent competitors and threat of new entrants in the market, along with the dynamic insights of customer demand for products and services. Currently the Company mitigate these risks by analyzing new business growth potential for expansion, as well as selecting strategic joint investors with experience, expertise, readiness, reliability, and integrity widely recognized in the regional Asia or world-class arena. The Company has selection process for co-investor from overseas who prioritize to long-term relationship with protocols to gaining an understanding on potential investors prior to joint venture agreements.

# Corporate Social Responsibility

## Corporate Social Responsibility: CSR

The Board of Directors are committed to lead the Group company and its affiliates for a sustainable growth, in parallel with responsibility to society, environment and stakeholder group under the principles published by the Stock Exchange of Thailand; including organizational culture specifying core competency and characteristics required for everyone in order to lead the Company towards its defined vision consisting of:



**CO-CREATE (CO) - To join in creation of work** with common purposes to create value to business by working with customer, partner and colleague through creative collaboration, problem solving, development and improvement, enhanced efficiency and innovation together.

**RESILIENT (RE) - Capable to cope with changes** that is flexible, self-motivated, change acceptance with adaptive behavior or working method to deliver success and contribute to change management among surroundings, along with an ability to apply modern technology creatively.

**STRIVE FOR RESULTS (S®) - Committed to the specific target and strive for successful result,** accountable for work performance, self-challenging and perseverant.

## Business Conduct with Fairness

To operate a fair business, the Company codifies personnel scope of standard practices which should be complied in managing business operation according to moral principle framework, underlying creativity, equitable and fair treatment to lay a solid foundation as an entity with sustainable growth stipulated in Code of Conduct standard manual. The Code of Conduct considers responsibility towards society and all stakeholders: shareholders, business partner, contractors, customers and competitors for freedom of business conduct; accessibility to appropriate, unconcealed and straightforward information; as well as strictly complying to the law and related regulations.

### Practice Guidelines

- To treat business partner equally on a fair competition basis with transparency to all business partners, affiliated company or joint-venture and strictly follow contractual agreement with no personal benefit taken from other parties.

- To manage an efficient, clear and verifiable procurement process as well as continuously keeping good image of the Company. The procurement policy is set to prevent injustice in procurement procedures and practices for business partner to refrain from any misconduct which violates anti-corruption policy

- To become a politically responsible entity with neutrality and adherence to constitutional monarchy regime. The Company will not allow usage of brand or symbol of the Company to support any political activity directly and indirectly, while personnel is entitled to exercise political rights according to the law.

- To respect rights in ownership of asset or intellectual property for a smooth operation without infringement of other's rights, the Company supervises an information technology operation and communication carefully, and paying respect to copyrights of intellectual property owner, as well as protecting trade secret and not disseminating information which is morally and traditionally inappropriate or illegal.





## Anti-Corruption

The Board of Directors persist in running business with transparency and aware that corruption can happen anywhere anytime and might affect business transactions with partners, hampering competitiveness and innovative competency as well as hindering development of economics, society and public security. The Company is supportive to oppose corruption and verified as a member of Thailand's Private Sector Collective Active Coalition Against Corruption Council: CAC on 18 August 2017. As part of its Code of Conduct, the Company stipulates an Anti-Corruption Policy for all personnel including affiliated company and joint-venture to follow under the supervision of the board of Directors, audit committee, corporate governance committee, risk management committee and executive management.

### Practice Guidelines

- Encourage to create consciousness, value and attitude towards anti-corruption as corporate culture to all personnel, so they will work honestly, clearly, accurately and respect the laws and regulations.
- Impose all personnel not to demanding for bribery or other benefit from other related party to the Company except for occasional or festive season, and those assets are not illegal. Personnel must not seek benefit from the job position for oneself and/or for the other improperly.
- Arrange audit process for operating procedure including corruption risk assessment and proper management of corrective measures.
- Provide adequate and proper internal control system including development of system and protocol to investigate, control and counterbalance the use of power properly, clearly and efficiently to prevent any corruption or any relation with corruption.

Arrange for communication and training to the Company's personnel to create a deep understanding and practical knowledge about anti-corruption policy.

- Support activities held by other institutes or organizations for the benefit of anti-corruption prevention and promotion.

The Company prepared orientations for new employee with Corporate Governance Code (CG Code) and Code of Conduct which includes Anti-Corruption measure and policy for understanding roles and practices. Moreover, the Company held a seminar in topic "Roles of Thailand's Private Sector Collective Active Coalition Against Corruption Council member" on Monday 27 August 2018 honored by Thai Institute of Directors (IOD) speaker to narrate and review knowledge and understanding in the role of member of "Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)". This seminar reinforced awareness of the personnel's roles including all stakeholders help identify risk and corruption possibility in the operating process and evaluate compliance to anti-corruption policy as well as Corporate Governance Code. Other than that, the Company disseminated video to every employee to be a part of corruption-free organization.



## Human Rights Respect

The Company realizes human rights and respects human resource as an important factor to create value-added production, enhance competitiveness, creditability and esteem which is fundamental to corporate development. Therefore, the Company sets a guideline to promote human rights compliance which is the congenital fundamental rights regardless of nationality, race, color, religion, language, social status, law, custom, local tradition of the relevant country with vested interest; as well as aligning practices to universal human rights principle.

## Practice Guidelines

- The Company's personnel should truly understand and comply to the law related to individual role and responsibility. In case of working aboard, the Company's personnel should study law, custom, tradition and culture of destination country, and follow universal human rights principle without contributing to business in violation of human rights.



- The Company sets up a whistle blowing policy for corruption complaints including protection of whistleblowers in case of doubt or suspicion following the discovery of improper behavior against the law or ethics and Code of Conduct in order to prevent unfair practices, potential threats and damages to reporter, source of information or related person who unveils the clue report of illegitimacy or unethical conduct.
- The Company requires annual internal audit assessment to report the Board of Directors.

## Fair Labor Practices

The Company gives priority to a fair treatment for its employee which is considered a crucial resource in any operation for utilizing knowledge, capability, physical strength and spirit to achieve working goals. The Company supports fair management of employee practices in parallel with business growth for a sustainable development. The Company does not abuse child labor or forced labor; and provide social protection, proper working condition, healthcare and safety at work; as well as giving opportunity, remuneration and benefit, designation, transference and competency development for employee thoroughly

## Practice Guidelines

- Arrange fair employment conditions with proper remuneration policy according to competency or employment contract in line with industry standard or standard of living both in the short term and the

long term, including medical expense benefit, uniform, provident fund, bonus which depend on employee's performance and the Company performance, etc.

- Consider to employ or terminate employment through proper review and decision-making process with no discrimination or individual prejudice.
- Provide employee skill development training to improve learning ability, as well as enhancing opportunity for progress and promotion in due course.
- Properly support working facilities to enhance effectiveness of employee work.
- Employee has an opportunity to access or acknowledge important information about the Company's performance and business direction, as well as reaching communication channel to involve in suggestion without interference.

The Company takes part in organization development with close attention to employee's living condition and communication channel to publicize useful information and news to employee such as motion public relation signage or distribute information through mobile application and encourage team activities by allowing social club formation such as badminton, football and volunteer; and consider promoting good health by letting employee use fitness service provided by the company everyday as frequent as specified. Besides annual health checkup, the Company arranges for recreation activities both internally and externally to enhance corporate unity, cooperation and encourage or reward to employee consistent with organization policy. The employee can participate in activities and social activities held by the Company to enhance relationship and social support. The Company also gives priority to safety and professional healthcare in working by taking new employee orientation to acknowledge employee of proper behavior in normal operating situation and emergency situation such as working at height, fire drill, fire extinction and how to use safety equipment related to daily work.

## Internal Personnel Development Creating Learning Society for Employee in 2018

The Company focuses on enhancing and supporting



personnel capability development by arranging for variety of internal training course such as English communications course for ASEAN to continuously improve skills of foreign language. The Company arranged free learning class with foreign teacher and all levels of employee has rights to take a skills pre-test for appropriate class grouping as well as taking a post-test after the course finishes to evaluate learning progress which poses an opportunity to advance individual career path. Training course “Attitude adjustment for WIN-WIN working” is to enhance understanding in working responsibility towards the organization. The content is about systematize working to obtain quality product and service; understanding in psychology essential for all related person at all level from a service perspective; skill development emphasizing on quality and efficient service; creating interpersonal skill to collaborate; developing EQ-AQ; enhancing positive attitude, teamwork value and good culture, as well as emotional intelligence and work efficiency through development of self-oriented and work-oriented improvement strategy, and creating motivation for goal achievement, etc. Employees are allowed to attend seminar and training held by external organization, totaling not less than 60 courses or average not less than 3 hours per person per year with a total cost of 4.36 million Baht in the past year

Sample of the Company’s training course list for all level personnel in the past year (1 January – 30 September 2018) are as follows;

- Documents and filing management for efficient working
- Management Development Program (MDP)

- Roles of Thailand’s Private Sector Collective Active Coalition Against Corruption Council Member
- Commercial Contracts for Drafting and Negotiating Summit 2018
- ISO 9001:2015
- Train the Trainer for Topp SAP Success Factors and Evaluation for SAP SuccessFactors
- Buzan Mind Mapping Workshop
- Venue Expenses for TICON Retreat 2018

## Safety, Occupational Healthcare and Working Condition

The Company is aware of operating measure for safety and hygiene working condition. Hence, the Company arranges for safety working environment to safeguard employee’s life and asset, with orientation training and dissemination of knowledge and safety guideline to raise employee awareness, as well as providing adequate and proper working facilities consistent with related standard to prevent work-related injury, illness and loss of life from accident.

### Practice Guidelines

- The Company considers operating safety, occupational healthcare and working condition directly responsible by directors and all levels of employee. The Company allocates resources of personnel, time and budget adequately and properly to achieve objectives and goals.
- The Company will operate in compliance with the law and related agreement of safety, occupational healthcare and working condition; consider the law requirement as a minimum standard in practice.
- The Company will operate in finding and determining risk management measure and preventing all operating activities under the responsibility of the Company from any danger to create highest safety to performer including the Company’s employee, contractors, asset, environment and general public by means of setting an annual operation plan.
- The Company will develop competency of directors and all levels of employee continuously by



providing a training of safety, occupational healthcare and working condition on a continuous basis.

- The Company opens for opinions from every party in policy formulation including operational safety, professional healthcare and working condition, as well as arranging for revision in proper timing to

improve operation.

- This policy will be communicating to all level occupational in organization and ready to disclose to public all the time.

In 2018, The Company summarized injury information as follows;

**2018 Annual Accident Statistic Summary**

Accident	Month									Total
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Severe Accident (Death)	0	0	0	0	0	0	0	0	0	0
Accident with Lost Time	0	0	0	0	0	0	0	0	0	0
Accident without Lost Time	0	0	0	0	0	0	0	0	0	0
Work-related Disease	0	0	0	0	0	0	0	0	0	0
Number of Days Off	0	0	0	0	3	0	14	0	0	17
Total Accident	0	0	0	0	1	1	1	0	0	3
Working Hour	97480	93216	101744	82704	93216	95200	101744	99464	95200	859968
I.F.R*(%)	0.00	0.00	0.00	0.00	10.73	10.50	9.83	0.00	0.00	3.49

Injury Frequency Rate  

$$\text{I.F.R} = \frac{\text{Number of injured workers in the period}}{\text{Number of total hours worked of that unit in the period}} \times 1,000,000 \text{ hours}$$

In 2018 Injury Frequency Rate of employee calculate in 1,000,000 hours unit equal to 5 times.

Injury Severity Rate  

$$\text{I.S.R} = \frac{\text{Number of work days lost}}{\text{Number of total hours worked of that unit in the period}} \times 1,000,000 \text{ hours}$$

In 2018 Injury Frequency Rate of employee calculate in 1,000,000 hours unit equal to 26 days.

## Responsibility to Consumer

The Company realizes to keep standard of good product and service and aims for first-class quality development by emphasizing on usage behavior research, appropriate service level, safety, convenience, good hygiene, and rendering service with sufficient information provided throughout customer's pre-and-post acquisition stage, as well as concerning for a long term impact on consumer, society, nature and environment in order to become an entity with good business ethics and responsibility to customer, leading to sustained consumption and highest satisfaction of customer.



### Practice Guidelines

- The Company is committed to developing quality product and service to serve customer's need with reasonable prices and fair conditions.
- The Company is committed to rendering fast, friendly and non-discriminated service.

In the past year, the Company continued to keep and develop quality of operation and service with certified quality management system as ISO 9001:2015 superseding the previous ISO 9001:2008 under the scope of “The development of logistics parks and the provision of warehouses on lease with related maintenance and property management services” from certifying agency UKAS covering a total of 9 warehouses in the area of Wangnoi, Bangna, Bangplee and Laem Chabang to guarantee governance standard, from design, installation and production development and service level including risk analysis process and potential impact on serviceability such as setting proper service time, providing channel for service complaint, opening for consumer’s comment, being helpful and supportive to resolve disputes, providing maintenance or repair product etc., altogether reflecting quality and efficacy of internal operation that meets customer’s requirement with good quality service.

## Participate in Community, Society and Environmental Development

The Company is aware of responsibility to all group of stakeholder and concerns about possible impact to society and environment, with an emphasis on all operating activities within the organization and outside interaction with the community, society and environment. As a good citizenship, the Company nurtures religion, preserves natural resources and supports education and public services. The Company never neglects surrounding livelihood of its employee, nearby communities and other stakeholders. The Company prioritizes in preserving surrounded area of factories and warehouses for people in community to live a normal daily life with good quality; and gaining acceptance, trust and confidence in the Company’s business operation.

### Practice Guidelines

- Participate in social responsibility about quality, safety, occupational healthcare and working condition. Use internal or external resource for highest benefit to organization and public community under a favorable and sustainable co-existence.
- Cultivate consciousness about responsibility to society and environment to all personnel level.

## TICON Morb Rak year 6 Activities

Continuing on social corporate activity of TICON for 6 consecutive years, “TICON Morb Rak” project is



aimed to share smile and happiness to community and society across all distance, as well as creating an opportunity to live a better life over the long term. From 2017 throughout 2018, the Company research found that Thai society still needed different ways of development in many areas, leading to an initiation of 2 main projects in the past year as follows;

### TICON Morb Rak “Sang Rak - Baan Pak Hai Nong”

Based on fact finding, Thai children in remote area still have difficulty in travelling to learn in school, some of locations have enough potential for development to support higher level of education for children. From inconvenient commutation between residence and school, the Company started exploring sites in Chiang Rai, one of the Company’s employee hometown, and initiated “Sang Rak - Baan Pak Hai Nong” project by contributing to dormitory construction for student of Poh Wittaya School, Amper Wiangkang, Chiang Rai and sent staffs and engineers to supervise until the construction completed, together with donated sports equipment and souvenir. On 25 May 2018,

300 students joined a recreation event organized by working group and volunteered employee of TICON group company, led by Mr. Sapon Racharaksa the President, which created a deep impression for teachers and students.



### TICON Morb Rak “Tor Yod Kan Suksa – Pattana Chumchon”

After inspecting nearby factory and warehouse locations and conferring to people and personnel in the area, the Company found out that industrial expansion in Ayutthaya led to population increase in the area, mostly being labor who works at factories and warehouses. The Company foresees and supports quality of life development for people in community by organizing TICON Morb Rak Project EP.2 in the name “Tor Yod Kan Suksa – Pattana Chumchon” in Tambol Utai, Amper Utai, Pra Nakorn Sri Ayutthaya Province on 17 August 2019 which was separated in 2 parts as follows;

1) Participated in robe offering ceremony donation to build a multi-purpose hall as a district hospital to promote healthcare in the community with donation collected from TICON group company and employee contribution. Formerly this place was just a small public health center with limited service area inadequate to meet some requirement such as annual health checks up for inhabitants, or vaccination program to a lot of people at once



2) Donated computers with equipment and chairs to Wat Jampa School to develop education for youth in school. Since the Company found out that computer and equipment is out of order and insufficient to meet demand, the Company managed to set up internet connection to the computers, so they can be tools to search for useful data, at the same time the Company delivered developmental toys to all students and participated in skill enhancement activity together.

### Mangrove Forest Conservation Activity

As TICON is one of entrepreneurs that has serviced industrial factories in Bang Poo industrial estate area, so the Company joined in mangrove forest conservation activity in Bangpu Nature Education Center - Chaloeprakiet; and Bangpu Recreation Center - Tambon Bangpumai, Amphoe Muang, Samutprakarn by attending the seminar on principle and rationale for natural preservation campaign which was held by Bangpu Industrial Estate Authority of Thailand. The Company's volunteer group joined the event of mangrove forest planting and collecting the left-over garbage in the area together with network of people who are stakeholders from surrounding zone, including industrial estate entrepreneurs, local authority, community and school.







### Global Warming Alleviation Through Green Buildings

TICON is moving forward to develop international standard warehouses and distribution centers continuously. The Company focuses and cares for natural resource and environment including society and community surrounding the Company's factories and warehouses. The Company aims to develop green warehouses underlying the policy requirement for LEED (Leadership in Energy and Environmental Design) certification applied to every new development project to guarantee for environmentally friendly warehouse quality according to U.S. Green Building Council (USGBC), a U.S. leading organization of green building standard determination who adopts LEED Scorecard Rating System for quality assessment of ready-built facility for lease.

The latest distribution center development project by TICON over a total area of 35,000 with target completion upon the beginning of 2019, would save energy consumption more than 53 percent compared to a typical warehouse, and lower energy costs more than USD 66,000/year or approximately Baht 2.2 million/year (compare to standard of ASHRAE) and reduce water consumption in the building over 400 cubic meters/year. The green building has a well-organized electrical system and uses highly efficient LED light bulb to save more energy as well as applying solar cell technology to increase proportion of green energy usage. Besides saving the expenses, the Green buildings also help to improve quality of life and health condition of those who work in factories or warehouses.

### Carbon Footprint for Organization Project

The Company realizes the importance of preventing pollution, sustaining resource utilization, and being adaptive to environment. For this regard, the Company reviewed Carbon Footprint for Organization: CFO to gather all greenhouse gas emission data such as stationary combustion, mobile combustion, fugitive emission and usage of electricity, paper and water which is still on process for collecting data during the period 2015-2018 for analysis and preparation of report presentation in the next year.

## Corporate Governance

The Board of Directors and the management team are determined and realized the importance of corporate governance for a sustainable growth under good governance principles by conducting business with responsibility to all stakeholder groups, enhancing confidence and relationship to all people, increasing director's understanding of business context and expectation of stakeholders including opportunities and risks affecting business operation under the principle of transparency and good governance, as covered by Ethics and Code of Conduct. The Board of Directors regularly plan to review corporate governance policies on a yearly basis and follow up to disclose **"Corporate Governance Policies"** on the website, <http://www.ticon.co.th>. to acknowledge shareholders, investors and all stakeholders.

In addition, the Company adds corporate governance as part of new employee's orientation program, and communicates to all level of the Company's employee for acknowledgement and adoption as a corporate value in parallel with prudent management and operation corresponding to objective, strategy and goal for sustainability covering economic, society and environmental responsibilities. The Company's governance practices encompass 5 sections which are Shareholder's Rights, Equal Treatment to Shareholder, Roles of Stakeholders, Information Disclosure and Transparency, and Responsibilities of the Board of the Directors; along with key principles stated in 2017 Corporate Governance Guideline for Listed Company; which has been adopted and executed throughout 2018 as follows:

### 1. Shareholders' Rights

The Board of Directors realizes and emphasizes on the significance of shareholders' rights. The Company encourages participation of shareholders to exercise the rights through the shareholders' meeting, with effective communication to shareholders in matters related to the shareholders' meeting so that shareholders freely and equitably participate in decision-making on the Company's important agenda such as vote for election, determination of director remuneration, appointment

and determination of auditor remuneration, as well as providing an opportunity for shareholders to propose meeting agenda or question that need to be answered at the meeting in advance along with obtaining the Company's news and information quickly, completely and sufficiently across easy-to-access channel, so that the shareholders can participate in making decisions related to own rights and benefits. The Company has a policy to support and facilitate all shareholders including institutional investors to attend the shareholders' meeting.

The Company prioritizes the shareholders' meeting procedure to ensure a smooth, transparent and effective proceeding of the meeting with equitable treatment among shareholders. The Company selects a meeting venue that is conveniently accessible via the mass transit system and organizes meeting time in the afternoon to spare enough traveling time for shareholders. Meeting registration documents will be sent to shareholders in advance to shorten time for document verification in the meeting day. Registration lane is also provided specifically for each type of shareholder; individual, juristic person and institutional investor with barcode system used in registration and vote counting for faster and better precision of both registration and computation process.

The meeting invitation documents contain detailed explanations of meeting agenda so the shareholders will have complete information for vote consideration. The Company also sends proxy form to shareholders for voting in each agenda, and provides audit committee information in the proxy form so the shareholders can select a person to vote on their behalf in case they cannot attend the meeting. Beside the meeting invitation, the Company attached its rules related to shareholders' meeting with information and detailed requirement for documents to be used in shareholders' meeting attendance. The Company provides opportunities for the shareholders to propose additional agenda and to nominate qualified person to be appointed as the Company's director in advance, with clarification on the process and method disclosed on the Company's website.

Participants in shareholders' meeting consist of the Board of Directors, Audit Committee, executive management and auditor, with the Chairman of the Company or person approved to be chairman by the shareholders' meeting will conduct for a transparent determination and voting for each agenda item respectively as stated in the meeting invitation. Moreover, the Company would inform quorum of shareholders attending the meeting and those who assigned proxy to inform all shareholders in advance prior to voting.

The Board of Directors ensures a comprehensive minute of meeting is recorded with key points, questions, and suggestions including number of required votes in each agenda. The Company prepares to complete the minute of meeting within deadline as defined by law and arranges for systematic filing system for reference and verification thereafter. Indeed, the Company also records voting result in the minute of meeting to include all important information.

The Company discloses documents and related information to shareholders' meeting on the Company's website in both Thai and English language including the meeting invitation documents 30 days in advance, and publishes minute of meeting within 14 days after the meeting date including video recordings for fast and easily accessible information to shareholders.

The Company held the 2018 annual general shareholders' meeting on 27 March 2018, 14:00 hours at Grand Ballroom, The Okura Prestige Hotel, 57 Wireless Road, Lumpini Sub-district, Patumwan District, Bangkok, which was attended by 14 directors and executives.

## 2. Equal Treatment to Shareholders

The Board of Directors has a policy to treat all shareholders equitably, fairly and sustainably covering major shareholders, minor shareholders, institutional investors or foreign shareholders, with details as follows:

The Company has a policy to maintain all shareholders' rights in annual general shareholders' meeting for 2018, chairman of the meeting conducted the meeting according to the agenda order outlined in the meeting invitation notice and no addition of any other agenda without notifying shareholders in

advance. The Company's shareholders have rights to nominate a person for taking a position of Company's director. All shareholders were entitled to vote based on the number of shares held whereby one share equals to one vote. The Company allows the shareholders who could not attend the meeting in person 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 form as prescribed by the Ministry of Commerce and attached it with the invitation notice sent to shareholders for instructing their votes accordingly.

The Company prepared the minutes of the 2018 Annual General Meeting of Shareholders and posted the video record of the meeting on the Company's website at [www.ticon.co.th](http://www.ticon.co.th) within 14 days after the meeting for fast and easily accessible information to shareholders.

The Company supervises and manages conflicts of interest that may occur to the Company and executives, the Board of Directors, or shareholders; as well as preventing misuse of asset, and opportunity for business misconduct through various measures such as imposing trading restriction of the Company's shares in a 1-month period prior to public disclosure of operating performance to prevent directors, executives and all employee of the Company from insider's trading based on leakage of insight information that may affect shares price and could be exploited directly or indirectly for the benefits of oneself or others. Moreover, the Company sets a monitoring procedure to control and prevent violation of policy on internal information usage, information security, confidentiality, credibility and information availability.

## 3. Roles of Stakeholders

The Board of Directors realizes that the success of business in achieving its objective, goal and sustainability is derived from support of all stakeholders, including employees, customers, business partners, competitors, financial institution, creditor, money-lender, community and society. To enhance sustainability, the Company focuses on its responsibility towards all group of stakeholders with no violation of rights, and treat employees fairly and equally, prioritize the safety and hygiene for employee, fulfill contractual obligations with trading partners, provide quality product for customers, be



accountable for the products and after-sale services, maintain confidentiality of customer's information, comply to loan terms of financial institution, compete by the rules and refrain from using dishonest means to harm competitors, as well as being responsible to community and society, etc. The Company considers to improve its treatment related to all group of stakeholders in accordance with the following policies:

### 3.1 Policy on Treatment of Each Group of Stakeholder

**(1) Shareholders:** Disclose important information to all shareholders correctly, completely and timely through various channels such as SET, the Company's website, newspaper, public relation bulletin or newsletter.

**(2) Employee:** Since employees are the most important factor in running the business, so the Company emphasizes on all employee without any discrimination by treating everyone equally and fairly with respect to human rights, law and related standards concerning job opportunity, compensation and other benefit, welfare, promotion and rotation, career path, development of competency and working skill, safety, occupation healthcare and working condition.

**(3) Customer:** The Company is committed to seeking solutions for serving customer's need with more effectiveness and efficiency. The Company adheres to fulfill contractual obligations strictly by delivering quality products with after-sale services that meet customer expectation at fair price. The Company emphasizes to keep customer's confidentiality without exploiting for improper benefit, as well as alleviating and supporting customer in troubles.

**(4) Business partners, Creditors and/or Debtors:** The Company has an equal and fair treatment towards business partners, creditors and/or debtors, with consideration to the maximum benefit of the Company based on a fair compensation for both parties. The Company avoids any situation that may result in a conflict of interest. The Company also honors the commitments with business partners, creditors and/or debtors.

**(5) Competitors:** The Company treats business competitors according to universal practices without violation of trade secrets or involve in any information

fraud. The Company strictly respects fair business practices, during last year the Company had no dispute with competitors.

**(6) Supply Chain:** The Company strictly applies efficient quality management system under ISO 9001 International Standard to the supply chain processes and activities, by providing knowledge and closely monitoring operations of its supply chain to ensure that trading partners operate with environmental consciousness and business sustainability.

**(7) Community and Society:** The Company has a policy to operate its business for the benefits of economic and general public, aiming to create balance of business growth and development of community, society and environment.

### 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 being 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 to create awareness, value and attitude to its employees to perform their duties with honesty, transparency, and in compliance with the laws and regulations, as well as setting an anti-corruption mindset part of the organizational culture, and managing business according to good corporate governance practices.

(2) The Company's employee shall not act in demanding or accepting assets or benefits from the others who have duties or business transactions related to the Company, except for traditional occasions or festivals, and such benefits shall not be illegal, and not a result of abusing any power for own and/or other's benefits.

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

(4) The Company shall provide sufficient and appropriate internal control system including

development of systems and mechanisms for balancing power properly, clearly and efficiently, in order to prevent any 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 complaint or a clue of suspicious matter with the policy to protect informant or the whistleblower and maintain such information on a confidential basis. The Company shall also apply verification procedures and define sanctions subject to relevant rules and regulations.

(7) The Company should support activities held by the agency or other organization for the purpose of corruption prevention and support anti-corruption practice.

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 respects and complies to the law related to intellectual property and has a policy to prohibit any violation of intellectual property rights; which stipulates in the Company's Code of Conduct as follows:

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

(2) All employee must respect and honor others' intellectual property. Employee is refrained from exploiting 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 employee are responsible for complying to the laws and human rights principles regardless of race, color, gender, language, religion, social origin, property, birth place, political opinion, or other status. The directors,

executives and employee 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 employee equally in terms of employment, remuneration, training, promotion, termination and dismissal, without discrimination of gender, race, color, religion, age, marital status, pregnancy, political opinion, or disability, etc.

(3) The Company allows all employee 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 considers the responsibility towards society and environment for a sustainable business growth, by emphasizing on transparent and fair operation for mutual benefit and prosperity of all stakeholders. The Company's policies on operation for sustainability are as follow:

(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, educating, 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 run services business by adhering to environmental responsibility. The Company is committed to environmental management based on the following practices:

(1) Prevent and control pollution in compliance with international standards and consider the environmental impacts to customer, employee and community.

(2) Create employees' awareness and promote an efficient use of energy and natural resource.

(3) Perform duty in compliance with environmental related laws and regulations.

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

(5) Publish environmental policy to the public and related parties.

### 3.7 Whistle-blowing Policy

#### Objectives

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

(2) To ensure that the supervisors and the Human Resources Department of the Company are responsible for managing, providing advices and monitoring the employee acts 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. Post

Addressed to: **Audit Committee**

TICON Industrial Connection Public  
Company Limited Suite 1308, 13/1<sup>th</sup> 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 seriously impacting the reputation of the Company, the coordinator shall take an action as urgently as possible.
- For other cases, the coordinator shall take an action promptly.
- For general inquiries including questions about share price, dividend payment, registration of these inquiries is not required. These inquiries shall instead be forwarded to the responsible department to respond to inquirer.

1.2 The Complaint Coordinator records following information from the complainant:

- Complainant's name - surname and contact number
- Complaint date
- Name of person or cause incident 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 the results and report to the Audit Committee.
- The Audit Committee shall report the resolution management of complaints to the Board of Director.

##### 2. Data collection, factual investigation and



command.

2.1 The person who is responsible for the complaint shall collect and verify data or evidence. If investigated result pointed out that the respondent was committed an offence or found guilty with imposition of disciplinary action, then the person shall 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 and punishment shall be submitted to the Audit Committee for acknowledgement and provide a copy to the coordinator to further inform the complainant.

2.2 If the person responsible for that complaint investigated and found that the respondent was not guilty, or the matter arises from misunderstanding, or the relevant person has been given advices for proper behavior and the case was closed, then the person responsible to handle the complaint shall submit the matter to their superiors for an approval to close the case. A copy of the investigation will be submitted to the complaint coordinator to further inform the result to the complainant, and 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 result progress of the complaint management and report to the Audit Committee quarterly.

3.3 The Complaint Coordinator shall monitor results of 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 caused 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 as necessary, taking into consideration safety and threat to the informers or relevant persons.
3. Any damage to the person shall be compensated under a fair and proper procedure.
4. In case that the complainants or other persons involving in the investigation are insecure or potentially endangered, 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 if the case is deemed to cause any trouble or insecurity.
5. The Company shall not commit an unfair treatment to the informers or the complainants, including rotation their job or office, suspension from work, intimidation, interference with work, dismissal, termination of employment or any other unfair action.

### Punishment

Since the Anti-Corruption Policy and Measures are parts of work disciplines of the Company, any violation by the directors, executives, and employees 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 supervise the executives about the Company's insider's trading for personal benefit as follow;

(1) Providing knowledge to the Board of Directors and the executives about duty of reporting their holding of the Company's securities or any shareholding change according to Section 59 of the Securities and Exchange Act year 1992 and penalties enforced by the mentioned law.

(2) The Company notify the executives that if any personnel be informed of material internal information which may affect to securities price, the person shall restrain from the Company's securities trading instantly since the day he got informed and shall not disclose the essential internal information to the others. The violator shall be punished by law.

(3) The Company shall clarify to shareholders and investors through the Stock Exchange of Thailand instantly, in case of any news leakage to the public for both true and fake news in order to prevent unfairness to shareholders and in

(4) The Board of Directors and the executives are prohibited from trading the Company's securities during 30 days period before a release of the Company's financial statements to the public.

## Report on Securities Holding of Director and Executive as of 30 November 2018

	Directors/Management Shares Held in TICON included holding by spouse and minor children	Number of share		Change
		10 March 2017	30 November 2018	Increase/Decrease (shares)
	<b>Director</b>			
1.	Mr. Chainoi Puankosoom	-	-	-
2.	Mr. Threekwan Bunnag	1,349,362	-	(1,349,362)*
3.	Mr. Chatchaval Jiaravanon	-	-	-
4.	Mr. Tithiphan Chuerboonchai	-	-	-
5.	Mr. Panote Sirivadhanabhakdi	-	-	-
6.	Mr. Chotiphat Bijananda	-	-	-
7.	Mr. Chali Sophonpanich	36,232,635	-	(36,232,635)*
8.	Mr. Chai Vinichbutr	-	-	-
9.	Mr. Uten Lohachitpitaks	-	-	-
	<b>Management</b>			
1.	Mr. Sopon Racharaksa	-	-	-
2.	Dr. Somsak Chaiyaporn	-	-	-
3.	Miss Lalitphant Phiriyaphant	79	176,158	176,079
4.	Mr. Harry Yan Khek Wee	-	-	-
5.	Miss Rojana Asawavichienjinda	-	-	-
6.	Miss Kamonkarn Kongkathong	-	-	-
7.	Ms. Teh Chiew Har	-	-	-
8.	Ms. Lok Cheng Yee	-	-	-

## 4. Information Disclosure and Transparency

For the transparent and equitable information disclosure, the Company arranges to disclose financial information, annual report, policies, CSR activities, and registration statement (Form 56-1) on its website at [www.ticon.co.th](http://www.ticon.co.th), which the Company posts a regular update of information. Besides that, the Company also holds analysts briefing quarterly to announce its operating performance to shareholders, investors, analysts, fund managers, and other interested persons. The Company's executives will clarify and respond to inquiries raised by participants during the analyst briefing.

For the Company's information inquiries, please contact the following person in charge of investor relations.

Contact Name	Contact Details
Miss Anchalee Jieratham Investor Relations Director	Suite 1308, 13/1 Floor, Sathorn City Tower, 175 South Sathorn Road, Thung Maha Mek, Sathorn, Bangkok 10120 Thailand
	Telephone: (662) 679 6565
	Fax: (662) 287 3153
	E-mail: <a href="mailto:anchalee.j@ticon.co.th">anchalee.j@ticon.co.th</a> ;

In addition to giving opportunities for company visit to securities analysts and investors to meet executives and inquire business performance, as well as attending factories and warehouses of the Company, organizing securities analyst meeting together with press conference to declare business overview and operating performance; the Company also participates in the SET's Opportunity Day platform every quarter and joins investor conference held by securities company. These activities support information sharing and establish good relationships between the executives and investors for better understanding of the Company's business. Moreover, the Company also travels abroad to provide information to overseas investors outside Thailand.

In the period of the first 9 month of year 2018, The Company presented the Company's information to foreign investors, institute investors, individual investors and securities analysts as follows:

Presentation Activity	Number of Events
Opportunity Day	3
Investors meet the Company's management	13
Meeting of securities analysts and press conference	2
Domestic investor briefing	41
Foreign investor briefing	3

The Board of Directors is responsible for the Company's financial statements and financial information provided in the annual report. The financial statements have been prepared in compliance with generally accepted accounting principles of Thailand, with appropriate accounting policy uniformly applied in each fiscal year. The Audit Committee is appointed to be responsible for the quality of the financial statements and internal control system, to ensure adequate disclosure of material information in the notes to financial statements, and accounting record accurately keeping transaction correctly and completely for the benefit of shareholders and investors. The annual report also contains report from the Board of Directors to present the results of business operation and other important matters occurred during the year for shareholders information.

In 2018, the Company has no violation against the regulators in terms of non-disclosure or insufficient

disclosure of information within the required period.

## 5. Responsibilities of the Board of Directors

### 5.1 The Board of the Directors' Structure

(1) The Board of the Directors' structure consists of 9 qualified members who are the expert with qualification of skill, knowledge and beneficial experience to the Company, with capability to perform duty efficiently, the quorum inclusive of 5 executive directors and 4 independent directors.

(2) The Chairman of the Board of the Directors, the Chief Executive Officer and the President are not the same person with separate responsibility from each other. The Chairman elected by the Board of Directors performs the duty by controlling the meeting to run as outlined agenda, and encourages every director to participate in meeting such as asking question, commenting, providing advice and suggestion to the executives and supporting the Company's business operation without interference to the Company's business management. The Chief Executive Officer and the President perform duty to manage the Company's business and supervise the Company's operation in accordance with regulations, resolutions of the shareholders' meeting and the Board of the Directors' meeting, policies and the Company's business plan and related laws.

(3) The Board of Directors includes 4 independent directors, in accordance with the proportion defined by the Securities and Exchange Commission (SEC) with responsibility of providing opinions on the performance of management team independently. The Company determines qualification of independent directors according to minimum requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

(4) The general directors' tenure is three years, with vacated director 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 Qualifications of Directors

(1) The Director shall be an expert with knowledge, capability and experience that are beneficial to the



Company's operation. Performing duties with integrity, honesty, and ethics for business operation and spare enough time to fully perform the duty.

(2) The Director shall be well-qualified and not possessing prohibited characteristics or lack of reliability status as prescribed in the Public Limited Companies law as well as in the regulation by Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Director's name shall be included in director and executive name lists database of listed companies issued by Capital Market Supervisory Board.

(3) The Director shall not operate any business similar to the Company and competing with the Company, or being a partner or the Directors in other juristic person with same characteristic and competing to the Company for individual benefit or other's benefit, unless inform to shareholder's meeting before appointment resolution.

(4) The Director shall immediately notify the Company, in case of being a direct or indirect stakeholder in any contract made by the Company; and either increasing or decreasing of the Company's or affiliated company's shareholding.

(5) The Director shall convey opinion and use independent discretion to consider strategy, policy, management, Directors' appointment and operating measure, as well as being independent to oppose any action of the Director or management in case a conflict of interest affected equality of the shareholders.

### 5.3 Qualifications of Independent Directors (Update New Definition as Capital Market Supervisory Board Notice Tor.Jor 39/2559)

The Company has specified qualifications of independent Directors as announced by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) as follows:

(1) Holding shares of not exceeding 1% of total voting shares of the Company, its parent company, its subsidiaries, its associated companies, its major shareholders, or its controlling persons, including shares held by related parties to such independent director.

(2) Not being or have ever been an executive director, employee, staff, corporate advisor receiving a regular salary, or being a controlling person of the

Company, its parent company, its subsidiaries, its associated companies, its same-level subsidiaries, its major shareholders, or its controlling persons unless the foregoing status has ended for more than 2 years prior to being appointed as Independent Director. Such prohibitions exclude government officer or advisor to any government agency who is a major shareholder or controlling person of the Company.

(3) Not being a person related by blood line or by law in terms of father, mother, spouse, sibling and child, including spouse of the children of other directors, of management, of major shareholders, of controlling persons, or of persons to be nominated as directors, management or controlling persons of the Company or its subsidiaries.

(4) Not being or have had a business relationship with the Company, its parent company, its subsidiaries, its associated companies, its major shareholders, or its controlling persons, in the manner that may interfere with his/her independent judgement, or is not or has not ever been a significant shareholder or a controlling person of any person having business relationship with the Company, its parent company, its subsidiaries, its associated companies, its major shareholders, or its controlling persons unless the foregoing relationship has ended for more than 2 years prior to being appointed as an Independent Director. The term "business relationship" aforementioned includes any normal business transaction, rental or lease of property, transaction relating to assets or services, grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions which result in the Company or his counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the Company or 20 million baht or more, whichever is lower. The calculation of such indebtedness shall be in accordance with the method of calculating the value of connected transactions in accordance with the Notification of the Capital Market Supervisory Board regarding the criteria for connected transactions mutatis mutandis, inclusive of debt incurred during the 1 year before the date of business relationship with the same person.

(5) Not being or have ever been an auditor of the Company, its parent company, its subsidiaries, its associated companies, its major shareholders, or its

controlling persons and is not a significant shareholder, a controlling person, or a partner of an audit firm which employs auditors of the Company, its parent company, its subsidiaries, its associated companies, its major shareholders, or its controlling persons unless the foregoing relationship has ended for more than 2 years prior to being appointed as an Independent Director.

(6) Not being or have ever been any professional advisor including legal or financial advisor who receives an annual service fee exceeding 2 million baht from the Company, its parent company, its subsidiaries, its associated companies, its major shareholders, or its controlling persons and is not a significant shareholder, a controlling person, or a partner of the professional advisor unless the foregoing relationship has ended for more than 2 years prior to being appointed as Independent Director.

(7) Not being a director representing Board member of the Company's, its major shareholders, or a shareholder who is related to the Company's major shareholders.

(8) Not own/run any business similar to or material competing with the Company or its subsidiaries, or not being a significant partner in any partnership, executive director, employee, staff, advisor receiving regular salary, or holds more than 1% of total voting shares of the company similar to or materially competing with the Company or its subsidiaries.

(9) Have no any other characteristics which make him/her incapable of expressing independent opinions regarding the Company's business.

After being appointed as a qualified Independent Director specified in the above 1-9 items, the Independent Director might be authorized by the Board of Directors to make a collective decision to execute business of the Company, its parent company, its subsidiaries, its associated companies, its same-level subsidiaries, its major shareholders, or its controlling persons

#### 5.4 Terms of Service of Directors

(1) At the Annual General Meeting of Shareholders, the directors must vacate one third of the positions. If the number of directors is indivisible, use the nearest number to one third. The directors who have been in position for the longest time shall be considered

retiring from the position, and the retired directors may be re-elected.

(2) In addition to termination clauses stated in the above agenda, the directors shall vacate position in the following cases:

- Pass away
- Resign
- Not qualified or possessing the prohibited characteristics prescribed in the Public Limited Companies Act or in accordance with the guidelines in the Notification of Securities and Exchange Commission (SEC)
- The shareholders' meeting approved the retirement with the votes of not less than three-fourths of the total number of shareholders attending the meeting and having the voting rights. The number of shares held by the shareholders attending the meeting and having voting rights is not less than half.
- Court orders

(3) Any director resigning shall submit a resignation letter to the Company with the resignation become effective from the arrival date of the letter.

In the case where the position of the director becomes vacant for any reason other than the service term expiration, the Board of Directors shall elect the qualified person to be the replacement for the next meeting of the Board of Directors. Unless the service term of the director is less than 2 months, the person who is appointed as the replacement member shall remain in position only for the remaining term of the director who holds the position before.

#### 5.5 Roles, Duties and Responsibilities of the Board of Directors

(1) The Board of Directors consists of individuals in the business circles and from many occupations with leadership, vision, knowledge, ability and experience in various fields and independent to make decisions for the best benefit of the Company and overall shareholders. The Board of Directors is responsible for approving the Company's vision, mission, strategy, goals, business plan and budget. The Board of Directors also supervises the management to ensure that the business plan and budget are efficiently and effectively implemented to maximize the economic value of the business and the highest stability for shareholders.

(2) The Board of Directors has established a Corporate Governance Policy and scheduled to review at least once a year.

(3) The Company has developed a Code of Conduct approved for implementation by the Board of Directors. The Code of Conduct includes the guideline of desirable behavior for directors and executives and employees to interact with the Company, colleagues, outsiders and society according to good ethics principle. During the past, directors, executives and employees have been well informed and understand proper behavior and ethical conducts necessary to perform their duties with honesty and integrity in order to create confidence for the shareholder and stakeholders including the public and society.

(4) In consideration of transaction with a potential conflict of interest, directors who have conflict of interest will not attend the meeting and abstain voting on that agenda.

(5) In terms of risk management, the Board of Directors monitors and acknowledges the Company's risk management plan obtained directly from the Risk Management Committee Report, as well as the executive report from performance review at every meeting of the Board of Directors.

(6) The Company provided the annual performance evaluation of its Board of Directors, as well as Director self-assessment, and sub-committee self-assessment to allow each director to comment on the performance of the Board of Directors and to review problems and obstacles over the past year.

## 5.6 The Board of the Directors' Meetings

The Board of the Directors' meeting is held at least once every quarter. The Company will inform The Board of Directors meeting schedule in advance every year, so that the directors can arrange the timeslot and attend the meeting in unison. The Board of Directors set a clear agenda with the invitation letter and supporting documents sent to the directors no less than 7 days in advance so that the directors have sufficient time to study the information before attending the meeting. The executives attend the meeting to explain the details and answer the questions of the Board of Directors. The Chairman allows all directors to express their opinions openly before voting and concluding resolution of each agenda. The Directors who have

a conflict of interest, whether directly or indirectly, have no right to vote and must leave the meeting during the consideration of the agenda.

During the fiscal year period 1 January - 30 September 2018, each director attending the meeting as follows:

Director Name List	Number of Attendances During the fiscal year 1 January - 30 September 2018 (Total 8 meetings)
1. Mr. Chainoi Puankosoom	8/8
2. Mr. Threekwan Bunnag	8/8
3. Mr. Chatchaval Jiaravanon	4/8
4. Mr. Tithiphan Chuerboonchai	8/8
5. Mr. Chali Sophonpanich	4/8
6. Mr. Chotiphat Bijananda	4/8
7. Mr. Chai Vinichbutr	6 <sup>(1)</sup> /8
8. Mr. Panote Sirivadhanabhakdi	4 <sup>(1)</sup> /8
9. Mr. Uten Lohachitpitaks	7/8

<sup>(1)</sup> Refers to the number of attendance by the director through conference call

In every meeting of the Board of Directors, the company secretary will be the meeting organizer to prepare meeting agenda and document to send to the Board of Directors before the meeting, and record minute of meeting inclusive of essential details and various comments, which shall finish within 14 days after the meeting, as well as keeping comprehensive meeting documents in an orderly fashion; and advising the Board of Directors about rules and regulations related to the meeting agenda.

## 5.7 Annual Assessment

### (1) The Board of Directors Assessment

The Company provides annual performance review and assessment of the Board of Directors. The Company has adopted the performance assessment guideline from the Stock Exchange of Thailand and adjusted to fit the characteristics and structure of its Board of Directors. The assessment results will be used to develop the Board of Directors' duties to enhance effectiveness and efficiency of operation. The Board of Directors assessment consists of 6 topics as follows;

1) Structure and qualification of the Board of Directors

- 2) Roles and responsibilities of the Board of Directors
- 3) Board of Directors' meetings
- 4) Directorship
- 5) Relationship with the management team
- 6) Director's self-development and management development

The scores range from 0 to 4, from the very strongly disagreed to strongly agree. The result of annual performance assessment of the Board of the Directors, for operating period during the fiscal year January 1 - September 30, 2018, the Board of Directors greatly agreed with the past operating results, and that the Board of Directors have executed and performed their duties exceptionally well.

## **(2) Top Executive Assessment**

The Board of Directors evaluates the performance of the Company's senior executives based on the Company's operating results, implementation of policies received from the Board of Directors underlying overall economic and social situation. The Board will use the assessment result to determine remuneration of senior executives.

### **5.8 Succession Plan**

The Board of Directors has set up reports on succession plan for top executive positions and key positions in the line function based on performance, potential and readiness of the individual. The company has prepared for the successor to develop knowledge, capability and skills required by the job in order to take the job when senior executives in key positions are unable to perform their duties.

The Company has set a succession plan for executives at various levels, especially the management and positions in the key function, with priority to recruitment of personnel from within the organization. The promotion criteria will be determined each year to develop personnel who have good performance and potential to grow at a higher position in the hierarchy. Underlying the dynamics of developing succession plan for senior executives, the Nomination Committee is responsible for reviewing the principles as well as selecting the candidates who are competent and qualified to take the position following maturity of senior management's tenure or retirement.

For executives who have been designated as the successor, in addition to possessing qualifications and related work experience, a transfer of knowledge and experience through job rotation in relevant functions and attendance of training courses are required to prepare for higher positions in the future, and ensure a smooth transition for continued operation.

For Human Resource Management, a comprehensive system has been set up to properly allocate resource, control, and monitor results, covering the recruitment process to obtain qualified personnel as needed, with appropriate and fair remuneration system, clearly-defined responsibilities of staff, personnel, operating performance, human resources development and effective communication to provide employees with the knowledge, ability, as well as enhancing the Company's human resources management effectiveness and appropriateness, focusing on competency development and performance appraisal clarity which lead to appropriate remuneration in line with capabilities and deliverables.

### **5.9 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 a 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. the Company's directors completed the following training courses with the Thai Institute of Directors (IOD) such as 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)

Attendance of Training Course for Directors and Executives organized by Thai Institute of Directors (IOD)



Directors	Courses
Mr. Chainoi Puankosoom	<ul style="list-style-type: none"> <li>The Role of Chairman in Leading Strategic Risk Oversight 2560</li> <li>The Role of the Chairman Program (RCP 33/2557)</li> <li>Financial Institutions Governance Program (FGP 3/2554)</li> <li>Directors Accreditation Program (DAP 63/2550)</li> </ul>
Mr. Threekwan Bunnag	<ul style="list-style-type: none"> <li>Advance Audit Committee Program (AACP) 27/2560</li> <li>Director Accreditation Program 2549</li> <li>Director Certification Program 2544</li> </ul>
Mr. Chatchaval Jiaravanon	<ul style="list-style-type: none"> <li>Director Accreditation Program 2551</li> </ul>
Mr. Tithiphan Chuerboonchai	<ul style="list-style-type: none"> <li>Financial Institutions Governance Program (FGP 3/2554)</li> <li>Director Certification Program (DCP Year 2543)</li> </ul>
Mr. Panote Sirivadhanabhakdi	<ul style="list-style-type: none"> <li>Director Certification Program (DCP 46/2547)</li> <li>Director Accreditation Program (DAP 10/2547)</li> <li>Finance for Non-Finance Directors (FND 10/2547)</li> </ul>
Mr. Chotiphat Bijananda	<ul style="list-style-type: none"> <li>Director Certification Program (DCP 155/2555)</li> </ul>
Mr. Chali Sophonpanich	<ul style="list-style-type: none"> <li>Corporate Governance for Capital Market Intermediaries (CGI) 7<sup>th</sup> class of Year 2558</li> <li>Director Accreditation Program ๒ 2548</li> </ul>
Mr. Chai Vinichbutr	<ul style="list-style-type: none"> <li>Director Accreditation Program (DAP 10/2547)</li> <li>Finance for Non-Finance Directors (FND 10/2547)</li> </ul>
Mr. Uten Lohachitpitaks	<ul style="list-style-type: none"> <li>Boardroom Success through Financing &amp; Investment ("BFT") by IOD</li> </ul>

Attendance of Development and Training Course of each Director during fiscal year 1 January – 30 September 2018

Directors	Details
Mr. Tithiphan Chuerboonchai	Seminar of "Roles of member of Thailand's Private Sector Collective Active Coalition" organized by the Company

## 2) Orientation for New Director

The Board of Directors set guidelines for the orientation of newly appointed directors. The Company shall arrange documents or briefings session to enhance new directors' understanding in the business and the roles and duties of the Director and the Board. The Board of Directors has assigned the Company Secretary to be responsible for orientation of the newly appointed directors by organizing a meeting with Directors and/or executive and/or related staff to explain and answer the questions. The Company follows the guidelines by providing information briefing and the orientation document packs for the newly appointed directors such as the Company's information, manual of the director of the listed company, corporate governance, Code of Conduct, authority and duties of the Board, meeting schedule for that calendar year, etc. The Company also arranges the director to attend the courses as suggested by the Office of

Securities and Exchange Commission held by the Thai Institute of Directors (IOD).

## 5.10 Sub-committees

The company has established 6 sub-committees to monitor and closely supervise the operations and report to the Board regularly, comprising the Audit Committee, Nomination Committee, Compensation Committee, Corporate Governance Committee, Risk Management Committee and Executive Committee.

### (1) Audit Committee

The Audit Committee consists of 4 independent directors who are the sub-committee of the Board of Directors under good corporate governance principle. The qualified members have experience in accounting, finance, business administration and law. Being independent and qualified to perform their duties to review the reliability of financial reporting according to the requirements by the Stock

Exchange of Thailand (SET); Holding no more than 1% of the total voting shares of the Company, Not being or used to be a managing director, an employee, a consultant who receives regular salary or a controlling person of the Company, including its parent company, its subsidiaries, its associated companies, its major shareholders or its controlling persons. The Audit Committee is obliged to comply with the Audit Committee Charter in compliance with the Stock Exchange of Thailand (SET) regulations fully and independently, with an emphasis on complying to the principles of good corporate governance, having a good internal audit system, and promoting for a preventive inspection approach which covers risk management and protection of all stakeholders' interest on an equal basis.

During the fiscal year period 1 January - 30 September 2018, each Audit Committee attending the meeting as follows:

Director Name List	Number of Attendances During the fiscal year 1 January - 30 September 2018 (Total 6 meetings)
1. Mr. Threekwan Bunnag	6/6
2. Mr. Chainoi Puankosoom	6/6
3. Mr. Chatchaval Jiaravanon	4/6
4. Mr. Tithiphan Chuerboonchai	6/6

*Note: All 4 members of the Audit Committee have knowledge and experienced in reviewing financial statements of the Company.*

Currently, Senior Vice President of Internal Audit is the secretary of the Audit Committee and supervising the activities of the Audit Committee, organizing meeting, preparing agenda and related documents of the meeting, submitting the agenda to the Audit Committee, as well as recording minute of meeting and filing meeting documents.

## (2) Executive Committee

The Executive Committee comprises 4 members appointed by the Board of the Directors. Their responsibilities are to determine the Company's business strategy and investment plan both financial and non-financial part. The Executive Committee also handles other matters as assigned by The Board of the Directors, for the benefits of the Company.

During the fiscal year period 1 January - 30 September 2018, each Executive Committee attending the meeting as follows:

Director Name List	Number of Attendances During the fiscal year 1 January - 30 September 2018 (Total 1 meeting)
1. Mr. Panote Sirivadhanabhakdi	0 <sup>1</sup> /1
2. Mr. Chai Vinichbutr	0 <sup>1</sup> /1
3. Mr. Uten Lohachitpitaks	1/1
4. Mr. Sopon Rajraksa	1/1

<sup>(1)</sup> Refers to the number of attendance by the director through conference call

## (3) Compensation Committee

The Compensation Committee of the Company consists of 3 directors appointed by the Board of the 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. In considering the compensation, the Compensation Committees will take into account several factors, including comparison with industry benchmark, the Company's operating performance, and related roles and responsibilities.

During the fiscal year period 1 January - 30 September 2018, each Compensation Committee attending the meeting as follows:

Director Name List	Number of Attendances During the fiscal year 1 January - 30 September 2018 (Total 3 meetings)
1. Mr. Chainoi Puankosoom	3/3
2. Mr. Chatchaval Jiaravanon	2/3
3. Mr. Panote Sirivadhanabhakdi	2/3

## (4) Nomination Committee

The Nomination Committee comprises 3 directors appointed by the Board of the Directors. The Committee is responsible for setting criteria and method for selecting the Company's directors, Sub-Committees' members, Chief Executive Officer and the President to ensure transparency of the selection process.

During the fiscal year period 1 January - 30 September 2018, each Nomination Committee attending the meeting as follows:

Director Name List	Number of Attendances During the fiscal year 1 January - 30 September 2018 (Total 1 meeting)
1. Mr. Chatchaval Jiaravanon	1/1
2. Mr. Threekwan Bunnag	1/1
3. Mr. Chotiphat Bijananda	0 <sup>1</sup> /1

<sup>(1)</sup> Refers to the number of attendance by the director through conference call

## (5) Risk Management Committee

The Risk Management Committee comprises 4 members appointed by the Board of the Directors. The Committee is responsible for evaluating and monitoring risks of the Company. The Committee also reviews guidelines and tools regularly for proper risk management and efficient business transaction of the Company.

During the fiscal year period 1 January - 30 September 2018, each Risk Management Committee attending the meeting as follows:

Director Name List	Number of Attendances During the fiscal year 1 January - 30 September 2018 (Total 2 meetings)
1. Mr. Chotiphat Bijananda	2/2
2. Mr. Threekwan Bunnag	2/2
3. Mr. Panote Sirivadhanabhakdi	0 <sup>(2)</sup> /2
4. Mr. Uten Lohachitpitaks	2/2
5. Mr. Tithiphan Chuerboonchai	2/2

<sup>(2)</sup> Refers to the number of attendance by the director through conference call

## (6) Corporate Governance Committee

The Corporate Governance Committee comprises 4 members appointed by the Board of the Directors. The Committee is responsible for setting the Corporate Governance Policy, advising the Board of Directors to monitor and review business operation to ensure compliance with good corporate governance principle. Corporate Governance Committee members are also responsible for proposing policy and work procedure for Sustainability Management (SM), which focuses on society, community, and environment (Corporate Social Responsibility or CSR) to the Board of Directors, as well as preparing, reviewing, advising and evaluating results related to anti-corruption operation for the Company.

During the fiscal year period 1 January - 30 September 2018, each Corporate Governance Committee attending the meeting as follows:

Director Name List	Number of Attendances During the fiscal year 1 January - 30 September 2018 (Total 1 meetings)
1. Mr. Chainoi Puankosoom	1/1
2. Mr. Threekwan Bunnag	1/1
3. Mr. Uten Lohachitpitaks	1/1
4. Mr. Tithiphan Chuerboonchai	1/1

## 5.11 Nomination and Appointment of Director and Senior Executive

### (1) Independent Director

The Company determines the proportion of directors qualified to be independent directors not less than one-third of the existing number of directors and must not be less than 3 persons. The qualifications of independent directors are in accordance with the criteria of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

### (2) Nomination of Director and Senior Executive

#### 2.1 Nomination of Director

The Nominating Committee will consider nomination of a person to be appointed as directors to replace the resigned or retiring director following maturity of tenure, taking into account the qualification of directors in accordance with the rules, related regulations, the Board Structure, necessity of the organization, knowledge, capability, experience that are beneficial to the Company and able to devote time to perform duty for the Company.

For Directors structure, the Company determines the proportion of directors qualified to be independent directors to be not less than one-third of the existing number of directors and must not be less than 3 persons. While the number of representatives of major shareholders will be proportionated to the respective shareholding of the Company for an appropriate balance of power. In addition, the Board will listen to suggestions from minority shareholders who nominate qualified persons to be elected as directors or independent directors of the Company. The shareholders also have opportunity to nominate candidates for election to be Directors at the Annual General Meeting of Shareholders according to criteria set by the Company. As described in the Article Number 1: Rights of Shareholders

The criteria and procedure for election of directors by the shareholders are as follows

1) In voting for election of directors, each shareholder shall have one vote per share.

2) In the election of directors, each shareholder must use all the votes he or she holds as stated in item 1 to elect one or several persons as directors. However, it is not possible to share the voting rights for anyone.

3) The person receiving the highest number of votes in descending order of votes will be appointed to be the directors equal to the number of directors to be appointed or elected at that time. In case the person who is elected in the next order has the same number of votes exceeding the number of directors required or elected at that time, the Chairman of the meeting shall have a casting vote.

If the position of the director is vacant due to any reason other than maturity of the director's tenure, the Board shall consider appointing a qualified person not subject to legally prohibited characteristics to become a substitute for the next Board meeting. Unless the term of directors from office is less than two months, the person to be appointed as the replacement director shall remain in the position of the respective director for the remaining term of the director whom he or she replaces. The Board resolution to appoint a substitute for director must receive at least three-fourths of vote counting for the remaining directors.

## 2.2 Nomination of Senior Executive

To recruit senior executives (eg, Chief Executive Officer), the Nomination Committee will conduct a primary assessment to screen for qualified persons with the knowledge, ability, skill and experience that are beneficial to the Company's operations and understand the business of the company very well, capable of managing to achieve the objective and goal set by the Board of Directors. Then the Nomination Committee will propose the qualified candidate to the Board of Directors for approval.

## 6. Supervision of Operation of Subsidiaries and Associates

The company has sent a representative to hold the position as a director, an executive, a controlling person in subsidiaries and associated companies proportionated to its shareholding to supervise the operation of its subsidiaries and associated companies.

The directors and executives of the Company must be approved by the Board of Directors to be the directors, executives, controlling persons of its subsidiaries and associates, with required qualification according to the regulations of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and related authorities.

Persons appointed as directors, executives, controlling persons in subsidiaries and associates of the Company have a duty to perform in the best interest of its subsidiaries or associated companies. For important matters requiring Board approval, the appointed persons must be approved by the Board of Directors prior to voting or exercising the rights in making a material decision in the subsidiaries and associates. In case of a subsidiary, the person appointed by the company shall supervise the subsidiary to keep the information and accounting record for the Company to audit and timely collect for preparation of consolidated financial statements, as well as governing the connected transaction of the subsidiary to be executed according to the Company's framework.

## 7. Remuneration of Auditors

### (1) Audit Fee

The audit fee for KPMG Phoomchai Audit Limited for the fiscal year of January 1, 2018 to September 30, 2018 was not more than Baht 1,300,000.

### (2) Non-audit Fee

The legal consultancy service provided by KPMG Phoomchai Business Advisory Limited amounting to Baht 1,660,173 and the tax consultancy service provided by KPMG Phoomchai Tax Limited amounting to 160,500 baht.

## Compliance with Good Corporate Governance Principles in Other Matters

The Company has complied with the principles of good corporate governance for listed companies in accordance with the guidelines set by the Stock Exchange of Thailand (SET) in other matters such as the attendance of directors in the Board of Directors' and Sub-committee's meetings.

The Chairman and Chief Executive Officer of the Company is not the same person and there is a clear separation of duties and responsibilities between the Board and executive management. The Chairman of the Board is responsible for administering the Board of Directors to perform their duties independently under the roles, duties and responsibilities assigned. The Board is responsible for overseeing the operation of the executive management team. The Chief Executive Officer is the chief of executive management who conducts business operation according to corporate policy, objective and target.



# 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 an efficient operation and create a rational confidence in the Company's ability to achieve its business objectives and vision with sustainable returns in the long run, as well as ensuring that the Company's financial and operational details are accurate and complete in compliance with laws and related regulations to prevent possible risks. On 19 November 2018, the Board of Directors meeting has considered the assessment result on adequacy and appropriateness of the Company's internal control systems, as reviewed and presented by audit committee with reference to "Adequacy of Internal Control Questionnaire" issued by the Securities and Exchange Commission (SEC). The Board of Directors have an opinion that the Company has adequate and appropriate internal control suitable for current situation covering 5 areas: the Company's organization and control environment, risk management, operational control, information and communications system and monitoring system. Summary of key contents are as follows:

## 1. Organization and Control Environment

The Company has strengthened an internal control environment by setting clear and measurable business targets in form of earnings per share for the year. The operating result of each year has been compared with the target, if the target was missed, the Company would analyze the causes to find room for performance improvement in the following year. In addition, the Company's organizational structure clearly illustrates line of command with delegation of authority to the management for certain actions where any member with potential conflict of interest will not be authorized to approve such matter. The responsibilities for approving transactions and accounting records are strictly separated from assets monitoring 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 holds responsibility towards shareholders in terms of

supervising the Company's management and operations in order to maximize shareholders' benefit under the framework of business ethics and fair treatment to all stakeholders. The Committees also promote and follow up development 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 constructive suggestions to the Company.

As the Company is verified a member of Thailand's Private Sector Collective Active Coalition Against Corruption Council (CAC), it managed to implement policy and internal control system to be in line with corresponding risk in business corruption. This policy and system are complying to business operation principle with honesty, transparency and fairness under the framework of law, morale and good corporate governance.

## 2. Risk Management

As one of the Company's key policies is to emphasize on risk management, the Company has set up the Risk Management Committee consisting of 5 Directors to regulate and monitor risks associated with risk-prone functions identified by corporate assessment results. Those risks may arise from internal or external factors; with common external factors that cause risks including economic and political condition, natural disaster, construction material price, domestic interest rate, exchange rate, rules, regulations and law; while internal risk factors covering investment project management, lease terms, concentration of tenants, and new business venture etc.

The Company also evaluates materiality of risks based on their impacts scale to the Company's objective and business operation and assigns the person in charge of that risk in relevant department. The Company also held all executives accountable for risk management plan to formulate risk management procedure, monitor risk management of each internal department and report monitoring results to the Risk Committee for acknowledgement by the Board of Directors. In addition, the Company arranges for knowledge training to all employee for understanding and awareness of risk management importance on a continuous basis.

### 3. Operational Control

The Company's internal control activities are suitable for organization's specific risks and properly cover important procedures, for example, setting up financial management policy, budgeting policy, procurement procedure; as well as reviewing documents about delegation of management authority to approve corporate transaction consistent with organization structure, alongside segregation of responsibilities between approval of accounting and IT record transactions, and managing control over assets for check and balance purposes. In 2018 the Company employed the expert from external, E.Y. Corporate Services Co.,Ltd to advice on operation development including standardized internal control activities, and the Company assigned the President Office and Center of Excellence to supervise all department to strictly follow the policy and related procedure.

The Company arranges to have operation procedure and supervision on development, maintenance, and security of technology system in compliance with international standards. In 2018, the Company adopted state-of-the-art information technology system to increase operation efficiency and tighten control over each function such as Salesforce system for sales processing and marketing promotion, SAP Success Factor system for human resources management, and K2 system to support procurement process including monitoring of the Company's budget expenses.

The Company usually keeps update 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. When considering to approve the connected party transactions, the Company makes decision on an arm's length basis with consideration of maximum benefits to the Company, treating the transaction as if it was done with outsiders. The person who is a stakeholder is unable to involve in the approval process to prevent any exploitation of opportunity for an individual gain. In effect, the Company follows the laws and SET rules about Disclosure of information and listed company practices concerning the connected transactions with complete and adequate public information disclosure. For affiliated company, the Company has monitoring process for operations including provision of execution guideline for the directors and

management to follow and periodically report to the Board of Directors so as to help achieve the Company's investment target.

### 4. Information and Communication System

The Company emphasizes on information system as well as internal and external communication especially for performance and financial reports to 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, and reliable information, in order to enhance the Company's competitiveness.

The Company sufficiently provides important information to the Board for making decisions by preparing analytical reports to compare principle and reason, with supporting facts and all necessary information for consideration of the matters sent to the Board of Directors 7 days prior to the meeting. The Company Secretary is responsible for providing advices regarding rules and regulations to the Board, as well as managing the Board's activities, coordinating with others to follow the Board's resolution, and centering storage along with filing important corporate documents, i.e. registrar of directors, notifications and minutes of the Board of Directors' meetings and the Shareholders' meetings, so that the shareholder can examine the appropriateness of directors's duty performance.

The financial reports were managed systematically, including a filing process for generate financial reports preparation verified and examined by the Company's auditor, as well as consideration and revision by the Auditor Committee in compliance with the generally accepted accounting principles and applicable to the Company's business characteristics. Indeed, the Board of Directors revision of financial reports prior to public disclosure will ensure the accuracy of reports and incorporate completeness and transparency into an information disclosure

### 5. Monitoring System

The Company has implemented the monitoring system of both management level and operating level to achieve the business goal, for any deviation from target the Board of Directors and the management will solve problems and provide clear directions. In case of any significant issue that may have impact to the Company, a responsible person

will be assigned to report revision of the operating plan, prepare root cause analysis and participate in resolution within the timeline as the Board of Directors has agreed, with follow-up report of implementation progress and results.

Furthermore, the Company assigned Audit Committee to examine internal control system compliance to ensure that the Company has proper and adequate internal control for operation to mitigate the risks in main business operation. In 2018, the Audit Committee agreed to permit internal audit department procure and deploy leading audit programs for internal audit operation, including Audit management program and Data analytics to enhance the Company's internal audit operation efficiency as international standard. These programs are compatible and supportive to big volume of complicated data as well.

The internal audit department evaluated overall risk of organization to prepare the 2018 audit plan and proceed with examination as planned. The internal audit department examined procurement system, real estate for investment management system, information technology system and cyber-security to recheck security of information and effectiveness of communication network. The audit examined the operation process and system to comply with internal control guideline and other related rules and regulations, as well as providing advices and recommendations to improve operation process for each department to be more appropriate and efficient according to international standard, along with monitoring implementation of those recommendations. The internal audit directly reports to Audit Committee for the examination result, and monitors progress of recommendations from previous quarter.

#### **Internal audit supervisor and the Company's operation compliance supervisor**

The Audit Committee assigned Mrs. Marasri Sophastienphonng as Head of Internal Audit Department since 2017 because of her over 20 years' experience in operation of accounting, financial and internal audit of similar business and industry to the Company. She was trained for relevant internal audit course and well-understood the Company's activities and business operation. The committee agreed that she is well-fitting to perform the aforementioned position. The consideration and approval of assigning, demoting,

and transferring a person holding the Internal Audit Department Head position must be approved or agreed by the Audit Committee.

The Company assigned Mr. Peeradon Poolpipat as Head of Operation Compliance to supervise other department in the Company to comply with the authority regulation related to business operation of the Company.





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## Connected Transactions

### 1. Details of Connected Transactions

Item	Entity who may have conflict of interests	Relationship	Nature of Transaction	Transaction Amount (Million Baht)	Necessity & Rationality of Transaction	Opinion of the Audit Committee
1	Sathorn City Tower Property Fund	Major shareholder related with TICON's Board of Director	1.1 Office rental and services, and Other expenses	15.77	<p>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:</p> <ol style="list-style-type: none"> <li>1. City Realty Group, a major shareholder of the Fund, held the Company's shares directly and indirectly for 1.09% (as of 30 November 2018)</li> <li>2. Mr. Chali Sophonpanich is a shareholder and authorized director of TICON as well as of the associated companies under City Realty Group.</li> </ol>	The Audit Committee has considered the transactions mentioned by benchmarking against the rental rate of surrounding office. The Committee was of the view that such transactions were reasonable and determined at market prices with similar services and conditions offered for other tenants.
2.	Asia Industrial Estate Co., Ltd.	A member of the Board of Director is also director of the Company.	2.1 Billboard Installation and Repair Expenses	3.61	<p>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.</p> <p>The Company has installed marketing billboard in front of Asia Industrial Estate and paid for maintenance cost of common area.</p>	The Committee has considered service fee, repair and maintenance cost paid by other clients in similar area, the Committee was of the opinion that such transactions were reasonable and determined at market prices with proper terms and conditions as generally practiced in the market.

Item	Entity who may have conflict of interests	Relationship	Nature of Transaction	Transaction Amount (Million Baht)	Necessity & Rationality of Transaction	Opinion of the Audit Committee
3.	Riverside Garden Marina Co., Ltd.	A member of the Board of Director is also director of the Company.	3.1 Billboard Installation and Electricity Charge for Spotlights	0.51	The Company's installation of its marketing billboard with spotlights by Riverside Garden Marina Co., Ltd.; One of the directors of which is Mr. Chali Sophonpanich, is also a director of TICON.	The Committee has considered service fee charged in nearby area, the Committee was of the opinion that such transactions were reasonable and determined at market prices with proper terms and conditions as generally practiced in the market.
4.	Bangkok Bank Public Company Limited ("BBL")	Major shareholder related with TICON's Board of Director.	4.1 Letter of guarantee 4.2 Long-term loan 4.3 Promisory notes 4.4 Saving deposits 4.5 Banking fee 4.6 Revenue from electrical usage	9.72 - - 137.25 0.01 0.13	<p>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.</p> <p>As of September 2018, the Company's transactions with BBL were reasonable and determined at market prices.</p> <p>The Company charged electrical fee from BBL with respect to banking service machine (ATM) which were installed at warehouses for TICON's tenants.</p>	The Committee was of the opinion that such transactions were reasonable and determined at market prices with proper terms and conditions as generally practiced in the market.

Item	Entity who may have conflict of interests	Relationship	Nature of Transaction	Transaction Amount (Million Baht)	Necessity & Rationality of Transaction	Opinion of the Audit Committee
5.	Rojana Industrial Park Public Co., Ltd.	A member of the Board of Directors is also director of the Company.	5.1 Utility and common area expense	1.65	The Company holds land ownership in Rojana - Ayutthaya and Prachinburi, hence the Company paid utility and common area expense and commission for general tenant to Rojana Industrial Park Public Co., Ltd. Mr. Chai Vinichbutr is a member of the Board of Directors of both TICON and Rojana.	The Committee was of the opinion that such transactions of utility, common area expense and commission are comparable to other land ownership in the area and deemed reasonable with proper terms and conditions as generally practiced in the market.
			5.2 Commission revenue for general tenant	0.71		
6.	Berli Jucker Logistics Co., Ltd.	Director relates to the major shareholder of the company.	6.1 Rental and service revenue	4.32	The Company earned warehouse rental and service fee from Berli Jucker Logistics Co., Ltd. whose director relates to the major shareholder of the Company.	The Committee has considered available rental rate and warehouse service fee charged with other tenants, the Committee was of the opinion that rental rate and service fee were reasonable as generally practiced in the market.
			6.2 Property Tax	0.16	Berli Jucker Logistics Co., Ltd. paid property tax for TICON.	

Item	Entity who may have conflict of interests	Relationship	Nature of Transaction	Transaction Amount (Million Baht)	Necessity & Rationality of Transaction	Opinion of the Audit Committee
7.	Thai Beverage Logistic Co., Ltd.	Director relates to the major shareholder of the company.	7.1 Rental and service revenue	8.65	The Company earned warehouse repair service fee from the warehouse leased by Berli Dynaplast Co., Ltd. whose director relates to the major shareholder of the Company.	The Committee has considered available warehouse repair rate charged with other tenants, the Committee was of the opinion that such transactions fee were reasonable as generally practiced in the market.
8.	Berli Dynaplast Co., Ltd.	Director relates to the major shareholder of the company	8.1 Rental and service revenue	0.83	The Company earned warehouse repair service fee from Berli Dynaplast Co., Ltd. whose director relates to the major shareholder of the Company.	The Committee has considered available warehouse repair rate charged with other tenants, the Committee was of the opinion that such transactions were reasonable as generally practiced in the market.



Item	Entity who may have conflict of interests	Relationship	Nature of Transaction	Transaction Amount (Million Baht)	Necessity & Rationality of Transaction	Opinion of the Audit Committee
9.	Southeast Capital Co., Ltd.)	A member of the Board of Director is also director of the Company.	9.1 Assets Insurance	4.81	The Company took up factory and warehouse insurance with Southeast Life Insurance Public Company Limited whose director, Mr. Chotiphat Bijananda, is also the Company's director.	The Committee has considered service fee provided by other operators, the Committee was of the opinion that insurance fee was reasonable and determined at market prices according to general practices in the market.
10.	Southeast Capital Co., Ltd.)	A member of the Board of Director is also director of the Company.	10.1 Health and Accident Insurance for Employee	1.69	The Company took up health and accident insurance for employee with Southeast Life Insurance Public Company Limited whose director, Mr. Chotiphat Bijananda, is also the Company's director.	The Committee has considered service fee provided by other operators, the Committee was of the opinion that insurance fee was reasonable and determined at market prices according to general practices in the market.

## 1.1 Normal and/or general practice of connected transaction

Item	Entity who may have conflict of interests	Relationship	Nature of transaction	Transaction amount (Million Baht)
1.	Bangkok Club Co., Ltd.	A member of the Board of Directors is also director of the Company.	Food & Beverage charge	0.57
2.	TCC Hotel Asset Management Co., Ltd.	Director relates to the major shareholder of the company.	Meeting room charge, Food & Beverage charge	1.38
3.	TCC Luxury Hotels & Resort Co., Ltd.	Director relates to the major shareholder of the company.	Meeting room charge	0.58
4.	TCC Hotels Collection Co., Ltd.	Shareholders relate to the major shareholder of the company.	Meeting room charge	0.05
5.	Horeca Management Co., Ltd.	Director relates to the major shareholder of the company.	Food & Beverage charge	0.11
6.	Tonic International Co., Ltd.	A member of the Board of Directors is also director of the Company.	Meeting room charge, Food & Beverage charge	0.11
7.	Food of Asia Co., Ltd.	Director relates to the major shareholder of the company.	Food & Beverage charge	0.11
8.	TCC Technology Co., Ltd.	A member of the Board of Directors is also director of the Company.	Computer rental fee, Program and computer system, Internet fee	5.16
9.	Golden Land Property Development PLC	A member of the Board of Directors is also director of the Company.	Staff accommodation	0.03
10.	Southeast Capital Co., Ltd.	A member of the Board of Directors is also director of the Company.	Car rental fee	1.11

Item	Entity who may have conflict of interests	Relationship	Nature of transaction	Transaction amount (Million Baht)
11.	Big C Supercenter PLC	Director relates to the major shareholder of the company.	Miscellaneous goods	0.57
12.	NCC Management & Development Co., Ltd.	A member of the Board of Directors is also director of the Company.	Activity funding	0.1
13.	TCC Assets (Thailand) Co., Ltd.	A member of the Board of Directors is also director of the Company.	Interior/architect consultant	0.60
14.	North Sathorn Hotel Co., Ltd.	A member of the Executive Management is also director of the Company.	Room charge, Food & Beverage charge	0.17
15.	Fraser Suites River Valley Singapore Pte. Ltd	Director relates to the major shareholder of the company	Room charge	0.17
16.	Frasers Property Corporate Services Pte. Ltd.	A member of the Board of Directors is also director of the Company.	Air ticket, and Accommodation charge	0.24
17.	Pacific Laser (Thailand) Co., Ltd	Director relates to the major shareholder of the company	Air ticket, and Accommodation charge	1.12
18.	Sathorn Supsin Co., Ltd.	Director relates to the major shareholder of the company	Room charge	0.78
19.	Amarin Printing and Publishing PLC	Director relates to the major shareholder of the company	Media and Publishing	0.18
20.	F&B International Co., Ltd.	A member of the Board of Directors is also director of the Company.	Food & Beverage charge	0.35
21.	Oishi Group PLC.	Director relates to the major shareholder of the company	Food & Beverage charge	0.0002

## 2. Necessity and Reasonableness of Transactions

The above-mentioned connected transactions were carefully managed under the Company and shareholders most beneficiary. All connected transactions of the Company are under normal course of business operation or deemed necessary and reasonably support normal course of business in the best interest of the Company, and was transacted at fair and reasonable prices with similar services and conditions generally applied to comparable type of customers.

## 3. Measures or Procedures for Approving Connected Transactions

The Company sets the general commercial agreement of transactions among its subsidiaries, Board of Directors and management or related persons taken into consideration potential connected transactions that may arise in the future. Therefore, Board of Director has approved in principle to grant management an authority to approve connected transactions which are in accordance with generally accepted commercial agreement with no conflict of interest and influence exerted from the Board, management and related persons. The Company complies to connected transaction principles according to guidelines and regulations of the Stock Exchange of Thailand.

In case the Board of Director, executive committee and management have conflict of interest on connected transactions, those stakeholders do not have an authority for approval. The Company will arrange for an independent expert to give recommendation of those connected transactions to support the Committee, the Audit Committee or shareholders' decision making. The Company will disclose significant connected transactions in its notes to audited financial statements.

## 4. Policy or Potential Connected Transaction in the Future

The Company has policy to govern existing and potential connected transaction among related parties based on general market practices. The price of commercial agreement is set to be fair and comparable with the market according to a prudential and transparent approval process under good corporate governance principle, company regulation and corporate authority index applicable for approving connected transaction.





# Management Discussion and Analysis

The Group has changed the accounting period from 1<sup>st</sup> January to 31<sup>st</sup> December of every year to the period from 1<sup>st</sup> October to 30<sup>th</sup> September of the following year, starting from the period ended 30<sup>th</sup> September, 2018 onward. The statement of income and statement of cash flows for the period ended 30<sup>th</sup> September, 2018 have been prepared under this new accounting period, presented from 1<sup>st</sup> January, 2018 to 30<sup>th</sup> September, 2018.

For the benefit of the users in comparing and analyzing the financial information, the Group has prepared the supplementary information in the form of the consolidated and separate statements of income and comprehensive income, cash flows and segment information for the period from 1<sup>st</sup> January, 2017 to 30<sup>th</sup> September, 2017 in note 41.

## 1. Operating Results

### 1.1 Revenues

#### 1.1.1 Rental and service revenue

In the period from 1<sup>st</sup> January to 30<sup>th</sup> September of 2017 and 2018, rental and services income were Baht 1,043.3 million and Baht 1,150.9 million respectively, representing an increase of 10.3 percent. Cost of rental and services for such periods were Baht 317.4 million and Baht 343.5 million respectively. This resulted in gross margin of 69.6 percent and 70.1 percent respectively.

The growth in rental and services revenue in such periods, which were driven by higher demand in factory and warehouse segments, increased 10.3 percent comparing with the same period of last year owing to an increase in net new leases for both factories and warehouses. The average of net new leased area for factories and warehouse increased 16.9 percent.

#### 1.1.2 Revenue from sales of properties to property funds/trust

In 2017, there was no revenues from sales of properties to TFUND, TLOGIS, TGROWTH and TREIT due mainly to the sufficiency of the increase of capital injection from selling of shares to FPHT for business expansion. For the 9-month period in

2018, the selling price of properties to TREIT was Baht 1,693 million which was recorded in statement of income amount of Baht 1,569.2 million, or 41.1 percent to the total revenues, and the rest of this selling price was recorded as unearned land rental income in the statement of financial position. In 2018, sales of properties to TREIT was according to the condition of the conversion of the property funds (TFUND, TLOGIS and TGROWTH) into TREIT.

Sales of properties to TREIT freehold basis for both land and factory/warehouse buildings were recorded the whole amount as income from sales of properties in the income statement. Meanwhile, sales of properties to property funds/trust in leasehold basis, such sale of land on leasehold basis was recorded as unearned land rental income in the 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 the income statement, according to TAS 17 (revised 2014) which defines the long-term leasing of buildings as financial lease.

#### 1.1.3 Revenue from sales of properties to other parties

In addition to revenue from sales of properties to funds and TREIT, the Company had revenue from sales of properties to its tenants and/or other third parties on an opportunistic basis. From 1st January to 30th September, 2017 and 2018, the Company made the revenue from selling land and factories/warehouses to third party investors to the amount of Baht 148.6 million and Baht 640.4 million respectively.

As stated, revenue from sales of properties to the tenants is on an opportunistic basis and depends on the tenants' decision to exercise their options to buy as set forth in lease agreements. Gross margin of such sales would vary by age, size, specification and location of the properties. Sales of land 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) and joint

## ventures (TPARK BFTZ and JustCo)

1) Share of profit from investments in TREIT, SLP, TRA, TPARK BFTZ and JustCo.

Share of profit from investments in TREIT, SLP, TRA, TPARK BFTZ and JustCo depend on the proportion of investment by TICON and its stake in such investments.

From 1<sup>st</sup> January to 30<sup>th</sup> September of 2017 and 2018, share of profit from investments in associated companies and joint ventures were respectively Baht 173.6 million and Baht 195.6 million, increasing by 12.7 percent, or Baht 22.0 million. This mainly resulted from the TREIT's higher occupancy rate of factory/warehouse and increasing of investment in TREIT by the Company.

2) Management income from property funds and REIT

From 1<sup>st</sup> January to 30<sup>th</sup> September of 2017 and 2018, property management income and REIT management income were Baht 146.3 million and Baht 226.9 million respectively, increased by Baht 80.6 million, or 55.1 percent, mainly resulting from the increase of REIT management income from converting its investments in property funds (TFUND, TLOGIS and TGROWTH) to TREIT in December 2017 which caused higher of the management fee income, and commission fee income from finding customers to TREIT.

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

The Company may realize additional gain from sales of properties to TREIT when these TREIT sell such properties to a third party or when the Company reduces its investments.

From 1<sup>st</sup> January to 30<sup>th</sup> September, 2018, realized additional gain was Baht 2.7 million because TREIT sold some of its land and factories to third parties. However, the Company had no such sales of properties to TREIT and no reduction of its investments in the same period in 2017.

### 1.1.5 Other incomes

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

1) Revenue from construction services

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

2) Revenue from utility fees

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

From 1<sup>st</sup> January to 30<sup>th</sup> September of 2017 and 2018, the income from utility fees was Baht 28.8 million and Baht 16.0 million respectively, decreased by Baht 12.8 million, or 44.5 percent, mainly due to transferring some of water and electricity meter to the tenant to pay the utility fee by itself.

3) Other income

Most other income occurred from land and property tax income amounting to Baht 51.8 million and profit from sales of office in Shanghai amounting to Baht 21.0 million.

From 1<sup>st</sup> January to 30<sup>th</sup> September of 2017 and 2018, other income was Baht 37.6 million and Baht 95.4 million respectively, increased by Baht 57.8 million, mainly due to changing accounting method in recording of land and property income tax and also profit from sales of office in Shanghai.

## 1.2 Expenses

### 1.2.1 Distribution costs and administrative expense

From 1<sup>st</sup> January to 30<sup>th</sup> September of 2017 and 2018, distribution costs and administrative expenses were Baht 550.2 million and Baht 795.4 million respectively; an increase of 44.6 percent.

Majority of distribution costs and administrative expenses were expenses related to employees, depreciation of vacant factories/warehouses. These expenses were calculated approximately to 61.3 percent and 53.4 percent of the total distribution costs and administrative expenses in 2017 and 2018 respectively.

For the 9-month period of 2018, distribution costs and administrative expenses were Baht 795.4 million; an increase of Baht 245.3 million, or 44.6

percent higher compared to the same period of the previous year arising from 1) the business growth which effected 98.6 percent higher employee expenses, and 2) changing accounting method in recording of land and property income tax. However, depreciation of vacant factories/warehouse decreased resulted from increase of new tenants.

### 1.2.2 Finance costs

From 1<sup>st</sup> January to 30<sup>th</sup> September of 2017 and 2018, finance costs were Baht 445.5 million and Baht 415.0 million respectively, representing a decrease of 6.9 percent mainly due to payment of matured debentures using proceeds from the new capital injection in early 2017.

### 1.2.3 Unrealized gain on sales of properties

From 1<sup>st</sup> January to 30<sup>th</sup> September, 2018, unrealized gain from sales of properties, recognized as the proportion of the Company's shareholding in TREIT, was Baht 102.0 million which is shown in deduction from the profit from sales of property to TREIT. Meanwhile, there was no such transaction in the same period of last year.

## 1.3 Profit

### 1.3.1 Gross profit

Gross profit margin from its operations in rental of factories/warehouses from 1<sup>st</sup> January to 30<sup>th</sup> September, 2017 and 2018 was 69.6 percent and 70.2 percent respectively, that was similar to the same period in 2017.

From 1<sup>st</sup> January to 30<sup>th</sup> September of 2017 and 2018, gross profit margin from sales of properties was 60.0 percent and 27.9 percent respectively, decreased by 32.1 percent. This resulted from, in 2018, some part of sales of properties to TREIT was sales of properties on leasehold basis. Additionally, for the 9-month period of 2018, some of sales of properties to third parties were sales of land only.

### 1.3.2 Net profit

From 1<sup>st</sup> January to 30<sup>th</sup> September, 2017 and 2018, consolidated net profit of equity holder of the company, calculated on the equity method, were Baht 244.9 million and Baht 657.3 million respectively. Earnings per share were Baht 0.14 and Baht 0.36 respectively.

The increase of net profit owing mainly to increase in profit from sales of properties, rental and related service income and management fee income. The increase of management fee income was mainly from converting its investments in property funds (TFUND, TLOGIS and TGROWTH) to TREIT in December 2017 as previously mentioned.

## 2. Statement of Financial Position

### 2.1 Assets

As of 30<sup>th</sup> September, 2018, total assets were Baht 42,999.1 million; 67.5 percent of which were investment properties, 20.4 percent of which were cash and cash equivalents, and 9.8 percent of which were investments in associated companies and joint ventures.

Total assets increased by Baht 2,016.8 million, or 4.9 percent, due mainly to an increase in cash and cash equivalents.

#### 2.1.1 Investment properties

Investment properties comprised properties under development, properties available for lease, and leased properties. Investment properties were Baht 31,526.2 million on 31<sup>st</sup> December, 2017 and Baht 29,038.4 million on 30<sup>th</sup> September, 2018.

As of 30<sup>th</sup> September, 2018, investment properties decreased by Baht 2,487.7 million, or 7.9 percent, compared to the ended 31<sup>st</sup> December 2017, due mainly to (1) sales of investment properties to TREIT and other parties in the 9-month period of 2018 and (2) the record of disposal groups classified as held-for-sale in current assets.

#### 2.1.2 Property, plant and equipment

As of 30<sup>th</sup> September, 2018, properties, plants and equipment had decreased by Baht 30.5 million to Baht 119.3 million, or by 20.4 percent, from 31<sup>st</sup> December, 2017 as mainly resulted from the sales of office in Shanghai.

#### 2.1.3 Cash and cash equivalents and Current investments

As of 30<sup>th</sup> September, 2018, cash and cash equivalent and current investments were Baht 6,447.9 million; an increase of Baht 3,828.2 million compared to 31<sup>st</sup> December, 2017. These consist of fixed deposit with

commercial banks (period from 3-12 months) and certificate of deposit (period from 3-12 months) which were a low-risk investment and deemed as an alternative for financial management with higher return than savings with commercial banks. Cash and current investment are planned to invest in the business expansion in early of 2019.

#### 2.1.4 Trade accounts receivable-net

As of 30<sup>th</sup> September, 2018, trade accounts receivable (net) was Baht 72.8 million, or increased by Baht 11.2 million due mainly to an increase of unbilled operating leases receivable of Baht 8.8 million.

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

#### 2.1.5 Other current liabilities

As of 31<sup>st</sup> December, 2017, there was a capital reduction from converted property funds (TFUND, TLOGIS and TGROWTH) to TREIT in late December last year of Baht 544 million, recorded in other

current liabilities account. There was no such transaction in the same period of 2018.

#### 2.1.6 Dividends receivables

As of 31<sup>st</sup> December, 2017, there were dividends receivables from converted property funds (TFUND, TLOGIS and TGROWTH) to TREIT in late December 2017 of Baht 328.1 million. There was no such transaction in the same period of 2018.

#### 2.1.7 Disposal groups classified as held-for-sale

As of 30<sup>th</sup> September, 2018, investment properties to be sold to TREIT by December 2018 were recorded in current assets amounting to Baht 1,000.7 million. There was no such transaction in the same period of 2017.

#### 2.1.8 Investments in subsidiary/associates/joint ventures

As of 30<sup>th</sup> September, 2018, investments in subsidiaries, associated companies and joint ventures were as follows:

Unit : Million Baht

COMPANY NAME	TYPE OF COMPANY'S RELATIONSHIP	OWNERSHIP INTEREST (%)	INVESTMENT UNDER COST-NET METHOD	INVESTMENT TO TOTAL ASSETS (%)	INVESTMENT UNDER EQUITY METHOD	INVESTMENT TO CONSOLIDATED ASSETS (%)	INVESTMENT AFTER NET ALLOWANCE FOR IMPAIRMENT
<b>1. INDUSTRIAL PROPERTY</b>							
1.1 ECO Industrial Services Company Limited	Subsidiary	99.99%	12.50	0.03%	-	-	-
1.2 TICON Logistics Park Company Limited	Subsidiary	99.99%	11,515.00	27.15%	-	-	-
1.3 Shanghai TICON Investment Management Company Limited	Subsidiary	100.00%	65.39	0.15%	-	-	-
1.4 TICON Management Company Limited	Subsidiary	69.99%	7.00	0.02%	-	-	-
1.5 TICON (HK) Limited	Subsidiary	100.00%	575.08	1.36%	-	-	-
1.6 TICON International Pte. Ltd.	Subsidiary	100.00%	5,740.49	13.53%	-	-	-
1.7 TICON Freehold and Leasehold Real Estate Investment Trust	Associate	23.43%	6,033.61	14.23%	3,524.94	8.20%	-
1.8 PT SLP Surya TICON Internusa	Associate	25.00%	414.16	0.98%	354.65	0.82%	-
1.9 TRA Land Development Company Limited	Associate	50.00%	0.50	0.001%	0.32	0.0007%	-
1.10 TICON Demco Power 6 Company Limited	Joint venture	51.00%	2.55	0.01%	2.90	0.01%	-
1.11 TICON Demco Power 11 Company Limited	Joint venture	51.00%	2.04	0.005%	2.37	0.01%	-
1.12 TPARK BFTZ Company Limited	Joint venture	59.99%	210.00	0.50%	211.18	0.49%	-



COMPANY NAME	TYPE OF COMPANY'S RELATIONSHIP	OWNERSHIP INTEREST (%)	INVESTMENT UNDER COST-NET METHOD	INVESTMENT TO TOTAL ASSETS (%)	INVESTMENT UNDER EQUITY METHOD	INVESTMENT TO CONSOLIDATED ASSETS (%)	INVESTMENT AFTER NET ALLOWANCE FOR IMPAIRMENT
<b>2. DATA CENTRE</b>							
2.1 TICON Technology Company Limited	Subsidiary	99.99%	1.00	0.002%	-	-	-
<b>3. SMART SOLUTION</b>							
3.1 JustCo (Thailand) Company Limited	Joint venture	51.00%	108.89	0.26%	110.87	0.26%	-
<b>4. OTHER</b>							
4.1 The Bangkok Club	Related company	0.11%	-	-	-	-	0.26

### 2.1.9 Prepaid land rental

As of 30<sup>th</sup> September, 2018, prepaid rental expenses were Baht 629.0 million, a decrease of Baht 24.5 million from the end of 2017. Prepaid land rental are long-term leases of land for warehouse development which will be gradually realized as expenses in profit and loss statement throughout the lease terms.

### 2.1.10 Deferred tax assets

As of 30<sup>th</sup> September, 2018, the Company had deferred tax assets of Baht 197.4 million, an increase of Baht 15.0 million. This was mainly due to the deferred tax of unrealized gain on sales of properties to TREIT in August 2018.

## 2.2 Liabilities

As of 30<sup>th</sup> September, 2018, total liabilities were Baht 17,618.8 million, an increase of Baht 1,579.6 million, or 9.8 percent from 31<sup>st</sup> December 2017.

Majority of the Company's total liabilities was external loans which represented 85.0 percent of total liabilities. The increase in total liabilities resulted from;

### 2.2.1 Loans

Total loans as of 30<sup>th</sup> September, 2018, were Baht 14,980.5 million, an increase of Baht 1,660.5 million, or 12.5 percent compared to that of 31<sup>st</sup> December 2017. This was mainly due to the debenture issuance in the early of 2018 to support the Company's investment plan in the future and the appropriate of interest rate of issuing debenture in that period.

As of 30<sup>th</sup> September, 2018, the Company's remaining of debentures were Baht 14,220 million with the maturity period from 3 to 10 years.

The major covenant of existing loan and debenture 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 accounts payable

As of 30<sup>th</sup> September, 2018, trade accounts payable were Baht 99.0 million, an increase of Baht 5.4 million, or 5.8 percent compared to 31<sup>st</sup> December of the previous year. Almost all of trade payables were related to construction cost.

### 2.2.3 Income tax payable

As of 30<sup>th</sup> September, 2018, corporate income tax payable was Baht 3.6 million, a decrease of Baht 0.8 million compared to 31<sup>st</sup> December, 2017, resulting from lower net profit of the Company's subsidiaries.

### 2.2.4 Provision related to sales of properties

As of 30<sup>th</sup> September, 2018, the Company had provision related to sales of properties amounting to Baht 24.2 million resulting from the minimum revenue guarantee of the sales of properties to TREIT in August 2018.

### 2.2.5 Non-current provisions for employee benefit

As of 30<sup>th</sup> September, 2018, the Company recorded Baht 40.0 million 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 30<sup>th</sup> September, 2018, the company had unearned land rental income of Baht 1,400.9 million, resulting from leasing of land for a period of 28-30 years to TGROWTH and TREIT in 2013 and 2018, respectively. The rental income was realized in the income statement on a straight-line basis throughout the lease term period.

### 2.2.7 Deferred tax liabilities

As of 30<sup>th</sup> September, 2018, deferred tax liabilities were Baht 264.2 million, an increase of Baht 35.0 million, most of which resulting from the difference in tax calculation between accounting basis and tax basis on the revenue from leasing of warehouse buildings to TREIT in August 2018.

## 2.3 Shareholders' equity

As of 30<sup>th</sup> September, 2018, total shareholders' equity was Baht 25,380.3 million, an increase of Baht 446.0 million, or 1.8 percent from increasing of retained earnings.

## 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. Nevertheless, TFUND, TLOGIS and TGROWTH have already been converted to TREIT in December 2017.

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

From 1<sup>st</sup> January to 30<sup>th</sup> September, 2018, the

Company had net cash flow from its operating activity of Baht 3,107.6 million, net cash flow from investing activity of Baht 282.2 million and net cash flow from financing activity of Baht 1,024.9 million.

The Company had more liquidity compare to 2017 (revised version). 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 30<sup>th</sup> September, 2018, the Company had an interest-bearing debt to equity ratio calculated from

(Loans and borrowings +  
Liability under financial lease)

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Total shareholders' equity

equal to 0.59 times, which rose from 0.53 times in 2017. interest-bearing debt (net) equal to 0.34 times, or an, which decreased from 0.43 times in 2017. This was resulting from issuing of debentures in the early of 2018 due to the appropriate interest rate at that time, and some debentures were redeemed at their maturity. The proceeds had been used for the business expansion. The low interest-bearing liabilities to equity ratio is an opportunity for the Company to capitalize on strong equity for future business expansion.

As of 30<sup>th</sup> September, 2018, there was an interest coverage ratio which was calculated from:

(Net profit + Interest expenses +  
Corporate income tax  
+ Deferred gain on sales of properties  
to associated companies)

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Interest expenses

The Company had interest coverage ratio of 2.93 times, which increase from 1.83 times in 2017 due to an increase of net profit from sales of properties to TREIT in 2018. This reflects the Company's strong ability to pay financial costs. The Company has never defaulted on interest payment.

As of 30<sup>th</sup> September, 2018, there was a debt service coverage ratio which was calculated from:

(Net cash flows from operating activities +  
Interest expenses)

(Repayment of long-term loans and debentures  
+ Dividends + Interest expenses)

The Company's debt service coverage ratio was 0.75 times, which increased from 0.2 times in 2017 due to an increase of net profit from sales of properties to TREIT in 2018, showing the improvement of the Company's debt service coverage.

### 3. Future Prospects

Direction of Thailand Property Industry has been growing relatively to the GDP growth of Thai economy, mainly driven by the recovery of global economy and higher investment in Asia, leading to a positive economic outlook in Thailand over the year which is projected to expand according to target, with domestic interest rates remaining low and export sector on the rise. While forward looking trend over the next year, Thailand is foreseen to be promising with positive factors from government infrastructure investment project which serves as a catalyst for accelerating an economic growth, especially the Eastern Economic Corridor Project or "EEC" posting a bright prospect after the Eastern Special Development Zone Act B.E. 2561 took effect, alongside the government incentivized benefit scheme to draw foreign direct investment (FDI); altogether raising investor confidence and attracting greater investment to the country. These positive factors are expected to drive demand for factory and warehouse spaces, coupled with Thailand 4.0 economic model that fosters digitization across key industrial sectors, the year 2019 will be a transition to ride out the new cycle of sustainable growth.

In the past year, we have prepared for the rising dynamics of Industrialization 4.0 through investing on the new global-trend industries under the roadmap to be number one in "Smart Industrial Platform" with "Total Dimension" strategy execution to enhance competitiveness, by focusing on customer needs, optimizing products and services to address changing preferences, utilizing new technology and innovation as well as adopting an international standard and operating process to maximize overall efficiency. In 2019, Thailand economic outlook is on the rising trend and TICON will continuously invest to expand strategic projects locally, in CLMV and in

ASEAN. Based on the strong position, TICON remains financially healthy with a robust funding mechanism from TREIT, which serves as TICON's strategic financing vehicle to expand and invest in the long run. We aim to support TREIT in sourcing for high quality asset in order to generate good return to the unitholders and at the same time attract new investors from both local and abroad.

Moving forward, TICON will expand its portfolio to an "Integrated Platform" by strategic partnership model with a strong business network to generate new sources of income and add value to the current business for "Industrial Property" which utilizes advanced technology to improve infrastructure, service quality and bringing more variety to product offerings. Now TICON is ready to support the "New S-Curve" industries with proper functionalities and up-to-date technologies. The new investment is categorized into "Data Centre" and "Smart Solution" business, together with the current "Industrial Property", altogether TICON 3 major business segments will support each other and promote for a sustainable growth:

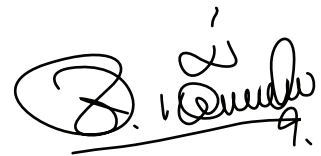
- For Industrial Property, TICON implements "Asset Enhancement Initiatives" or "AEIs" to improve current asset quality and enhance utilization by bringing in new technologies such as automation, smart factory and smart warehouse to add value to the facilities and services, with a sustainable drive towards green industry platform
- For Data Centre, TICON has jointly invest with "ST Telemedia Global Data Centre" or "STT GDC", the world leading data centre provider from Singapore. STT GDC has many years of expertise in international level. We plan to build the first large-scale data centre in the heart of Bangkok with highest regard to stability and security under a scaled-up architecture to cope with demands from large enterprises domestically and internationally.
- For Smart Solution, TICON has created a new business model following "Digital Disruption" trend. This segment of business will increase TICON capability to be a "Total Solution Provider". TICON has joined force with "JustCo", ASEAN largest premium co-working space provider; with the first co-working office opened for service at AIA Sathorn Tower, and the second branch at Capital Tower All Season Place, with more locations planned over this coming year.

## 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 2018 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 2018 reviewed by the Audit Committee in collaboration with the Management and the external auditor, KPMG Phoomchai Audit Ltd., 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



## Financial statement 2018



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## Independent Auditor's Report

### To the Shareholders of TICON Industrial Connection Public Company Limited

#### *Opinion*

I have audited the consolidated and separate financial statements of TICON Industrial Connection Public Company Limited and its subsidiaries (the "Group") and of TICON Industrial Connection Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 30 September 2018, the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the period from 1 January 2018 to 30 September 2018, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 30 September 2018 and their financial performance and cash flows for the period from 1 January 2018 to 30 September 2018 in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

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

#### *Key Audit Matters*

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



Classification of investments in associate	
Refer to Notes 4 and 11 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The Group had changed its proportionate of investment as well as return from the REIT.</p> <p>The classification of investment requires management's judgment on power, return and linkage between power and return. Consequently, this is an area of focus in my audit.</p>	<p>The audit procedures in this area included the followings:</p> <ul style="list-style-type: none"> <li>• assessing the process of investment classification of the Group.</li> <li>• assessing whether an investor has control over an investee by evaluate whether investor has power or has rights to returns from its involvement with the investee.</li> <li>• assessing the legal documents associated with investment.</li> <li>• evaluating the adequacy of disclosures of the financial statements in accordance with Thai Financial Reporting Standards.</li> </ul>

Valuation of investment properties	
Refer to Notes 3 and 14 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The investment properties were located in highly competitive areas, which affects the occupancy rate and rental rate of each investment properties. This may impact to a decline in its recoverable amount and derive from the expectation.</p> <p>The recoverable amount of the investment properties involves the management's judgements to evaluate the results of external expert engaged by the Group. Such estimation is subject to the related assumptions, therefore, this is an area of focus in my audit.</p>	<p>The audit procedures in this area included the followings:</p> <ul style="list-style-type: none"> <li>• gaining and understanding of the process of impairment assessment and evaluating the reasonableness of impairment indicator.</li> <li>• gaining and understanding of the process and valuation methods of investment properties including assessing the independence, competency, professional qualifications and experience of the external expert.</li> <li>• testing the accuracy of the calculation of the recoverable amount of the assets and consulted with KPMG valuation specialist when considering the appropriateness of key assumptions used by the Group.</li> <li>• performing an observation of investment properties, on a sampling basis as well as examining the relevant documents.</li> <li>• evaluating the adequacy of disclosures of the financial statements in accordance with Thai Financial Reporting Standards.</li> </ul>





### *Other Matter*

The Group and the Company changed its financial year end from 31 December to 30 September as described in note 2(e). Consequently, the consolidated and separate statement of income and comprehensive income, changes in equity, and cash flows for accounting period from 1 January 2018 to 30 September 2018 comprise only nine months whereas the comparative information for the year ended 31 December 2017 is information of twelve months, which were audited by another auditor who expressed an unmodified opinion on those statements on 19 February 2018, which results in the periods presented being not comparable. Therefore, supplementary information in note 40 has been prepared by the Group and the Company as additional information in the form of unaudited consolidated and separate statement of income and comprehensive income, cash flows, and segment information for the period from 1 January 2017 to 30 September 2017. I have not audited the supplementary information and do not express any audit opinion on such information.

### *Other Information*

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

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

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

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

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

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

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



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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards. **4**





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

A handwritten signature in blue ink, appearing to read 'Patamavan Vadhanakul'.

(Patamavan Vadhanakul)  
Certified Public Accountant  
Registration No. 9832

KPMG Phoomchai Audit Ltd.  
Bangkok  
19 November 2018

# TICON Industrial Connection Public Company Limited and its subsidiaries

## Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
Assets	Note	2018	2017	2018	2017
<i>(in thousand Baht)</i>					
<b>Current assets</b>					
Cash and cash equivalents	4, 5	5,932,966	1,518,173	5,741,098	1,395,514
Current investments	6	514,962	1,101,562	450,000	1,080,000
Trade accounts receivable	4, 7	72,808	61,580	14,967	8,816
Other receivables	4, 9	199,073	688,808	48,490	645,941
Short-term loans to related parties	4	143,663	144,855	-	-
Current portion of financial lease receivables	8	16,480	15,779	-	-
Dividend receivables	4	-	328,117	-	328,117
Withholding tax deducted at source		-	2,038	-	-
Other current assets		68,057	43,292	3,300	5,551
Disposal groups classified as held for sale	10	1,000,663	-	589,957	-
<b>Total current assets</b>		<b>7,948,672</b>	<b>3,904,204</b>	<b>6,847,812</b>	<b>3,463,939</b>
<b>Non-current assets</b>					
Restricted deposits at financial institution	4	240	240	-	-
Investments in associates	11	3,879,917	3,633,607	204,859	206,856
Investments in subsidiaries	12	-	-	17,916,457	17,626,397
Investments in joint ventures	11	327,321	215,002	108,885	-
Investment in related party		257	257	257	257
Financial lease receivables	8	283,087	295,152	-	-
Unbilled operating leases receivables		169,073	145,069	14,211	7,841
Long-term loans to related parties	4	-	-	10,703,500	12,658,500
Investment properties under development and available for rent/sale	14 (a)	14,487,361	16,605,408	4,521,659	5,194,750
Investment properties for rent	14 (b)	14,551,072	14,920,772	1,957,841	2,321,772
Property, plant and equipment	16	119,312	149,818	9,694	12,471
Intangible assets	17	26,191	11,165	14,898	6,280
Deferred tax assets	18	197,395	182,383	-	-
Withholding tax deducted at source		343,076	242,451	92,312	76,992
Prepaid land rental	15	628,950	653,400	-	-
Other non-current assets	4	37,149	23,386	20,703	15,368
<b>Total non-current assets</b>		<b>35,050,401</b>	<b>37,078,110</b>	<b>35,565,276</b>	<b>38,127,484</b>
<b>Total assets</b>		<b>42,999,073</b>	<b>40,982,314</b>	<b>42,413,088</b>	<b>41,591,423</b>

**TICON Industrial Connection Public Company Limited and its subsidiaries****Statement of financial position**

		Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
<b>Liabilities and equity</b>	<i>Note</i>	2018	2017	2018	2017
<i>(in thousand Baht)</i>					
<b>Current liabilities</b>					
Trade accounts payable	21	99,011	93,572	24,328	19,631
Other payables	4, 22	280,020	238,195	188,465	214,819
Current portion of long term loan from financial institution	19	126,749	-	-	-
Current portion of finance lease liabilities	19	235	1,628	-	-
Current portion of debentures	19, 20	1,600,000	4,100,000	1,600,000	4,100,000
Income tax payable		3,614	4,428	-	-
Current portion of unearned land rental income	4	55,803	50,196	12,749	18,235
Other current liabilities	4, 11	138,501	408,163	17,412	20,763
Liabilities included in disposal groups classified as held for sale	10	47,284	-	30,758	-
<b>Total current liabilities</b>		<b>2,351,217</b>	<b>4,896,182</b>	<b>1,873,712</b>	<b>4,373,448</b>
<b>Non-current liabilities</b>					
Long term loan from financial institution	19	633,747	-	-	-
Financial lease liabilities	19	-	202	-	-
Debentures	19, 20	12,620,000	9,220,000	12,620,000	9,220,000
Deferred tax liabilities	18	264,189	229,144	168,078	148,464
Non-current provisions for employee benefit	23	40,000	39,566	23,260	25,620
Customer deposits		364,587	400,374	123,977	136,460
Unearned land rental income	4	1,345,049	1,262,604	314,799	379,370
<b>Total non-current liabilities</b>		<b>15,267,572</b>	<b>11,151,890</b>	<b>13,250,114</b>	<b>9,909,914</b>
<b>Total liabilities</b>		<b>17,618,789</b>	<b>16,048,072</b>	<b>15,123,826</b>	<b>14,283,362</b>

## TICON Industrial Connection Public Company Limited and its subsidiaries

## Statement of financial position

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
<b>Liabilities and equity</b>					
<b>Equity</b>					
Share capital	24				
Authorized share capital		2,751,214	2,751,214	2,751,214	2,751,214
Issued and paid-up share capital		1,834,142	1,834,142	1,834,142	1,834,142
Premium on ordinary shares	24	19,838,380	19,838,380	19,838,380	19,838,380
Retained earnings					
Appropriated					
Legal reserve	25, 24	275,121	273,738	275,121	273,738
Unappropriated		3,441,884	2,969,584	5,341,619	5,361,801
Other components of equity	25	(23,201)	10,447	-	-
<b>Equity attributable to owners of the parent</b>		<b>25,366,326</b>	<b>24,926,291</b>	<b>27,289,262</b>	<b>27,308,061</b>
Non-controlling interests	13	13,958	7,951	-	-
<b>Total equity</b>		<b>25,380,284</b>	<b>24,934,242</b>	<b>27,289,262</b>	<b>27,308,061</b>
<b>Total liabilities and equity</b>		<b>42,999,073</b>	<b>40,982,314</b>	<b>42,413,088</b>	<b>41,591,423</b>



**TICON Industrial Connection Public Company Limited and its subsidiaries**  
**Statement of income**

		Consolidated financial statements		Separate financial statements	
		For the	For the	For the	For the
		period from	year ended	period from	year ended
		1 January 2018	31 December	1 January 2018	31 December
		to 30 September	2017	to 30 September	2017
	Note	2018	2017	2018	2017
		(in thousand Baht)			
<b>Revenue</b>					
Rental and related service revenue	4	1,150,863	1,372,603	295,804	357,055
Revenue from rendering of services	4	55,581	80,883	22,355	23,349
Revenue from sales of properties	4	2,209,565	194,358	503,196	166,358
Utilities revenue		15,984	36,594	4,708	7,120
Management fee income from associates	4	226,897	239,153	-	141,916
Dividend income	4	-	-	55,899	2,772,640
Interest income	4	60,286	103,246	459,752	504,082
Realised gain on sales of properties	11	2,693	48,302	-	-
Other income	4, 27	95,384	60,004	138,360	61,065
<b>Total revenue</b>		<b>3,817,253</b>	<b>2,135,143</b>	<b>1,480,074</b>	<b>4,033,585</b>
<b>Expenses</b>					
Cost of rental and related services	4	343,530	409,829	52,277	59,283
Cost of rendering of services		42,305	56,653	19,033	20,528
Cost of sales of properties	4	1,593,529	77,269	419,063	73,747
Utilities costs	4	11,432	31,933	3,554	5,602
Distribution costs	4	32,058	36,228	10,266	9,379
Administrative expenses	4, 28	612,973	530,934	336,448	310,780
Depreciation		150,407	219,443	45,367	69,552
Finance costs	4	414,952	570,914	399,721	580,787
<b>Total expenses</b>		<b>3,201,186</b>	<b>1,933,203</b>	<b>1,285,729</b>	<b>1,129,658</b>
Share of profits of associates and joint ventures	11	195,564	275,416	-	-
Unrealised gains on sales of properties to associates	10, 11	(102,005)	-	-	-
<b>Profit before income tax expense</b>		<b>709,626</b>	<b>477,356</b>	<b>194,345</b>	<b>2,903,927</b>
Income tax income (expenses)	31	(41,962)	5,045	(29,730)	43,664
<b>Profit for the period / year</b>		<b>667,664</b>	<b>482,401</b>	<b>164,615</b>	<b>2,947,591</b>
<b>Profit attributable to:</b>					
Owners of the parent		657,349	480,006	164,615	2,947,591
Non-controlling interests	13	10,315	2,395	-	-
<b>Profit for the period / year</b>		<b>667,664</b>	<b>482,401</b>	<b>164,615</b>	<b>2,947,591</b>
<b>Basic earnings per share (in Baht)</b>	33	<b>0.36</b>	<b>0.27</b>	<b>0.09</b>	<b>1.63</b>

## TICON Industrial Connection Public Company Limited and its subsidiaries

## Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		For the period		For the period	
		from	For the year	from	For the year
		1 January 2018	ended	1 January 2018	ended
		to 30 September	31 December	to 30 September	31 December
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Profit for the period / year		667,664	482,401	164,615	2,947,591
Other comprehensive income					
Item that will be reclassified					
subsequently to profit or loss					
Exchange differences on translating					
foreign operations		(33,648)	(57,500)	-	-
Total item that will be reclassified					
subsequently to profit or loss		(33,648)	(57,500)	-	-
Items that will not be reclassified					
subsequently to profit or loss					
Gain on measurement of defined benefit plan	23	-	10,504	-	6,054
Income tax relating to item that will not be	18	-	(2,101)	-	(1,211)
reclassified to profit or loss					
Total items that will not be reclassified					
to profit or loss		-	8,403	-	4,843
Other comprehensive income for					
the period / year, net of income tax		(33,648)	(49,097)	-	4,843
Total comprehensive income for					
the period / year		634,016	433,304	164,615	2,952,434
Total comprehensive income attributable to:					
Owners of the parent		623,701	430,909	164,615	2,952,434
Non-controlling interests	13	10,315	2,395	-	-
Total comprehensive income for					
the period / year		634,016	433,304	164,615	2,952,434

## TICON Industrial Connection Public Company Limited and its subsidiaries

## Statement of changes in equity

Consolidated financial statements										
		Retained earnings					Other components of equity			
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated reserve	Translating foreign operations	Surplus from change in ownership interests in subsidiaries	Total other components of equity	Equity attributable to owners of the parent	Non-controlling interests
		(In thousand Baht)								
Year ended 31 December 2017										
Balance at 1 January 2017		1,099,142	7,343,390	126,374	2,775,270	19,425	48,522	67,947	11,412,113	5,556
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners of the parent										
	Issue of ordinary shares	735,000	12,495,000	-	-	-	-	-	13,230,000	-
24		-	-	-	(146,731)	-	-	-	(146,731)	-
34		735,000	12,495,000	-	(146,731)	-	-	-	13,083,269	-
Total contributions by and distributions to owners of the parent		735,000	12,495,000	-	(146,731)	-	-	-	13,083,269	-
Total transactions with owners, recorded directly in equity		735,000	12,495,000	-	(146,731)	-	-	-	13,083,269	-
Comprehensive income for the year										
Profit		-	-	-	480,006	-	-	-	480,006	2,395
Other comprehensive income		-	-	-	8,403	(57,500)	-	(57,500)	(49,097)	-
Total comprehensive income for the year		-	-	-	488,409	(57,500)	-	(57,500)	430,909	2,395
Transfer of legal reserve		-	-	147,364	(147,364)	-	-	-	-	-
25, 34		1,834,142	19,838,390	273,738	2,969,584	(38,075)	48,522	10,447	24,926,291	7,951
Balance at 31 December 2017		1,834,142	19,838,390	273,738	2,969,584	(38,075)	48,522	10,447	24,926,291	7,951
For the period from 1 January 2018 to 30 September 2018										
Balance at 1 January 2018		1,834,142	19,838,390	273,738	2,969,584	(38,075)	48,522	10,447	24,926,291	7,951
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners of the parent										
	Dividends	-	-	-	(183,414)	-	-	-	(183,414)	(4,560)
34		-	-	-	(183,414)	-	-	-	(183,414)	(4,560)
Total contributions by and distributions to owners of the parent		-	-	-	(183,414)	-	-	-	(183,414)	(4,560)
Total transactions with owners, recorded directly in equity		-	-	-	(183,414)	-	-	-	(183,414)	(4,560)
Comprehensive income for the period										
Profit		-	-	-	657,349	-	-	-	657,349	10,315
Other comprehensive income		-	-	-	-	(33,648)	-	(33,648)	(33,648)	-
Total comprehensive income for the period		-	-	-	657,349	(33,648)	-	(33,648)	623,701	10,315
25, 34		-	-	1,383	(1,383)	-	-	-	(252)	252
Transfer of legal reserve		-	-	-	-	-	-	-	-	-
Balance at 30 September 2018		1,834,142	19,838,390	275,121	3,441,894	(71,723)	48,522	(23,201)	25,366,326	13,958

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

# TICON Industrial Connection Public Company Limited and its subsidiaries

## Statement of changes in equity

	Note	Separate financial statements				Total equity
		Issued and paid-up share capital	Share premium	Retained earnings		
				Legal reserve <i>(in thousand Baht)</i>	Unappropriated	
Year ended 31 December 2017						
Balance at 1 January 2017		1,099,142	7,343,380	126,374	2,703,462	11,272,358
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the parent</i>						
Issue of ordinary shares	24	735,000	12,495,000	-	-	13,230,000
Dividends	34	-	-	-	(146,731)	(146,731)
<i>Total contributions by and distributions to owners of the parent</i>		735,000	12,495,000	-	(146,731)	13,083,269
Total transactions with owners, recorded directly in equity		735,000	12,495,000	-	(146,731)	13,083,269
Comprehensive income for the year						
Profit		-	-	-	2,947,591	2,947,591
Other comprehensive income		-	-	-	4,843	4,843
<b>Total comprehensive income for the year</b>		-	-	-	2,952,434	2,952,434
Transfer of legal reserve	25, 34	-	-	147,364	(147,364)	-
<b>Balance at 31 December 2017</b>		<b>1,834,142</b>	<b>19,838,380</b>	<b>273,738</b>	<b>5,361,801</b>	<b>27,308,061</b>
For the period from 1 January 2018 to 30 September 2018						
Balance at 1 January 2018		1,834,142	19,838,380	273,738	5,361,801	27,308,061
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the parent</i>						
Dividends	34	-	-	-	(183,414)	(183,414)
<i>Total contributions by and distributions to owners of the parent</i>		-	-	-	(183,414)	(183,414)
Total transactions with owners, recorded directly in equity		-	-	-	(183,414)	(183,414)
Comprehensive income for the period						
Profit		-	-	-	164,615	164,615
<b>Total comprehensive income for the period</b>		-	-	-	164,615	164,615
Transfer of legal reserve	25, 34	-	-	1,383	(1,383)	-
<b>Balance at 30 September 2018</b>		<b>1,834,142</b>	<b>19,838,380</b>	<b>275,121</b>	<b>5,341,619</b>	<b>27,289,262</b>

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



**TICON Industrial Connection Public Company Limited and its subsidiaries****Statement of cash flows**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	For the period from 1 January 2018 to 30 September	For the year ended 31 December	For the period from 1 January 2018 to 30 September	For the year ended 31 December
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Cash flows from operating activities</b>				
Profit for the period / year	667,664	482,401	164,615	2,947,591
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax (income) expense	41,962	(5,045)	29,730	(43,664)
Finance costs	414,952	570,914	399,721	580,787
Depreciation and amortisation	406,877	530,674	78,491	108,955
Impairment loss on investment properties	20,195	2,548	15,325	2,548
Impairment loss on investment in subsidiary	-	-	6,430	13,563
(Reversal of) non-current provisions for employee benefit	1,582	8,186	(1,212)	4,579
Provision related to sales of properties	20,522	-	-	-
Cost of sales of properties	1,497,853	72,913	394,529	69,938
Recognition of unearned land rental income	(146,601)	(56,384)	(70,057)	(21,144)
Recognition of prepaid land rental	23,094	30,792	-	-
Share of profits of associates and joint ventures, net of tax	(195,564)	(275,416)	-	-
Bad and doubtful debts expense	-	910	-	742
Write-off withholding tax deducted at source	4,682	1,138	-	1,046
Realised gain on sales of properties	(2,693)	(48,302)	-	-
Unrealised gains on sales of properties to associates	102,005	-	-	-
(Gain) loss on disposal of building and equipment	(20,975)	(1,118)	(1,341)	(1,089)
Gain on sales of investments in associates	-	(5,029)	-	(6,408)
Interest income	(60,286)	(103,246)	(459,752)	(504,082)
Dividends income	-	-	(55,899)	(2,772,640)
	<u>2,775,269</u>	<u>1,205,936</u>	<u>500,580</u>	<u>380,722</u>
<b>Changes in operating assets and liabilities</b>				
Trade accounts receivables and unbilled operating				
leases receivables	(35,429)	(5,026)	(12,717)	(2,900)
Other receivables	(51,130)	(63,969)	(237,728)	35,593
Financial lease receivables	11,364	(32,397)	-	-
Other current assets	(24,824)	102,395	2,251	(176)
Other non-current assets	(13,763)	(80)	(5,335)	131
Trade accounts payable	746	231	-	-
Other payables	73,608	28,577	5,698	36,968
Provisions	(2,586)	-	-	-
Other current liabilities	(293,878)	318,621	(3,351)	2,863
Employee benefit paid	(1,148)	(114)	(1,148)	(57)
Customer deposits	11,497	32,429	18,274	1,266
Unearned land rental income	234,653	-	-	-
Exchange differences on translating foreign operations	4,926	(704)	-	-
Net cash generated from operating	<u>2,689,305</u>	<u>1,585,899</u>	<u>266,524</u>	<u>454,410</u>
Taxes paid	<u>(126,012)</u>	<u>(64,158)</u>	<u>(25,436)</u>	<u>(30,581)</u>
Net cash from operating activities	<u>2,563,293</u>	<u>1,521,741</u>	<u>241,088</u>	<u>423,829</u>

## TICON Industrial Connection Public Company Limited and its subsidiaries

## Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	For the period from 1 January 2018 to 30 September	For the year ended 31 December 2017	For the period from 1 January 2018 to 30 September	For the year ended 31 December 2017
	(in thousand Baht)			
<b>Cash flows from investing activities</b>				
Decrease (increase) in current investments	586,600	(1,079,418)	630,000	(1,080,000)
Proceeds from disposal of investment in associates	-	75,528	-	75,528
Increase in investments in associates	(437,166)	(1,734,716)	-	(1,734,716)
Decrease (increase) in investments in subsidiaries	-	-	(2,201)	7,875,847
Increase in investments in joint ventures	(108,885)	(209,400)	(108,885)	-
Proceeds from repayment of short-term loan to related party	-	20,400	-	-
Payment for short-term loan to related party	-	(71,860)	-	-
Proceeds from repayment of long-term loan to related party	-	-	2,470,000	240,000
Payment for long-term loan to related party	-	-	(515,000)	(12,181,500)
Proceeds from capital reduction	599,251	1,923	546,331	1,923
Acquisition of investment properties under development and available for rent/sale	(428,522)	(1,256,811)	(31,773)	(23,178)
Proceeds from sales of building and equipment	53,664	1,394	1,934	1,343
Acquisitions of property, plant and equipment	(5,452)	(11,593)	(2,029)	(4,912)
Acquisitions of intangible assets	(16,084)	(8,428)	(9,018)	(5,085)
Interest received from subsidiaries	-	-	414,662	433,900
Dividends received	526,350	353,723	384,016	2,444,523
Interest received	56,817	101,227	41,646	69,856
<b>Net cash from (used in) investing activities</b>	<b>826,573</b>	<b>(3,818,031)</b>	<b>3,819,683</b>	<b>(3,886,471)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares	-	13,230,000	-	13,230,000
Repayment in short-term loans	-	(2,030,000)	-	(2,030,000)
Repayment of short-term loans from related party	-	(1,060,000)	-	(1,060,000)
Repayment of long-term loans from related party	-	(783,766)	-	-
Proceeds from long-term loan	760,496	-	-	-
Repayments of long-term loans	-	(1,032,391)	-	(692,391)
Proceeds from debentures	5,000,000	-	5,000,000	-
Redemptions of debentures	(4,100,000)	(4,020,000)	(4,100,000)	(4,020,000)
Dividends paid to owner of the Company	(187,974)	(146,740)	(183,414)	(146,740)
Interest paid	(447,595)	(626,908)	(431,773)	(636,624)
<b>Net cash from financing activities</b>	<b>1,024,927</b>	<b>3,530,195</b>	<b>284,813</b>	<b>4,644,245</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,414,793</b>	<b>1,233,905</b>	<b>4,345,584</b>	<b>1,181,603</b>
Cash and cash equivalents at the beginning of the period / year	1,518,173	284,268	1,395,514	213,911
<b>Cash and cash equivalents at the ending of the period / year</b>	<b>5,932,966</b>	<b>1,518,173</b>	<b>5,741,098</b>	<b>1,395,514</b>

## TICON Industrial Connection Public Company Limited and its subsidiaries

## Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		For the period		For the period	
		from		from	
		1 January 2018	For the year	1 January 2018	For the year
		to 30 September	ended 31 December	to 30 September	ended 31 December
	Note	2018	2017	2018	2017
		(in thousand Baht)			
<i>Non-cash transactions</i>					
Transfers of investment properties to property, plant and equipment		6,490	-	-	-
Transfers of uncollected lease receivables to disposal groups classified as held for sale	10	197	-	197	-
Transfers of investment properties to property to disposal groups classified as held for sale	10, 14	1,000,466	-	589,760	-
Payables for purchase of investment properties, and property, plant and equipment		98,500	95,402	24,328	19,631
Transfers of deposits from customers to liabilities included in disposal groups classified as held for sale	10	47,284	-	30,758	-
Transfer of investment properties under financial lease		-	278,533	-	-
Transfer of investment in associate for subscribing of share capital of subsidiary		-	-	-	5,445,000
Transfer of other receivables for subscribing of share capital of subsidiary		-	-	294,289	-
Receivable from decrease in value of investment units from capital reduction		-	544,334	-	544,334
Transfers advance expense to investment properties		1,414	-	-	-

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

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# **TICON Industrial Connection Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

### **For the period from 1 January 2018 to 30 September 2018**

These notes form an integral part of the interim financial statements.

The financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements, and were approved and authorised for issue by the Board of Directors on 19 November 2018.

## **1 General information**

TICON Industrial Connection Public Company Limited, the “Company” is incorporated in Thailand and has its registered office at No. 175, 13/1<sup>st</sup> Floor, Sathorn City Tower, South Sathorn Road, Bangkok.

The Company was listed on the Stock Exchange of Thailand on 13 June 2002.

The ultimate parent company during the financial period was TCC Assets Limited, which was incorporated in British Virgin Islands, United Kingdom.

The Company’s major shareholders during the financial period were Frasers Assets Company Limited (48.52% shareholding) and Frasers Property Holdings (Thailand) Company Limited (40.95% shareholding). Both were incorporated in Thailand.

On 23 March 2018, at the extraordinary general meeting of the shareholders of Rojana Industrial Park Public Company Limited, the resolution was passed to approve the sale of all shares held in the Company totalling 478,699,619 shares, representing 26.10% of total issued and paid up shares capital of the Company at the price of Baht 17.90 per share to Fraser Asset Company Limited.

In addition, on 4 April 2018, Fraser Asset Company Limited submitted the tender offer to the Stock Exchange of Thailand, which intended to acquire all ordinary shares of the Company totalling 1,355,442,756 shares, at tender offer price of Baht 17.90 per share. The ordinary shares totalling 411,153,659 share were acquired after the tender offer expired on 17 May 2018, representing 22.42% of total issued and paid up shares capital of the Company.

As a result, Fraser Asset Company Limited had 48.52% shareholding of the Company. The Company registered the change of its shareholders’ list during the year 2018.

The principal activities of the Company and its subsidiaries, the “Group”, are 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.

## **2 Basis of preparation of the financial statements**

### *(a) Statement of compliance*

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

The FAP has issued new and revised TFRS effective for annual accounting period beginning on or after 1 January 2018. The initial application of these new and revised TFRS has resulted in changes in certain of the Group accounting policies. These changes have no material effect on the financial statements.

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
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In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 38.

*(b) Basis of measurement*

The financial statements have been prepared on the historical cost basis except for defined benefit obligation, which have been measured at their present value as explained in note 3(n).

*(c) Functional and presentation currency*

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency.

*(d) Use of judgements and estimates*

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

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

*(i) Judgements*

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

- Note 11 Classification of investments in associates and joint ventures
- Note 19 Leases: whether an arrangement containing a lease

*(ii) Assumptions and estimation uncertainties*

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

- Note 10 Determining the fair value of less cost to sell of the disposal group on the basis of significant unobservable inputs;
- Note 14 Impairment test: key assumptions underlying recoverable amounts;
- Note 18 Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 23 Measurement of defined benefit obligations: key actuarial assumptions



# **TICON Industrial Connection Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

### **For the period from 1 January 2018 to 30 September 2018**

#### *Measurement of fair values*

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 14 Investment properties; and
- Note 35 Financial instrument.

#### *(e) Change in accounting period*

At the annual general meeting of the shareholders of the Company held on 27 March 2018, the shareholders approved the amendment of the Articles of Association of the Company regarding the change of accounting period from starting from 1 January and ending 31 December to be starting from 1 October and ending 30 September. The Company completed the registration with Department of Business Development, Ministry of Commerce and obtained an approval from Revenue Department for this change, which has an effect on the Company's first change of accounting period of the Company ended 30 September 2018. Consequently, the consolidated and separate statement of income and comprehensive income, changes in equity, and cash flows for accounting period from 1 January 2018 to 30 September 2018 comprise only nine months whereas the comparative information for the year ended 31 December 2017 is information of twelve months, which results in the periods presented being not comparable.

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

**3 Significant accounting policies**

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

**(a) Basis of consolidation**

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

*Subsidiaries*

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

*Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*Loss of control*

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

*Interests in equity - accounted investees*

The Group’s interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity - accounted investees, until the date on which significant influence or joint control ceases.



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currencies**

*Foreign currency transactions*

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

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

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

Foreign currency differences are generally recognised in profit or loss.

*Foreign operations*

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

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

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

**(c) Cash and cash equivalents**

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

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

### (d) *Trade and other accounts receivable*

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

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

### (e) *Financial lease receivables*

Financial lease receivables are stated at net realisable value, which consists of the contract value net of deferred interest income and allowance for doubtful accounts.

### (f) *Non-current assets classified as held for sale*

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell.

### (g) *Investments*

#### *Investments in associates, subsidiaries and joint ventures*

Investments in associates, subsidiaries and joint ventures in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and joint ventures in the consolidated financial statements are accounted for using the equity method.

### (h) *Investment properties*

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Land improvements	30	years
Factory and warehouse buildings	30	years or the same as land lease agreement
Common assets	30	years

No depreciation is provided on land and investment properties under construction.



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

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

*Recognition and measurement*

*Owned assets*

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

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

*Subsequent costs*

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

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

*Depreciation*

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

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

Buildings	30 years
Tools and equipment	5 years
Furniture, fixtures and equipment	3 and 5 years
Vehicles	5 years

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

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

**(j) Intangible assets**

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

*Subsequent expenditure*

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

*Amortisation*

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Computer software	3, 5 and 10 years
-------------------	-------------------

No depreciation is provided on software under installation.

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



# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

### (k) *Impairment*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

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

#### *Calculation of recoverable amount*

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

#### *Reversals of impairment*

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

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

### (l) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

### (m) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

### (n) *Employee benefits*

#### *Defined contribution plans*

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

#### *Defined benefit plans*

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

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

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

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Short-term employee benefits*

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

**(o) Provisions**

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

**(p) Revenue**

*Revenue from sales of properties*

When the contract meets the criteria for a sale of goods, or if control and significant risks and rewards of ownership are transferred to the buyer.

*Revenue from rental and services*

Revenue from rental and services comprises rental and service income relating to investment properties.

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income in the accounting period in which they are earned. The recognised revenue which is not yet due per the operating lease agreements has been presented under "Unbilled operating leases receivables" at the end of reporting period.

Unbilled operating leases receivables are recognised as revenue over the term of the lease.



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

*Investments*

Revenue from investments comprises dividend and interest income from investments and bank deposits.

*Dividend income*

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

*Interest income*

Interest income is recognised in profit or loss as it accrues.

**(q) Finance costs**

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

**(r) Lease payments**

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

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

**(s) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss.

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

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

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

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

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

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

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (i) *Earnings per share*

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

### (u) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other income, distribution cost and administrative expenses, share of profits of associates and joint venture, finance costs, other assets and other liabilities.

## 4 Related parties

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

Relationships with associates and joint ventures and subsidiaries, are described in notes 11 and 12. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Frasers Assets Company Limited	Thailand	Major shareholders, 48.52% shareholding, and directors are representatives of the Company



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
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<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Frasers Property Holdings (Thailand) Company Limited	Thailand	Major shareholders, 40.95% shareholding, and directors are representatives of the Company
PT SLP Internusa Karawang	Indonesia	Held by associate
PT Surya Semesta Internusa Tbk	Indonesia	Shareholder of associate
PT Surya Internusa Timur	Indonesia	Subsidiary of shareholder of associate
Rojana Industrial Park Public Company Limited	Thailand	Common directors
Rojana Industrial Park Prachinburi Company Limited	Thailand	Common directors
Rojana Industrial Management Company Limited	Thailand	Common directors
F & B International Company Limited	Thailand	Common directors
Oishi Group Public Company Limited	Thailand	Common directors
TCC Hotel Asset Management Company Limited	Thailand	Common directors
Berli Jucker Logistics Company Limited	Thailand	Common directors
M S & K C Development Company Limited	Thailand	Common directors
T.C.C. Technology Company Limited	Thailand	Common directors
Horeca Management Company Limited	Thailand	Common directors
Hotels World 7 Company Limited	Thailand	Common directors
Southeast Capital Company Limited	Thailand	Common directors
North Sathorn Hotel Company Limited	Thailand	Common directors
T.C.C. Commercial Property Management Company Limited	Thailand	Common directors
TCC Hotel Collection Company Limited	Thailand	Common directors
N.C.C. Management And Development Company Limited	Thailand	Common directors
BIG C Supercenter Public Company Limited	Thailand	Common directors
Southeast Life Insurance Public Company Limited	Thailand	Common directors
Southeast Insurance Public Company Limited	Thailand	Common directors
North Park Golf and Sports Club Company Limited	Thailand	Common directors
Tonic International Company Limited	Thailand	Common directors
Asia Plus Securities Public Company Limited	Thailand	Common directors
Asia Industrial Estate Company Limited	Thailand	Common directors
SVI Public Company Limited	Thailand	Common directors
Sathorn City Tower Property Fund	Thailand	Common directors
Thai Beverage Logistic Company Limited	Thailand	Common directors
TCC Luxury Hotels and Resort Company Limited	Thailand	Common directors
Food of Asia Company Limited	Thailand	Common directors
TCC Assets (Thailand) Company Limited	Thailand	Common directors
Bangkok Bank Public Company Limited	Thailand	Directors are in the same family
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director (whether executive or otherwise) of the Group.

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

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

Transactions	Pricing policies
Revenue from sales of properties	Based on contractually agreed prices
Rental and service revenue	Based on contractually agreed prices
Land rental income	Based on contractually agreed prices
Management fee income	Based on contractually agreed prices
Revenue from rendering of services	Based on contractually agreed prices
Other income	Based on contractually agreed prices
Dividend income	Based on dividend declaration
Interest income	Rate as mutually agreed with reference interest rates quoted by financial institutions
Rental and related service expenses	Based on contractually agreed prices
Management fee	Based on contractually agreed prices
Utilities expenses	Based on contractually agreed prices
Distribution costs	Based on contractually agreed prices
Interest expense	Rate as mutually agreed with reference interest rates quoted by financial institutions
Other expenses	Based on contractually agreed prices
Common area service fee	Based on contractually agreed prices
Provision related to sales of properties	Based on contractually agreed prices

Significant transactions for the period from 1 January 2018 to 30 September 2018 and for the year ended 31 December 2017 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Revenue from the sale of properties	-	-	140,802	-
Land rental income	-	-	3,879	5,249
Management fee income	-	-	91,261	10,189
Revenue from rendering of services	-	-	-	656
Other income	-	-	13,357	16,005
Dividend income	-	-	48,952	2,090,800
Interest income	-	-	414,496	431,507
Management fee	-	-	-	5,346
<b>Associates</b>				
Revenue from the sale of properties	1,569,169	-	122,255	-
Land rental income	46,324	61,579	11,020	15,149
Management fee income	226,897	239,153	-	140,320
Revenue from rendering of services	15,944	17,062	3,236	3,773
Dividend income	-	-	198,233	681,840
Other income	1,291	4,485	1,291	4,485
Provision related to sales of properties	20,522	-	-	-
Common area service fee	16,484	21,432	50	67



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
	<i>(in thousand Baht)</i>			
<b>Joint ventures</b>				
Management fee income	3,384	5,413	-	-
Interest income	-	69	-	-
<b>Other related parties</b>				
Rental and service income	58,772	64,001	-	-
Management fee income	6,200	-	-	-
Interest income	2,430	3,737	2,064	3,179
Other income	6,493	543	8	-
Rental and related service expenses	14,856	19,057	14,856	19,057
Utilities expenses	2,568	3,507	2,054	2,801
Distribution costs	382	-	382	-
Interest expenses	-	2,795	-	1,491
Other expenses	14,045	13,573	8,590	10,309
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	85,054	88,804	69,813	67,111
Post-employment benefit	(295)	4,910	(1,290)	3,243
Total key management personnel compensation	<u>84,759</u>	<u>93,714</u>	<u>68,523</u>	<u>70,354</u>

Balances as at 30 September 2018 and 31 December 2017 with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
<b>Cash and cash equivalents</b>				
Other related party	<u>137,254</u>	<u>149,006</u>	<u>32,301</u>	<u>30,947</u>
<b>Trade accounts receivable – related parties</b>				
Other related parties	<u>5,917</u>	<u>-</u>	<u>-</u>	<u>-</u>

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

<i>Other receivables - related parties</i>			<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
			30 September 2018	31 December 2017	30 September 2018	31 December 2017
			<i>(in thousand Baht)</i>			
Subsidiaries			-	-	15,463	4,886
Associates			40,607	575,723	781	548,870
Joint ventures			2,015	2,203	21	-
Other related parties			5,642	75,500	2,144	75,500
<b>Total</b>			<b>48,264</b>	<b>653,426</b>	<b>18,409</b>	<b>629,256</b>

<i>Dividend receivables</i>			<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
			30 September 2018	31 December 2017	30 September 2018	31 December 2017
			<i>(in thousand Baht)</i>			
Associates			-	328,117	-	328,117

<i>Loans to related parties</i>	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
			<i>(% per annum)</i>			
			<i>(in thousand Baht)</i>			
<i>Short-term loan</i>						
Other related party	10	10	143,663	144,855	-	-
<i>Long-term loans</i>						
Subsidiaries	4.48 - 4.88	3.78 - 4.84	-	-	10,703,500	12,658,500
<i>Summary of loans to related parties</i>						
Short-term loan			143,663	144,855	-	-
Long-term loans			-	-	10,703,500	12,658,500
<b>Total loans to related parties</b>			<b>143,663</b>	<b>144,855</b>	<b>10,703,500</b>	<b>12,658,500</b>



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

Movements during the period from 1 January 2018 to 30 September 2018 and for the year ended 31 December 2017 of loans to related parties were as follows:

<i>Loans to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
	<i>(in thousand Baht)</i>			
<i>Short-term loan</i>				
<b>Other related party</b>				
At 1 January	144,855	108,669	-	-
Increase	-	71,860	-	-
Decrease	-	(20,400)	-	-
Exchange differences on translation	(1,192)	(15,274)	-	-
<b>At 30 September/ 31 December</b>	<b>143,663</b>	<b>144,855</b>	<b>-</b>	<b>-</b>
<i>Long-term loans</i>				
<b>Subsidiaries</b>				
At 1 January	-	-	12,658,500	717,000
Increase	-	-	515,000	12,181,500
Decrease	-	-	(2,470,000)	(240,000)
<b>At 30 September/ 31 December</b>	<b>-</b>	<b>-</b>	<b>10,703,500</b>	<b>12,658,500</b>
<i>Restricted deposit at financial institution</i>				
	<b>30 September 2018</b>	<b>31 December 2017</b>	<b>30 September 2018</b>	<b>31 December 2017</b>
	<i>(in thousand Baht)</i>			
Other related party	<b>240</b>	<b>240</b>	<b>-</b>	<b>-</b>
<i>Other non-current assets - related parties</i>				
	<b>30 September 2018</b>	<b>31 December 2017</b>	<b>30 September 2018</b>	<b>31 December 2017</b>
	<i>(in thousand Baht)</i>			
Other related parties	<b>8,017</b>	<b>7,479</b>	<b>8,001</b>	<b>7,463</b>

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

<i>Other payables - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	5,469	183
Associates	2,751	3	128	-
Other related parties	1,663	37,741	1,190	37,606
<b>Total</b>	<b>4,414</b>	<b>37,744</b>	<b>6,787</b>	<b>37,789</b>

<i>Provision related to sales of properties- related party</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
Associate	<b>24,215</b>	-	-	-

Movements during the period from 1 January 2018 to 30 September 2018 and for the year ended 31 December 2017 of loans from related parties were as follows:

<i>Loans from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
	<i>(in thousand Baht)</i>			
<b>Short-term loans</b>				
Other related party				
At 1 January	-	1,060,000	-	1,060,000
Decrease	-	(1,060,000)	-	(1,060,000)
<b>At 30 September/ 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Long-term loans</b>				
Other related party				
At 1 January	-	783,766	-	-
Decrease	-	(783,766)	-	-
<b>At 30 September/ 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TICON Industrial Connection Public Company Limited and its Subsidiaries****Notes to the financial statements****For the period from 1 January 2018 to 30 September 2018**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
<b>Unearned land rental income</b>				
Subsidiary				
Current portion	-	-	-	3,281
Associate				
Current portion	55,803	50,196	12,749	14,954
Non-current portion	1,345,049	1,262,604	314,799	379,370
	<u>1,400,852</u>	<u>1,312,800</u>	<u>327,548</u>	<u>394,324</u>
<b>Total</b>	<u>1,400,852</u>	<u>1,312,800</u>	<u>327,548</u>	<u>397,605</u>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
<b>Commitments with related parties</b>				
<b>Future minimum lease payments under non-cancellable operating leases</b>				
Within one year	19,144	8,534	10,253	4,571
After one year but within five years	33,503	-	17,943	-
<b>Total</b>	<u>52,647</u>	<u>8,534</u>	<u>28,196</u>	<u>4,571</u>

**Significant agreements with related parties****Loan from related party**

As at 30 September 2018, the Group and the Company had unutilised credit facilities with a related party totalling Baht 4,594.64 million and Baht 530 million, respectively (31 December 2017: Baht 4,594.64 million and Baht 530 million, respectively).

As at 30 September 2018, investment properties under development and available for rent/sale, investment properties for rent, land and buildings of a subsidiary with a book value of Baht 2,374.73 million (31 December 2017: Baht 2,025.55 million), have been pledged as collateral for such credit facilities.

**Short-term loan agreement**

On 6 December 2017, a subsidiary entered into a short-term loan agreement with a related party. The loan bore interest rate at a rate of 10% per annum and will be repayable in December 2018.

On 20 August 2018, the subsidiary and the related party entered into the side agreement for such loan agreement to waive the interest for the loan.



# **TICON Industrial Connection Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

### **For the period from 1 January 2018 to 30 September 2018**

#### *Long-term loan agreements*

The Company entered into unsecured long-term loan agreements with subsidiaries. The loans bore interest rates at the rates of 4.48% to 4.88% per annum (2017: 3.78% to 4.84% per annum) and will be repayable in a full amount within June 2023.

#### *Office rental and service agreements*

The Company entered into office rental and related service agreements with a related company. The Company committed to pay rental and service fees of Baht 19 million per annum. The agreements were for a period of 3 years commencing from July 2018 to June 2021.

#### *Undertaking*

The Company has issued a letter of undertaking to a financial institution with respect to the indebtedness of 25% of a subsidiary, PT SLP Surya TICON Internusa, which is the proportion of the Company's shareholding in the indirect subsidiary. The undertaking is effective from 29 October 2015 to 29 October 2021.

#### *REIT management and property management agreements*

In December 2017, TICON Management Company limited, a subsidiary has been appointed by TICON Freehold and Leasehold Real Estate Investment Trust ("REIT"), an associate as REIT manager. The fees are summarised as follows:

- (1) REIT's property management fee at a rate of 3% of REIT's net rental and service income.
- (2) Incentive fee at rate of 5% per annum of REIT's operating profit.
- (3) Commission fee calculated in proportion to the period of rental and service of new lease but not over 3 months of rental and service rates.
- (4) Commission fee from buying, selling, transferring leasehold and/or receiving leasehold at a rate of 3% of the value.

In addition, the subsidiary entered into a management agreement with REIT to provide management services. The remuneration will be paid monthly at a rate of 0.25% per annum of total asset value of REIT (see details of REIT in note 11).

#### *Rental agreements*

The Company and subsidiaries entered into various land and building rental agreements with REIT. REIT committed to pay rental fees as specified in the agreements. The agreements were for periods from 28 years to 30 years and will expire in August 2048.

#### *Agreements with REIT*

On 21 August 2018, the Company and a subsidiary entered into a purchase and sale agreement of land and construction thereon with REIT whereby the Company and the subsidiary agreed to sale assets to REIT totalling Baht 1,466.78 million under the terms and conditions as specified in the agreement.

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

On 24 August 2018, the subsidiary entered into building and construction lease agreement with REIT whereby the subsidiary agreed to lease out land and construction to REIT with a lease terms of 30 years starting from the registration date. REIT committed to pay rental fee over the term of lease under the term and conditions of the agreement. The Company and the subsidiary agreed to compensate for lease and service income of vacant or vacant parts of the sold and leased properties to REIT for the period of 12 months from registration date, transferred date, or starting from registration date or transferred date to the date which REIT entered into lease agreement with new tenant. The guarantee rental rate was the agreed rate as specified in the agreement.

**5 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
Cash on hand	1,156	1,081	164	114
Cash at banks - current accounts	1,021	92	224	80
Cash at banks - savings accounts	225,789	157,000	35,710	35,320
Highly liquid short-term investments	5,705,000	1,360,000	5,705,000	1,360,000
<b>Total</b>	<b>5,932,966</b>	<b>1,518,173</b>	<b>5,741,098</b>	<b>1,395,514</b>

**6 Other investments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
<b>Current investments</b>				
Short-term deposits at financial institutions	64,962	21,562	-	-
Certificate of deposits	450,000	1,080,000	450,000	1,080,000
<b>Total</b>	<b>514,962</b>	<b>1,101,562</b>	<b>450,000</b>	<b>1,080,000</b>

As at 30 September 2018, current investments represented short-term deposits at financial institutions and certificate of deposits totalling Baht 514.96 million (31 December 2017: Baht 1,101.56 million), which had maturity during 3 months to 5 months (31 December 2017: 3 months to 6 months) and bore interest rates at the rate of 0.9% to 1.45% per annum (31 December 2017: 1.0% to 1.5% per annum).

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

**7 Trade accounts receivable**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		<i>(in thousand Baht)</i>			
Related parties	4	5,917	-	-	-
Other parties		87,025	81,714	27,110	20,959
<b>Total</b>		<b>92,942</b>	<b>81,714</b>	<b>27,110</b>	<b>20,959</b>
Less allowance for doubtful accounts		(20,134)	(20,134)	(12,143)	(12,143)
<b>Net</b>		<b>72,808</b>	<b>61,580</b>	<b>14,967</b>	<b>8,816</b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
	<i>(in thousand Baht)</i>			
Bad and doubtful debt expenses for the period/year	-	910	-	742

Aging analyses for trade accounts receivable were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	2,482	-	-	-
Overdue:				
Less than 3 months	3,435	-	-	-
	<b>5,917</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other parties</b>				
Within credit terms	2,285	-	1,762	-
Overdue:				
Less than 3 months	24,884	31,300	9,649	4,139
3 - 6 months	659	-	-	-
6 - 12 months	-	-	-	-
Over 12 months	20,519	20,519	12,143	12,143
	<b>48,347</b>	<b>51,819</b>	<b>23,554</b>	<b>16,282</b>



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
<b>Unbilled operating leases receivables</b>	<b>38,678</b>	<b>29,895</b>	<b>3,556</b>	<b>4,677</b>
<b>Total</b>	<b>92,942</b>	<b>81,714</b>	<b>27,110</b>	<b>20,959</b>
<i>Less allowance for doubtful accounts</i>	<i>(20,134)</i>	<i>(20,134)</i>	<i>(12,143)</i>	<i>(12,143)</i>
<b>Net</b>	<b>72,808</b>	<b>61,580</b>	<b>14,967</b>	<b>8,816</b>

The normal credit term granted by the Group is 30 days.

**8 Finance lease receivables**

	<b>Consolidated financial statements</b>				<b>Total</b>	
	<b>Current portion</b>		<b>Non-current portion</b>		30	31
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	September 2018	December 2017
	<i>(in thousand Baht)</i>					
Finance lease receivables	35,003	35,003	403,734	429,602	438,737	464,605
<i>Less deferred interest income</i>	<i>(18,523)</i>	<i>(19,224)</i>	<i>(120,647)</i>	<i>(134,450)</i>	<i>(139,170)</i>	<i>(153,674)</i>
<b>Net</b>	<b>16,480</b>	<b>15,779</b>	<b>283,087</b>	<b>295,152</b>	<b>299,567</b>	<b>310,931</b>

Aging analyses for finance lease receivables (net of deferred interest income) were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
<b>Other parties</b>				
Within credit terms	299,054	310,418	-	-
Overdue:				
Less than 3 months	513	513	-	-
	<b>299,567</b>	<b>310,931</b>	<b>-</b>	<b>-</b>

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

As at 30 September 2018 and 31 December 2017, the future minimum lease payments under finance lease contracts together with the present value of minimum lease payments are as follows:

	<b>Consolidated financial statements</b>		<b>31 December 2017</b>	
	<b>30 September 2018</b>		<b>31 December 2017</b>	
	<b>Future minimum lease payments under finance lease contracts</b>	<b>Present value of minimum lease payments</b>	<b>Future minimum lease payments under finance lease contracts</b>	<b>Present value of minimum lease payments</b>
		<i>(in thousand Baht)</i>		
Within one year	35,003	16,480	35,003	15,780
After one year but within five years	137,959	74,719	137,959	71,197
After 5 years	265,775	208,368	291,643	223,954
<b>Total</b>	<b>438,737</b>	<b>299,567</b>	<b>464,605</b>	<b>310,931</b>
<i>Less: deferred interest income</i>	<i>(139,170)</i>		<i>(153,674)</i>	
<b>Lease payments under finance lease contracts - net</b>	<b>299,567</b>		<b>310,931</b>	

**9 Other receivables**

	<b>Note</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		<b>30 September 2018</b>	<b>31 December 2017</b>	<b>30 September 2018</b>	<b>31 December 2017</b>
			<i>(in million Baht)</i>		
<b>Related parties</b>	<b>4</b>	<b>48,264</b>	<b>653,426</b>	<b>18,409</b>	<b>629,256</b>
<b>Other parties</b>					
Prepaid expenses		67,384	25,663	15,654	13,365
Accrued interest income		6,189	2,720	6,096	2,720
Other receivables		54,834	2,194	1,494	704
Accrued income		23,039	5,442	7,469	528
		<b>151,446</b>	<b>36,019</b>	<b>30,713</b>	<b>17,317</b>
<b>Total</b>		<b>199,710</b>	<b>689,445</b>	<b>49,122</b>	<b>646,573</b>
<i>Less allowance for doubtful accounts</i>		<i>(637)</i>	<i>(637)</i>	<i>(632)</i>	<i>(632)</i>
<b>Net</b>		<b>199,073</b>	<b>688,808</b>	<b>48,490</b>	<b>645,941</b>

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

**10 Disposal groups classified as held for sale**

Investment properties under development and available for rent/sale and investment properties for rent are presented as a disposal group held for sale following the commitment of the Group's management on 11 June 2018 to convert assets into capital for business expansion. The Group expected to sell the assets by December 2018.

On 30 August 2018, the Group and the Company sold part of disposal groups classified as held for sale of Baht 1,569.17 million and Baht 122.25 million, respectively, to an associate.

As at 30 September 2018, the disposal group classified as held for sale of the Group and the Company comprised of assets value amounting to Baht 1,000.66 million and 589.96 million less liabilities of Baht 47.28 million and 30.76 million, respectively.

Details of the disposal group classified as held for sale as at 30 September 2018 was as follows:

	<i>Note</i>	<b>Consolidated financial statements (in thousand Baht)</b>	<b>Separate financial statements</b>
<b>Assets</b>			
Unbilled operating leases receivables		197	197
Investment properties under development and available for rent/sale	14 (a)	74,137	44,926
Investment properties for rent	14 (b)	926,329	544,834
		<u>1,000,466</u>	<u>589,760</u>
<b>Total</b>		<b><u>1,000,663</u></b>	<b><u>589,957</u></b>
<b>Liability</b>			
Customer deposits		<u>47,284</u>	<u>30,758</u>

**Cumulative income or expense recognised in other comprehensive income**

There is no cumulative income or expense recognised in other comprehensive income relating to the disposal group.



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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**Measurement of fair value**

*Fair value hierarchy*

The non-recurring fair value measurement for the disposal group of the Group and the Company amounting to Baht 1,731.11 million and Baht 1,216.01 million, respectively, has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

*Valuation technique*

The following table shows the valuation technique used in measuring the fair value of the disposal group.

Properties type	Valuation technique
Land	Market price comparison.
Land, factory and warehouse buildings for rent	Income approach: Discounted cash flows; The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, occupancy rate and long-term growth in real rental rates. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of factory and warehouse buildings and its location, and lease terms.
Construction in progress	Cost method.

**11 Investments in associates and joint ventures**

	Consolidated financial statements		Separate financial statements	
	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
	<i>(in thousand Baht)</i>			
<b>Associates</b>				
At 1 January	5,252,226	4,582,154	206,856	4,532,517
Share of net profits of associates	192,130	274,654	-	-
Acquisitions	437,166	1,734,716	-	1,734,716
Disposals	-	(70,500)	-	(5,514,120)
Dividend income	(198,233)	(681,840)	-	-
Reduction of unit capital	(54,917)	(546,257)	(1,997)	(546,257)
Exchange differences on translation	(36,804)	(40,701)	-	-
<b>At 30 September/ 31 December</b>	<b>5,591,568</b>	<b>5,252,226</b>	<b>204,859</b>	<b>206,856</b>
<b>Deferred gains on sales of properties</b>				
At 1 January	(1,630,299)	(1,678,601)	-	-
Increase	(102,005)	-	-	-
Decrease	2,693	48,302	-	-
<b>At 30 September/ 31 December</b>	<b>(1,729,611)</b>	<b>(1,630,299)</b>	<b>-</b>	<b>-</b>

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
	<i>(in thousand Baht)</i>			
<b>Unrealised expenses on provision related to sales of properties</b>				
At 1 January	11,680	11,680	-	-
Increase	6,280	-	-	-
<b>At 30 September/ 31 December</b>	<b>17,960</b>	<b>11,680</b>	<b>-</b>	<b>-</b>
<b>Net</b>	<b>3,879,917</b>	<b>3,633,607</b>	<b>204,859</b>	<b>206,856</b>
<b>Joint ventures</b>				
At 1 January	215,002	4,840	-	-
Share of net profits of joint ventures	3,434	762	-	-
Acquisitions	108,885	209,400	108,885	-
<b>At 30 September/ 31 December</b>	<b>327,321</b>	<b>215,002</b>	<b>108,885</b>	<b>-</b>
<b>Total</b>				
At 1 January	5,467,228	4,586,994	206,856	4,532,517
Share of net profits of associates and joint ventures	195,564	275,416	-	-
Acquisitions	546,051	1,944,116	108,885	1,734,716
Disposals	-	(70,500)	-	(5,514,120)
Dividend income	(198,233)	(681,840)	-	-
Reduction of unit capital	(54,917)	(546,257)	(1,997)	(546,257)
Exchange differences on translation	(36,804)	(40,701)	-	-
<b>At 30 September/ 31 December</b>	<b>5,918,889</b>	<b>5,467,228</b>	<b>313,744</b>	<b>206,856</b>
<b>Deferred gains on sales of properties</b>				
At 1 January	(1,630,299)	(1,678,601)	-	-
Increase	(102,005)	-	-	-
Decrease	2,693	48,302	-	-
<b>At 30 September/ 31 December</b>	<b>(1,729,611)</b>	<b>(1,630,299)</b>	<b>-</b>	<b>-</b>
<b>Unrealised expenses on provision related to sales of properties</b>				
At 1 January	11,680	11,680	-	-
Increase	6,280	-	-	-
<b>At 30 September/ 31 December</b>	<b>17,960</b>	<b>11,680</b>	<b>-</b>	<b>-</b>
<b>Net</b>	<b>4,207,238</b>	<b>3,848,609</b>	<b>313,744</b>	<b>206,856</b>



# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

The deferred gains on sales of properties to TICON Freehold and Leasehold Real Estate Investment Trust ("REIT") are calculated in proportion to its investments in the REIT which is considered as deferred gains 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 the statement of income for the period as incurred.

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 REIT, while the decrease in the deferred gains on sales of properties and unrealised expenses on provision related to sales of properties reflected the REIT's sales of properties to third parties, as well as the Company's lower stakes in the REIT.

### *Acquisition*

During the second quarter of 2018, a subsidiary made an additional investment in 1.01% of the issued and paid up capital of the REIT, an associate of the Group, for a consideration of 26.10 million units amounting to Baht 293.37 million, resulted the Group's total interest in the REIT from 21.93% to 22.94%.

During the year 2018, a subsidiary made an additional investment in 0.49% of the issued and paid up capital of the REIT, an associate of the Group, for a consideration of 12.75 million units amounting to Baht 143.80 million, resulted the Group's total interest in the REIT from 22.94% to 23.43%.

On 6 July 2018, the Company entered into Join Venture Agreement with JustCo (Thailand 2) Pte. Ltd. ("JustCo"), a company incorporated in Singapore to operate businesses related to the Co-Working office and other related businesses in Thailand. The Company invested in such company amounting to Baht 108.86 million, representing 51% shareholding. The Company registered such company with the Ministry of Commerce on 1 August 2018.

On 29 March 2017, the extraordinary general meeting of the shareholders of TPARK BFTZ Company Limited, a joint venture of the Group, the shareholders approved an increase in the company's registered shares capital from Baht 1 million to Baht 350 million. The subsidiary paid for the increase in share capital totalling Baht 209 million. The joint venture registered the increase in share capital with the Ministry of Commerce on 30 March 2017.

### *Reduction of unit capital*

During the first quarter of 2018, the REIT has reduced the value of fund unit by Baht 0.0929 per unit, by decreasing the par value from Baht 9.6323 per unit to Baht 9.5394 per unit. The capital reduction was refunded to the Group amounting to Baht 53.03 million.

During the year 2018, the REIT has reduced the value of fund unit by Baht 0.0031 per unit, by decreasing the par value from Baht 9.5394 per unit to Baht 9.5363 per unit. The capital reduction was refunded to the Group amounting to Baht 1.89 million.



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

*Conversion of property funds into REIT*

At the Board of Directors meeting held on 8 September 2017, the Board approved the conversion of property funds into the trust 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 ("REIT") ("the conversion of property funds") in addition the Board approved to grant the Right to Invest in assets subsequent to the conversion of property funds and Right of First Refusal to the REIT, as detailed belows.

1. **Right to Invest** - 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 REIT intend to invest in those assets, it shall complete the investment transactions by 31 December 2018.
2. **Right of First Refusal** - The REIT 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 REIT 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 REIT. In addition, the REIT 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 REIT with Baht 1.6977 cash per unit.
- At the rate of 1 investment unit of TLOGIS to 1.0129 trust units of the REIT with Baht 1.7415 cash per unit.
- At the rate of 1 investment unit of TGROWTH to 0.8673 trust units of the REIT with Baht 1.4911 cash per unit.

As a result, the unitholders of TFUND, TLOGIS and TGROWTH have become unitholders of the REIT. TFUND, TLOGIS and TGROWTH were dissolved on 21 December 2017.

The management of the Company considered that the Company has no control over the REIT by assessing the power, rights to variable returns from REIT and linkage between power and returns to the Group.

Furthermore, in accordance with Trust Deed, changing in the REIT manager requires an ordinary resolution from the majority of unitholders who attending the meeting and entitled to vote at the unitholders' meeting. The aggregate economic interest of the Group from the REIT will be governed by the REIT management and property management agreements (see note 4).

On 27 December 2017, the Company entered into an Agreement for Investment in Share Capital whereby the Company agreed to transfer 550 million units of investment in the REIT to TICON International Pte. Ltd., a subsidiary of the Company, for subscribing for the capital increase (see note 12).

# **TICON Industrial Connection Public Company Limited and its Subsidiaries** **Notes to the financial statements** **For the period from 1 January 2018 to 30 September 2018**

The investments in associates and joint ventures as at 30 September 2018 and 31 December 2017, and dividend income for the period from 1 January 2018 to 30 September 2018 and for the year ended 31 December 2017, were as follows:

## **Consolidated financial statements**

	Type of business	Country of incorporation	Ownership interest			Paid-up capital			Cost			Equity			Dividend income	
			30 September 2018	31 December 2017	(%)	30 September 2018	31 December 2017		30 September 2018	31 December 2017	(in thousand Baht)	30 September 2018	31 December 2017		For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
<b>Associates</b>																
TICON Property Fund	Investing in properties	Thailand	-	-	-	-	-	-	-	-	-	-	-	-	-	380,698
TPARK Logistics Property Fund	Investing in properties	Thailand	-	-	-	-	-	-	-	-	-	-	-	-	-	133,515
TICON Industrial Growth Leasehold Property Fund	Investing in properties	Thailand	-	-	-	-	-	-	-	-	-	-	-	-	-	117,023
TICON Freehold and Leasehold Real Estate Investment Trust *	Investing in properties	Thailand	23.43	21.93		25,173,623	25,423,452	6,033,605	5,651,356	3,241,641	3,524,943	198,233	50,604			
PT SLP Surya TICON Internusa **	Real estate development	Indonesia	25.00	25.00		1,656,633	1,656,633	414,158	414,158	391,477	354,654	-	-			
TRA Land Development Company Limited	Real estate development	Thailand	50.00	50.00		1,000	1,000	500	500	489	320	-	-			
						6,448,263	6,056,014			3,633,607	3,879,917	198,233	681,840			

\* Held by TICON International Pte.Ltd.

\*\* Held by TICON (HK) Limited

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the period from 1 January 2018 to 30 September 2018

#### Consolidated financial statements

	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity		Dividend income For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	
			30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017			
			(in thousand Baht)										
Joint ventures													
TICON Demco Power 6 Company Limited***	Electric Generator and seller	Thailand	51.00	51.00	5,000	5,000	2,550	2,550	2,900	2,741	-	-	
TICON Demco Power 11 Company Limited***	Electric Generator and seller	Thailand	51.00	51.00	4,000	4,000	2,040	2,040	2,366	2,218	-	-	
TPARK BFTZ Company Limited***	Real estate development	Thailand	59.99	59.99	350,000	350,000	210,000	210,000	211,181	210,043	-	-	
JustCo (Thailand) Company Limited	Co-office/ working space	Thailand	51.00	-	213,500	-	108,885	-	110,874	-	-	-	
							323,475	214,590	327,321	215,002	-	-	
							6,771,738	6,280,604	4,207,238	3,848,609	198,233	681,840	

\*\*\* Held by TICON Logistic Park Co., Ltd.



**For the period from 1 January 2018 to 30 September 2018**

## Separated financial statements

Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		For the year ended 31 December 2017	Dividend income
		30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017		
		(in thousand Baht)											
Investing in properties	Thailand	-	-	-	-	-	-	-	-	-	-	380,618	
Investing in properties	Thailand	-	-	-	-	-	-	-	-	-	-	133,500	
Investing in properties	Thailand	-	-	-	-	-	-	-	-	-	-	117,000	
Investing in properties	Thailand	0.80	0.80	25,173,623	25,423,452	204,359	206,356	-	-	204,359	206,356	6,947	50,618
Real estate development	Thailand	50.00	50.00	1,000	1,000	500	500	-	-	500	500	6,947	681,818
Co-office/working space	Thailand	51.00	-	213,500	-	108,885	-	-	-	108,885	-	-	-

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

None of the Group's associates and joint ventures are publicly listed and consequently do not have published price quotations, except for TICON Freehold and Leasehold Real Estate Investment Trust ("REIT") which is listed on the Stock Exchange of Thailand. Based on the closing price of Baht 11.80 at 30 September 2018 (*31 December 2017: Baht 10.40*), the fair value of the Group's investment in REIT was Baht 7,193.96 million (*31 December 2017: Baht 5,936.32 million*).

As at 30 September 2018, the investment units of REIT of 12.84 million units, with the value under the equity method amounting to Baht 74.22 million, and the market value amounting to Baht 151.47 million, were pledged as collateral for trust receipt, letters of credit, letters of guarantee and short-term loans facilities.

*Associates and joint ventures*

The following table summarises the financial information of the associates and joint ventures as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

	Associates				TRA Land Development Company Limited	
	TICON Freehold and Leasehold Real Estate Investment Trust	PT SLP Surya TICON Internusa	For the period from 1 January 2018 to 30 September 2018	For the period from 1 January 2018 to 30 September 2018	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
	For the period from 1 January 2018 to 30 September 2018	For the period from 1 January 2018 to 30 September 2018	For the period from 1 January 2018 to 30 September 2018	For the period from 1 January 2018 to 30 September 2018	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
Revenue	1,953,894	595,246	103,984	119,256	9	-
Profit from operations	1,204,316	369,097	938	7,855	(339)	(22)
Other comprehensive income	1,799,900	(142,250)	-	-	-	-
Total comprehensive income (100%)	3,004,216	226,847	938	7,855	(339)	(22)
Percentage of shareholding (%)	23.43%	21.93%	25%	25%	50%	50%
Total comprehensive income of the Group's interest	703,888	49,748	235	1,964	(169)	(11)
Adjustment transactions according to the Company's accounting policies	(511,570)	(22,315)	(254)	(273)	-	-
Group's share of total comprehensive income	192,318	27,433	(19)	1,691	(169)	(11)



## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

	Associates			
	TICON Freehold and Leasehold Real Estate Investment Trust	PT SLP Surya TICON Internusa	TRA Land Development Company Limited	
	For the period from 1 January 2018 to 30 September 2018	For the period from 1 January 2018 to 30 September 2018	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
Current assets	35,319,413	297,356	453,487	1,000
Non-current assets	105,012	1,510,562	-	-
Current liabilities	(1,686,771)	(98,740)	(452,848)	(22)
Non-current liabilities	(6,384,371)	(290,065)	-	-
Net assets (100%)	27,353,283	1,419,113	639	978
Percentage of shareholding (%)	23.43%	25%	50%	50%
Group's share of net assets	6,408,874	354,778	320	489
Elimination of unrealised profit on downstream sales (sale of properties to associate)	(1,729,611)	-	-	-
Unrealised expenses on provision related to sales of properties	17,960	-	-	-
Adjustment transactions according to the Company's accounting policies	(1,172,280)	-	-	-
Intra-group eliminations	-	(124)	-	-
Carrying amount of interest in associates	3,524,943	354,654	320	489

# TICON Industrial Connection Public Company Limited and its Subsidiaries

Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

	Joint ventures					
	TICON Demco Power 6 Company Limited	TICON Demco Power 11 Company Limited	TPARK BFTZ Company Limited	JustCo (Thailand) Company Limited		
	For the period from 1 January 2018 to 30 September 2018	For the period from 1 January 2018 to 30 September 2018	For the period from 1 January 2018 to 30 September 2018	For the period from 1 January 2018 to 30 September 2018	For the period from 1 January 2018 to 30 September 2018	For the period from 1 January 2018 to 30 September 2018
Revenue	1,399	1,043	1,403 (in thousand Baht)	19,310	5,573	-
Profit from continuing operations	312	290	376	533	3,900	-
Total comprehensive income (100%)	312	290	376	533	3,900	-
Percentage of shareholding (%)	51%	51%	51%	59.99%	51%	-
Total comprehensive income of the Group's interest	159	148	192	319	1,989	-
Group's share of total comprehensive income	159	148	192	319	1,989	-

**For the period from 1 January 2018 to 30 September 2018**

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**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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**12 Investments in subsidiaries**

	<b>Separate financial statement</b>	
	<b>For the period from 1 January 2018 to 30 September 2018</b>	<b>For the year ended 31 December 2017</b>
	<i>(in thousand Baht)</i>	
At 1 January	17,626,397	20,070,807
Acquisitions	296,490	5,606,653
Decrease	-	(8,037,500)
Allowance for impairment	(6,430)	(13,563)
<b>At 30 September/31 December</b>	<b>17,916,457</b>	<b>17,626,397</b>

*Acquisitions*

At the Board of Directors of the Company held on 30 March 2018, the Board approved the establishment of TICON Technology Company Limited, which has principal businesses of investing and providing services related to data center and other related technology businesses with the registered capital of Baht 1 million, divided into 100,000 shares at Baht 10 per share. The company completed its registration on 18 April 2018.

On 30 March 2018, TICON International Pte. Ltd., a subsidiary of the Company registered an increase in share capital from 225.88 million ordinary shares to 225.93 million ordinary shares at par value of SGD 1 per share, amounting to Baht 1.20 million. The Company fully paid for the increase in ordinary share capital of the subsidiary during the first quarter of 2018.

On 28 September 2018, TICON International Pte. Ltd., a subsidiary of the Company registered an increase in share capital from 225.93 million ordinary shares to 238.45 million ordinary shares at par value of SGD 1 per share, amounting to Baht 294.29 million. The Company fully paid for the increase in ordinary share capital of the subsidiary during September 2018.

On 23 March 2017, TICON (HK) Limited, a subsidiary of the Company registered an increase in share capital from 11.62 million shares to 16.13 million shares at par value of USD 1 per share, amounting to Baht 161.65 million. The Company made payment for the share increase.

On 12 October 2017, the Company 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 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 ("TREIT"), representing 100% of shareholding of the registered shares capital (see note 11).

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

*Capital reduction*

At the annual general meeting of shareholders of TICON Logistics Park Company Limited, a subsidiary of the Company, held on 29 March 2017, the shareholders approved a reduction of the registered share capital of the subsidiary from Baht 19,500 million to Baht 11,500 million by reduced of number of shares registration. The subsidiary registered the reduction of its registered share capital with the Ministry of Commerce on 2 May 2017.

At the annual general meeting of shareholders of ECO Industrial Services Company Limited, a subsidiary of the Company, held on 29 March 2017, the shareholders approved a reduction of the registered share capital from Baht 50 million to Baht 12.5 million by reduced of number of shares registration. The subsidiary registered the reduction of its registered share capital with the Ministry of Commerce on 3 May 2017.

*Dividends*

At the annual general meeting of shareholders of TICON Management Company Limited, a subsidiary of the Company held on 19 March 2018, the shareholders approved the appropriation of dividends from retained earnings after the appropriation of legal reserve of Baht 1.52 per share, totalling Baht 15.20 million. The dividends were paid to the shareholders during the first quarter of 2018.

At the annual general meeting of shareholders of ECO Industrial Services Company Limited, a subsidiary of the Company held on 27 April 2018, the shareholders approved the appropriation of dividends from retained earnings after the appropriation of legal reserve of Baht 24.25 per share, totalling Baht 30.31 million. The dividends were paid to the shareholders during the second quarter of 2018.

At the annual general meeting of shareholders of TICON Logistics Park Company Limited, a subsidiary of the Company held on 29 March 2017, the shareholders 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.

At the annual general meeting of shareholders of ECO Industrial Services Company Limited, a subsidiary of the Company held on 29 March 2017, the shareholders approved an allotment of retained earnings for dividend payment to its shareholders of Baht 1.25 per share. The dividend payment, totaling Baht 6.25 million, was paid on 25 April 2017.

At the Board of Directors of ECO Industrial Services Company Limited, a subsidiary of the Company held on 28 August 2018, the Board of a subsidiary approved the appropriation of interim dividends of Baht 6.40 per share, totalling Baht 8 million. The interim dividends were paid to the shareholders during August 2018.

## TICON Industrial Connection Public Company Limited and its Subsidiaries

### Notes to the interim financial statements

#### For the period from 1 January 2018 to 30 September 2018

Investments in subsidiaries as at 30 September 2018 and 31 December 2017, and dividend income for the period from 1 January 2018 to 30 September 2018 and for the year ended 31 December 2017 were as follows:

#### Separate financial statements

	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
			30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017		
			(In thousand Baht)											
<b>Subsidiaries</b>														
ECO Industrial Services Company Limited	Real estate development	Thailand	99.99	99.99	12,500	12,500	12,500	12,500	-	-	12,500	12,500	38,312	6,250
<b>TICON Logistics</b>														
Park Company Limited	Real estate development	Thailand	99.99	99.99	11,500,000	11,500,000	11,515,000	11,515,000	-	-	11,515,000	11,515,000	-	2,084,550
<b>TICON Management</b>														
Company Limited	management	Thailand	69.99	69.99	10,000	10,000	7,000	7,000	-	-	7,000	7,000	10,640	-
<b>TICON Technology</b>														
Company Limited	Data center	Thailand	99.99	-	1,000	-	1,000	-	-	-	1,000	-	-	-
<b>Shanghai TICON Investment Management</b>														
Company Limited	Investment management	China	100.00	100.00	85,384	85,384	85,384	85,384	(19,993)	(13,563)	65,391	71,821	-	-
<b>TICON (HK) Limited</b>														
	Investment management	Hong Kong	100.00	100.00	575,076	575,076	575,076	575,076	-	-	575,076	575,076	-	-
<b>TICON International</b>														
Pte. Ltd.	Investment management	Singapore	100.00	100.00	5,446,201	5,445,000	5,740,490	5,445,000	-	-	5,740,490	5,445,000	-	-
<b>Total</b>					<b>17,936,450</b>	<b>17,639,960</b>	<b>17,936,450</b>	<b>17,639,960</b>	<b>(19,993)</b>	<b>(13,563)</b>	<b>17,916,457</b>	<b>17,626,397</b>	<b>48,952</b>	<b>2,090,800</b>

None of the Company's subsidiaries are publicly listed and consequently do not have published price quotations.



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

**13 Non-controlling interests**

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	30 September 2018			31 December 2017		
	TICON Management Company Limited	Intra-group eliminations	Non- controlling Interests	TICON Management Company Limited	Intra-group eliminations	Non- controlling Interests
	<i>(in thousand Baht)</i>					
Non-controlling interest percentage			30.00			30.00
Current assets	77,116			44,306		
Non-current assets	1,816			1,039		
Current liabilities	31,777			17,581		
Non-current liabilities	1,125			916		
<b>Net assets</b>	<b>46,030</b>			<b>26,848</b>		
Carrying amount of non-controlling interest	13,809	149	13,958	8,054	(103)	7,951
	For the period from 1 January 2018 to 30 September 2018			For the year ended 31 December 2017		
	TICON Management Company Limited	Intra-group eliminations	Non- controlling Interests	TICON Management Company Limited	Intra-group eliminations	Non- controlling Interests
	<i>(in thousand Baht)</i>					
Revenue	226,981			62,642		
Profit	34,381			7,982		
Other comprehensive income	-			-		
<b>Total comprehensive income</b>	<b>34,381</b>			<b>8,294</b>		
Profit allocated to non-controlling interest	10,315	-	10,315	2,395	-	2,395
Other comprehensive income allocated to non-controlling interest	-	-	-	-	-	-
Cash flows from operating activities	43,105			(541)		
Cash flows from investing activities	(1,153)			(112)		
Cash flows from financing activities	(15,587)			(368)		
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>26,365</b>			<b>(1,021)</b>		

## For the period from 1 January 2018 to 30 September 2018

(a) *Investment properties under development and available for rent/sale*

The Leading Provider of  
Smart Industrial Platform

## For the period from 1 January 2018 to 30 September 2018

**Net book value**



# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

	Note	Separate financial statements							
		Investment properties under development			Investment properties available for rent/sale				
		Land	Asset under construction	Common assets	Land and				
					Total <i>(in thousand Baht)</i>	improvements land	Factory buildings	Total	Grand total
<b>Cost</b>									
1 January 2017		2,502,111	179,573	3,920	2,685,604	1,066,915	2,139,527	3,206,442	5,892,046
Additions		-	24,492	-	24,492	-	-	-	24,492
Transfers in from (out to) investment properties for rent and property, plant and equipment									
31 December 2017 and 1 January 2018	14(b)	(17,003)	(31,373)	18,912	(29,464)	(55,548)	(188,961)	(244,509)	(273,973)
Additions		2,485,108	172,692	22,832	2,680,632	1,011,367	1,950,566	2,961,933	5,642,565
Disposals		-	36,470	-	36,470	-	-	-	36,470
Transfers in from (out to) investment properties for rent		(168,480)	-	-	(168,480)	-	-	-	(168,480)
Transfers out to disposal groups classified as held for sale		(6,556)	(54,542)	16,066	(45,032)	(197,441)	(239,108)	(436,549)	(481,581)
30 September 2018	10	(8,381)	(22,245)	-	(30,626)	(10,542)	(20,587)	(31,129)	(61,755)
		2,301,691	132,375	38,898	2,472,964	803,384	1,690,871	2,494,255	4,967,219

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

	Note	Separate financial statements					Grand total	
		Investment properties under development		Investment properties available for rent/sale				
		Land	Asset under construction	Common assets	Total (in thousand Baht)	Land and land improvements		Factory buildings
<b>Depreciation and impairment losses</b>								
1 January 2017		-	-	260	260	836	431,079	432,175
Depreciation for the year		-	-	343	343	663	61,792	62,798
Impairment losses		-	2,548	-	2,548	-	-	2,548
Transfers in from (out to) investment properties for rent and property, plant and equipment	14(b)	-	-	39	39	(284)	(49,461)	(49,706)
31 December 2017 and 1 January 2018		-	2,548	642	3,190	1,215	443,410	447,815
Depreciation for the period		-	-	347	347	471	40,336	41,154
Impairment losses		-	15,325	-	15,325	-	-	15,325
Transfers out to investment properties for rent	14(b)	-	-	(21)	(21)	(281)	(41,603)	(41,905)
Transfers out to disposal groups classified as held for sale	10	-	-	-	-	-	(16,829)	(16,829)
30 September 2018		-	17,873	968	18,841	1,405	425,314	445,560
<b>Net book value</b>								
1 January 2017		2,502,111	179,573	3,660	2,685,344	1,066,079	1,708,448	5,459,871
31 December 2017 and 1 January 2018		2,485,108	170,144	22,190	2,677,442	1,010,152	1,507,156	5,194,750
30 September 2018		2,301,691	114,502	37,930	2,454,123	801,979	1,265,557	4,521,659

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

Investment properties under development and available for rent/sale comprise land and land improvements, asset under construction, common assets, factory and warehouse buildings.

Capitalised of borrowing cost relating to the acquisitions of the investment properties under development and available for rent/sale for the period from 1 January 2018 to 30 September 2018 amounted to Baht 0.86 million (for the year ended 31 December 2017: Baht 13.93 million), with a capitalisation rate of 3.35% (for the year ended 31 December 2017: 3.35%).

### Collateralised

As at 30 September 2018, investment properties under development and available for rent/sale of the Group and the Company with a net book value of Baht 1,657.67 million and Baht 75.15 million, respectively, (31 December 2017: Baht 1,800.67 million and Baht 80.19 million, respectively) have been pledged as collateral for bank overdrafts, short-term loans and long-term loans from financial institutions of the Company and the subsidiaries.

### (b) Investment properties for rent

	Consolidated financial statements			
	Note	Land and land improvements	Factory and warehouse buildings (in thousand Baht)	Total
<b>Cost</b>				
1 January 2017		5,839,271	9,127,096	14,966,367
Disposals		(38,998)	(334,263)	(373,261)
Transfers from investment properties under development and available for rent/sale	14(a)	791,946	1,190,733	1,982,679
<b>31 December 2017 and 1 January 2018</b>		<b>6,592,219</b>	<b>9,983,566</b>	<b>16,575,785</b>
Disposals		(281,092)	(834,680)	(1,115,772)
Transfers from investment properties under development and available for rent/sale	14(a)	636,785	1,323,290	1,960,075
Transfers out to disposal groups classified as held for sale	10	(426,420)	(684,764)	(1,111,184)
<b>30 September 2018</b>		<b>6,521,492</b>	<b>9,787,412</b>	<b>16,308,904</b>
<b>Depreciation</b>				
1 January 2017		140,645	1,218,478	1,359,123
Depreciation for the year		19,580	290,862	310,442
Disposals		-	(21,815)	(21,815)
Transfers from investment properties under development and available for rent/sale	14(a)	(10,089)	17,352	7,263
<b>31 December 2017 and 1 January 2018</b>		<b>150,136</b>	<b>1,504,877</b>	<b>1,655,013</b>
Depreciation for the period		15,797	239,616	255,413
Disposals		(12,435)	(111,989)	(124,424)
Transfers from investment properties under development and available for rent/sale	14(a)	11,912	144,773	156,685
Transfers out to disposal groups classified as held for sale	10	-	(184,855)	(184,855)
<b>30 September 2018</b>		<b>165,410</b>	<b>1,592,422</b>	<b>1,757,832</b>



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
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**For the period from 1 January 2018 to 30 September 2018**

Consolidated financial statements				
	Note	Land and land improvements	Factory and warehouse buildings (in thousand Baht)	Total
<b>Net book value</b>				
1 January 2017		5,698,626	7,908,618	13,607,244
31 December 2017 and 1 January 2018		6,442,083	8,478,689	14,920,772
30 September 2018		6,356,082	8,194,990	14,551,072
<b>Separate financial statements</b>				
	Note	Land and land improvements	Factory buildings (in thousand Baht)	Total
<b>Cost</b>				
1 January 2017		1,401,395	1,348,689	2,750,084
Disposals		(38,998)	(45,814)	(84,812)
Transfers from investment properties under development and available for rent/sale	14(a)	82,873	191,100	273,973
31 December 2017 and 1 January 2018		1,445,270	1,493,975	2,939,245
Disposals		(226,049)	-	(226,049)
Transfers from investment properties under development and available for rent/sale	14(a)	206,836	274,745	481,581
Transfers out to disposal groups classified as held for sale	10	(361,382)	(323,939)	(685,321)
30 September 2018		1,064,675	1,444,781	2,509,456
<b>Depreciation</b>				
1 January 2017		5,084	538,380	543,464
Depreciation for the year		1,126	38,050	39,176
Disposals		-	(14,873)	(14,873)
Transfers from investment properties under development and available for rent/sale	14(a)	245	49,461	49,706
31 December 2017 and 1 January 2018		6,455	611,018	617,473
Depreciation for the period		947	31,777	32,724
Transfers from investment properties under development and available for rent/sale	14(a)	302	41,603	41,905
Transfer out to disposal groups classified as held for sale	10	-	(140,487)	(140,487)
30 September 2018		7,704	543,911	551,615
<b>Net book value</b>				
1 January 2017		1,396,311	810,309	2,206,620
31 December 2017 and 1 January 2018		1,438,815	882,957	2,321,772
30 September 2018		1,056,971	900,870	1,957,841

Investment properties for rent comprise land and land improvements, factory and warehouse buildings.

Fair value of investment properties as at 30 September 2018 and 31 December 2017 were determined by independent valuers. The fair value of the land and land improvements under development has been determined based on market prices, while that of the factory and warehouse buildings available for

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
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rent/sale has been determined using the income approach. The main assumptions used in the valuation are rental rate, occupancy rate and long-term growth in real rental rates.

Fair value of investment properties were as follows:

<b>Consolidated financial statements</b>			
	30 September 2018		31 December 2017
	Book value	Fair value	Book value      Fair value
	<i>(in thousand Baht)</i>		
Investment properties under development and available for rent/sale	14,487,361		16,605,408
Investment properties for rent	14,551,072		14,920,772
<b>Total</b>	<b>29,038,433</b>	<b>38,425,536</b>	<b>31,526,180      41,708,760*</b>
<b>Separate financial statements</b>			
	30 September 2018		31 December 2017
	Book value	Fair value	Book value      Fair value
	<i>(in thousand Baht)</i>		
Investment properties under development and available for rent/sale	4,521,659		5,194,750
Investment properties for rent	1,957,841		2,321,772
<b>Total</b>	<b>6,479,500</b>	<b>10,273,647</b>	<b>7,516,522      11,508,967*</b>

\*As at 31 December 2017, fair value of investment properties of the Group and the Company did not include construction in progress which had book value of Baht 521.28 million and Baht 170.14 million, respectively.

#### Measurement of fair value

##### *Fair value hierarchy*

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

##### *Valuation technique*

<b>Properties type</b>	<b>Valuation technique</b>
Land	Market price comparison.
Land, factory and warehouse buildings	Income approach: Discounted cash flows; The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, occupancy rate and long-term growth in real rental rates. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of factory and warehouse buildings and its location, and lease terms.
Construction in progress	Cost method.

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
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*Investment properties for rent under operating leases*

The Company and the subsidiaries have operating lease agreements in respect of the lease of land, factory and warehouse buildings. The terms of the agreements are between 4 months to 20 years. As at 30 September 2018 and 31 December 2017, future minimum rental income to be generated under these operating leases is as follows.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
Within one year	1,321,339	1,200,434	361,143	286,424
After one year but not more than five years	3,129,513	2,700,152	574,810	432,584
Over five years	2,073,620	1,903,929	123,278	22,687

*Collateralised*

As at 30 September 2018, investment properties for rent of the Group and the Company with a net book value of Baht 3,070.60 million and Baht 221.88 million, respectively, (31 December 2017: Baht 2,631.17 million and Baht 222.41 million) have been pledged as collateral for bank overdrafts, short-term loans and long-term loans from financial institutions of the Company and the subsidiaries.

*Servituted investment properties*

As at 30 September 2018, investment properties under development and available for rent/sale and part of investment properties for rent of the Group and the Company comprise land under servitude of approximately 308 rai and 18 rai, respectively (31 December 2017: 315 rai and 71 rai, respectively) with a net book value of Baht 467.79 million and Baht 24.62 million, respectively (31 December 2017: Baht 624.16 million and Baht 156.46 million, respectively).



# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

### 15 Prepaid land rental

#### Land rental agreements

The Group entered into land rental agreements in order to develop factory and warehouse buildings for rent as follows;

Projects	Lessor	Period	Effective date
Bangplee 2	Chaiyanan Bangplee	24 years 4 months to	
	Parkland Co., Ltd.	26 years 4 months	10 July 2013
Bangna KM.39	Pornchai Equipment Co., Ltd.	30 years	1 May 2014

Movements for the period starting from 1 January 2018 to 30 September 2018 and for the year ended 31 December 2017 were as follows;

	Consolidated financial statements		Separate financial statements	
	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
	<i>(in thousand Baht)</i>			
<b>Cost</b>				
At 1 January	788,039	788,039	-	-
Decrease	(1,356)	-	-	-
<b>At 30 September/ 31 December</b>	<b>786,683</b>	<b>788,039</b>	<b>-</b>	<b>-</b>
<b>Amortisation</b>				
At 1 January	134,639	103,847	-	-
Amortisation for the period/ year	23,094	30,792	-	-
<b>At 30 September/ 31 December</b>	<b>157,733</b>	<b>134,639</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>				
1 January	653,400	684,192	-	-
<b>30 September/ 31 December</b>	<b>628,950</b>	<b>653,400</b>	<b>-</b>	<b>-</b>

For the period from 1 January 2018 to 30 September 2018

## Consolidated financial statements

	Land	Buildings	Tools and equipment	Furniture, fixtures and equipment	Vehicles	Total
				(in thousand Baht)		
<b>Cost</b>						
At 1 January 2017	34,234	96,679	130,235	67,552	33,185	361,885
Additions	-	-	892	3,015	3,311	7,218
Transfers in from (out to) investment properties under development and available for rent/sale						
Disposals	(16,089)	3,319	6,899	-	-	(5,871)
Effect of movements in exchange rates	-	-	(85)	(1,263)	(1,546)	(2,894)
At 31 December 2017 and 1 January 2018	18,145	98,954	137,941	69,276	34,950	359,266
Additions	-	-	743	2,786	328	3,857
Transfers in from (out to) investment properties under development and available for rent/sale						
Disposals	12,454	6,130	366	(5)	-	18,945
Effect of movements in exchange rates	-	(39,615)	(5,098)	(3,359)	(10,279)	(58,351)
At 30 September 2018	30,599	65,471	133,952	(122)	(150)	323,447

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
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**For the period from 1 January 2018 to 30 September 2018**

Consolidated financial statements							
	Note	Land	Buildings	Tools and equipment (in thousand Baht)	Furniture, fixtures and equipment	Vehicles	Total
<b>Depreciation</b>							
At 1 January 2017		-	17,985	87,184	57,284	18,870	181,323
Depreciation charge for the year		-	2,949	17,646	5,058	4,810	30,463
Transfers in from investment properties under development and available for rent/sale	14(a)	-	528	-	-	-	528
Disposals		-	-	(84)	(1,214)	(1,320)	(2,618)
Effect of movements in exchange rates		-	(224)	-	(24)	-	(248)
<b>At 31 December 2017 and 1 January 2018</b>							
Depreciation charge for the period		-	21,238	104,746	61,104	22,360	209,448
Disposals		-	3,715	10,140	2,805	3,382	20,042
Effect of movements in exchange rates		-	(9,596)	(2,800)	(3,206)	(10,060)	(25,662)
<b>At 30 September 2018</b>		-	351	-	(10)	(34)	307
		-	15,708	112,086	60,693	15,648	204,135
<b>Net book value</b>							
At 1 January 2017		34,234	78,694	43,051	10,268	7,597	173,844
Owned assets		-	-	-	-	6,718	6,718
Assets under finance leases		34,234	78,694	43,051	10,268	14,315	180,562
<b>At 31 December 2017 and 1 January 2018</b>							
Owned assets		18,145	77,716	33,195	8,172	10,712	147,940
Assets under finance leases		-	-	-	-	1,878	1,878
<b>At 30 September 2018</b>		18,145	77,716	33,195	8,172	12,590	149,818
Owned assets		30,599	49,763	21,866	7,883	8,990	119,101
Assets under finance leases		-	-	-	-	211	211
<b>At 30 September 2018</b>		30,599	49,763	21,866	7,883	9,201	119,312



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The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 30 September 2018 amounted to Baht 128.78 million (31 December 2017: Baht 125.75 million).

	Tools and equipment	Separate financial statements Furniture, fixtures and equipment (in thousand Baht)	Vehicles	Total
<b>Cost</b>				
At 1 January 2017	28,916	39,188	20,755	88,859
Additions	17	2,285	2,609	4,911
Disposals	-	(811)	(1,546)	(2,357)
<b>At 31 December 2017 and 1 January 2018</b>	<b>28,933</b>	<b>40,662</b>	<b>21,818</b>	<b>91,413</b>
Additions	37	1,992	-	2,029
Transfers	5	(5)	-	-
Disposals	-	(2,197)	(10,429)	(12,626)
<b>At 30 September 2018</b>	<b>28,975</b>	<b>40,452</b>	<b>11,389</b>	<b>80,816</b>
<b>Depreciation</b>				
At 1 January 2017	24,413	34,441	15,438	74,292
Depreciation charge for the year	2,399	2,116	2,238	6,753
Disposals	-	(783)	(1,320)	(2,103)
<b>At 31 December 2017 and 1 January 2018</b>	<b>26,812</b>	<b>35,774</b>	<b>16,356</b>	<b>78,942</b>
Depreciation charge for the period	1,232	1,554	1,427	4,213
Disposals	-	(1,939)	(10,094)	(12,033)
<b>At 30 September 2018</b>	<b>28,044</b>	<b>35,389</b>	<b>7,689</b>	<b>71,122</b>
<b>Net book value</b>				
At 1 January 2017	4,503	4,747	5,317	14,567
<b>At 31 December 2017 and 1 January 2018</b>	<b>2,121</b>	<b>4,888</b>	<b>5,462</b>	<b>12,471</b>
<b>At 30 September 2018</b>	<b>931</b>	<b>5,063</b>	<b>3,700</b>	<b>9,694</b>

The gross amount of the Company's fully depreciated plant and equipment that was still in use up to 30 September 2018 amounted to Baht 56.49 million (31 December 2017: Baht 59.56 million).

**Collateralised**

As at 30 September 2018, land and land improvement and buildings of the Group with a net book value of Baht 13.75 million (31 December 2017: Baht 1.07 million) have been pledged as collateral for bank overdrafts, short-term loans and long-term loans from a financial institution of the subsidiary.

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

### 17 Intangible assets

	Consolidated financial statements			Separate financial statements		
	Computer software	Software under installation	Total	Computer software	Software under installation	Total
	<i>(in thousand Baht)</i>					
<b>Cost</b>						
At 1 January 2017	31,954	-	31,954	25,093	-	25,093
Additions	161	8,267	8,428	87	4,998	5,085
<b>At 31 December 2017 and 1 January 2018</b>	<b>32,115</b>	<b>8,267</b>	<b>40,382</b>	<b>25,180</b>	<b>4,998</b>	<b>30,178</b>
Additions	986	15,098	16,084	396	8,622	9,018
Transfers	11,685	(11,685)	-	6,264	(6,264)	-
<b>At 30 September 2018</b>	<b>44,786</b>	<b>11,680</b>	<b>56,466</b>	<b>31,840</b>	<b>7,356</b>	<b>39,196</b>
<b>Amortisation</b>						
At 1 January 2017	28,428	-	28,428	23,670	-	23,670
Amortisation for the year	789	-	789	228	-	228
<b>At 31 December 2017 and 1 January 2018</b>	<b>29,217</b>	<b>-</b>	<b>29,217</b>	<b>23,898</b>	<b>-</b>	<b>23,898</b>
Amortisation for the period	1,058	-	1,058	400	-	400
<b>At 30 September 2018</b>	<b>30,275</b>	<b>-</b>	<b>30,275</b>	<b>24,298</b>	<b>-</b>	<b>24,298</b>
<b>Net book value</b>						
At 1 January 2017	3,526	-	3,526	1,423	-	1,423
<b>At 31 December 2017 and 1 January 2018</b>	<b>2,898</b>	<b>8,267</b>	<b>11,165</b>	<b>1,282</b>	<b>4,998</b>	<b>6,280</b>
<b>At 30 September 2018</b>	<b>14,511</b>	<b>11,680</b>	<b>26,191</b>	<b>7,542</b>	<b>7,356</b>	<b>14,898</b>

### 18 Deferred Tax

Deferred tax assets and liabilities as at 30 September 2018 and 31 December 2017 were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
Total	293,495	296,173	(360,289)	(342,934)
Set off of tax	(96,100)	(113,790)	96,100	113,790
<b>Net deferred tax assets (liabilities)</b>	<b>197,395</b>	<b>182,383</b>	<b>(264,189)</b>	<b>(229,144)</b>
	Separate financial statements			
	Assets		Liabilities	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
Total	28,978	66,132	(197,056)	(214,596)
Set off of tax	(28,978)	(66,132)	28,978	66,132
<b>Net deferred tax liabilities</b>	<b>-</b>	<b>-</b>	<b>(168,078)</b>	<b>(148,464)</b>

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

Movements in total deferred tax assets and liabilities for the period from 1 January 2018 to 30 September 2018 and for the year ended 31 December 2017 were as follows:

	At 1 January 2018	Consolidated financial statement (Charged)/Credited to:		At 30 September 2018
		Profit or loss (in thousand Baht)	Other comprehensive income	
<b>Deferred tax assets</b>				
Trade accounts receivable and other receivables (doubtful accounts)	4,125	-	-	4,125
Investment properties	510	4,039	-	4,549
Non-current provisions for employee benefit	7,913	87	-	8,000
Customer deposits	23,115	2,942	-	26,057
Cost of sales of properties	25,051	12,808	-	37,859
Unrealised gains on sales of properties to associate	182,200	14,970	-	197,170
Loss carry forward	45,099	(45,099)	-	-
Others	8,160	7,575	-	15,735
<b>Total</b>	<b>296,173</b>	<b>(2,678)</b>	<b>-</b>	<b>293,495</b>
<b>Deferred tax liabilities</b>				
Operating lease receivables	(10,887)	(777)	-	(11,664)
Financial lease receivables	(8,143)	(732)	-	(8,875)
Revenue from sales of building under financial leases	(276,906)	(133)	-	(277,039)
Change in useful lives of assets	(46,998)	(13,687)	-	(60,685)
Depreciation of assets held for sale	-	(2,026)	-	(2,026)
<b>Total</b>	<b>(342,934)</b>	<b>(17,355)</b>	<b>-</b>	<b>(360,289)</b>
<b>Net</b>	<b>(46,761)</b>	<b>(20,033)</b>	<b>-</b>	<b>(66,794)</b>



# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

	Consolidated financial statement (Charged)/Credited to:			
	At 1 January 2017	Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December 2017
<i>Deferred tax assets</i>				
Trade accounts receivable and other receivables (doubtful accounts)	3,943	182	-	4,125
Investment properties	-	510	-	510
Non-current provisions for employee benefit	8,400	1,614	(2,101)	7,913
Customer deposits	18,984	4,131	-	23,115
Cost of sale of properties	22,163	2,888	-	25,051
Unrealised gain on sales of properties to associate	184,645	(2,445)	-	182,200
Loss carry forward	-	45,099	-	45,099
Others	6,230	1,930	-	8,160
<b>Total</b>	<b>244,365</b>	<b>53,909</b>	<b>(2,101)</b>	<b>296,173</b>
<i>Deferred tax liabilities</i>				
Operating lease receivables	(9,561)	(1,326)	-	(10,887)
Financial lease receivables	-	(8,143)	-	(8,143)
Revenue from sales building under financial leases	(275,233)	(1,673)	-	(276,906)
Change in useful lives of assets	(22,556)	(24,442)	-	(46,998)
<b>Total</b>	<b>(307,350)</b>	<b>(35,584)</b>	<b>-</b>	<b>(342,934)</b>
<b>Net</b>	<b>(62,985)</b>	<b>18,325</b>	<b>(2,101)</b>	<b>(46,761)</b>

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
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	At 1 January 2018	Separate financial statement (Charged /Credited to:		At 30 September 2018
		Profit or loss (in thousand Baht)	Other comprehensive income	
<b><i>Deferred tax assets</i></b>				
Trade accounts receivable and other receivables (doubtful accounts)	2,526	-	-	2,526
Investment properties	510	3,065	-	3,575
Non-current provisions for employee benefit	5,124	(472)	-	4,652
Customer deposits	7,582	2,167	-	9,749
Loss carry forward	45,099	(45,099)	-	-
Others	5,291	3,185	-	8,476
<b>Total</b>	<b>66,132</b>	<b>(37,154)</b>	<b>-</b>	<b>28,978</b>
<b><i>Deferred tax liabilities</i></b>				
Operating lease receivables	(1,700)	256	-	(1,444)
Revenue from sales building under financial leases	(193,109)	24,779	-	(168,330)
Change in useful lives of assets	(19,787)	(6,507)	-	(26,294)
Depreciation of assets held for sale	-	(988)	-	(988)
<b>Total</b>	<b>(214,596)</b>	<b>17,540</b>	<b>-</b>	<b>(197,056)</b>
<b>Net</b>	<b>(148,464)</b>	<b>(19,614)</b>	<b>-</b>	<b>(168,078)</b>

**TICON Industrial Connection Public Company Limited and its Subsidiaries****Notes to the financial statements****For the period from 1 January 2018 to 30 September 2018**

	At 1 January 2017	Separate financial statement (Charged)/Credited to:		At 31 December 2017
		Profit or loss	Other comprehensive income	
<b><i>Deferred tax assets</i></b>				
Trade accounts receivable and other receivables (doubtful accounts)	2,377	149	-	2,526
Investment properties	-	510	-	510
Non-current provisions for employee benefit	5,431	904	(1,211)	5,124
Customer deposits	6,557	1,025	-	7,582
Loss carry forward	-	45,099	-	45,099
Others	2,875	2,416	-	5,291
<b>Total</b>	<b>17,240</b>	<b>50,103</b>	<b>(1,211)</b>	<b>66,132</b>
<b><i>Deferred tax liabilities</i></b>				
Operating lease receivables	(2,244)	544	-	(1,700)
Financial lease receivables	(195,629)	2,520	-	(193,109)
Change in useful lives of assets	(10,284)	(9,503)	-	(19,787)
<b>Total</b>	<b>(208,157)</b>	<b>(6,439)</b>	<b>-</b>	<b>(214,596)</b>
<b>Net</b>	<b>(190,917)</b>	<b>43,664</b>	<b>(1,211)</b>	<b>(148,464)</b>

In 2017, the subsidiary has the unused taxable losses amounting to Baht 105 million, on which deferred tax assets have not been recognised. This is because the management considered that it is not probable that future profit will be available against which the subsidiary can utilise the benefit therefrom. The unused tax losses will expire in 2022.



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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**19 Interest-bearing liabilities**

		Consolidated financial statements		Separate financial statements	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>Note</i>	<i>(in thousand Baht)</i>			
<b>Current</b>					
Current portion of long-term loan from financial institution					
Secured		126,749	-	-	-
Current portion of debentures					
Unsecured	20	1,600,000	4,100,000	1,600,000	4,100,000
Current portion of financial lease liabilities		235	1,628	-	-
<b>Total current interest-bearing liabilities</b>		<b>1,726,984</b>	<b>4,101,628</b>	<b>1,600,000</b>	<b>4,100,000</b>
<b>Non-current</b>					
Long-term loan from financial institution					
Secured		633,747	-	-	-
Debentures					
Unsecured	20	12,620,000	9,220,000	12,620,000	9,220,000
Financial lease liabilities		-	202	-	-
<b>Total non-current interest-bearing liabilities</b>		<b>13,253,747</b>	<b>9,220,202</b>	<b>12,620,000</b>	<b>9,220,000</b>

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 30 September 2018 and 31 December 2017 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>30 September 2018</b>	<b>31 December 2017</b>	<b>30 September 2018</b>	<b>31 December 2017</b>
<i>(in thousand Baht)</i>				
Within one year	1,726,749	4,100,000	1,600,000	4,100,000
After one year but within five years	12,126,998	6,220,000	11,620,000	6,220,000
After five years	1,126,749	3,000,000	1,000,000	3,000,000
<b>Total</b>	<b>14,980,496</b>	<b>13,320,000</b>	<b>14,220,000</b>	<b>13,320,000</b>

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
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Secured interest-bearing liabilities as at 30 September 2018 and 31 December 2017 were secure on the following assets with a net book value:

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2018	31 December 2017 (in thousand Baht)	30 September 2018	31 December 2017
Investment in Trust	11	74,217	-	126,115	-
Investment properties under development and available for rent/sale	14(a)	1,657,672	1,800,672	75,147	80,190
Investment properties for rent	14(b)	3,070,602	2,631,169	221,881	222,405
Property, plant and equipment	16	13,746	1,069	-	-
<b>Total</b>		<b>4,816,237</b>	<b>4,432,910</b>	<b>423,143</b>	<b>302,595</b>

As at 30 September 2018, the Group and the Company had unutilised credit facilities totalling Baht 1,214 million and Baht 225 million, respectively (31 December 2017: Baht 1,885 million and Baht 225 million, respectively).

A subsidiary entered into a long-term loan agreement with a financial institution with interest rate of MLR minus fixed rate per annum as specified in the agreement. The first installment will be repaid after 3 years and 6 months from the first drawdown date according to the details of installment as specified in the agreement.

Under the agreement, the Company and the subsidiary must comply with certain conditions such as maintaining debt to equity ratio as specified in the agreement. In addition, the Company issued a letter of undertaking to the financial institution under the condition that the Company will remain as a major shareholder of the subsidiary of not less than 75 percent and will provide financial support to the subsidiary until that subsidiary has settle its obligation as specified in the agreement.

The subsidiary had pledged investment properties under development and available for rent/sale, investment properties for rent, and its future construction thereon with the financial institution as a guarantee for the long-term loan from the financial institution as specified in the agreement.

**Finance lease liabilities**

Financial lease liabilities as at 30 September 2018 and 31 December 2017 were as follows

	Consolidated financial statements					
	30 September 2018			31 December 2017		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	250	15	235	1,727	99	1,628
After one year but within five years	-	-	-	218	16	202
<b>Total</b>	<b>250</b>	<b>15</b>	<b>235</b>	<b>1,945</b>	<b>115</b>	<b>1,830</b>

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

The subsidiaries entered into finance lease agreements for rental of vehicles for use in their operations for a period of 4 years. The subsidiary committed to pay rental on a monthly basis.

## 20 Debentures

Significant detail of the debentures as at 30 September 2018 and 31 December 2017 were as follows:

No.	Issue date	Maturity date	Age (Year)	Interest rate (% per annum)	Separate/Consolidated financial statements	
					30 September 2018	31 December 2017
					(in million Baht)	
2/2011	8 July 2011	8 July 2018	7	4.78	-	350
6/2012	26 September 2012	26 September 2022	10	4.90	1,000	1,000
2/2013	15 May 2013	15 May 2018	5	4.00	-	1,200
2/2013	15 May 2013	15 May 2020	7	4.30	500	500
3/2013	12 September 2013	12 September 2018	5	4.73	-	300
5/2013	18 October 2013	18 October 2019	6	4.85	620	620
1/2014	17 January 2014	17 January 2019	5	4.71	600	600
2/2014	18 July 2014	18 July 2021	7	4.80	800	800
1/2015	19 January 2015	19 January 2018	3	3.08	-	1,550
2/2015	15 May 2015	15 May 2019	4	2.91	1,000	1,000
2/2015	15 May 2015	15 May 2022	7	3.69	1,000	1,000
3/2015	14 August 2015	14 August 2018	3	2.44	-	700
3/2015	14 August 2015	14 August 2020	5	3.22	600	600
3/2015	14 August 2015	14 August 2023	8	4.03	700	700
1/2016	18 May 2016	18 May 2020	4	2.29	100	100
1/2016	18 May 2016	18 May 2023	7	3.35	2,300	2,300
1/2018	14 March 2018	14 March 2021	3	2.20	1,500	-
1/2018	14 March 2018	14 March 2023	5	2.75	2,500	-
1/2018	14 March 2018	14 March 2028	10	3.58	1,000	-
					14,220	13,320

Movements during the period from 1 January 2018 to 30 September 2018 and for the year ended 31 December 2017 of debentures were as follows:

	Separate / Consolidated financial statements	
	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
(in thousand Baht)		
At 1 January	13,320,000	17,340,000
Increase	5,000,000	-
Decrease	(4,100,000)	(4,020,000)
<b>At 30 September/ 31 December</b>	<b>14,220,000</b>	<b>13,320,000</b>



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

The periods to maturity of debentures as at 30 September 2018 and 31 December 2017 were as follows:

	Note	Separate / Consolidated financial statements	
		30 September 2018	31 December 2017
		(in thousand Baht)	
Debentures matured within one year	19	1,600,000	4,100,000
Debentures matured after one year	19	12,620,000	9,220,000
<b>Total</b>		<b>14,220,000</b>	<b>13,320,000</b>

As at 30 September 2018, the Company had the outstanding balance of debentures amounting to Baht 14,220 million (31 December 2017: Baht 13,320 million). The debentures are name specified, unsubordinated, and unsecured, which were sold at the price of Baht 1,000 per unit and had a face value of Baht 1,000 each. The interest will be repaid in every 6 months. The Company must comply with certain conditions and maintain its debt-to-equity ratio based on the specific conditions over the term of the debentures.

**21 Trade accounts payable**

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	(in thousand Baht)			
Other parties	99,011	93,572	24,328	19,631

**22 Other payables**

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(in thousand Baht)			
<b>Related parties</b>	<b>4</b>	<b>4,414</b>	<b>37,744</b>	<b>6,787</b>	<b>37,789</b>
<b>Others</b>					
Accrued interest expenses		103,929	135,712	103,663	135,712
Accrued bonus		70,362	45,629	44,764	29,874
Accrued operating expenses		56,820	9,513	16,826	4,587
Accrued property tax		44,495	9,597	16,425	6,857
<b>Total</b>		<b>280,020</b>	<b>238,195</b>	<b>188,465</b>	<b>214,819</b>

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
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**23 Non-current provisions for employee benefit**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>30</b>	<b>31</b>	<b>30</b>	<b>31</b>
	<b>September</b>	<b>December</b>	<b>September</b>	<b>December</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<i>(in thousand Baht)</i>			
<b>Statement of financial position</b>				
<b>Non-current provisions for:</b>				
Post-employment benefits	<b>40,000</b>	<b>39,566</b>	<b>23,260</b>	<b>25,620</b>
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>For the</b>	<b>For the</b>	<b>For the</b>	<b>For the</b>
	<b>period from</b>	<b>Year</b>	<b>period from</b>	<b>Year</b>
	<b>1 January</b>	<b>ended</b>	<b>1 January</b>	<b>ended</b>
	<b>2018 to 30</b>	<b>31</b>	<b>2018 to 30</b>	<b>31</b>
	<b>September</b>	<b>December</b>	<b>September</b>	<b>December</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<i>(in thousand Baht)</i>			
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits	<b>1,582</b>	<b>8,186</b>	<b>(1,212)</b>	<b>4,579</b>
<b>Recognised in other comprehensive income:</b>				
Actuarial gain recognised in the period / year	-	(10,504)	-	(6,054)
Cumulative actuarial gains recognised	(5,685)	(5,685)	(3,386)	(3,386)

***Defined benefit plan***

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

The defined benefit plans expose to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

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Movement in the present value of the defined benefit obligations.

	Consolidated financial statements		Separate financial statements	
	For the period from 1 January 2018 to 30 September 2018	For the Year ended 31 December 2017	For the Period from 1 January 2018 to 30 September 2018	For the Year ended 31 December 2017
			<i>(in thousand Baht)</i>	
At 1 January	39,566	41,998	25,620	27,152
<b>Include in profit or loss:</b>				
Current service cost	1,537	7,318	(964)	4,070
Interest on obligation	45	868	(248)	509
	<u>1,582</u>	<u>8,186</u>	<u>(1,212)</u>	<u>4,579</u>
<b>Included in other comprehensive income</b>				
Actuarial gain	-	(10,504)	-	(6,054)
	<u>-</u>	<u>(10,504)</u>	<u>-</u>	<u>(6,054)</u>
<b>Other</b>				
Benefit paid	(1,148)	(114)	(1,148)	(57)
	<u>(1,148)</u>	<u>(114)</u>	<u>(1,148)</u>	<u>(57)</u>
<b>At 30 September/ 31 December</b>	<b><u>40,000</u></b>	<b><u>39,566</u></b>	<b><u>23,260</u></b>	<b><u>25,620</u></b>

Actuarial gains recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	For the period from 1 January 2018 to 30 September 2018	For the Year ended 31 December 2017	For the period from 1 January 2018 to 30 September 2018	For the Year ended 31 December 2017
			<i>(in thousand Baht)</i>	
Demographic assumptions	-	1,143	-	808
Financial assumptions	-	1,607	-	694
Experience adjustment	-	7,754	-	4,552
<b>Total</b>	<u>-</u>	<u>10,504</u>	<u>-</u>	<u>6,054</u>



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
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**Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
			(%)	
Discount rate	2.13 - 2.76	2.13 - 2.76	2.13	2.13
Future salary growth	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 - 27.0	0.0 - 22.0	0.0 - 22.0
Site	0.0 - 64.0	0.0 - 64.0	0.0 - 64.0	0.0 - 64.0

Assumptions regarding future mortality are based on published statistics and mortality tables.

As at 30 September 2018, the weighted-average duration of the defined benefit obligation of the Group and the Company were 8.4 - 15.6 years and 8.4 years, respectively (2017: 8.4 - 15.6 years and 8.4 years, respectively).

**Sensitivity analysis**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Increase	Decrease	Increase	Decrease
		(in thousand Baht)		
<b>At 30 September 2018</b>				
(1% movement)				
Discount rate	(3,642)	4,283	(1,507)	1,733
Future salary growth	4,552	(3,941)	1,903	(1,689)
Staff turnover rate	(3,875)	2,061	(1,614)	909
<b>At 31 December 2017</b>				
(1% movement)				
Discount rate	(3,544)	4,168	(1,696)	1,952
Future salary growth	4,020	(3,497)	1,877	(1,668)
Staff turnover rate	(3,773)	2,035	(1,816)	1,006

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

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

### 24 Share capital

	Par value per share (in Baht)	Number	2018 Amount (thousand shares / in thousand Baht)	2017 Number	Amount
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	2,751,214	2,751,214	1,834,142	1,834,142
Increase of new shares	1	-	-	917,072	917,072
At 30 September/ 31 December					
- ordinary shares	1	<u>2,751,214</u>	<u>2,751,214</u>	<u>2,751,214</u>	<u>2,751,214</u>
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	1	1,834,142	1,834,142	1,099,142	1,099,142
Issue of new shares	1	-	-	735,000	735,000
At 30 September/ 31 December					
- ordinary shares	1	<u>1,834,142</u>	<u>1,834,142</u>	<u>1,834,142</u>	<u>1,834,142</u>

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

At the annual general meeting of shareholders of the Company held on 27 March 2018, the shareholders approved the extension of the period for the allocation of newly-issued ordinary shares of the Company of 917.07 million shares under the General Mandate by offering to the existing shareholders proportionately and/or public offering. The Company shall complete the allocation of the newly-issued shares within the date of the annual general meeting of shareholders of 2019.

On 16 January 2017, the Company received payment of share subscription from allotment of 735 million shares at Baht 18 per share, totalling Baht 13,230 million from Frasers Property Holdings (Thailand) Company Limited. The Company registered the increase in share capital with the Ministry of Commerce on 16 January 2017.

At the annual general meeting of shareholders of the Company held on 24 April 2017, the shareholders approved the increase in registered share capital under a General Mandate from Baht 1,834.14 million to Baht 2,751.21 million by issuing 917.07 million ordinary shares at Baht 1 per share. The Company registered the increase in registered share capital with the Ministry of Commerce on 15 May 2017.

#### Share premium

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

# **TICON Industrial Connection Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

### **For the period from 1 January 2018 to 30 September 2018**

## **25 Reserves**

Reserves comprise:

### *Appropriations of profit*

#### **Legal reserve**

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

### *Other components of equity*

#### **Currency translation differences**

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation.

## **26 Segment information**

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- *Segment 1*      The development of investment properties - factories
- *Segment 2*      The development of investment properties - warehouses
- *Segment 3*      The provision of services
- *Segment 4*      The general management fee

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

### *Geographical segments*

The Group is managed and operates principally in Thailand. There are no material revenues derived from, in foreign countries.

### *Major customer*

Revenues from three customers of the Group's 1 and 2 segments for the period from 1 January 2018 to 30 September 2018 represents approximately Baht 2,209.52 million (*for the year ended 2017: Baht 269.71 million from one customer*) of the Group's total revenues.



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

*Information about reportable segments*

	Segment 1		Segment 2		Segment 3		Segment 4		Total reportable segments		Eliminations		Total	
	For the Period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the Period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the Period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the Period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the Period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the Period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the Period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
<i>(in million Baht)</i>														
External revenue	838	591	2,693	1,018	56	81	355	273	3,932	1,963	(273)	(39)	3,659	1,924
Total segment revenue	838	591	2,693	1,018	56	81	355	273	3,932	1,963	(273)	(39)	3,659	1,924
Segment profit before income tax	347	438	1,058	644	13	24	227	245	1,645	1,351	22	(4)	1,667	1,347
<b>Total reportable segments</b>														
<b>Eliminations</b>														
<b>Total</b>														
Segment assets as at 30 September / 31 December	24,419	24,023	24,868	25,747	-	-	79	46	49,366	49,816	(10,926)	(12,884)	38,440	36,932
Segment liabilities as at 30 September / 31 December	15,178	14,336	13,081	14,364	-	-	33	18	28,252	28,718	(10,677)	(12,672)	17,615	16,046

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

***Reconciliations of reportable segment profit or loss and assets and liabilities***

	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
	<i>(in million Baht)</i>	
<b>Profit</b>		
Total profit before income tax for reportable segments	1,667	1,347
Unallocated amounts		
Other income	158	212
Distribution costs and administrative expenses	(644)	(567)
Depreciation	(150)	(219)
Finance costs	(415)	(571)
Share of profits of investments in associates and joint ventures	196	275
Unrealised gains on sales of properties to associate	(102)	-
<b>Profit before income tax</b>	<b>710</b>	<b>477</b>
	30 September 2018	31 December 2017
	<i>(in million Baht)</i>	
<b>Assets</b>		
Total assets for reportable segments	38,440	36,932
Other assets	352	201
Investments in associates and joint ventures	4,207	3,849
<b>Consolidated total assets</b>	<b>42,999</b>	<b>40,982</b>
<b>Liabilities</b>		
Total liabilities for reportable segments	17,615	16,046
Other liabilities	4	2
<b>Consolidated total liabilities</b>	<b>17,619</b>	<b>16,048</b>

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

### 27 Other income

	Consolidated financial statements		Separate financial statements	
	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
	<i>(in thousand Baht)</i>			
Management fee income	-	-	91,261	10,189
Property tax income	51,791	19,923	25,585	8,116
Net gain on disposal of building and equipment	20,975	1,118	1,341	1,089
Consulting income	8,921	5,413	240	-
Gain on disposal of investments in associates	-	5,029	-	6,408
Others	13,697	28,521	19,933	35,263
<b>Total</b>	<b>95,384</b>	<b>60,004</b>	<b>138,360</b>	<b>61,065</b>

### 28 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
	<i>(in thousand Baht)</i>			
Operating lease expenses	57,530	76,104	24,997	31,736
Repair and maintenance expenses	49,783	67,507	10,802	17,371
Employee benefit expenses	281,163	264,816	184,037	157,200
Property tax	90,591	36,007	28,134	9,158
Consulting fees	26,338	23,391	18,119	14,558
Loss on impairment of assets	20,195	2,548	21,755	16,111
Others	87,373	60,561	48,604	64,646
<b>Total</b>	<b>612,973</b>	<b>530,934</b>	<b>336,448</b>	<b>310,780</b>



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

**29 Employee benefit expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
	<i>(in thousand Baht)</i>			
Salaries and wages	254,520	243,568	165,512	145,175
Defined benefit plan	1,582	8,186	(1,212)	4,579
Others	25,061	13,062	19,737	7,446
<b>Total</b>	<b>281,163</b>	<b>264,816</b>	<b>184,037</b>	<b>157,200</b>

*Defined contribution plan*

The defined contribution plan comprises a provident fund established by the Group for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 15% (31 December 2017: 2% to 4%) of their salaries and by the Group at rates ranging from 5% to 7% (31 December 2017: 2% to 4%) of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entities and is managed by a licensed Fund Manager.

**30 Expense by nature**

The financial statements include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
	<i>(in thousand Baht)</i>			
Employee benefit expenses	281,163	264,816	184,037	157,200
Depreciation and amortisation	406,877	530,674	78,493	108,957
Repair and maintenance	49,783	67,507	10,802	17,371
Operating lease expense	57,530	76,104	24,997	31,736

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

### 31 Income tax expense

#### Income tax recognised in profit or loss

	Consolidated financial statements		Separate financial statements	
	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
	Note			
				(in thousand Baht)
<b>Current tax expense</b>				
Current year		27,721	9,643	10,116
Adjustment for prior years		208	3,637	-
		<u>21,929</u>	<u>13,280</u>	<u>10,116</u>
<b>Deferred tax expense</b>	18			
Movements in temporary differences		20,033	(18,325)	19,614
<b>Total income tax expense (benefit)</b>		<u>41,962</u>	<u>(5,045)</u>	<u>(43,664)</u>

#### Income tax recognised in other comprehensive income

	Consolidated financial statements					
	For the period from 1 January 2018 to 30 September 2018			For the year ended 31 December 2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
						(in thousand Baht)
Defined benefit plan actuarial gains	-	-	-	10,504	(2,101)	8,403
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,504</u>	<u>(2,101)</u>	<u>8,403</u>

	Separate financial statements					
	For the period from 1 January 2018 to 30 September 2018			For the year ended 31 December 2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
						(in thousand Baht)
Defined benefit plan actuarial gains	-	-	-	6,054	(1,211)	4,843
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,054</u>	<u>(1,211)</u>	<u>4,843</u>

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

**Reconciliation of effective tax rate**

	<b>Consolidated financial statements</b>			
	For the period from 1 January 2018 to 30 September 2018		For the year ended 31 December 2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense	20.00	709,626	20.00	477,356
Income tax using the Thai corporation tax rate		141,925		95,471
Income not subject to tax				
- dividend income from associates		(38,257)		-
- promotional privileges		(35,508)		(466)
Expenses not deductible for tax purposes		13,222		91,649
Recognition of previously unrecognised tax losses		(39,628)		(195,336)
Under provided in prior years		208		3,637
<b>Total</b>	<b>5.91</b>	<b>41,962</b>	<b>(1.06)</b>	<b>(5,045)</b>

	<b>Separate financial statements</b>			
	For the period from 1 January 2018 to 30 September 2018		For the year ended 31 December 2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense	20.00	194,345	20.00	2,903,927
Income tax using the Thai corporation tax rate		38,869		580,785
Income not subject to tax				
- dividend income from subsidiaries and associates		(9,790)		(456,604)
- promotional privileges		-		(466)
Expenses not deductible for tax purposes		651		27,957
Recognition of previously unrecognised tax losses		-		(195,336)
<b>Total</b>	<b>15.30</b>	<b>29,730</b>	<b>(1.50)</b>	<b>(43,664)</b>

**Income tax reduction**

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.



**TICON Industrial Connection Public Company Limited and its Subsidiaries****Notes to the financial statements****For the period from 1 January 2018 to 30 September 2018****32 Promotional privileges**

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 1977, the Group has been granted privileges by the Board of Investment relating to building development for factories and/or warehouses. The privileges granted include:

- (a) Exemption from payment of income tax for certain operations for a period of three to eight years from the date on which the income is first derived from such operations;
- (b) A 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date in (a) above;

As promoted companies, the Group must comply with certain terms and conditions prescribed in the promotional certificates.

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements					
	For the period from 1 January 2018 to 30 September 2018			For the year ended 31 December 2017		
	Promoted busi- nesses	Non- promoted businesses	Total	Promoted busi- nesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Rental and related service revenue	323,162	827,701	1,150,863	456,188	916,415	1,372,603
Revenue from rendering of services	-	55,581	55,581	-	80,883	80,883
Revenue from sales of properties	905,616	1,303,949	2,209,565	-	194,358	194,358
Utilities revenue	-	15,984	15,984	-	36,594	36,594
Management fee income from associates	-	226,897	226,897	-	239,153	239,153
Interest income	-	60,286	60,286	-	103,246	103,246
Realised gain on sales of properties	-	2,693	2,693	-	48,302	48,302
Other income	-	95,384	95,384	-	60,004	60,004
<b>Total revenue</b>	<b>1,228,778</b>	<b>2,588,475</b>	<b>3,817,253</b>	<b>456,188</b>	<b>1,678,955</b>	<b>2,135,143</b>

	Separate financial statements					
	For the period from 1 January 2018 to 30 September 2018			For the year ended 31 December 2017		
	Promoted busi- nesses	Non- promoted businesses	Total	Promoted busi- nesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Rental and related service revenue	70,296	225,508	295,804	76,352	280,703	357,055
Revenue from rendering of services	-	22,355	22,355	-	23,349	23,349
Revenue from sales of properties	23,641	479,555	503,196	-	166,358	166,358
Utilities revenue	-	4,708	4,708	-	7,120	7,120
Dividend income	-	55,899	55,899	-	2,772,640	2,772,640
Management fee income from associates	-	-	-	-	141,916	141,916
Interest income	-	459,752	459,752	-	504,082	504,082
Other income	-	138,360	138,360	-	61,065	61,065
<b>Total revenue</b>	<b>93,937</b>	<b>1,386,137</b>	<b>1,480,074</b>	<b>76,352</b>	<b>3,957,233</b>	<b>4,033,585</b>

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

### 33 Basic earnings per share

The calculations of basic earnings per share for the period from 1 January 2018 to 30 September 2018 and for the year ended 31 December 2017 were based on the profit for the period/year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period/year as follows:

	Consolidated financial statements		Separate financial statements	
	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017	For the period from 1 January 2018 to 30 September 2018	For the year ended 31 December 2017
	<i>(in thousand Baht /thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b>657,349</b>	<b>480,006</b>	<b>164,615</b>	<b>2,947,591</b>
Number of ordinary shares outstanding at 1 January	1,834,142	1,099,142	1,834,142	1,099,142
Effect of shares issued on 16 January	-	704,795	-	704,795
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b>1,834,142</b>	<b>1,803,937</b>	<b>1,834,142</b>	<b>1,803,937</b>
<b>Earnings per share (basic) (in Baht)</b>	<b>0.36</b>	<b>0.27</b>	<b>0.09</b>	<b>1.63</b>

### 34 Dividend

At the annual general meeting of the shareholders of the Company held on 27 March 2018, the shareholders approved the appropriation of dividend of Baht 0.10 per share, amounting to Baht 183.41 million and appropriation of legal reserve of Baht 147.36 million. The dividend was paid to shareholders in April 2018.

At the annual general meeting of the shareholders of the Company held on 24 April 2017, the shareholders approved the appropriation of dividend of Baht 0.08 per share, amounting to Baht 146.73 million. The dividend was paid to shareholders in May 2017.



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

**35 Financial instruments**

***Financial risk management policies***

The Group is exposed to normal business risks from changes in market interest rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

***Capital management***

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

***Interest rate risk***

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowing (see note 19). The Group mitigates this risk by ensuring that the majority of its borrowing are at fixed interest rates.

The effective interest rates of loans receivables as at 30 September 2018 and 31 December 2017 and the periods in which the loans receivables mature or re-price were as follows:

		Consolidated financial statements			
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
		(in million Baht)			
<b>30 September 2018</b>					
<b>Current</b>					
Short-term loans to related parties	10.00	144	-	-	144
<b>31 December 2017</b>					
<b>Current</b>					
Short-term loans to related parties	10.00	145	-	-	145

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

	Effective interest rate (% per annum)	Separate financial statements			Total
Within 1 year		After 1 year but within 5 years	After 5 years		
(in million Baht)					
<b>30 September 2018</b>					
<b>Non-current</b>					
Long-term loans to related parties	4.48 - 4.88	<u>10,611</u>	<u>93</u>	<u>-</u>	<u>10,704</u>
<b>31 December 2017</b>					
<b>Non-current</b>					
Long-term loans to related parties	3.78 - 4.84	-	12,659	-	12,659

The effective interest rates of interest-bearing financial liabilities as at 30 September 2018 and 31 December 2017 and the periods in which those liabilities mature or re-price were as follows:

	Effective interest rate (% per annum)	Consolidated financial statements			Total
Within 1 year		After 1 year but within 5 years	After 5 years		
(in million Baht)					
<b>30 September 2018</b>					
<b>Current</b>					
Current portion of long-term loans from financial institution	4.25	127	-	-	127
Current portion of debentures	3.58	1,600	-	-	1,600
<b>Non-current</b>					
Long-term loans from financial institution	4.25	-	507	127	634
Debentures	3.58	-	11,620	1,000	12,620
<b>Total</b>		<u>1,727</u>	<u>12,127</u>	<u>1,127</u>	<u>14,981</u>
<b>31 December 2017</b>					
<b>Current</b>					
Current portion of debentures	3.82	4,100	-	-	4,100
<b>Non-current</b>					
Debentures	3.82	-	6,220	3,000	9,220
<b>Total</b>		<u>4,100</u>	<u>6,220</u>	<u>3,000</u>	<u>13,320</u>

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

	Effective interest rate (% per annum)	Separate financial statements				Total
Within 1 year		After 1 year but within 5 years	After 5 years			
		(in million Baht)				
<b>30 September 2018</b>						
<b>Current</b>						
Current portion of debentures	3.58	1,600	-	-		1,600
<b>Non-current</b>						
Debentures	3.58	-	11,620	1,000		12,620
<b>Total</b>		<u>1,600</u>	<u>11,620</u>	<u>1,000</u>		<u>14,220</u>
<b>31 December 2017</b>						
<b>Current</b>						
Current portion of debentures	3.82	4,100	-	-		4,100
<b>Non-current</b>						
Debentures	3.82	-	6,220	3,000		9,220
<b>Total</b>		<u>4,100</u>	<u>6,220</u>	<u>3,000</u>		<u>13,320</u>

**Credit risk**

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

**Liquidity risk**

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.



# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

### Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Consolidated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
(in million Baht)					
<b>30 September 2018</b>					
<i>Financial assets and financial liabilities not measured at fair value</i>					
Financial lease receivables	300	-	-	300	300
Long-term loan from financial institution	760	-	-	760	760
Debentures	14,220	-	14,390	-	14,390
<b>31 December 2017</b>					
<i>Financial assets and financial liabilities not measured at fair value</i>					
Financial lease receivables	311	-	-	311	311
Financial lease liabilities	2	-	-	2	2
Debentures	13,320	-	13,709	-	13,709
	Carrying amount	Separated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
(in million Baht)					
<b>30 September 2018</b>					
<i>Financial assets and financial liabilities not measured at fair value</i>					
Long-term loans to related parties	10,704	-	-	10,870	10,870
Debentures	14,220	-	14,390	-	14,390
<b>31 December 2017</b>					
<i>Financial assets and financial liabilities not measured at fair value</i>					
Long-term loans to related parties	12,659	-	-	12,757	12,757
Debentures	13,320	-	13,709	-	13,709

Fair value of other current finance assets and liabilities are taken to approximate the carrying value due to the relatively short-term maturity.

Fair value of other non-current finance assets and liabilities except the table above is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

**Measurement of fair value**

*Valuation techniques and significant unobservable inputs.*

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Long-term loan from financial institution and long-term loans to related parties	Discounted cash flows	Discounted rate
Debentures	Market price	Discounted rate

**36 Commitments with non-related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
<b>Capital commitments</b>				
<i>Contracted but not provide for:</i>				
Agreements with contractors	240,248	94,501	13,740	28,019
Agreements for consulting	30,679	33,590	-	-
<b>Total</b>	<b>270,927</b>	<b>128,091</b>	<b>13,740</b>	<b>28,019</b>
<b>Future minimum lease payments under non-cancellable operating leases</b>				
Within one year	9,164	20,044	9,164	12,605
After one year but within five years	36,655	36,655	36,655	36,655
After five years	27,966	30,648	27,966	30,648
<b>Total</b>	<b>73,785</b>	<b>87,347</b>	<b>73,785</b>	<b>79,908</b>
<b>Other commitment</b>				
Bank guarantees	49,803	53,364	27,527	27,842

**Contractor agreements**

The Company and subsidiaries entered into contractor agreements with various domestic companies for the construction its factory and warehouse buildings. The Group agreed to pay construction costs totalling Baht 394.65 million. The agreements will expire in December 2018.

**Service agreement**

The subsidiary entered into a service agreement with a domestic company to receive the consulting service for the construction of standard factories for rent. The Group agreed to pay a service fee totalling Baht 40 million as specified in the agreement.

## TICON Industrial Connection Public Company Limited and its Subsidiaries

### Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

#### Rental agreements

The Company and subsidiaries had 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 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.Kor 002/2548	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 rental fee will be raised every ten years, at the rate of not more than 10% of the previous fee

(b) The rental fee will be raised every five years, at the rate of not more than 10% of the previous fee

#### Bank guarantees

As at 30 September 2018, the Group had deposits at a financial institution of Baht 0.24 million (31 December 2017: Baht 0.24 million) which are pledged with the financial institutions as collateral for letters of credit, trust receipt credit lines with pre-settlement risk lines and letters of guarantees issued in favor of a government entity, a state enterprise and private companies.

### 37 Events after the reporting period

On 17 October 2018, TRA Land Development Co., Ltd., an associate of the Group, participated in the auction for 215 vacant plots of land for a total land area pursuant to the Title Deeds of 4,315 rai, 22.05 square wah, which are located at Bang Na-Trad Road KM.32, Bang Bo District, Samut Prakan Province. The associate won the bidding with the total bidding amount of Baht 8,914.07 million.

In this regard, the associate entered into a sale and purchase agreement whereby the associate would complete the transfer of ownership in such auctioned land by 1 February 2019.

At the Board of Directors' meeting held on 19 November 2018, the Board approved the allotment of net profit of the Company for the period from 1 January 2018 to 30 September 2018 for dividend payment at Baht 0.27 per share. The payment will be made on 7 February 2019.

At the Board of Directors' meeting of a subsidiary held on 19 November 2018, the Board approved the ratification in investment in shares of Bangpakong Logistics Park Company Limited, which has principal businesses of sale, rent or sub-lease whether direct or indirect of land, factories, warehouses and/or buildings and/or other properties with registered capital of Baht 1 million, divided into 100,000 shares at Baht 10 per share, representing 99.99% of shareholding.



**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

**38 Thai Financial Reporting Standards (TFRS) not yet adopted**

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

<b>TFRS</b>	<b>Topic</b>	<b>Effective</b>
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TFRS 16	Leases	2020
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

\* TFRS - Financial instruments standards

**(a) TFRS 15 Revenue from Contracts with Customers**

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

Management is presently considering the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements.

**(b) TFRS in relation to Financial instruments standards**

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

Management is presently considering the potential impact of adopting and initially applying TFRS - Financial instruments standards on the consolidated and separate financial statements.

**(c) TFRS 16 Leases**

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases.

Management is presently considering the potential impact of adopting and initially applying TFRS 16 on the consolidated and separate financial statements.

**39 Reclassification of accounts**

Certain accounts in the 2017 financial statements have been reclassified to conform to the presentation in the financial statement for the period from 1 January 2018 to 30 September 2018 as follow:

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

	2017					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass. <i>(in thousand Baht)</i>	Before reclass.	Reclass.	After reclass.
<b>Statement of financial position</b> <b>as at 31 December 2017</b>						
Trade and other receivables	724,725	(724,725)	-	641,392	(641,392)	-
Trade accounts receivable	-	61,580	61,580	-	8,816	8,816
Other receivables	-	688,808	688,808	-	645,941	645,941
Advances for construction	8,603	(8,603)	-	3,774	(3,774)	-
Withholding tax deducted at source	244,489	(242,451)	2,038	76,992	(76,992)	-
Other current assets	60,352	(17,060)	43,292	15,142	(9,591)	5,551
Deferred tax assets	-	182,383	182,383	-	-	-
Withholding tax deducted at source	-	242,451	242,451	-	76,992	76,992
Trade and other payables	331,767	331,767	-	234,450	234,450	-
Trade accounts payable	-	(93,572)	93,572	-	(19,631)	19,631
Other payables	-	(238,195)	238,195	-	(214,819)	214,819
Current portion of unearned land rental income	-	(50,196)	50,196	-	(18,235)	18,235
Other current liabilities	458,359	50,196	408,163	38,998	18,235	20,763
Deferred tax liabilities	46,761	(182,383)	229,144	148,464	-	148,464
Surplus from changes in ownership interests in subsidiaries	48,522	(48,522)	-	-	-	-
Other components of equity	(38,075)	48,522	10,447	-	-	-
		<u>-</u>			<u>-</u>	
<b>Statement of income</b> <b>for the year ended</b> <b>31 December 2017</b>						
Dividend income from subsidiaries	-	-	-	2,090,800	2,090,800	-
Dividend income from associates	-	-	-	681,840	681,840	-
Dividend income	-	-	-	-	(2,772,640)	2,772,640
Realised gain on sales of properties	5,029	5,029	-	6,048	6,048	-
Other income	54,975	(5,029)	60,004	54,657	(6,048)	61,065
Administrative expenses	527,042	3,892	530,934	293,860	16,920	310,780
Other expenses	3,892	(3,892)	-	16,920	(16,920)	-
Share of profit from investments in associates	274,655	(274,655)	-	-	-	-
Share of profits from investments in joint ventures	761	(761)	-	-	-	-
Share of profits of associates and joint ventures	-	275,416	275,416	-	-	-
		<u>-</u>			<u>-</u>	



# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the period from 1 January 2018 to 30 September 2018

The reclassification has been made because, in the opinion of management, the new classification is more appropriate to the Group's business.

#### 40 Supplementary information

As described in Note 2(e), change in accounting period, the consolidated and separate financial statements for the period from 1 January 2018 to 30 September 2018 have been firstly prepared and presented for the period from 1 January 2018 to 30 September 2018, in accordance with the required format of the financial statements presentation.

For the benefit of the users in comparing and analysing the financial information, the Group and the Company have prepared the supplementary information in the form of the unaudited consolidated and separate statements of income and comprehensive income, cash flows and segment information for the period from 1 January 2017 to 30 September 2017, as details below:

Statement of income <i>For the nine-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2018	2017 (Unaudited)	2018	2017 (Unaudited)
	<i>(in thousand Baht)</i>			
<b>Revenue</b>				
Rental and related service revenue	1,150,863	1,043,348	295,804	266,415
Revenue from rendering of services	55,581	77,343	22,355	16,987
Revenue from sales of properties	2,209,565	148,568	503,196	148,568
Utilities revenue	15,984	28,782	4,708	5,275
Management fee income from associates	226,897	146,327	-	91,300
Dividend income	-	-	55,899	2,316,063
Interest income	60,286	69,383	459,752	343,971
Realised gain on sales of properties	2,693	-	-	-
Other income	95,384	37,565	138,360	33,951
<b>Total revenue</b>	<b>3,817,253</b>	<b>1,551,316</b>	<b>1,480,074</b>	<b>3,222,530</b>
<b>Expenses</b>				
Cost of rental and related services	343,530	317,411	52,277	45,010
Cost of rendering of services	42,305	59,153	19,033	14,757
Cost of sales of properties	1,593,529	59,400	419,063	59,400
Utilities costs	11,432	25,585	3,554	4,303
Distribution costs	32,058	31,154	10,266	7,262
Administrative expenses	612,973	356,477	336,448	190,936
Depreciation	150,407	162,555	45,367	52,546
Finance costs	414,952	445,458	399,721	453,368
<b>Total expenses</b>	<b>3,201,186</b>	<b>1,457,193</b>	<b>1,285,729</b>	<b>827,582</b>
Share of profits of associates and joint ventures	195,564	173,578	-	-
Unrealised gains on sales of properties to associates	(102,005)	-	-	-
<b>Profit before income tax expense</b>	<b>709,626</b>	<b>267,701</b>	<b>194,345</b>	<b>2,394,948</b>
Income tax expenses	(41,962)	(20,956)	(29,730)	(4,333)
<b>Profit for the period</b>	<b>667,664</b>	<b>246,745</b>	<b>164,615</b>	<b>2,390,615</b>
<b>Profit attributable to:</b>				
Owners of the parent	657,349	244,911	164,615	2,390,615
Non-controlling interests	10,315	1,834	-	-
<b>Profit for the period</b>	<b>667,664</b>	<b>246,745</b>	<b>164,615</b>	<b>2,390,615</b>
<b>Basic earnings per share (in Baht)</b>	<b>0.36</b>	<b>0.14</b>	<b>0.09</b>	<b>1.33</b>



# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

Statement of comprehensive income For the nine-month period ended 30 September	Consolidated financial statements		Separate financial statements	
	2018	2017 (Unaudited) (in thousand Baht)	2018	2017 (Unaudited)
Profit for the period	667,664	246,745	164,615	2,390,615
Item that will be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(33,648)	(43,851)	-	-
Total item that will be reclassified subsequently to profit or loss	(33,648)	(43,851)	-	-
Other comprehensive income for the period	(33,648)	(43,851)	-	-
Total comprehensive income for the period	634,016	202,894	164,615	2,390,615
Comprehensive profit attributable to:				
Owners of the parent	623,701	201,060	164,615	2,390,615
Non-controlling interests	10,315	1,834	-	-
Comprehensive profit for the period:	634,016	202,894	164,615	2,390,615

Statement of cash flows For the nine-month period ended 30 September	Consolidated financial statements		Separate financial statements	
	2018	2017 (Unaudited) (in thousand Baht)	2018	2017 (Unaudited)
<b>Cash flows from operating activities</b>				
Profit for the period	667,664	246,745	164,615	2,390,615
Adjustments to reconcile profit to cash receipts (payments)				
Tax expense	41,962	20,956	29,730	4,333
Finance costs	414,952	445,458	399,721	453,368
Depreciation and amortisation	406,877	409,714	78,491	81,584
Impairment loss on investment properties	20,195	-	15,325	-
Impairment loss on investment in subsidiary	-	-	6,430	-
(Reversal of) non-current provisions for employee benefit	1,582	6,140	(1,212)	3,434
Provision related to sales of properties	20,522	-	-	-
Cost of sales of properties	1,497,853	56,157	394,529	56,157
Recognition of unearned land rental income	(146,601)	(37,799)	(70,057)	(11,388)
Recognition of prepaid land rental	23,094	23,094	-	-
Share of profits of associates and joint ventures, net of tax	(195,564)	(173,578)	-	-
Bad and doubtful debts expense	-	1,007	-	742
Write-off withholding tax deducted at source	4,682	-	-	-
Realised gain on sales of properties	(2,693)	-	-	-
Unrealised gains on sales of properties to associates	102,005	-	-	-
(Gain) loss on disposal of building and equipment	(20,975)	(696)	(1,341)	(669)
Interest income	(60,286)	(69,383)	(459,752)	(343,971)
Dividends income	-	-	(55,899)	(2,316,063)
	2,775,269	927,815	500,580	318,142

**TICON Industrial Connection Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the period from 1 January 2018 to 30 September 2018**

Statement of cash flows <i>For the nine-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2018	2017 (Unaudited)	2018	2017 (Unaudited)
	<i>(in thousand Baht)</i>			
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivables and unbilled operating leases receivables	(35,429)	(7,857)	(12,717)	(4,683)
Other receivables	(51,130)	(16,577)	(237,728)	98,408
Financial lease receivables	11,364	-	-	-
Other current assets	(24,824)	115,216	2,251	10,289
Other non-current assets	(13,763)	207	(5,335)	281
Trade accounts payable	746	5,998	-	-
Other payables	73,608	(9,010)	5,698	8,649
Provisions	(2,586)	-	-	-
Other current liabilities	(293,878)	209,161	(3,351)	(2,904)
Employee benefit paid	(1,148)	(114)	(1,148)	(57)
Customer deposits	11,497	14,733	18,274	(5,356)
Unearned land rental income	234,653	-	-	-
Exchange differences on translating foreign operations	4,926	(750)	-	-
Net cash generated from operating	2,689,305	1,238,822	266,524	422,769
Taxes paid	(126,012)	(49,092)	(25,436)	(21,185)
<b>Net cash from operating activities</b>	<b>2,563,293</b>	<b>1,189,730</b>	<b>241,088</b>	<b>401,584</b>
<i>Cash flows from investing activities</i>				
Decrease (increase) in current investments	586,600	(2,304,390)	630,000	(2,305,000)
Increase in investments in associates	(437,166)	(1,091,173)	-	(1,091,173)
Decrease (increase) in investments in subsidiaries	-	-	(2,201)	7,875,847
Increase in investments in joint ventures	(108,885)	(209,400)	(108,885)	-
Proceeds from repayment of short-term loan to related party	-	2,400	-	-
Payment for short-term loan to related party	-	(71,860)	-	-
Proceeds from repayment of long-term loan to related party	-	-	2,470,000	195,000
Payment for long-term loan to related party	-	-	(515,000)	(12,116,500)
Proceeds from capital reduction	599,251	-	546,331	-
Acquisition of investment properties under development and available for rent/sale	(428,522)	(1,029,341)	(31,773)	(12,828)
Proceeds from sales of building and equipment	53,664	971	1,934	922
Acquisitions of property, plant and equipment	(5,452)	(10,280)	(2,029)	(4,561)
Cash paid for deposit from land acquisition	-	(6,000)	-	-
Acquisitions of intangible assets	(16,084)	(107)	(9,018)	(89)
Interest received from subsidiaries	-	-	414,662	281,440
Dividends received	526,350	225,263	384,016	2,316,063
Interest received	56,817	56,326	41,646	51,125
<b>Net cash from (used in) investing activities</b>	<b>826,573</b>	<b>(4,437,591)</b>	<b>3,819,683</b>	<b>(4,809,754)</b>
<i>Cash flows from financing activities</i>				
Proceeds from issue of shares	-	13,230,000	-	13,230,000
Repayment in short-term loans	-	(2,030,000)	-	(2,030,000)
Repayment of short-term loans from related party	-	(1,060,000)	-	(1,060,000)
Repayment of long-term loans from related party	-	(783,766)	-	-
Proceeds from long-term loan	760,496	-	-	-

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

Statement of cash flows For the nine-month period ended 30 September	Consolidated financial statements		Separate financial statements	
	2018	2017 (Unaudited)	2018	2017 (Unaudited)
	(in thousand Baht)			
<b>Cash flows from financing activities (cont.)</b>				
Repayments of long-term loans	-	(1,032,391)	-	(692,391)
Proceeds from debentures	5,000,000	-	5,000,000	-
Redemptions of debentures	(4,100,000)	(4,020,000)	(4,100,000)	(4,020,000)
Dividends paid to owner of the Company	(187,974)	(146,740)	(183,414)	(146,740)
Interest paid	(447,595)	(505,061)	(431,773)	(512,813)
<b>Net cash from financing activities</b>	<b>1,024,927</b>	<b>3,652,042</b>	<b>284,813</b>	<b>4,768,056</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,414,793</b>	<b>404,181</b>	<b>4,345,584</b>	<b>359,886</b>
Cash and cash equivalents at 1 January	1,518,173	284,268	1,395,514	213,911
<b>Cash and cash equivalents at 30 September</b>	<b>5,932,966</b>	<b>688,449</b>	<b>5,741,098</b>	<b>573,797</b>
<b>Non-cash transactions</b>				
Transfers of investment properties to property, plant and equipment	6,490	11,590	-	-
Transfers of uncollected lease receivables to disposal groups classified as held for sale	197	-	197	-
Transfers of investment properties to property to disposal groups classified as held for sale	1,000,466	-	589,760	-
Payables for purchase of investment properties, and property, plant and equipment	98,500	112,576	24,328	19,044
Transfers of deposits from customers to liabilities included in disposal groups classified as held for sale	47,284	-	30,758	-
Transfers other receivable for subscribing of shares capital of subsidiaries	-	-	294,289	-
Transfers advance expense to investment properties	1,414	-	-	-



# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the period from 1 January 2018 to 30 September 2018

#### Information about reportable segments

##### For the nine-month period ended 30 September

	Segment 1		Segment 2		Segment 3		Segment 4		Total reportable segments		Eliminations		Total	
	2018	2017 (Unaudited)	2018	2017 (Unaudited)	2018	2017 (Unaudited)	2018	2017 (Unaudited)	2018	2017 (Unaudited)	2018	2017 (Unaudited)	2018	2017 (Unaudited)
Revenue from external customers	828	446	2,693	779	56	77	355	167	3,932	1,469	(273)	(25)	3,659	1,444
Total segment revenue	828	446	2,693	779	56	77	355	167	3,932	1,469	(273)	(25)	3,659	1,444
Segment profit before income tax	347	319	1,058	487	13	18	227	151	1,645	985	22	(4)	1,667	981

	Segment 1		Segment 2		Segment 3		Segment 4		Total reportable segments		Eliminations		Total	
	2018	2017 (Unaudited)	2018	2017 (Unaudited)	2018	2017 (Unaudited)	2018	2017 (Unaudited)	2018	2017 (Unaudited)	2018	2017 (Unaudited)	2018	2017 (Unaudited)
Segment assets as at 30 September	24,419	23,466	24,868	25,672	-	-	79	39	49,366	49,177	(10,926)	(12,859)	38,440	36,318
Segment liabilities as at 30 September	15,178	14,344	13,081	14,247	-	-	33	14	28,292	28,605	(10,677)	(12,647)	17,615	15,958

# TICON Industrial Connection Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the period from 1 January 2018 to 30 September 2018

### Reconciliations of reportable segment profit or loss and assets and liabilities

	2018	2017
<i>For the nine-month period ended 30 September</i>		(Unaudited)
	(in million Baht)	
<b>Profit</b>		
Total profit before income tax for reportable segments	1,667	981
Unallocated amounts		
Other income	158	107
Distribution costs and administrative expenses	(644)	(386)
Depreciation	(150)	(163)
Finance costs	(415)	(445)
Share of profits of investments in associates and joint ventures	196	174
Unrealised gains on sales of properties to associate	(102)	-
<b>Profit before income tax</b>	<b>710</b>	<b>268</b>
	30 September 2018	30 September 2017
		(Unaudited)
	(in million Baht)	
<b>Assets</b>		
Total assets for reportable segments	38,440	36,318
Other assets	352	205
Investments in associates and joint ventures	4,207	4,139
<b>Consolidated total assets</b>	<b>42,999</b>	<b>40,662</b>
<b>Liabilities</b>		
Total liabilities for reportable segments	17,615	15,958
Other liabilities	4	1
<b>Consolidated total liabilities</b>	<b>17,619</b>	<b>15,959</b>

## CERTIFICATION OF THE ACCURACY OF AUDITOR'S REMUNERATION DETAILS FOR THE FISCAL YEAR ENDED 30 SEPTEMBER 2018

### Audit fee

No.	Company's name	Auditor's name	Audit fee (Baht)
1	TICON Industrial Connection Public Company	Ms. Patamavan Vadhanakul	1,300,000
2	TICON Logistics Park Company Limited	Ms. Patamavan Vadhanakul	1,550,000
3	ECO Industrial Services Company Limited	Ms. Patamavan Vadhanakul	500,000
4	TICON Management Company Limited	Ms. Kanokorn Phooriphanyawanit	600,000
Total Audit fee			3,950,000

### 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	Project Terra	KPMG Phoomchai Business Advisory Limited	1,660,173	-
2	TICON Industrial Connection Public Company	TAX Assistance	KPMG Phoomchai Tax Limited	160,500	-
Total Non-audit fee				1,820,673	

### 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.



(Ms. Patamavan Vadhanakul)  
KPMG Phoomchai Audit Ltd.

Auditor of TICON Industrial Connection Public Company Limited



## General Information

### General Information

## TICON Industrial Connection Public Company Limited

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 <sup>th</sup> Floor, Sathorn City Tower, 175 South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120
Tel:	(662) 679-6565
Fax:	(662) 287-3153
Website	<a href="http://www.ticon.co.th">www.ticon.co.th</a>
E-mail address	<a href="mailto:ticon@ticon.co.th">ticon@ticon.co.th</a>
Registered capital	Baht 2,751,213,562 (As at September 30, 2018)
Paid-up capital	Baht 1,834,142,375 (As at September 30, 2018)
Par value	Baht 1 per share

## Subsidiaries

Company / Head office address	Nature of business	Share- holder	Regis- tered in	Registered capital (As at September 30, 2018)	Paid-up capital (As at September 30, 2018)	Par value (Per Share)	Owner- ship (%)
<b>Eco Industrial Services Company Limited</b>  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
<b>TICON Logistics Park Company Limited</b>  Suite 1308, 13/1 <sup>th</sup> Floor, Sathorn City Tower, 175 South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120  Tel: (662) 679-6565 Fax: (662) 287-3153  Website <a href="http://www.ticonlogistics.com">www.ticonlogistics.com</a> E-mail: <a href="mailto:logistics@ticon.co.th">logistics@ticon.co.th</a>	Development of ready-built warehouses for rent	TICON	Thailand	THB 11,500,000,000	THB 11,500,000,000	THB 10	100
<b>Shanghai TICON Investment Management Company Limited</b>  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
<b>TICON Management Company Limited</b>  Suite 1308, 13/1 <sup>th</sup> 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

Company / Head office address	Nature of business	Share- holder	Regis- tered in	Registered capital (As at September 30, 2018)	Paid-up capital (As at September 30, 2018)	Par value (Per Share)	Owner- ship (%)
<b>TICON (HK) Limited</b>  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
<b>TICON International Pte. Ltd.</b>  80 Robinson Road, #02-00, Singapore 068898	Investment company	TICON	Singapore	SGD 238,453,999	SGD 238,453,999	SGD 1	100
<b>TICON Technology Company Limited</b>  Suite 1308, 13/1 <sup>th</sup> Floor, Sathorn City Tower, 175 South Sathorn Road, Thungmahamek, Sathorn, Bangkok, 10120  Tel: (662) 679-6565 Fax: (662) 287-3153	Investment in data center business and technology based business	TICON	Thailand	THB 1,000,000	THB 1,000,000	THB 10	100

## Associate Companies

Company / Head office address	Nature of business	Share- holder	Regis- tered in	Registered capital (As at September 30, 2018)	Paid-up capital (As at September 30, 2018)	Par value (Per Share)	Owner- ship (%)
<b>TICON Freehold and Leasehold Real Estate Investment Trust</b> (Investment by TICON and TICON International Pte. Ltd.)  Suite 1308, 13/1 <sup>th</sup> 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 Interna- tional Pte. Ltd.	Thailand	THB 25,173,622,620	THB 25,173,622,620	THB 9.5363	23



Company / Head office address	Nature of business	Share- holder	Regis- tered in	Registered capital (As at September 30, 2018)	Paid-up capital (As at September 30, 2018)	Par value (Per Share)	Owner- ship (%)
<b>PT SLP Surya TICON Internusa</b> [Investment by TICON (HK)]  Setiabudi Atrium Unit 201 Lantai 2, J1. 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
<b>TRA Land Development Co., Ltd.</b> (Investment by TICON)  Suite 1308, 13/1 <sup>th</sup> 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	Regis- tered in	Registered capital (As at September 30, 2018)	Paid-up capital (As at September 30, 2018)	Par value (Per Share)	Owner- ship (%)
<b>TICON Demco Power 6 Company Limited</b> (Investment by TPARK)  59 Moo1, 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

Company / Head office address	Nature of business	Share- holder	Regis- tered in	Registered capital (As at September 30, 2018)	Paid-up capital (As at September 30, 2018)	Par value (Per Share)	Owner- ship (%)
<b>TICON Demco Power 11 Company Limited</b> (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
<b>TPARK BFTZ Company Limited</b> (Investment by TPARK)  Suite 1308, 13/1th 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
<b>JustCo (Thailand) Company Limited</b>  11/1 AIA Sathorn Tower, 9th Floor, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120  Tel: (662) 055-8600 Fax: (662) 055-8601	Co-working office and Co-working space business	TICON	Thailand	THB 213,500,000	THB 213,500,000	THB 100	51

## 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 Patamavan Vadhanakul, CPA (Thailand),  
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KPMG Phoomchai Audit Ltd.  
Empire Tower, 50<sup>th</sup> -51<sup>st</sup> Floors,  
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## **TICON Industrial Connection Public Company Limited**

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